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

स्वच्छ भारत
एक कदम स्वच्छता की ओर

48TH ANNUAL REPORT 2016-17

Powering Growth Empowering the Nation



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

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COMPANY INFORMATION

Board of Directors

Dr. P V Ramesh
Chairman & Managing Director

Dr. Arun Kumar Verma
Government Nominee Director

Professor T.T. Ram Mohan
Part time Non Official Independent Director

Shri Ajeet Kumar Agarwal
Director (Finance)

Shri Arun Singh
Part time Non Official Independent Director

Smt. Asha Swarup
Part time Non Official Independent Director

Shri Sanjeev Kumar Gupta
Director (Technical)

Shri Aravamudan Krishna Kumar
Part time Non Official Independent Director

Chief Vigilance Officer

Dr. Sunita Singh

Company Secretary

Shri J. S. Amitabh

Registered & Corporate Office

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.
Tel: 011- 24365161, Fax: 011 -24360644
E-mail : complianceofficer@recl.in Website : www.recindia.nic.in
CIN : L40101DL1969GOI005095

Shares listed at

National Stock Exchange of India Limited
BSE Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditors

Raj Har Gopal & Co., Chartered Accountants
A.R. & Co., Chartered Accountants

Secretarial Auditor

Sanjay Grover & Associates,
Practicing Company Secretaries

Wholly Owned Subsidiaries of REC

REC Power Distribution Company Limited (RECPDCL)
REC Transmission Projects Company Limited (RECTPCL)

Wholly Owned Subsidiaries of RECTPCL

Dinchang Transmission Limited
ERSS XXI Transmission Limited
Ghatampur Transmission Limited
WR-NR Power Transmission Limited

Bankers

Axis Bank
Bank of India
Canara Bank
Corporation Bank
Dena Bank
HDFC Bank
ICICI Bank
IDBI Bank
IndusInd Bank
RBL Bank
Reserve Bank of India
State Bank of India
Union Bank of India
Vijaya Bank
Yes Bank

Registrar & Share Transfer Agent (For Equity & Debt Securities)

Karvy Computershare Private Limited,
Karvy Selenium Tower-B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad-500032, India.
Tel : 040-67161500, 040-67161586,
: 040-67161635
Fax : 040- 23420814
E-mail : einward.ris@karvy.com
Website : www.karvycomputershare.com

Registrar & Share Transfer Agent (Debt Securities)

Beetal Financial & Computer
Services (P) Limited,
Beetal House, 3rd Floor, 99 Madangir,
Behind Local Shopping Centre, Near Dada
Harsukhdas Mandir, New Delhi-110062
Tel : 011-29961281-83
Fax : 011-29961284
E-mail : recbonds@gmail.com
: beetal@beetalfinancial.com

Link Intime India Private Limited,
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083
Tel : 022 - 4918 6200
Fax : 022 - 4918 6060
E-mail : bond.helpdesk@linkintime.co.in

BOARD OF DIRECTORS



DR. P V RAMESH
Chairman & Managing Director



SHRI AJEET KUMAR AGARWAL
Director (Finance)



SHRI SANJEEV KUMAR GUPTA
Director (Technical)



DR. ARUN KUMAR VERMA
Government Nominee Director



SHRI ARUN SINGH
Part time Non Official
Independent Director



SHRI ARAVAMUDAN KRISHNA KUMAR
Part time Non Official
Independent Director



PROFESSOR T.T. RAM MOHAN
Part time Non Official
Independent Director



SMT. ASHA SWARUP
Part time Non Official
Independent Director

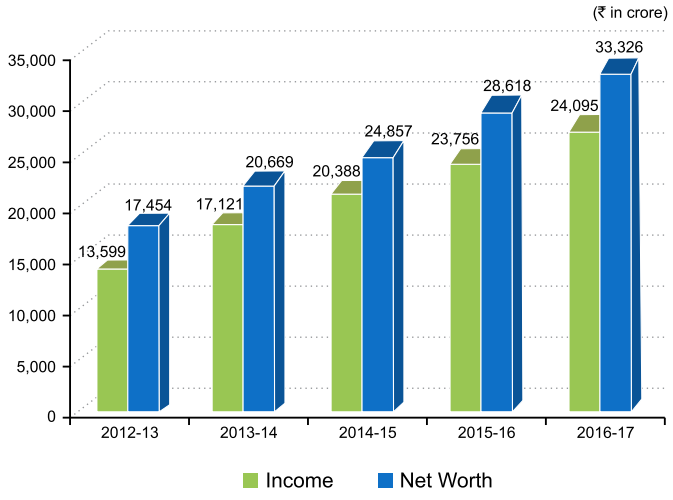
PERFORMANCE HIGHLIGHTS

CONSISTENT GROWTH OVER 10 YEARS

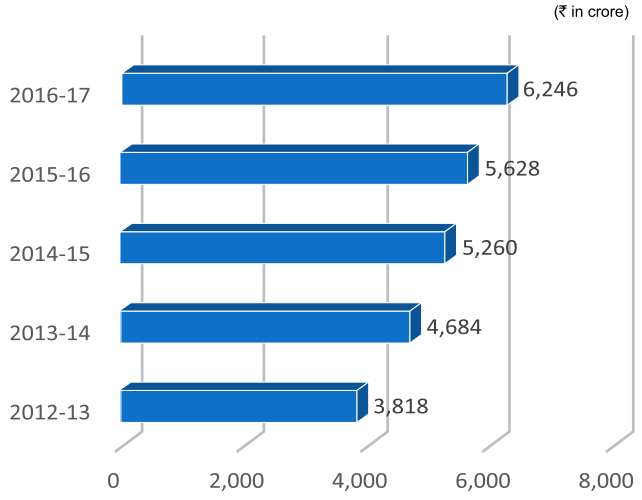
Particulars	**2016-17**	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
SHAREHOLDERS' FUND										
(at the end of the year) (₹ in crore)										
Equity Share Capital	**1974.92**	987.46	987.46	987.46	987.46	987.46	987.46	987.46	858.66	858.66
Reserves & Surplus	**31350.67**	27630.30	23869.57	19682.00	16466.92	13575.58	11801.16	10092.88	5331.42	4509.05
Net Worth	**33325.59**	28617.76	24857.03	20669.46	17454.38	14563.04	12788.62	11080.34	6190.08	5367.71
BORROWINGS (₹ in crore)										
From Government of India	**-**	-	3.07	7.93	15.14	24.64	36.13	49.42	64.74	81.92
Bonds/Debentures	**145686.84**	139732.73	124683.85	102806.71	85249.04	71372.20	51208.53	40857.14	32631.48	24089.61
From Financial Institutions	**750**	1100	1450	2995	4020	4370	4720	4070	3350	3500
Foreign Currency Borrowings	**21080.55**	21923.72	24028.20	17621.15	15238.19	10698.09	7605.90	2076.37	1493.67	1048.45
Term Loans from Banks	**-**	-	125.00	269.40	788.80	1091.54	6469.14	5811.43	4801.05	4434.80
Commercial Papers	**-**	5600.00	-	2540.00	980.00	-	-	2450.00	1295.00	-
Short-Term/Demand Loans	**-**	749.93	734.00	-	1500.00	2500.00	-	630.00	1300.00	1128.00
Total	**167517.39**	169106.38	151024.12	126240.19	107791.17	90056.47	70039.70	55944.36	44935.94	34282.78
Fund Mobilization	**28495.18**	31254.92	41189.82	36934.37	30759.16	29709.36	25855.35	24028.24	14895.00	8377.23
FINANCING OPERATIONS (During the year) (₹ in crore)										
Number of projects approved	**997**	625	609	1035	1031	1091	658	492	506	881
Financial assistance sanctioned	**83870.82**	65471.10	*61421.37	*70739.48	*79470.49	*51296.77	*66419.98	*45357.36	*40745.84	*46769.76
Disbursements	**66076.15**	50630.81	46446.82	37969.99	40183.06	30593.30	28517.11	27127.14	22277.86	16303.70
Repayments by borrowers	**57388.24**	24394.48	11812.63	14260.45	13345.92	8119.69	8772.58	5806.54	5119.36	5600.24
Outstanding at the end of the year	**201928.68**	201278.29	179646.94	148641.10	127355.52	101426.26	81725.45	65978.75	50652.81	38614.83
ACHIEVEMENTS (in Nos.)										
Electrification of un-electrified villages										
During the year	**6015**	7108	1405	1197	2587	7934	18306	18374	12056	9301
Upto end of the year	**122159**	116144	109524	108280	107083	104496	96562	78256	59882	47826
Release of free Electricity Connections to BPL Households										
During the year	**2242763**	1439144	759377	961730	1296541	3444902	5883355	4718468	3084788	1621182
Upto end of the year	**25468200**	23225437	21833995	21683554	20721824	19425283	15980381	10097026	5378558	2293770
WORKING RESULTS (₹ in crore)										
Total income	**24095.35**	23756.28	20388.05	17120.80	13598.67	10509.07	8495.26	6707.60	4931.28	3537.66
Finance Costs	**13775.12**	14283.12	11844.61	10038.46	8083.76	6431.35	4851.01	3912.85	2898.70	2072.75
Provisions and Contingencies	**1109.47**	1089.85	802.96	312.02	130.68	52.27	0.22	0.22	2.37	39.99
Other Expenses	**345.02**	332.65	306.68	234.99	216.53	229.32	164.72	145.27	112.17	111.11
Depreciation	**5.04**	5.45	6.76	4.21	3.75	3.27	3.03	2.15	1.36	1.39
Profit Before Tax	**8860.70**	8045.21	7427.04	6531.12	5163.95	3792.86	3476.28	2647.11	1916.68	1312.42
Provision for Taxation	**2614.94**	2417.55	2167.17	1847.42	1346.33	975.83	906.35	645.69	644.60	452.27
Profit After Tax	**6245.76**	5627.66	5259.87	4683.70	3817.62	2817.03	2569.93	2001.42	1272.08	860.15
Dividend on Equity	**#1382.44**	1688.55	1056.58	938.09	814.65	740.59	740.59	603.21	386.40	257.60

* Excluding Sanctions under DDUGJY - RE and DDG.
# Excludes proposed final dividend @ ₹ 2.65 per equity share.

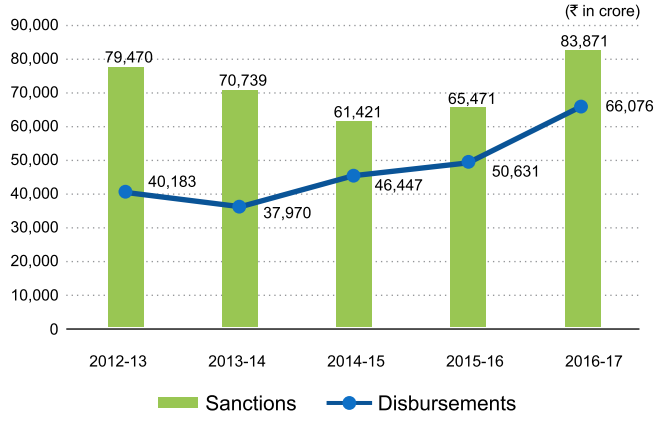
PERFORMANCE GROWTH



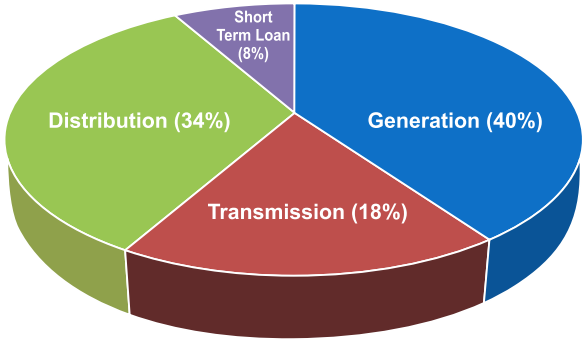
PROFIT AFTER TAX



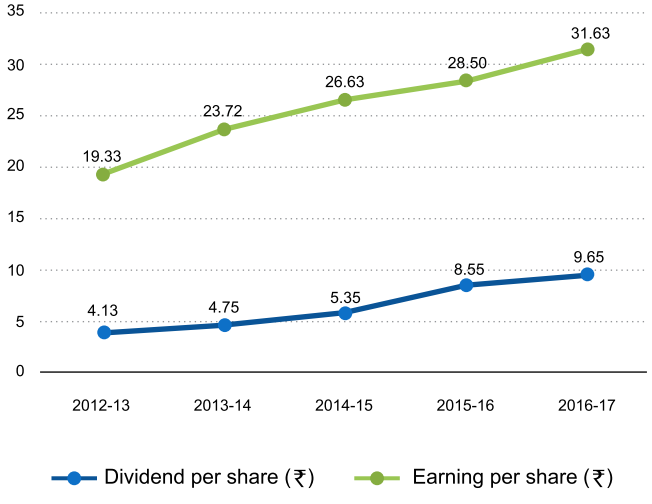
GROWTH IN SANCTIONS & DISBURSEMENTS



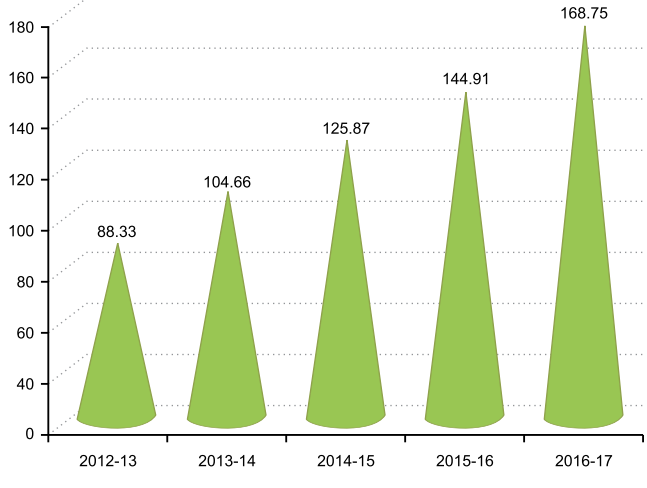
SECTOR-WISE DISBURSEMENTS DURING FY 2016-17



EPS vs. DIVIDEND



BOOK VALUE PER SHARE (₹)



Figures for EPS, Dividend and Book Value for the previous years adjusted in line with issue of Bonus shares in the ratio 1:1 by REC during the financial year 2016-17

CHAIRMAN'S MESSAGE



Dear Stakeholders,

It is my privilege to present to you the 48th Annual Report of REC. Your Company continues to be the leading public financial institution of India, funding the power infrastructure development across the nation. This year too, REC performed exceptionally well and demonstrated consistent growth on all parameters. Despite the challenging times and ever-changing dynamics of the power sector, REC is well-placed and well-poised for meeting the challenges and harnessing the emerging business opportunities in the short-term as well as the longer-term.

On the global economic front, there are optimistic signs in terms of investment, manufacturing and trade. As per IMF estimates, the world growth is on an upward trajectory, from 3.1% in 2016 to 3.5% in 2017 to 3.6% projected for 2018. The reasons behind this upward growth momentum are stronger economic activity, expectations of a more robust demand, reduced deflationary pressures, and optimistic financial markets. However, stronger recovery is held back due to structural problems like low productivity growth, high-income inequality and signs of protectionism. As of now, the world needs stronger international economic collaboration and renewed multilateral efforts to achieve sustained global economic integration.

The Indian economy continues to maintain robust growth and remains a bright spot in the global development landscape. In the last three years, India has witnessed several reforms, positive policy actions, substantial trade gain and a range of supply-side measures. As per IMF estimates, Indian economy is likely to grow by 7.2% in financial year 2017-18 and 7.7% in financial year 2018-19. However, strain on the balance sheets of financial and corporate sector, sluggish private investment and weak external demand continue to pose challenges to the economy. Nevertheless, country is making significant strides in supporting sustainable longer-term growth. The introduction of Goods and Services Tax (GST) has been a historic reform, which is likely to raise India's medium-term growth above 8 per cent. Though the banking and financial sector has been subdued with rising NPAs, the Government has been supportive with a series of policy measures to address the challenges.

Global energy outlook is demonstrating a transition to green energy, with increased focus on energy efficiency. The world energy mix is rapidly shifting towards cleaner and lower carbon fuels such as solar power, wind power and hydro power. The governments all over the world are making it a key focus area to promote the use of renewable energy, in order to meet climate change needs as well as to provide affordable, reliable and cleaner energy to their citizens.

Power Sector Scenario

Power is one of the most important drivers of economic growth. The Indian Power Sector has seen a transformational growth in the last three years, on account of a series of reform and policy measures implemented by the government, coupled with surge in investment, rising consumption and unwavering focus on village and household electrification. Decisive steps have been taken by the government across the power value chain, which have resulted in surplus power, increased fiscal discipline and greater efficiency in utilities, sufficient coal availability and unprecedented growth in the clean energy market. As on March 31, 2017, the installed power generating capacity in the country was 326.8 GW. The transmission capacity in the country also saw a high growth, with the length of total transmission lines at the end of Fiscal 2017 standing at 3.67 lakh cKm.

From a scenario characterised by shortages and lack of quality supply, India has surplus power available in real time at affordable rates on the power exchange. Further, the distribution scenario in the country is improving rapidly, with the benefits of reform programmes like Ujwal DISCOM Assurance Yojana (UDAY) starting to show results. On the renewable energy front, the country's orientation to become a low carbon economy is also evident with costs of solar and wind power falling to record lows. As the power sector reforms continue, India has moved up several notches from 99th to 26th rank, in terms of World Bank's global electricity accessibility ranking.

The financial year 2016-17 saw an addition of 24,761 MW in the generation capacity, of which 58% came from renewable energy; 31% came from thermal energy and the balance from other sources. For the first time in financial year 2016-17, the capacity addition in renewable energy segment outstripped that of the capacity addition in conventional energy segment. The actual electric energy generation during 2017 fiscal was 1,160 BUs, against 1,107 BUs in the previous fiscal. The aggregate Power Supply Deficit for 2017 fiscal dropped to 0.7% and Peak Power Deficit also reduced to 1.6%, showing improvement in the power supply situation. The National Grid in the country is now one of the largest operating synchronous grids in the world. India's National Grid is also synchronously interconnected to Bhutan and Nepal and asynchronously linked to Bangladesh.

These achievements would not have been possible without the policy and reform initiatives taken by the Government. The Government has taken several measures for improving the thermal sector, such as streamlining the process of coal block allocation, improvement in coal availability and supply, quality checks of coal at mine-end and plant-end, beneficiation of coal at coal washeries and redefining of coal linkages, to name a few. On the hydro power front, some of the steps taken by the Government were to exempt hydro projects from competitive bidding till 2022, allowing flexibility to developers in depreciation rates and time-of-day tariff and allowing distribution licensees to extend long term PPAs by additional 15 years beyond the normally allowed 35 years. Furthermore, Renewable Energy has become a key focus area of the power sector. The Government has set a target of adding 175 GW of renewable energy capacity by 2022 and to increase the share of renewable energy to 40% of the total installed capacity by year 2030.

Further, to facilitate integration of such large scale renewable power into the grid, multiple green corridors are being established in the country and new ICT technologies i.e., SCADA/ automation, smart & intelligent grid are being adopted across generation, transmission and distribution for ensuring seamless flow of power with reliability, security and efficiency. Besides, new technologies in the areas of large battery storage, electrical mobility and charging infrastructure in the country will open new vistas in clean technology and climate control.

In a nutshell, the power sector has seen significant reforms in the past few years and the sector is brimming with emerging opportunities. REC is prepared to harness these emerging opportunities for the best interests of all its stakeholders.

Performance Highlights

Your Company continues to register growth on key fronts of sanctions, disbursements and profits. During the financial year 2016-17, the Company sanctioned a total loan assistance of ₹ 83,870.82 crore, as compared to ₹ 65,471.10 crore in the last financial year. Further, during the financial year 2016-17, the Company disbursed a total loan amount of ₹ 58,038.61 crore, as against ₹ 46,025.83 crore in the last financial year. In addition to that, ₹ 8,037.54 crore of Government of India grant has been disbursed to the States under DDUGJY during the financial year 2016-17.

The Operating Income of the Company on standalone basis for financial year 2016-17 was ₹ 23,350.79 crore, as against ₹ 23,638.35 crore in the last financial year. Net Profit for the financial year 2016-17 was ₹ 6,245.76 crore, as against ₹ 5,627.66 crore in the last financial year. Further, REC's Net Worth as on March 31, 2017 was ₹ 33,325.59 crore, which was 16% higher than the Net Worth of ₹ 28,617.76 crore as on March 31, 2016.

The Loan Asset Book of your Company as on March 31, 2017 was ₹ 2,01,928.67 crore as compared to ₹ 2,01,278.29 crore as on March 31, 2016. The Non-Performing Assets of REC continue to be at low levels. As on March 31, 2017, the Gross NPAs of the Company were ₹ 4,872.68 crore, which were 2.41% of the Gross Loan Assets and Net NPAs as on March 31, 2017 were ₹ 3,237.34 crore, which were 1.62% of the Net Loan Assets. Further, no doubtful loans have been rescheduled by the Company during the financial year 2016-17. The Company achieved a recovery rate of 97.56% for the financial year 2016-17.

During the year under review, the Company mobilized ₹ 28,495.18 crore from the market, which included ₹ 7,662.92 crore by way of Capital Gain Tax Exemption Bonds, ₹ 18,600 crore by way of Institutional Bonds and ₹ 2,232.26 crore (i.e. USD 330 million) from External Commercial Borrowings. Further, an amount of ₹ 19,916.85 crore was also raised through Commercial Papers.

The domestic debt instruments of the Company continued to enjoy "AAA" rating, i.e., the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA. The Company enjoys international credit rating equivalent to sovereign rating of India from international credit rating agencies Moody's and Fitch, which is "Baa3" and "BBB-", respectively. The overall weighted average annualized interest rate of borrowing for the funds raised during financial year 2016-17 was 6.79% p.a. and for the borrowings outstanding on March 31, 2017, it was 8.02% p.a. As a result, your Company was able to deliver debt financing at competitive rates.

Dividend

In addition to interim dividend of ₹ 7.00 per share paid in March, 2017, the Board of Directors of your Company have recommended final dividend of ₹ 2.65 per share for the financial year 2016-17, which is subject to approval of the Shareholders in the ensuing annual general meeting. The total dividend for the financial year 2016-17 will work out to ₹ 9.65 per share, representing 96.5% of the increased paid-up share capital base after Bonus Issue by the Company, as against ₹ 17.10 per share representing 171% of the paid-up share capital of the Company in the previous year. The decrease in the percentage of dividend from previous year is due to issue of Bonus Equity Shares by the Company in the ratio of 1:1 during the financial year 2016-17. The total dividend pay-out for the financial year 2016-17 will amount to ₹ 1,905.80 crore excluding dividend distribution tax.

Financing Power Projects

The Company has been providing funding assistance for power generation projects, in both conventional energy and renewable energy spaces. Your Company also plays an active role in creation and improvement of the infrastructure for Transmission & Distribution network in the country. Further, as the Nodal agency of DDUGJY scheme of the Government of India, your Company also contributes to the socio-economic responsibility of village electrification and household electrification.

Financing Generation Projects

During the financial year 2016-17, your Company sanctioned 22 nos. of Generation/ R&M loans including 6 nos. of additional loan assistance with total financial outlay of ₹ 28,208.93 crore including consortium financing with other financial institutions. Further, the Company disbursed an amount of ₹ 21,697.61 crore during the year under review towards generation projects.

Financing Transmission and Distribution Projects

During the financial year 2016-17, your Company sanctioned 924 nos. of T & D schemes involving a total loan assistance of ₹ 40,953.12 crore. This included primary power evacuation schemes associated with generating plants, system improvement schemes, schemes for procurement & installation of equipment/materials like meters, transformers, conductors, tower material, cables, etc., Government approved schemes like DDUGJY and IPDS and infrastructure schemes for providing electricity access to various categories of consumers including agriculture. The total disbursement under T & D schemes during the year under review was ₹ 26,270.30 crore.

Financing Renewable Energy and Other Projects

During the financial year 2016-17, your Company sanctioned loan assistance of ₹ 2,089.77 crore to 16 new grid-connected Renewable Energy projects with installed generation capacity aggregating to 367 MW, which included 11 solar photo-voltaic projects aggregating to 280 MW; 4 small hydro power projects of 61 MW and 1 wind energy project of 26 MW. The total cost of these projects aggregates to ₹ 3,035.53 crore. Further, during the financial year 2016-17, the total disbursement towards renewable energy projects was ₹ 1,617.68 crore. Your Company is poised for a major leap in financing renewable projects in the times ahead.

Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

REC is the Nodal agency for implementation of "Deen Dayal Upadhyaya Gram Jyoti Yojana" (DDUGJY scheme), which is an integrated scheme for strengthening all aspects of the rural power distribution system. It is a flagship programme of the Government of India supplementing overall rural development and facilitating towards "24x7 Power for All" in the country through defined project components. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e., RGGVY) have been subsumed in DDUGJY.

The Hon'ble Prime Minister had announced on August 15, 2015, that all remaining 18,452 Un-Electrified (UE) villages in the country would be electrified within 1,000 days. The Ministry of Power has taken up the electrification of all UE villages on Mission mode and assigned the responsibility for coordinating and monitoring the implementation of DDUGJY to REC. The Company has deployed 'Gram Vidyut Abhiyantas' (GVAs) i.e., young electrical engineers in the field for milestone based monitoring of village electrification works and developed 'GARV App', an online application for transparent and accountable monitoring.

In addition to village electrification, the emphasis has been laid on household electrification. To achieve this, updated GARV App was launched in December 2016 for monitoring the household electrification in all 5.97 lakh villages in the country. Further, in the portal, a feature named SAMVAD has been provided, to facilitate the general public to raise their queries and interact with the officials of DISCOMs, thus establishing transparency and accountability.

Ujwal DISCOM Assurance Yojana (UDAY)

The Government of India had announced the "Ujwal DISCOM Assurance Yojana" (UDAY scheme) in financial year 2015-16, which aims at financial turnaround, revival and revitalisation of Power Distribution Companies (DISCOMs), and also ensures a sustainable permanent solution to the problem of DISCOMs, which were reeling under debt of ₹ 4.3 lakh crore and accumulated losses of ₹ 3.8 lakh crore.

REC is acting as the nodal agency for UDAY scheme. Through the UDAY scheme, DISCOMs are provided with the opportunity to break even in 2-3 years through the following initiatives:

a) Improving operational efficiencies of DISCOMs

b) Reduction of cost of power

c) Reduction in interest cost of DISCOMs

d) Enforcing financial discipline on DISCOMs through alignment with State Finances.

e) Reducing the technical and commercial losses

f) Reducing the gap between cost of supply and the revenue realised.

For the UDAY scheme, REC has developed a state-of-the-art web portal and an online App for monitoring the performance of State DISCOMs. 26 States and 1 Union Territory have joined the scheme and out of these, 16 States have participated for financial restructuring while 10 States and 1 Union Territory have participated only for operational improvements. Bonds to the tune of ₹ 2.32 lakh crore have been issued by the States and DISCOMs. The States have taken over the DISCOM debt to the tune of ₹ 2.09 lakh crore.

It is pertinent to mention that after the implementation of UDAY scheme, significant positive results have started to emerge for the DISCOMs. The average AT&C losses and gap between ACS and ARR of UDAY States have shown a declining trend. In addition to these benefits, lower interest burden is also contributing towards better bottom line for DISCOMs.

Subsidiary Companies and Joint Ventures

The Company has two wholly-owned subsidiaries, to provide value-added services to the clients, including the business of consultancy in the areas of transmission, distribution, bid process transaction advisory services, project management, project implementation, quality assurance, etc. The subsidiaries include:

✓ REC Transmission Projects Company Limited (RECTPCL); and

✓ REC Power Distribution Company Limited (RECPDCL).

RECTPCL acts as the "Bid Process Coordinator" for selection of Transmission Service Provider (s), through Tariff Based Competitive Bidding (TBCB) process for independent inter-state and intra-state transmission projects assigned by the Ministry of Power, Government of India, and the State Governments from time to time. In order to initiate development of each of such independent transmission project, RECTPCL incorporates project-specific Special Purpose Vehicle (SPV) as its wholly-owned subsidiary, which is also a wholly-owned subsidiary of REC. Further, such SPVs are subsequently transferred along with all assets and liabilities to the successful bidder (s) selected through TBCB process. In addition to acting as Bid Process Coordinator, during the financial year 2016-17, RECTPCL also bagged several assignments for project management consultancy, third party quality assurance inspection, bid process management and project management & implementation agency. During the financial year 2016-17, RECTPCL generated an income of ₹ 52.38 crore, its Profit After Tax was ₹ 34.46 crore and its Net Worth as on March 31, 2017 was ₹ 157.86 crore.

RECPDCL's core business includes preparation of Detailed Project Report, Third Party Inspection, Material Inspection & Project Management Consultancy services, Project Implementation and Enhancement of Energy Efficiency mission. RECPDCL has been engaged as Lead Implementing Agency for managing BEE's Partial Risk Guarantee Fund for Energy Efficiency; and has signed a MoU with EESL for installation of LED street lights across India. Further, RECPDCL is monitoring the village electrification under DDUGJY. During the financial year 2016-17, RECPDCL generated a total revenue of ₹ 191.57 crore, its Profit After Tax was ₹ 40.33 crore and its Net Worth as on March 31, 2017 was ₹ 157.84 crore.

REC, along with three other PSUs, Power Grid Corporation of India Limited, NTPC and PFC, had formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. As on date, REC holds 31.71% of the paid-up equity share capital of EESL. EESL has been formed to create and sustain market access to energy efficient technologies, particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency. EESL is also leading the market related activities of National Mission for Enhanced Energy Efficiency (NMEEE), one of the eight national missions under National Action Plan on Climate Change. During the financial year 2016-17, based on the standalone audited financials, EESL's revenue from operations was ₹ 1,150.86 crore and its Profit After Tax was ₹ 51.86 crore.

Central Institute for Rural Electrification (CIRE)

Central Institute for Rural Electrification (CIRE) was established at Hyderabad in 1979, to cater to the training and development needs of engineers and managers of Power Sector. CIRE conducts training programmes on Power Generation, Transmission, Distribution, Renewable Energy and other industry relevant subjects. CIRE is the Nodal agency for coordination and implementation of National Training Programmes for employees of C&D category under DDUGJY, sponsored by the Ministry of Power, Government of India.

During the financial year 2016-17, in addition to coordinating and monitoring the National Training Programmes for employees of C&D category, CIRE has conducted 132 programmes on various subjects and trained 2,701 personnel with 16,314 man days of training. CIRE has been conferred with "Education Leadership Award" by reputed Business School and ABP News National Educational Awards consecutively for the last 3 years, in recognition of its 'Leadership, Development, Innovation and Industry Interface'.

Measures have been initiated to strengthen CIRE with the faculty and managerial capacity required to strengthen the capacity of the state power utilities and other clients.

Human Resources Management

The Company gives utmost importance to capacity-building and well-being of its employees. In this direction, Training and Human Resource Policy of the Company aims to strengthen the business skills and competence of the employees for better performance and productivity. Besides the training provided on professional skills, employees are also sensitized about the socioeconomic environment in which the Company operates. Further, trainings and workshops directed towards spiritual, health and attitudinal development of employees are also regularly conducted. The employees are also encouraged to participate in sports & recreational events and inter-corporate competitions to enhance their motivation level.

A comprehensive review of the human resources needs of the Company for the next 15 years is being undertaken, to ensure that REC is equipped with the human resources required to meet the challenges and to harness the opportunities presented by the future. REC proposes to infuse the necessary human resources with the skills and competencies required for the future to replace the retiring talent. It is pertinent to mention that REC will continue to be lean and efficient, with top of the notch human resources.

Information Technology Initiatives

On the IT front, an Integrated Business ERP system has been in operation in the Company since 2009, which is continuously being improved by adding new features. Benefits of the ERP system have been extended to the Borrowers as a part of better service. The ERP system is hosted at Data Centre of REC and both the Primary Data Centre and Disaster Recovery Centre of REC are ISO/ IEC 27001:2013 certified. The ERP system is being upgraded and modernised in sync with the changing requirements of the Company.

Further, REC has implemented a full-fledged state-of-the-art Video Conferencing solution across all its offices in India. The Corporate Office at New Delhi and all field offices of the Company are Wi-Fi enabled.

Recent IT initiatives include revamping of the corporate website to make it more user-friendly, informative and responsive. Besides that, REC has also developed and implemented a number of in-house applications for effective monitoring of its activities. GARV app has been very effective in monitoring the implementation of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY).

Currently, the process is under progress for making REC paperless by introducing customised E-office application. A comprehensive review of the business processes are being conducted to create a comprehensive application that would incorporate ERP, E-office, HR Management, and other applications.

Corporate Governance

You are aware that REC is committed to the highest standards of Corporate Governance and therefore all measures are being taken to conduct the business in an ethical and responsible manner, with the sole objective of sustainable value creation for all Stakeholders within the prevalent regulatory framework. The Company has been adopting and adapting the best practices that are followed in the area of Corporate Governance across the globe. As a listed Public-Sector Enterprise, your Company has been complying with the requirements of Corporate Governance as stipulated in the Companies Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines and other applicable laws.

Corporate Social Responsibility and Sustainable Development

REC has been actively pursuing various initiatives to promote sustainable inclusive development as part of its Corporate Social Responsibility (CSR). For the financial year 2016-17, the Company had allocated a CSR budget of ₹ 146.57 crore, i.e., @ 2% of the average net profits for the preceding three financial years, as per the requirement of the Companies Act, 2013. During the year under review, the Company undertook various CSR projects across the country in the fields of skill development, education, environmental sustainability, health care, drinking water and sanitation facilities, including contribution to the Swachh Bharat Kosh, etc. For the financial year 2016-17, the total financial assistance sanctioned by REC towards CSR activities was ₹ 181.23 crore and the total amount disbursed towards CSR activities was ₹ 69.80 crore.

During the year under review, REC organized various cleanliness programmes i.e. “Swachh Bharat Pakhwada”, “Swachh Bharat Mission” (Swachta Pakhwada) and “Swachhta Abhiyan” (National Cleanliness Campaign). All employees of REC participated in these programmes with great enthusiasm and undertook special cleanliness drive for their respective office premises & other surrounding areas. Old and unwanted records are periodically weeded out and awareness about cleanliness is promoted.

MoU Rating and Awards

REC’s performance has been rated “Excellent” based on the outcomes achieved with reference to the key performance indicators (KPIs) enshrined in the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India, for financial year 2015-16. REC has received “Excellent” rating consistently over 23 years; and the Company is poised to receive “Excellent” rating for the financial year 2016-17. The Company’s performance has also been recognized and awarded at various forums. During the year under review, REC received the CBIP Award 2017 for “Best Power Financing Company”; Gold Trophy for “SCOPE Meritorious award for the Best Public-Sector Financing Institution / Insurance Company” for year 2014-15; and “SCOPE Award for Excellence and Outstanding Contribution to the Public-Sector Management” for year 2014-15 from the Hon’ble President of India, in April 2017.

Other Initiatives

The Company constantly reviews its policies and procedures from time to time, to suitably align with its long-term corporate objectives, dynamic market requirements, and applicable statutory requirements. During the year under review, REC adopted/ revisited its policies and guidelines on sole lending limits for private sector renewable energy projects, policy on interest rates for non-conventional generation projects, policy for deployment of short term surplus funds, policy for premature repayment & pre-payment of loans and CSR & Sustainability Policy, to name a few.

The REC management actively encourages a culture of innovation and collaborative efforts within the organization. The Company has launched “REC Innovation Centre”, an in-house idea generation and communication portal, to target the immense potential of the ideas and suggestions of its employees for business development, brand building, and functional improvements.

Despite the growing competition in the market, the Company has been able to balance its corporate objectives of growth and profitability, while also taking care of the interests of all its stakeholders.

Future Strategy

Your Company offers a wide range of products to finance the needs of the Power Sector across the value-chain throughout the country. While REC has a strong foothold in its existing area of operations, the Company is also poised to enter into new areas of business. Accordingly, we are exploring avenues for diversification, such as financing power equipment manufacturing, debt syndication, fee-based project appraisal for other financial institutions, line of credit for large Renewable Energy projects and for manufacturers of electric vehicles, storage and charging infrastructure, and so on. A holistic Strategic Planning activity is currently underway in the organization, to chalk out the strategy and action plan for the future. The Strategic Planning covers assessment of business environment and emerging trends, risks and opportunities across the power sector value chain and allied sectors, key policy developments and their implications for the sector’s dynamics and business opportunities, etc. The activity also covers Business Process Re-engineering and operational improvements in various functional areas. The aim of this exercise is to maximize the returns to the Stakeholders of the Company on a sustainable basis.

Amongst the power sector components, Renewable Energy will be a key focus area for your Company over the next few years, in keeping with the Government of India’s ambitious thrust on developing this segment. The Renewable Energy portfolio of your Company has been growing in terms of both quantity and quality. Further, the Company has been regularly adapting itself to the

changing needs of this sector, by making its in-house lending policies more market-friendly and by facilitating its borrowers to set-up more green energy projects across the country.

Your Company is committed to long term value creation & sustainability and will continue to strive towards best standards of Corporate Governance, with emphasis on authority and freedom of management coupled with transparency, accountability and professionalism.

The Path Ahead

Indian economy has emerged as an engine for global growth, with key focus of the Government on structural reforms and fiscal consolidation. Implementation of GST, new bankruptcy code, financial inclusion through Jan-Dhan Yojana, liberalized regime for foreign direct investment, measures to curb black money and encouragement to digitization and increased public investment in infrastructure, together are providing stronger impetus to growth. In this background, the path ahead for India's power sector holds great promise.

As per the CEA estimates, the electrical energy requirement is expected to grow by 37% in a span of five years, to 1,566 BUs by the financial year 2021-22. The Government of India and the state governments are committed to securing universal, affordable, accessible, 24x7 quality power for all. Further, the government's flagship programmes like, DDUGJY, IPDS and UDAY, have catalysed the process for unprecedented investment in the distribution infrastructure, that is likely to result in improved distribution efficiency, reduce supply-demand dissonance, decrease technical and commercial losses, improve revenue realisation and establish technologically sophisticated smart distribution network.

Further, the thrust on renewable energy is likely to increase the penetration of electricity in the country, thereby driving the demand upwards. The government is committed to add 175 GW of renewable energy over a period of five years between 2017 and 2022. It's clear that the current and the emerging power ecosystem holds great promise for the future of REC. Above all, emerging technologies like power storage devices, electric vehicles, energy saving devices, smart transmission and distribution systems, etc., are opening new vistas for business expansion. Further, REC is exploring investment opportunities in the power sector development of neighbouring countries, and potentially in other emerging economies.

However, it is pertinent to mention that the power sector is facing challenges in the form of rising NPAs, absence of big ticket power projects, tough competition from banks, challenges pertaining to interest rate regime and slow growth of manufacturing sector in general. Power sector projects also face issues relating to equity constraints of promoters, PPA challenges, longer time horizon and dynamic policy environment. Therefore, the Company is making consistent and serious efforts to raise resources at low cost and ensure deployment of its resources in avenues offering the best returns.

With likelihood of enormous capital expenditure and development of equally huge operational infrastructure, REC is looking at an optimistic business scenario in the near future as well as the longer-term. The Government's proactive push to address and resolve the sector's bottlenecks is strengthening this promising outlook. REC is well equipped to meet the market's demands and is well poised to play a vibrant role in the economic development of the country.

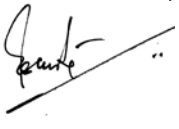
Acknowledgements

I take this opportunity to express my sincere gratitude to the Hon'ble Minister of State (Independent Charge) for Power, Coal, New & Renewable Energy and Mines, the Secretary, Additional Secretary, Joint Secretaries and other Officials of the Ministry of Power, for their support and guidance to the Company. I would also like to thank the officials in the NITI Aayog, Ministry of Finance, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and Depositories for their cooperation. Further, I am also grateful to the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company for their valued contribution.

I wish to express my gratitude to our investors, lenders and borrowers for reposing their trust in REC. Further, I am grateful to my esteemed colleagues on the Board and to all employees of the organization, for their untiring efforts in taking the Company forward on the path of growth. I also record deep appreciation for all our clients, especially the state governments, power utilities and the private entrepreneurs.

Last, but not the least, I convey my heartfelt thanks to all Stakeholders of the Company for their continued support and goodwill. I am confident that with your cooperation and with the dedicated efforts of Team REC, we will grow from strength to strength and touch new heights of sustainable growth in the times ahead.

With warm wishes,



P V Ramesh

Chairman & Managing Director

August 21, 2017

NOTICE

Notice is hereby given that the **Forty Eighth (48th) Annual General Meeting (AGM) of Rural Electrification Corporation Limited ("REC"** or **"the Company")** (CIN:L40101DL1969GOI005095) **will be held on Thursday, September 21, 2017 at 11.00 A.M. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010, India** to transact the following businesses:-

ORDINARY BUSINESS

Item No. 1: To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2017 along with the Reports of the Board of Directors and Auditors thereon.

Item No. 2: To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2016-17.

Item No. 3: To appoint a Director in place of Dr. Arun Kumar Verma (DIN: 02190047), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4: To fix the remuneration of Statutory Auditors for the financial year 2017-18.

SPECIAL BUSINESS

Item No. 5: Approval for Related Party Transactions proposed to be entered by the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to the approval/consent of such appropriate authorities, consent of the Company be and is hereby accorded for entering into contract(s) or arrangement(s) or transaction(s) to be entered by Rural Electrification Corporation Limited (REC) with Energy Efficiency Services Limited (EESL) or any other associate company(ies) (present or future) of REC, during a period of one year from the date of passing of this Resolution, in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year, i.e. financial year 2016-17."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board be and is hereby authorized to approve the individual contract(s) or arrangement(s) or transaction(s) with EESL or any other associate company(ies) (present or future) of REC within the overall limit of two percent (2%) of the turnover of REC for the financial year 2016-17, including therein the name of the related party and nature of relationship, nature, duration and particulars of the contract or arrangement to be entered with EESL or any other associate company(ies) of REC, material terms of such contract or arrangement *inter-alia* including the value of the contract, advance payment to be made/received, if any, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract and/or any other matter to be decided in this regard."

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

Item No. 6: Approval for Private Placement of securities.

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

"RESOLVED THAT in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2012 and other applicable SEBI regulations and guidelines, the circulars / directions / guidelines issued by Reserve Bank of India, from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board

of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Company be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds / debentures upto ₹ 65,000 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 ₹ 65,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board."

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

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



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

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

Date : August 21, 2017

NOTES:-

1. **A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll, if any, instead of himself/herself and such proxy need not be a member of the Company. The Proxy Form duly completed and signed must be received at the registered office of the Company, not less than forty eight (48) hours before the commencement of the AGM. Blank Attendance Slip, Proxy Form and Route Map of the venue of the meeting is attached and also available on the Company's website i.e. www.recindia.nic.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, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} is annexed hereto and forms part of Notice.

4. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, September 16, 2017 to Thursday, September 21, 2017 (both days inclusive).**

5. The Final Dividend @ ₹ 2.65 per equity share, as recommended by the Board of Directors in its Meeting held on May 30, 2017, 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 **Monday, October 9, 2017** 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 Karvy Computershare Private Limited, Registrar and Share Transfer Agent (R&TA), on or before **Friday, September 15, 2017**, 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 **Friday, September 15, 2017**.

   In addition, the Board of Directors in its Meeting held on February 14, 2017 had declared an interim dividend of ₹ 7.00 per equity share on the paid-up equity share capital of the Company, which was paid on March 6, 2017. 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 the provisions of the Companies Act, 2013, 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 Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has already uploaded details of unpaid and unclaimed amounts lying with the Company as on September 21, 2016 (date of last Annual General Meeting) on the website of the Company (www.recindia.nic.in) and also on the website of the Ministry of Corporate Affairs. Further, the details of unpaid/unclaimed amounts transferred to IEPF during the financial year 2016-17 are available in the Corporate Governance Report forming part of this Annual Report.

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 AGM, 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 AGM and they will have to bring their copies of Annual Report;**

   b) **bring the Attendance Slip at the venue duly filled-in and signed for attending the meeting, as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the meeting venue in exchange of the Attendance Slip;**

   c) **quote their Folio / Client ID & DP ID Nos. in all correspondence with the Company / R&TA;**

   d) **note that due to security reasons briefcases, eatables and other belongings shall not be allowed inside the Auditorium; and**

   e) **note that no gifts / coupons will be distributed at the AGM.**

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 15, 2017 to the 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 the 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 47th Annual General Meeting (AGM) of the Company held on September 21, 2016, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2016-17, on the recommendation of the Audit Committee. Accordingly, the Board of Directors had approved the payment of remuneration of ₹ 36,00,000/- (Rupees Thirty Six Lakh only) plus service tax as applicable, to be shared equally by the Statutory Auditors *viz.* M/s Raj Har Gopal & Co., Chartered Accountants and M/s A R & Co., Chartered Accountants, for the financial year 2016-17. The Board had 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, M/s A R & Co., Chartered Accountants (Firm Reg. No.: 002744C) and M/s G.S. Mathur & Co., Chartered Accountants (Firm Reg. No.: 008744N) have been appointed as Statutory Auditors of the Company for the financial year 2017-18 by the C&AG of India. **Accordingly, the Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2017-18.**

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.nic.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 the above mentioned and all other documents required under 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 (in case of shares held physically) / Depository Participant (DP) of respective Member (in case of shares held electronically) 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 the R&TA immediately about (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, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI, the Company is offering e-voting facility to the shareholders to enable them to cast their votes electronically on the items mentioned in the Notice. For this purpose, the Company has engaged the services of Karvy Computershare Private Limited for providing e-voting facility to enable the Shareholders to exercise their right to vote through electronic means in respect of businesses to be transacted in the AGM. Those Shareholders who do not opt to cast their vote through e-voting, may cast their vote through ballot process (Insta Poll) at the AGM.

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

Further, the Company has fixed **Friday, September 15, 2017** 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 **Monday, September 18, 2017 (1000 hours) to Wednesday, September 20, 2017 (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 No. / DP ID & Client ID will be your User-ID.

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

iii. After entering these details appropriately, click on “LOGIN”.

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the E-Voting Event Number for Rural Electrification Corporation Limited.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-Off date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST”, but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST”, it will be treated as “ABSTAIN” and the shares held will not be counted under either head.

viii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on “Submit”.

xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: scrutinizer.recl@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.”

xiii. Any person who becomes a member of the Company after dispatch of the Notice of AGM and is holding shares as on the cut-off date may obtain User ID and Password for e-voting from the Company's R&TA.

xiv. Further, in case of any query pertaining to e-voting, please visit Help & FAQs section on the website: https://evoting.karvy.com or contact our R&TA at toll free number 1800 345 4001 or contact Shri S.V. Raju / Shri S. Balaji Reddy, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032; Phone: 040-67161569 / 67161571; E-mail: einward.ris@karvy.com / raju.sv@karvy.com / balaji.reddy@karvy.com.

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 (Insta Poll) at the Meeting. Those Shareholders who have cast their vote electronically, may also attend the meeting but shall not be allowed to vote again through the ballot process (Insta Poll) at the Meeting.

23. The Scrutinizer shall, after the conclusion of the voting through ballot process at the AGM, assess the votes cast at the meeting through ballot process, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Meeting.

24. The results of the voting indicating the number of votes cast in favour or against each of the Resolution(s), 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.nic.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.nic.in.

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

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

Item No. 5

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

REC may be required to enter into contracts/arrangements/transactions with EESL or any other associate company(ies) (present or future) of REC, from time to time, in excess of the limits prescribed under the Companies Act, 2013 and Rules made thereunder. Therefore, it is proposed to seek approval of the shareholders for any contract(s) or arrangement(s) or transaction(s) to be entered by REC during a period of one year from the date of passing of this Resolution, with EESL or any other associate company(ies) (present or future) of REC in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, 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 2016-17.

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

Further, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board shall be authorized to finalize and approve the nature, duration, material terms, monetary value and particulars of the contract(s) or arrangement(s) or transaction(s) to be entered with EESL or any other associate company(ies) (present or future) of REC, within the overall limit of two percent (2%) of the turnover of REC for financial year 2016-17.

The Board of Directors of the Company in its Meeting held on July 11, 2017 has approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by the Members of the Company.

In view of the above, you are requested to grant your consent to the Ordinary 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 Resolution, except to the extent of their shareholding in the Company.

Item No. 6

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 (47th) AGM of the Company held on September 21, 2016, to raise funds through Private Placement of unsecured/secured non-convertible bonds/debentures upto ₹ 50,000 crore, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, within the overall market borrowing programme of the Company. However, the above approval of shareholders is valid only upto September 20, 2017. In order to facilitate raising of funds thereafter and in line with the aforesaid statutory provisions, it is necessary to pass a Special Resolution at this AGM for raising of funds through private placement of unsecured/secured non-convertible bonds/debentures during a period of one year from the date of passing of this resolution.

Therefore, it is proposed to pass a Special Resolution to enable the Company to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹ 65,000 crore, during a period of one year from the date of passing of this resolution, i.e. upto September 20, 2018, 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 ₹ 65,000 crore is within the overall borrowing limit approved by the shareholders of the Company vide Special Resolution passed through Postal Ballot on June 10, 2014.

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

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

The Board of Directors of the Company in its Meeting held on August 11, 2017 has approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by the Members of the Company.

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No.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 Special Resolution, except to the extent of their shareholding in the Company.

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



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

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

Date : August 21, 2017

BRIEF RESUME OF THE DIRECTOR(S) SEEKING RE-APPOINTMENT AT 48TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 21, 2017.

Name	**Dr. Arun Kumar Verma, Government Nominee Director (DIN 02190047)**
Date of Birth	July 7, 1959
Date of Appointment	October 6, 2015
Qualifications	Master's degree in Physics, Associate Member of Indira Gandhi National Forest Academy (AIGNFA) from FRI & C, Dehradun, Ph.D in Tribal Development Policy, Post Graduate Programme in Public Policy & Management (PGPPM) from Indian Institute of Management, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA. Further, he is an Indian Forest Service Officer of 1986 Gujarat Cadre and is a Joint Secretary in Ministry of Power.
Expertise in specific Functional area	Dr. Verma has over 30 years of administrative and management experience. He has served the Power Sector earlier as Managing Director, Uttar Gujarat Vij Company Limited. Before joining Ministry of Power, Government of India; he was posted as Member Secretary of Gujarat Ecology Commission, Gandhinagar and Project Director of the World Bank Funded Integrated Coastal Zone Management from July 29, 2011 to November 14, 2014. He is also a Government Nominee Director on the Board of Power Finance Corporation Limited.
Directorship held in other Companies	Power Finance Corporation Limited
Membership/ Chairmanship of Committees across all Public Companies other than REC	Chairman–Stakeholders Relationship and Shareholders/Investors Grievance Committee, Power Finance Corporation Limited
Number of shares held in the Company	Nil
Relationships with other Directors, Manager and other Key Managerial Personnel	Dr. Arun Kumar Verma does not have any *inter-se* relationship with any Director, Manager or other Key Managerial Personnel of the Company.
Details of remuneration paid / sought to be paid	As per the norms of Government of India, the Government Nominee Director is not entitled to get any remuneration/ sitting fee from the Company.
Number of meetings of the Board attended during the year	The number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2016-17.

DIRECTORS' PROFILE



Dr. P V Ramesh, *Chairman & Managing Director (CMD) (DIN: 02836069)*

Dr. P V Ramesh, 58 years, an IAS officer of the 1985 batch of Andhra Pradesh Cadre is the Chairman & Managing Director (CMD) on the Board of REC since January 5, 2017. Prior to joining REC, Dr. Ramesh was the Special Chief Secretary and Development Commissioner to the Government of Andhra Pradesh and Ex-Officio Special Chief Secretary to Andhra Pradesh Chief Minister. Dr. Ramesh graduated as Physician from the Christian Medical College & Hospital, Vellore.

He has, during his service tenure of over 31 years, held important positions of Principal Finance Secretary, Principal Secretary Department of Health & Family Welfare and Commissioner of Industries in the Government of Andhra Pradesh. He headed the State Reorganization Department that reorganized the state of Andhra Pradesh.

He has served the United Nations Organization for nearly 13 years, where he was responsible for formulating national development strategies and plans, programme design, supervision, monitoring, evaluation, fund administration and Programme Management. He had been a staff member of IFAD, UNOPS and UNFPA. He has worked in several countries across Asia Pacific and Africa continents and Europe and UNOPS headquarters in New York. During his stint with UNO, he has held high profile positions of the Country Programme Manager for Asia Pacific Division of IFAD/ UNOPS, Senior Portfolio Manager for West Asia, Europe and Arab States, Acting Director of UNOPS Regional Office for Southern Eastern Africa; Country Representative for UNFPA to Afghanistan; and Senior Advisor to Finance Minister of Afghanistan, to mention a few.

Dr. Ramesh is also the Chairman on the Board of REC Power Distribution Company Limited and REC Transmission Projects Company Limited, since January 5, 2017.

As on March, 31 2017, Dr. Ramesh was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

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



Shri Ajeet Kumar Agarwal, 57 years, is Director (Finance) of REC since August 1, 2012. He has done B. Com (Hons.) from Shri Ram College of Commerce, University of Delhi. He is also a Fellow Member of the Institute of Chartered Accountants of India. Shri Agarwal has 34 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 REC on March 29, 2007, he was General Manager in Telecommunications Consultants India Limited. He is also Nominee Director on the Board of REC Transmission Projects Company Limited, a Wholly Owned Subsidiary Company of REC, since December 27, 2008 and on the Board of Indian Energy Exchange Limited (IEX) since August 22, 2012.

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

As on March 31, 2017, Shri Ajeet Kumar Agarwal was holding 484 Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



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

Shri Sanjeev Kumar Gupta, 55 Years, is the Director (Technical) on the Board of REC since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand. He has 35 Years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Project Management of large EHV Transmission system, Financing of Generation, Transmission, Distribution and Renewable Projects, etc. in various power CPSU's, REC, PGCIL and NHPC.

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

He is also Nominee Director on the Board of REC Power Distribution Company Limited since October 12, 2015 and REC Transmission Projects Company Limited, since October 26, 2015.

As on March 31, 2017, Shri Sanjeev Kumar Gupta was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

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



Dr. Arun Kumar Verma, 58 years, is Government Nominee Director on the Board of REC since October 6, 2015. He is an Indian Forest Service Officer of 1986 Gujarat Cadre and is a Joint Secretary in Ministry of Power. He holds a Master's degree in Physics and is an Associate Member of Indira Gandhi National Forest Academy (AIGNFA) from FRI & C, Dehradun. He has done Ph.D in Tribal Development Policy. He has also done Post Graduate Programme in Public Policy & Management (PGPPM) from Indian Institute of Management, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA. He has over 30 years of administrative and management experience. He has served the Power Sector earlier as Managing Director, Uttar Gujarat Vij Company Limited. Before joining Ministry of Power, Government of India he was posted as Member Secretary of Gujarat Ecology Commission, Gandhinagar and Project Director of the World Bank Funded Integrated Coastal Zone Management from July 29, 2011 to November 14, 2014. He is also a Government Nominee Director on the Board of Power Finance Corporation Limited.

As on March 31, 2017, Dr. Arun Kumar Verma was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



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

Shri Arun Singh, 52 years, is an Independent Director of REC since November 13, 2015. Shri Singh is a qualified Chartered Accountant and has 28 years of experience in the field of Finance, Taxation, Banking and Management. He is a leading Partner in Arun Singh & Co., Chartered Accountants, New Delhi. He has served as the Director on Board of Union Bank of India and Central Board, State Bank of India. He was the member of Committee of Eminent Persons in Power Grid Corporation of India. He has also handled various projects of FAO, UNO and World Bank as National Consultant.

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

As on March 31, 2017, Shri Arun Singh was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



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

Shri Aravamudan Krishna Kumar, 62 years, is an Independent Director of REC since November 13, 2015. He holds a Bachelor's degree in Arts (Economics) from University of Delhi and is also a qualified Certified Associate of Indian Institute of Bankers. He has around 40 years of rich experience in all facets of banking sector. He served State Bank of India for over 39 years, where he joined as a Probationary Officer in 1975 and elevated as the Managing Director & Group Executive in April 2011. During his long & distinguished career with SBI, he has handled various critical & important assignments, including retail business of SBI spread over 16000 branches and international operation of SBI covering 190 offices in 36 countries. He was one of the key persons in policy making and formulating the strategies for the Bank till his superannuation at the end of November, 2014. He was also on the Boards of SBICAP Securities, SBI Life Insurance, SBI General Insurance and SBI Credit Cards and subsidiaries of State Bank of India, during which period he gained valuable insights into the Securities, Insurance and Credit Card industries. He is also a Director on the Board of Andhra Bank, Sathguru Catalyser Advisors Private Limited, Suraksha Asset Reconstruction Private Limited and TVS Wealth Private Limited. He is also a Public Interest Director on the Board of Central Depository Services (India) Limited.

As on March 31, 2017, Shri Aravamudan Krishna Kumar was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

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



Professor T. T. Ram Mohan, 61 years, is an Independent Director of REC since November 13, 2015. He is a B.Tech from IIT, Mumbai; PGDM from IIM, Calcutta and holds a doctorate from Stern School, New York University. At present, he is Professor of Finance and Economics at the Indian Institute of Management, Ahmedabad. He has worked extensively in consultancy and in the financial sector before entering academics. He has been Divisional Manager with Tata Economic Consultancy Services, Head of Strategy at Standard Chartered Bank and Vice President, Bear Stearns Asia, Hong Kong. He also holds Directorships on Board of IndusInd Bank Limited and SBICAP Securities Limited and is on the HR Advisory Board of Indian Overseas Bank. He is a member of the Governing Council of the National Institute of Bank Management, Pune.

Prof. Ram Mohan specializes in the financial sector. He has run training programmes for bank executives and given talks on issues in the Indian banking sector at various fora. His current research interests include banking reforms, privatization and corporate governance. He has published numerous papers and has contributed extensively to leading publications such as The Economic Times, Business Standard and The Hindu.

As on March 31, 2017, Prof. T.T. Ram Mohan was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



Smt. Asha Swarup, *Part time Non Official Independent Director (DIN: 00090902)*

Smt. Asha Swarup, 67 years, is an Independent Director of REC since February 8, 2017. She is a retired IAS officer of 1973 batch from Himachal Pradesh cadre, post graduate from Delhi University and Pearson Fellow of IDRC, Canada. She has served as Secretary to Government of India, Ministry of Information and Broadcasting (2007-08) and Chief Secretary, Government of Himachal Pradesh (2008-10).

She has also served as Additional Secretary and Financial Advisor to the Ministry of Commerce and Ministry of Textiles (2004-07), Joint Secretary, Ministry of Rural Development (2001-04), Joint Secretary, Department of Youth Affairs and Sports in HRD Ministry (1993-98). She has also served as Chairman of Himachal Pradesh State Electricity Board and HP Power Corporation Limited.

Post retirement she has served as Chairperson of HP State Environment Impact Assessment Authority, member of the Expert Group set up by Cabinet Secretariat to finalize the Result Frame work document of Ministries and the Expert Group to finalize the annual targets for Oil sector PSUs by Department of Public Enterprises. She has also been an Independent Director on the Board of SJVN Limited.

As on March 31, 2017, Smt. Asha Swarup was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

BOARD'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Forty Eighth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2017.

1. PERFORMANCE HIGHLIGHTS

1.1 The highlights of performance of the Company for the financial year 2016-17 were as under with comparative position of previous year's performance:

(₹ in crore)

Parameter	**FY 2016-17**	FY 2015-16
Loans Sanctioned	**83,870.82**	65,471.10
Disbursements	**58,038.61**	46,025.83
Subsidy under DDUGJY-RE and DDG	**8,037.54**	5,023.99
Recoveries (including interest)	**46,747.17**	47,921.00
Total Operating Income	**23,350.79**	23,638.35
Profit Before Tax	**8,860.70**	8,045.21
Profit After Tax	**6,245.76**	5,627.66

1.2 Financial Performance

The total operating income of your Company for the financial year 2016-17 was ₹ 23,350.79 crore as compared to ₹ 23,638.35 crore during the financial year 2015-16. The profit after tax increased by 11% to ₹ 6,245.76 crore from ₹ 5,627.66 crore for the previous year.

Loan asset book of your Company as on March 31, 2017 was ₹ 2,01,928.67 crore as compared to ₹ 2,01,278.29 crore in the previous year. The increase in Loan assets is after considering the repayment of loans of ₹ 33,910.05 crore received under Ujwal DISCOM Assurance Yojana (UDAY). Further, the outstanding borrowings as on March 31, 2017 were ₹ 1,67,517.39 crore.

Earnings Per Share (EPS) for the financial year ended March 31, 2017 was ₹ 31.63 per share of ₹ 10/- each. Net worth of the Company as on March 31, 2017 has increased by 16% to ₹ 33,325.59 crore from ₹ 28,617.76 crore.

1.3 Dividend

In addition to interim dividend of ₹ 7.00 per share paid in March, 2017, the Board of Directors of your Company have recommended final dividend of ₹ 2.65 per share for the financial year 2016-17, which is subject to approval of the Shareholders in the 48th Annual General Meeting. The total dividend for the financial year 2016-17 will work out to ₹ 9.65 per share, representing 96.5% of the paid-up share capital of the Company as against ₹ 17.10 per share, representing 171% of the paid-up share capital of the Company in the previous year *(the decrease in the percentage of dividend from previous year, is due to the issue of Bonus shares in the ratio of 1:1, during the year)*. The total dividend pay-out for the financial year 2016-17 will amount to ₹ 1,905.80 crore (excluding dividend distribution tax of ₹ 384 crore).

1.4 Share Capital

As on March 31, 2016, the Authorized share Capital of the Company was ₹ 1,200 crore consisting of 120 crore equity shares of ₹ 10/- each and during the financial year 2016-17, the Authorised Capital of the Company was increased from ₹ 1,200 crore to ₹ 5,000 crore as approved by the shareholders of the Company in its 47th Annual General Meeting held on September 21, 2016.

During the financial year 2016-17, the shareholders of the Company in the 47th AGM, also approved the proposal for issue of Bonus shares in the ratio 1:1 (i.e. One new equity share of ₹ 10/- each for every equity share of ₹10/- each). Subsequently, 98,74,59,000 bonus shares were issued & allotted on September 30, 2016 and were credited to eligible shareholders by October 6, 2016. Consequent to issue of Bonus shares, the Issued and Paid up Share Capital of the Company was increased from ₹ 987.46 crore consisting of 98,74,59,000 equity shares of ₹ 10/- each to ₹ 1,974.92 crore consisting of 197,49,18,000 equity shares of ₹ 10/- each.

Further, the President of India acting through Ministry of Power, Government of India divested/sold 2,51,33,733 equity shares i.e. 1.28 % of total paid up capital of the Company on January 25, 2017 and 98,97,155 equity shares i.e. 0.50% of total paid up capital of the Company on March 22, 2017 through off market sale of shares under the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF). Accordingly, as on March 31, 2017, the President of India holds 116,25,04,472 equity shares i.e. 58.86% of the paid up equity share capital of the Company.

2. LOANS SANCTIONED

The Company sanctioned loans worth ₹ 83,870.82 crore during the financial year 2016-17, as against ₹ 65,471.10 crore in the previous year. The state-wise and category-wise break-up of loans sanctioned during the financial year are given in **Table-1** and **Table-2,** respectively. The cumulative sanctions upto March 31, 2017 made by your Company since its inception was ₹ 7,65,350.05 crore, as detailed in **Table-3**.

3. DISBURSEMENTS

A total sum of ₹ 58,038.61 crore was disbursed during the financial year 2016-17 as against ₹ 46,025.83 crore in the previous year. Further, an amount of ₹ 8,037.54 crore (subsidy of ₹ 7,876.85 crore under RE component of DDUGJY and subsidy of ₹ 160.69 crore under DDG) under DDUGJY, has been disbursed. The cumulative amount disbursed since inception up to March 31, 2017 was ₹ 3,87,577.01 crore excluding subsidy under DDUGJY-RE and DDG. The state-wise disbursements and repayment of loan by borrowers during the financial year 2016-17 together with cumulative figures and outstanding as on March 31, 2017 are given in **Table-4.**

4. RECOVERIES

4.1 The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for performing assets during the financial year 2016-17 was ₹ 46,298 crore as compared to ₹ 48,278 crore during the previous year. The Company recovered a total sum of ₹ 45,169 crore towards performing assets during the financial year 2016-17 as against ₹ 46,641 crore during the previous year. The Company achieved recovery rate of 97.56% for the financial year 2016-17. The overdues from defaulting borrowers pertaining to Performing Assets as on March 31, 2017 was ₹ 1,129 crore.

4.2 Your Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2017, the gross NPA was ₹ 4,872.68 crore, which was 2.41% of Gross Loan Assets and the net NPA was ₹ 3,237.34 crore, which was 1.62% of Net Loan Assets. Further, no doubtful loans have been rescheduled by the Company, during the financial year 2016-17. The details of loans rescheduled during the financial year 2016-17 and their position as on March 31, 2017, are as under:

(₹ in crore)

Particulars		**FY 2016-17**	FY 2015-16
Standard Loans	No. of Borrowers	**19**	23
	Amount Outstanding	**27,784.80**	22,829.88
Sub-Standard Loans	No. of Borrowers	**0**	3
	Amount Outstanding	**0**	1,402.44
Total	**No. of Borrowers**	**19**	26
	Amount Outstanding	**27,784.80**	24,232.32

5. FINANCIAL REVIEW

5.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year 2016-17 vis-à-vis 2015-16 is given as under:

(₹ in crore)

Particulars	**Standalone**		**Consolidated**	
	FY 2016-17	FY 2015-16	**FY 2016-17**	FY 2015-16
Revenue from Operations	**23,350.79**	23,638.35	**23,945.16**	24,012.88
Other Income	**744.56**	117.93	**740.84**	117.05
Total Income	**24,095.35**	23,756.28	**24,686.00**	24,129.93
Finance Costs	**13,775.12**	14,283.12	**13,786.36**	14,282.35
Other Operating Expenses	**350.06**	338.10	**816.97**	604.74
Provisions and Contingencies	**1,109.47**	1,089.85	**1,110.31**	1,096.18
Total Expenses	**15,234.65**	15,711.07	**15,713.64**	15,983.27
Profit Before Tax	**8,860.70**	8,045.21	**8,972.36**	8,146.66
Provision for Taxation	**2,614.94**	2,417.55	**2,658.99**	2,455.24

Particulars	Standalone		Consolidated	
	FY 2016-17	FY 2015-16	**FY 2016-17**	FY 2015-16
Profit After Tax	**6,245.76**	5,627.66	**6,313.37**	5,691.42
Less : Appropriations				
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,881.06**	1,900.00	**1,881.06**	1,900.00
Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**413.33**	390.00	**413.33**	390.00
Dividend	***1,382.44**	1,688.55	***1,382.44**	1,688.55
Dividend Distribution Tax	***277.46**	341.71	***277.46**	345.68
Transfer to Debenture Redemption Reserve	**196.59**	196.59	**201.20**	196.59
Transfer to General Reserve	**-**	570.00	**3.50**	572.89
Surplus carried over to Balance Sheet	**2,094.88**	540.81	**2,154.38**	597.71

*The figures of dividend and dividend distribution tax does not include the respective amounts pertaining to Final Dividend for the financial year 2016-17 (as detailed in para 1.3 above) considering that the Company is not required to make any provision in this regard in terms of Revised Accounting Standard 4.

5.2 Contribution to National Exchequer

During the financial year 2016-17, the Company contributed an amount of ₹ 4,097.79 crore as compared to ₹ 3,749.55 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:

(₹ in crore)

Particulars	FY 2016-17	FY 2015-16
Dividend paid to the Government of India	**1,126.05**	880.19
Dividend Distribution Tax	**379.98**	293.47
Direct Taxes	**2,546.34**	2,540.96
Service Tax paid including CENVAT credit	**45.42**	34.93
Total	**4,097.79**	3,749.55

5.3 Ratio Analysis

A comparative statement of important ratios of the Company for the financial year 2016-17 vis-à-vis 2015-16 is as below:

Particulars	FY 2016-17	FY 2015-16
Earnings Per Share (₹)	**31.63**	28.50
Return on Average Net Worth (%)	**20.17**	21.05
Book Value per Share (₹)	**168.75**	144.91
Debt Equity Ratio (times)	**5.03**	5.91
Price Earnings Ratio (times)*	**5.72**	2.92
Interest Coverage Ratio (times)	**1.64**	1.56

*PE Ratio has been calculated on the basis of Closing Price of equity share of REC at NSE as on March 31, 2017 & March 31, 2016, respectively.

5.4 Resource Mobilization

The Company mobilized ₹ 28,495.18 crore from the market during the financial year 2016-17. This includes ₹ 7,662.92 crore by way of Capital Gain Tax Exemption Bonds, ₹ 18,600 crore by way of Institutional Bonds, ₹ 2,232.26 crore (i.e USD 330 million) from External Commercial Borrowings (ECB). Further, an amount of ₹ 19,916.85 crore was also raised through Commercial Paper (CP).

Raised Green Bonds of USD 450 Million from International Markets

On June 30, 2017, REC has launched its maiden USD Green Bonds to become the first Indian PSU to launch Green Bonds denominated in US Dollars and raised USD 450 million for a tenure of ten years from the offshore market, against the backdrop of green energy's enormous potential in the Indian power sector and the Indian Government's thrust on developing this space.

The bonds have been issued at a yield of 3.965 per cent and have been offered under REC's existing USD 1 billion Medium Term Note (MTN) programme. The Green Bonds are listed on the London Stock Exchange and Singapore Stock Exchange.



Dr. P V Ramesh, CMD REC rings the Opening Bell at London Stock Exchange on June 30, 2017.

The Green Bonds have been certified by the Climate Bond Initiative, London while the 'Green Bond framework' formulated by REC has been verified by KPMG. The proceeds will be allocated for financing existing projects including re-financing and new eligible green projects in solar, wind, biomass and small hydro (less than 25 MW), subject to availability of sector-specific technical criteria under Climate Bonds Standard. ANZ, Barclays Bank, BNP Paribas, Mizuho Securities, MUFG Securities and HSBC were the Joint Lead Managers to the issue.

Cash Credit Facilities

The Company has an approved cash credit/WCDL limit of ₹ 5,710 crore for availment from various banks for its day-to-day operations.

5.5 Domestic and International Credit Rating

Domestic

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

International

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

5.6 Cost of Borrowing

The overall weighted average annualized interest rate of borrowing for the funds raised during the financial year 2016-17 was 6.79% p.a. and for the borrowings outstanding as on March 31, 2017 is 8.02% p.a. As a result, your Company was able to deliver debt financing at competitive rates.

5.7 Redemption and Pre-Payment

During the year, the Company repaid a sum of ₹ 23,490.05 crore. This includes repayment amounting to ₹ 14,910.60 crore to Institutional bondholders, ₹ 5,349.91 crore worth of Capital Gain Tax Exemption Bonds, ₹ 130.75 crore towards Infrastructure Bonds, ₹ 2,695.51 crore of External Commercial Borrowings and ₹ 403.28 crore of Official Development Assistance (ODA) loan. The Company also redeemed long term loan of ₹ 350 crore and Commercial Papers of ₹ 25,750 crore.

5.8 Financial status at the close of the year

At the close of the financial year 2016-17, the total resources of your Company stood at ₹ 2,09,236.24 crore. Out of this, Equity Share Capital contributed ₹ 1,974.92 crore, reserves and surplus stood at ₹ 31,350.67 crore, Loans from Financial Institutions, Commercial Banks and market borrowings through Bonds and Commercial Papers accounted for ₹ 1,67,517.39 crore, Deferred Tax Liabilities of ₹ 40.26 crore and other liabilities & provisions stood at ₹ 8,353.00 crore. These funds were deployed as Long / Short Term Loans of ₹ 2,00,293.33 crore (net of allowances ₹ 1,635.34 crore), fixed assets (net of depreciation) of ₹ 181.26 crore (including Capital Work in progress), Investments of ₹ 2,696.45 crore, Cash & Bank Balances of ₹ 4,490.02 crore and other assets of ₹ 1,575.18 crore.

5.9 Policy Initiatives

The Company constantly reviews its policies/ procedures from time to time, to suitably align with market requirements and also

with its corporate objectives and applicable statutory requirements. During the year, the Company has adopted / amended various policies and guidelines, such as Guidelines for Private Sector Renewable Energy projects by revision in sole lending limits, Revision in interest rates for non-conventional generation projects, Policy for investment/deployment of short term surplus funds, Revision in Policy Guidelines for premature repayment/pre-payment of loans, Modification in policy on granting interest rate rebate to state sector utilities/CPSUs, Policy Guidelines for monitoring DE Ratio and COD Extension of State Sector projects, Dividend Distribution Policy and Amendment in CSR & Sustainability Policy, etc.

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

6. PRESENT TRANSMISSION & DISTRIBUTION SCENARIO

The present scenario of Transmission and Distribution (T&D) industry is very dynamic with increasing resolve of State Governments to provide reliable power supply to consumers and integration requirements of huge upcoming Renewable Energy Sources with the electricity grid. Based on CEA report as on March 31, 2017, the installed generation capacity of Central, State as well as Private utilities of the country is now a high of approximate 327 GW. Further, as per LGBR for 2017-18 of CEA, the Country would have peak power surplus of 6.8% and energy surplus of 8.8%; which is a really envious position to be in. This may lead to complete phase shift in power scenario of the country vis-à-vis the one which we are traditionally used to, with even currently huge generation capacities lying stranded for the want of adequate power purchase willingness of DISCOMs and mainly the lack of availability of requisite backbone infrastructure at transmission as well as distribution level.

Enormous capacities are planned to be added through Renewable Sources of energy, with the ambitious goal of 175 GW by 2022 and this itself seems fraught of many risks emanating from increasingly lower tariffs from each subsequent bidding, low cost financing requirements, etc. However, the setting up of dedicated Solar Parks along-with making available all major clearances like land, transmission connectivity, etc. by the respective Central / State Government agencies has mitigated these risks to a great extent. Proper planning for further transmission and distribution system development in this light and that the energy from these sources may be largely intermittent, has become even more pertinent. Accordingly, dedicated Green Transmission Corridors are being planned along-with strengthening / augmenting the transmission system to take care of such supply / loading parameters. All this shall pose requirement for planning in line with upcoming renewable energy capacity developments and earnest creation of infrastructure to ensure system availability within the short gestation periods required for renewable generating stations development, thus putting additional onus of TRANSCOs and DISCOMs for system augmentation.

However, Distribution remains to be weakest link in the power sector value chain and most difficult to deal with, due to various reasons. Your Company has always strived to play an active role in creation of new infrastructure and augmentation/ strengthening of the existing network. Your Company encourages the DISCOMs to expedite various reform measures and to adopt best practices including modernization and automation of systems/smart grid, IT-enabled systems for metering and consumer services, other technology interventions in the distribution sector & helps them in improving their operational and financial performance. Since distribution is gateway for all the revenue coming into the power sector, it plays a pivotal role in development and sustainability of entire power sector.

Major challenges presently being faced by distribution sector includes accumulated losses & depleted net worth of DISCOMs which has severely hindered their finances. High AT&C losses, limited capability to implement capital expenditure plans, delay in tariff order resulting in creation of regulatory assets, carrying cost of these regulatory assets, lack of tariff rationalization leading to cross subsidy, open access issues, delay in release of subsidy by State Government, delayed revenue collection cycle, etc. have caused a dent in their cash flows. The overall performance of state distribution utilities has been an issue of concern due to the above factors. Keeping in tune with the times and dynamic environment wherein utilities are struggling and striving hard to meet the consumer expectations, your Company today finances entire gamut of distribution projects & is always ready to consider special dispensation/ requirements of DISCOMs based on the prudence/merit and sound appraisal mechanism. A dedicated Strategic Business Group has been set up in the Company for this purpose. UDAY, the ambitious scheme of Government of India, under which most of the states has already signed MoU and are taking actions as per the scheme, the improvement of operational parameters will take some time, as also defined in MoU.

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 programmes like DDUGJY (Nodal Agency), IPDS, UDAY, NEF (Nodal Agency), Smart Grid task force, etc. With these major interventions, your Company is optimistic that distribution scenario would be much better in not too distant future when the results and effect of these interventions in conjunction with the reform measures by the respective states starts trickling in and transform the landscape of distribution.

Also, Cross Border Trade of Electricity is currently been taking place with Bangladesh, Bhutan and Nepal under bilateral MoU / Power Trade Agreement. In order to facilitate and promote cross border trade of electricity with greater transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perception of regulatory risks, the Guidelines on Cross Border Trade of Electricity have been notified by Government of India. Further, various other changes are being proposed

in the Standard Bidding Documents of Transmission Projects being executed on Tariff Based Competitive Bidding, in reference to making EPC contractors eligible for participating in development of such projects and change in development model from BOOM to BOOT, etc. Similar to this, few changes have been notified in the Standard Bidding Documents of conventional Generation projects as well.

In terms of changing economic environment, Regulators have revised the Return on Equity for various types of power projects, to realign the sector to these changes. Further, the revision in policies in respect of Short Term and Medium Term Power Purchase by DISCOMs shall help improve transparency and financial viability of their operations. All these are expected to ensure the balanced development of the sector in conjunction with the changing realities of the country, such that adequate capital investment is promoted and interest of power consumers is also secured.

6.1 Major reforms in Distribution Sector

Government of India (GoI) 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. Further, some of the DISCOMs have gone ahead in appointing franchisees, on case to case basis, in order to improve operational efficiency in particular areas. Moreover, under UDAY, Government of India has made necessary provisions for enabling operational as well as financial turnaround of DISCOMs, to enable them in concurrently improving the quality & reliability of power supply. Further, NEF-Interest Subsidy Scheme is also under implementation with objective to promote capital investment & expedite the reform process in distribution sector. The financial outlay of DDUGJY is of ₹ 43,033 crore (Government of India budgetary support of ₹ 33,453 crore) and IPDS with total outlay of ₹ 32,612 crore (Government of India budgetary support of ₹ 25,354 crore), should provide considerable fillip to the pace of capital investments in distribution sector without putting much strain on already stressed balance sheets of DISCOMs. REC is the Nodal Agency for implementation of DDUGJY & NEF scheme and is playing a key role in supporting the efforts of Government of India in implementation of UDAY. REC has also been providing counterpart funding for a large number of DDUGJY and IPDS projects.

“Power for All” document has now been signed by all States and shows the commitment across length and breadth of the country to finally work towards achieving the objective, which not so much in distant past seemed impossible. PFA document has enabled projecting all the capital expenditure by respective states as is required to achieve 24X7 power for all, including the Generation (Conventional / Non-Conventional), Transmission, Distribution, etc. and has thus brought forth the efforts required to achieve the same. The requirement of Capital Expenditure projected under the programme is huge and various Multilateral Agencies e.g World Bank, Asia Infrastructure Investment Bank, etc. have shown their willingness to participate in the same. Your Company has been instrumental in development of “Power for All” Web-Portal and is earnestly assisting Ministry of Power in this endeavour. Your Company is also supporting these efforts by partnering with respective State Utilities in their efforts in terms of making available requisite financing as well as through working with Central & State Governments to resolve any potential issues in achievement of this objective.

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

The introduction of information & communication technology in power distribution sector shall enable the power system to become “SMART” & Near-real-time information shall allow utilities to manage the entire system as an integrated framework, actively sensing and responding to changes in power demand, supply, costs, quality of power. MoP is also working towards ensuring technological interventions through introduction of Smart Grid and has already extended financial assistance to several pilot projects. The Government of India is promoting development of 100 smart cities, which shall further lead to plethora of requirements and necessities in further adoption of technology and best practices in the distribution segment.

As is evident from above interventions, Government of India is working on two different fronts, one being to facilitate power to all and second to improve operational & financial performance of the utilities. The results of these measures have already started to show results in terms of timely notification of tariffs by regulator in many states, filing of MYT petitions, claiming of Return of Equity in the ARR, release of revenue subsidy by state government, etc. Though, so many initiatives have been taken by the Government of India, State Governments and DISCOMs; however, the state of distribution segment on the consolidated level though on improved trajectory, but currently remains weak. The DISCOMs are having fragile balance sheets, face prolonged project execution delays, incurring lesser capital expenditure, engaging in reduced power procurement due to ongoing gap between per unit revenue and cost of supply. Though the utilities are working on reducing this gap through regular tariff filings and demand for Return on Equity by the DISCOMs; however, the targets set for performance achievement are regularly being missed by majority of DISCOMs, leading to inadequate tariff transmission through the mechanism. The increased capital expenditure on

part of DISCOMs may enable the strengthening of network such that the huge cost burden due to persistently high level of AT&C losses may be brought down and consequently the quality/reliability of supply to the end consumers may be ensured.

6.2 Ujwal DISCOM Assurance Yojana

UDAY, launched in November, 2015, is a path breaking reform for realizing the Hon'ble Prime Minister's vision of affordable and accessible 24x7 power for all. Financially stressed DISCOMs were incapable of supplying adequate power at affordable rates, which has for long hampered the quality of life, overall economic growth and development in the country. Efforts towards 100% village electrification and then 100% household electrification, 24x7 power supply and clean energy cannot be achieved without undertaking adequate capacity building of DISCOMs. Moreover, the issues of frequent power outages need earnest resolution for meeting national priorities like "Make in India" and "Digital India". Unresolved legacy issues with DISCOMs have however kept them trapped in vicious cycle with operational losses being funded by debt. Outstanding debt of DISCOMs had increased from about ₹ 2.4 lakh crore at the end of 2011-12 to about ₹ 4.3 lakh crore in 2014-15. To ensure permanent resolution of all these long standing as well as potential future issues, UDAY had been launched which assures the rise of vibrant and efficient DISCOMs. It empowers DISCOMs with the opportunity to break even in 2-4 years. This is largely through four initiatives (i) Improving operational efficiencies of DISCOMs; (ii) Reduction of cost of power; (iii) Reduction in interest cost of DISCOMs; and (iv) Enforcing financial discipline on DISCOMs through alignment with State finances.

The programme has witnessed significant traction from various State Governments/ DISCOMs already and 27 States/UT are now part of UDAY fold, with 16 States joining for Comprehensive Improvement and balance 10 States & 1 UT joining for Operational Turnaround. With just over a year of its commencement, UDAY is already showing encouraging results. ₹ 2.09 lakh crore worth of DISCOM liabilities have been taken over by State Governments and additionally ₹ 0.23 lakh crore has been restructured / repriced through issuance of bonds already; thus cleaning the balance sheets of DISCOMs and enabling them to restart the Capital Expenditure cycle while also enabling financially viable operations of all power sector stakeholders i.e. DISCOMs, TRANSCOs, GENCOs, IPPs, Banks / FIs, etc.

Your Company has been instrumental in development of UDAY Web Portal https://www.uday.gov.in and UDAY Mobile App, which is a key enabler in achieving the major objectives outlined under the programme. Through Web Portal / Mobile App, all the details with respect to DISCOMs' performance are readily available vis-à-vis planned trajectory under the scheme. Accordingly, any deviations in the performance get suitably highlighted for all stakeholders, thus prompting DISCOMs to take corrective actions and others to appropriately assess their condition. The latest information with respect to DISCOMs' performance is now available for use largely within gap of 1 to 3 months.

UDAY by encompassing all the key initiatives required to turnaround the sector, is a programme not just for strengthening of DISCOMs, but is keenly handling most of the current as well as impending issues of the entire power sector, by providing a central platform to participating States for taking up any and all of their concerns / issues with relevant stakeholders. Further, UDAY has undertaken to resolve coal rationalization issues & efficiency improvement of conventional generation segment through NTPC handholding, etc., ensuring better RPO compliance to promote non-conventional generation and loss reduction of transmission segment as well. Your Company is partnering with Government of India to liaise with respective State Governments / Utilities to enable achievement of all the objectives envisaged under the programme.

With UDAY implementation, various UDAY States have in general witnessed the reduction in interest costs, power purchase costs and improvement in operational efficiencies, which has led to significant reduction in their AT&C losses and ACS-ARR gap as compared to their last year performance, thus enabling huge amount of savings on this account. It is expected that in upcoming years, the results of the initiative will become more pronounced.

6.3 National Electricity Fund

REC is Nodal Agency for National Electricity Fund (NEF) - interest subsidy scheme having provision of ₹ 8,466 crore (against interest subsidy) to be provided over 14 years on loan disbursements amounting to ₹ 25,000 crore, for distribution schemes sanctioned during the 2 years *viz*. 2012-13 and 2013-14. Ministry of Power, Government of India shall provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies both in public and private sector, to improve the infrastructure in distribution sector. The scheme is reform linked and interest subsidy of 3% to 7% is payable to the DISCOMs on achievement on reform based parameters outlined in NEF guidelines. During the financial year 2012-13 & 2013-14, your Company has already sanctioned projects of ₹ 25,000 crore to 25 DISCOMs in 15 states for taking benefits under NEF. The utilities from the states of Uttarakhand, Madhya Pradesh, Haryana, Rajasthan, Karnataka, Punjab, Gujarat, West Bengal, Andhra Pradesh and Telangana have already benefitted from the interest subsidy of ₹ 59.34 crore approved under the scheme.

6.4 Urja Mitra

Urja Mitra is a distribution sector initiative of Ministry of Power, being implemented through your Company's subsidiary RECTPCL.

Urja Mitra is first of its kind application which provides a Central platform (Web-Portal www.urjamitra.com as well as Mobile App) for State Power Distribution utilities to disseminate Power Outage information to urban / rural power consumers across India through SMS/email/push notifications. Power Consumers across the nation shall have prior intimation of expected duration and cause of scheduled power outages and post fault intimation of unscheduled power outages duration. It also provides a platform to view real time power outages in any part of the country, lodge a complaint on power outages, etc. Stakeholder connect is ensured by providing for vernacular mobile apps, which can be used by field staff to trigger power outage information/view ongoing outages/take corrective action on outage complaints, etc.

Data of around 10.10 crore consumers of 49 DISCOMs of 27 states has already been uploaded into the application and more than 6.45 crore power outage SMSs have been sent to the consumers.

6.5 11 kV Rural Feeder Monitoring Scheme

11 kV Rural Feeder Monitoring is a distribution sector initiative of Ministry of Power, being implemented through your Company's subsidiary RECTPCL. To get complete picture of the entire distribution network in country and to ensure achievement of "24x7 Power for All", it has been felt essential to capture real time supply parameters of rural India and this can be achieved by monitoring the availability/quality of power supply in rural areas of the country by capturing actual distribution parameters i.e. Power supply, outages and by conducting feeder wise Energy audit and AT&C losses calculation. In order to meet this objective, "11 kV Rural Feeder Monitoring Scheme" has been introduced. Under the Scheme, rural feeders meter data shall be acquired through modem and shall be send to central Meter Data Acquisition System (MDAS) for further analysis and the same shall be integrated with National Power Portal (NPP) to make it available for use of all stakeholders. This scheme targets to develop a self-sustained independent web based automated system for almost 1.1 lakh rural and agricultural feeders across country by acquiring various essential parameters of all the outgoing 11kV rural feeders & such 66/33 kV incoming feeders from where 11kV rural feeders are emanating and making the information available online for all on public portal on real time basis, for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit.

The System would help for monitoring power supply, proper planning, decision support and taking corrective actions on the business activities in addition to transparently disseminating the power supply status. It would further facilitate consolidation of various parameters downloaded from the meters installed on the feeders into a common database thus enabling generation of various MIS reports for analysis and actions.

6.6 Tarang

TARANG is a transmission sector initiative for its better monitoring, being run under guidance from Ministry of Power through your Company's subsidiary RECTPCL, which has developed "TARANG" – Transmission App for Real-Time Monitoring and Growth. TARANG provides an informative medium regarding the Pan-India progress of Transmission System which can be drilled down to month wise, agency wise, state wise, etc. for analysis purpose. The details of stalled/delayed projects is separately provided with reasons of delay, so that all stakeholders can take a corrective decision in time to derive benefits from the timely completion of the projects. TARANG monitors the progress of transmission system i.e. both inter-state and intra-state through Tariff Based Competitive Bidding (TBCB) as well as Regulated Tariff Mechanism.

TARANG also shows the prospective upcoming inter-state as well as intra-state projects along with NITs being floated by different transmission utilities Pan-India. TARANG provides advance information of upcoming transmission projects approved by Empowered Committee on Transmission helping bidders to gear up for future transmission projects.

7. FINANCING ACTIVITIES

The Company has been providing funding assistance for power generation, transmission & distribution projects besides for electrification of villages. Details of major financing activities during the financial year 2016-17 are as under:

7.1 Generation

During the financial year 2016-17, your Company sanctioned 22 Nos. of Generation/R&M loans including 6 Nos. of additional loan assistance with total financial outlay of ₹ 28,208.93 crore including consortium financing with other financial institutions.



Kakatiya Thermal Power Project at Bhupalpalle Mandal in Warangal District of Telangana State, financed by REC.

The breakup of loans sanctioned including additional loan assistance is as under:

(₹ in crore)

Particulars	No. of Loans	Loan Amount
STATE SECTOR		
Fresh Loan	14	22,497.39
Additional Loan	2	945.83
PRIVATE SECTOR		
Fresh Loan	2	4,765.71
Additional loan	4	
Total	**22**	**28,208.93**

7.2 Renewable Energy

During the year, your Company sanctioned loan assistance of ₹ 2,089.77 crore to 16 new grid-connected Renewable Energy projects with installed generation capacity aggregating 367 MW which included 11 Solar photo-voltaic projects aggregating 280 MW; 4 Small Hydro Power Projects of 61 MW and 1 Wind Project of 26 MW. The total cost of these projects aggregates to ₹ 3,035.53 crore.

The disbursement achieved during the year was ₹ 1,617.68 crore as detailed below:

Particulars	Unit	FY 2016-17	FY 2015-16
Projects Sanctioned	Nos.	16	11
Capacity of Sanctioned Projects	MW	367	688
Cost of Projects	₹ in crore	3,035.53	4,444.78
Loan Sanctioned		2,089.77	2,965.72
Loan Disbursed		1,617.68	304.07



Solar PV project financed by REC, as part of its increasing focus on Renewable Energy projects.

7.3 Transmission & Distribution

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

During the financial year 2016-17, your Company sanctioned 924 Nos. of Transmission and Distribution schemes involving a total loan assistance of ₹ 40,953.12 crore. This includes primary power evacuation schemes associated with generating plants, system improvement schemes, schemes for Procurement & Installation of equipment/materials like meters, transformers, conductors, tower material, cables, etc., Government approved schemes like DDUGJY & IPDS schemes and Infrastructure schemes for providing electricity access to various categories of Consumers including Agriculture.



Twin Moose Double Circuit (DC) line emanating from 1040 MW Hinduja National Power Corporation Limited, financed by REC.

7.4 Short Term Loans and others

During the financial year 2016-17, your Company has also sanctioned loans assistance of ₹ 12,619 crore *(includes special loan of ₹ 4,919 crore)* to various power utilities, in the form of short term loans, medium term loans & special loans, to meet their funds requirement of short/ medium term & working capital, etc.

7.5 Financing Activities in North Eastern States

During the financial year 2016-17, a total sum of ₹ 1,427.18 crore was sanctioned and an amount of ₹ 1,433.87 crore was disbursed against various projects relating to Transmission & Distribution, Generation including Renewable projects, etc. in North Eastern states.

7.6 Appraisal System for Financing

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

7.7 New policy/financing initiatives under Strategic Business Group (SBG)

The Strategic Business Group (SBG) of the Company formulated policies to tune with the changes in the regulatory environment in the areas of project loan refinancing, flexible structuring and monitoring of stressed assets. SBG has also formulated policy for interest rate rebate to the borrowers with commissioned projects and credit rating not below than BBB in order to extend the benefit of decrease in risk factors and improvement in risk classification of the project due to commissioning of the project.

7.8 Investments made/disposed during the financial year 2016-17.

The Company has subscribed to 26,05,42,050 fully paid up equity shares of NHPC Limited under Offer For Sale (OFS) at a cost of ₹ 21.78 per equity share of ₹ 10/- each aggregating to ₹ 567.50 crore in April, 2016. Out of the same, the Company sold 7,65,30,185 equity shares at the rate of ₹ 32.25 per equity share under the Buy Back scheme announced by NHPC Limited in March, 2017. The Company earned dividend yield of more than 10% and capital returns of more than 40% on the sale of equity shares.

The Company was allotted 3,47,429 fully paid up equity shares of Housing and Urban Development Corporation Limited (HUDCO) under Initial Public Offering at a price of ₹ 60/- per equity share of ₹ 10/- each amounting to ₹ 2.08 crore in the month of May, 2017.

8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has availed three lines of ODA credit with KfW, Germany. All of them have been fully drawn as on March 31, 2017. KfW-I and KfW-II ODA loan are of EUR 70 million each (approx. ₹ 454.02 crore & ₹ 480.97 crore, respectively) and KfW-III is of EUR 100 million (approx. ₹ 753.73 crore). Apart from above, REC has also availed two lines of ODA credit from JICA, Japan. Both have also been fully drawn. Under JICA-I & II ODA loans, cumulative amounts of JPY 16,949.38 million (approx. ₹ 820.12 crore) and JPY 11,809.48 million (approx.₹ 640.64 crore) respectively, has been drawn as on March 31, 2017.

9. DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), is an integrated scheme covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) is provided by Government of India on achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana) have been subsumed in DDUGJY. REC is the Nodal agency for implementation of DDUGJY.

DDUGJY is a flagship programme of Government of India supplementing overall rural development and facilitating towards "24x7 Power For All" in the country through the following project components:

i. Separation of agriculture and non-agriculture feeders facilitating improved quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers in the rural areas;
ii. Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas;

iii. Micro-grid and Off-grid distribution network;
iv. Metering of distribution transformers/feeders/ consumers; and
v. Rural Electrification works (including the erstwhile RGGVY).

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

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



Change in way of life through rural electrification

9.1 Village Electrification

At the time of independence, only 3,060 villages had electricity and hence, there was continuous emphasis on village electrification. India's rural electrification programme passed through several stages. Inspite of many programmes of Government of India, as on April 1, 2015; 18,452 villages were still left for electrification.

On August 15, 2015, Hon'ble Prime Minister from the rampart of Red Fort, announced that all remaining Un-Electrified (UE) villages would be electrified within 1,000 days. The Ministry of Power has taken up the electrification of all 18,452 UE villages on Mission mode. But these remaining 18,452 UE Villages are located in highly inaccessible areas (thickly forested, mountainous regions, etc.), with tough terrain, extreme temperatures, areas facing Right of Way (RoW) issues or areas plagued by insurgency and Leftwing extremism. Keeping in view these challenges and pace of electrification of villages during last few years, it would have taken nearly 10 years to electrify the remaining villages.

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

The salient features of GARV App are real-time dashboard, paper-less working, capturing village-wise milestones, uploading photographs/ Global Positioning System (GPS) coordinates, timely highlighting of implementation hurdles, if any, habitation wise infrastructure, allows offline data entry, tracking of delay in implementation of works, segregation of uninhabited villages, state-wise snapshots, adoption of villages/districts/states & view their respective customized dashboard and also feedback and suggestions from users.



REC team inspecting a transformer at Anandpur village of Uttar Pradesh, electrified under DDUGJY scheme.

In addition to Village electrification, the emphasis has now been laid on Household electrification. To achieve this, updated GARV App has been launched in December 2016 for monitoring Household electrification in all 5.97 Lakh villages. Further, in the portal a feature named SAMVAD, facilitating general public to raise their queries and interact with DISCOM officials, establishing transparency and accountability, has been provided to empower the common man.

9.2 Performance during financial year 2016-17:

a. Sanction:

Under DDUGJY, during the financial year 2016-17, for electrification through grid, projects for ₹ 199.93 crore (including capital subsidy of ₹ 163.91 crore) in 8 States have been approved by the Monitoring Committee of Ministry of Power.

In addition to above, Decentralized Distributed Generation (DDG) projects have also been sanctioned under DDUGJY, for providing electricity access to the un-electrified villages/habitations where grid connectivity is neither feasible nor cost effective. During the financial year 2016-17, DDG projects for ₹ 255.98 crore (including capital subsidy of ₹ 203.60 crore) have been sanctioned for implementation in 6 States.

b. Fund release:

Under the scheme, during the financial year 2016-17, a sum of ₹ 8,600.60 crore (Loan ₹ 563.06 crore & Subsidy ₹ 8,037.54 crore) has been disbursed to the Implementing agencies.

The subsidy of Government of India is channeled through REC and the matching contribution amount being arranged by the State Government/Implementing Agency through Loan/Equity.

c. Progress of electrification:

During the financial year 2016-17, under DDUGJY, electrification works in 6,015 un-electrified villages (including 298 under State Plan) and intensive electrification in 63,330 villages have been completed. Further, free electricity connections have been provided to 22.42 Lakh BPL households families.

The State-wise details of sanctions, fund release & progress of electrification during the financial year 2016-17 are enclosed in **Table-5.**

9.3 Cumulative Performance upto March 31, 2017:

Under DDUGJY, cumulatively up to March 31, 2017; 5,777 projects for ₹ 1,08,757 crore have been sanctioned and a sum of ₹ 49,662 crore (including GOI grant of ₹ 45,136 crore) have been disbursed to the Implementing agencies.

As regards to physical progress, cumulatively upto March 31, 2017, electrification works in 1,22,159 un-electrified villages (including 771 villages under State Plan) and intensive electrification in 4,14,563 villages have been completed. Further, free electricity connections have been provided to 254.68 Lakh BPL households families.

To achieve village electrification on mission mode, as on March 31, 2017, out of 18,452 un-electrified villages, 13,123 villages have been electrified, 837 villages found in-inhabited leaving a balance of 4,492 un-electrified villages and are targeted for electrification by May, 2018.

The State-wise details of Cumulative Sanction, Fund release & achievements are furnished at **Table-6.**

10. STANDARDIZATION, QUALITY CONTROL & MONITORING

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

In line with the Three-Tier Quality Control Mechanism for ensuring proper quality of materials and works in implementation of RE component of DDUGJY XI & XII five-year plan schemes, REC Quality Monitors (RQM) under Tier-II have been appointed covering 413 projects in 25 states under XI plan (Phase-I & II) and 273 projects in 15 states under XII Plan. Further, during the financial year 2016-17, RQMs have undertaken inspections of 242 villages in XI Plan Phase-I projects, 2,122 villages & 55 Nos. of material inspections in XI Plan Phase-II projects and 2,191 villages & 1,150 Nos. of material inspections in XII Plan projects at manufacturer premises for ensuring quality of works.

11. RISK MANAGEMENT

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

11.1 Asset Liability Management

The Company has constituted an Asset Liability Management Committee (ALCO) under the chairmanship of CMD and comprises

of Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members.

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

11.2 Enterprise-Wide Integrated Risk Management

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

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

(i) Credit Risk:

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. To mitigate the same, the Company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures.

(ii) Market Risk:

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk exposures result primarily from fluctuations in interest rates and foreign currency exchange rates. In order to mitigate the interest rate risk, Company periodically reviews its lending rates based on prevailing market rates and our weighted average cost of borrowing.

(iii) Liquidity Risk:

Liquidity risk is the risk of potential inability to meet our liabilities as they become due. We face liquidity risks, which could require us to raise funds or liquidate assets on unfavorable 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:

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

12. PREFERRED CUSTOMER POLICY

As a part of business promotion strategy, a Preferred Customer Policy was formulated in 2008 with the basic purpose of offering

an enhanced level of services to the Company's customers and to have a long term mutually beneficial relationship with them.

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

13. INFORMATION TECHNOLOGY INITIATIVES

The Integrated Business ERP system is in operation in REC since 2009, covering major business functions of Company which is being improved continuously by adding new features. Benefits of ERP system has been extended to the borrowers also as a part of better service. The ERP system is hosted at Data Centre of REC and both the Primary Data Centre (PDC) & Disaster Recovery Center (DRC) are ISO/IEC 27001:2013 certified.

Towards transparency, in procurement, now all procurement of goods and services of value above ₹ 2 lakh is being done through the e-procurement system. The system comply to e-Reverse Auction as per CVC guidelines and REC Procurement guidelines. In addition, REC has deployed a number of in-house developed systems as a part of IT initiatives towards achieving better e-governance.

Your Company has implemented a full-fledged state-of-art Video Conferencing (VC) solution across all of its offices pan India. The VC facility is being used by Board of Directors for joining in the Meetings of Board/Committees thereof. Corporate office and all field offices of the Company are made Wi-Fi enabled. REC has initiated selection of suitable Data Leakage & Prevention (DLP) package for preventing sharing of confidential and critical information outside the corporate network.

IT initiatives also includes revamping of the website to make it more informative, responsive with features like knowledge sharing and to use it as branding image of REC. Redesigning and revamping of existing static website to an interactive and dynamic website and the revamped portal will be more informative, responsive and will have features like chat, blog, knowledge sharing and message from Chairman Desk.

As step towards providing better facility to employees, HR-ERP access is now available on internet for employees & ex-employees, enabling to use it on the move. IT Division facilitates and promotes the IT initiatives of Government of India like My Gov, e-Governance, Digital India etc. within the Company. The computer to employee population ratio is 100%. IT Division also organizes and imparts various training program to upgrade Computer skills of the employees of the Company.

14. CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION (CIRE)

CIRE was established at Hyderabad in 1979 under the aegis of REC to cater to the training and development needs of engineers and managers of Power Sector organizations. The programmes are conducted on the state-of-art subjects of Power Generation, Transmission, Distribution and Renewable energy sources. CIRE has been conferred with **"Education Leadership Award"** by reputed Business School and ABP News National Educational Awards consecutively for the last 3 years in recognition of 'Leadership, Development, Innovation and Industry Interface' of the Institute.

14.1 National Training Programmes (NTP) under DDUGJY

REC/CIRE is the Nodal Agency for coordination and implementation of National Training Programmes for employees of C&D category, under DDUGJY/RGGVY, sponsored by Ministry of Power, Government of India. During the year 2016-17, as against the remaining training target of 26,151 employees of C&D category, 29,153 were trained. With this, the target for training of 1,25,000 employees of C&D category by the power utilities during XII plan under DDUGJY is successfully achieved. In total 1,28,002 employees of C&D category are trained during XII plan period ending March 31, 2017.

CIRE on the request of power utilities, has conducted 78 Programmes for employees of C&D category with 1,949 participants at various locations, namely Jammu/Udhampur (J&K), Jaipur/Jodhpur/Bikaner/Udaipur (Rajasthan), Berhampur (Odisha), Shimla/ Solan/Dharmasala/Una/Hamirpur (HP), Indore (MP), Hisar (Haryana), Warangal (Telangana), etc., under its banner.

14.2 International Programmes

CIRE is empanelled by Ministry of External Affairs, Government of India to organize training programmes in the area of power sector under ITEC/SCAAP. During the year, CIRE has organized 8 International programmes with 169 participants, on the topics *viz*. Solar Power Generation – Grid Enabling (4 weeks); Rural Electrification and Power Management (8 weeks); Design, Erection, O&M of EHV Sub-Stations (4 weeks); Planning and Management of Power Transmission and Distribution System (8 weeks); Best Practices in Power Distribution (4 weeks); Management of Power Utilities using IT/Automated Solutions (5 weeks); Certificate Course in Electric Power Management (12 Weeks) and Latest Trends in Thermal Power Generation (4 weeks). The

participants from countries, *viz*. Afghanistan, Bangladesh, Bhutan, Cambodia, Egypt, Ethiopia, Fiji, Gambia, Ghana, Guyana, Honduras, Indonesia, Iraq, Mali, Malawi, Mauritius, Mongolia, Nepal, Niger, Nigeria, Philippines, Senegal, Sudan, South Sudan, Suriname, Syria, Tajikistan, Tanzania, Tunisia, Turkmenistan, Uganda and Zimbabwe have attended the programmes.

14.3 Regular National Programmes

CIRE has organized 27 Regular Training Programmes for the personnel of various Power Utilities/Distribution Companies, on different topics such as, Earthing Practices & Safety Measures in Electrical Installations; Power Transformer Protection – Testing & Maintenance; Planning & Management of Solar Plants & Grid Enabling; Distribution Transformers – Recent Trends in O & M; Design & Construction of EHV Sub-stations & Quality Control; Power Trading & Energy Exchange; O&M and Protection aspects of Distribution Sub-stations; Labour Laws - EPF, ESI, Employees Compensation and Contract Labour Act - Procedures in dealing with Court cases; Underground Cables – Design, Laying,Testing and Maintenance; Technical Specifications and Construction Standards for Distribution System; Information Technology Applications in Power Distribution Management; Power Purchase Agreement; New Developments in Overhead Power Transmission Lines-Design to Construction; Tariff Policy and Submission of ARRs-Regulatory Compliance; Performance Management of Thermal Power Stations for improved efficiency; Gas Insulated and Indoor Sub-stations; O&M of EHV Sub-stations, Lines and Quality Assurance; Protection System for EHV sub-station; New Techniques in Metering, Billing and Collection; Open Access, Power Trading and Availability Based Tariff (ABT); Smart Grid for Smart Cities; Power Factor Improvement and Reactive Power Management; Design & Construction of Distribution Sub-station and Lines; Distribution Loss Reduction – Issues, Challenges and Remedial Measures; Goods & Service Tax (GST); Competitive Bidding-Economical Procurement; and Power Distribution Management. A total number of 320 participants attended the above programmes.

14.4 Programmes organized in collaboration

CIRE collaborated with premier Business Management Institute i.e Institute of Public Enterprise and with subject experts and conducted 7 programmes during the year, *viz*. Companies Act, 2013 & Corporate Governance; Ind AS (IFRS) Adoption in Power Sector; Protection in Power Generating Station; Corporate Social Responsibility; Material Management, Purchase Procedures & E-procurement and Overhead Power Transmission Line Construction Management with 64 participants.

14.5 Customized Programmes

Five customised programmes were designed and organised suitable to the utility requirements. The programmes conducted are on “Efficiency Improvement Measures in Distribution System” and “Best Practices in Power Distribution Management” for MPPaKVVNL at Indore; two programmes for the Civil Engineers of Punjab State Power Corporation Limited (PSPCL) and one ToT programme of 2-weeks duration for Jammu & Kashmir State Power Development Corporation Limited (JKSPDCL) executives on “Hydro and Solar Power Generation” at CIRE campus. In total, 120 participants were trained under customised programmes.

14.6 In-house Training Programmes

CIRE also organized 6 in-house programmes for the employees of REC and 51 employees have taken part in these programmes. The topics covered are Leadership Skills; Business Communication and Presentation Skills; Implementation of Ind-AS in REC; Loan Documentation; Corporate Social Responsibility and Project Appraisal Methodologies & DPR Preparation.

14.7 Skill Development Programme

A Skill Development Certificate Course on “Power Management” of 6-weeks duration for the unemployed Engineers (Electrical/ Mechanical) was conducted with 28 participants.

14.8 In all, during the year 2016-17, in addition to coordinating and monitoring the National Training Programmes for employees of C&D category, sponsored by MoP, GoI, CIRE has conducted 132 programmes on various themes/subjects and trained 2,701 personnel with 16,314 man days of training.

15. ISO 9001:2008 QUALITY ASSURANCE CERTIFICATION

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

16. HUMAN RESOURCE MANAGEMENT

In order to professionalize the Executive strength of the Company and also to infuse fresh blood, 5 Executives were appointed through Campus Recruitment during the financial year. The total manpower of the Company as on March 31, 2017 was 566 employees which includes 441 Executives and 125 Non-Executives.

16.1 Reservation in Employment

The directives issued by the Government of India regarding reservations in appointment and promotion to various posts were complied with. The group wise details of SC and ST employees out of total strength as on March 31, 2017 are given below:

GROUP	Number of Employees					
	Total		SC		ST	
	FY 2016-17	FY 2015-16	**FY 2016-17**	FY 2015-16	**FY 2016-17**	FY 2015-16
A	**377**	391	**36**	40	**14**	14
B	**84**	99	**12**	13	**2**	2
C	**35**	36	**6**	7	**0**	0
D	**70**	74	**21**	22	**2**	1
Total	**566**	600	**75**	81	**18**	17

16.2 Training & Human Resource Development

As a measure of capacity building including up-gradation of employees' skill sets and to ensure high delivery of performance, Training and HRD continued to receive priority during the financial year. Training and Human Resource Policy of the Company aims at sharpening business skills and competence required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training was also provided to promote better understanding of professional requirements as well as to sensitize employees to socio-economic environment in which business of the Company is carried out. Training which helped employees benefit in spiritual, health and attitudinal change process was also imparted. In order to equip the employees professionally, the company sponsored 103 employees to various training programmes,workshops etc.,within the country and abroad. In addition, 10 training programmes were conducted in-house which were attended by around 100 employees. Taken together, these initiatives enabled the Company to achieve 589 training man days. Further,18 Executives were deputed for programmes in Japan, Dubai, Germany, etc.

16.3 Employee Welfare

In order to provide improved health care facilities to the employees and their dependent family members, the Company has expanded the list of empaneled hospitals under Direct Payment Scheme by adding 5 hospitals. Further,part time services of four specialized doctors were engaged to provide onsite medical facilities to employees. The Company has also been funding sports & recreation equipment for use by employees and to promote well-being of employees and also organized a health talk/ workshop on Ergonomics.

Sports Activities

During the financial year 2016-17, your Company hosted an Inter-CPSU Kabaddi Tournament at Jaipur and also sponsored its employees for various Inter-CPSU sports tournaments such as Badminton, Table Tennis, Volley Ball, Kabbadi, Chess, Cricket, etc., organized by various power sector CPSUs under the aegis of Power Sports Control Board (PSCB). Further, employees were encouraged to participate in various quiz, paper presentations and simulation competitions conducted by reputed institutions.

16.4 Representation of Women Employees

As on March 31, 2017, the Company had 96 permanent women employees, which represent 16.96% of the total work force. There is no discrimination of employees on the basis of gender. A Women's Cell has been in operation in the Company to look after welfare and all round development of women employees. International Women's Day was celebrated by REC Women's Cell.

16.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2016-17.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 employee welfare. This has helped to build an atmosphere of trust and cooperation resulting in a motivated workforce and continued improvement in business performance.

16.6 Public Grievance Redressal Machinery

A Public Grievance Cell has been set up in REC for the purpose of redressing the grievances from the public in a time bound manner. The cell handles Centralized Public Grievance Redress and Monitoring System (CPGRAMS) portal which is a platform for the citizens for lodging their grievances. The CPGRAMS portal is developed and maintained by the Department of Administrative Reforms & Public Grievances (DARPG), Government of India.

Further, in compliance of RBI Guidelines, the Company has put in place a Grievance Redressal mechanism to resolve disputes between the company and its customers and appointed a senior official as the Grievance Redressal Officer.Further, in accordance

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

17. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

The Company has its 'Corporate Social Responsibility & Sustainability Policy' aligned with the provisions of Companies Act 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises. The copy of the 'REC Corporate Social Responsibility & Sustainability Policy' is available on the website of the Company at www.recindia.nic.in.

During the financial year 2016-17, 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 programme, education, environmental sustainability, health care including for old age and persons with disabilities, drinking water and sanitation facilities including contribution in Swachh Bharat Kosh, etc.The CSR strategy has been developed with action plan in project-based accountability approach. The CSR activities have been implemented in project-mode, with baseline survey, specified time-frame, identified milestones, periodic monitoring and impact assessment. Disbursement of allocated funds under CSR was linked with achievement of the milestones and deliverables. During the financial year 2016-17, financial assistance aggregating to ₹ 181.23 crore was sanctioned as against CSR Budget of ₹ 146.57 crore (@ 2% of the average net profits of previous three financial years) for various projects under Corporate Social Responsibility and ₹ 69.80 crore was disbursed. A Report on Corporate Social Responsibility and Sustainability Activities including the details of projects and reasons for not spending the minimum required amount during the financial year 2016-17, is annexed to this Report.

The information in respect of CSR projects including thematic areas, location, sanction & disbursement and justification for shortfall in spending the minimum required amount, during the financial year 2016-17, are given in the Report on Corporate Social Responsibility and Sustainability Activities, annexed to this Report.

18. VIGILANCE ACTIVITIES

Vigilance Division constantly endeavored to optimize probity and integrity among employees and to promote transparency, fairness and accountability in all operational areas. Streamlining of systems and procedures in matters relating to administrative and financial functions was also accorded priority.The thrust on leveraging of technology was continued, with the result that information relating to loans, schemes, tenders, third party bills, recruitment, etc. are online. Tenders were scrutinized and various suggestions were given for enhancing competitiveness and fairness in purchase procedures. Wherever deviations were observed, the matter was taken up with concerned Divisions, which led to strengthening of appraisal system/guidelines. In this direction, all the employees were sensitized that it is essential to ensure that REC's CDA rules are followed scrupulously and highest standard of ethics and integrity are maintained by everyone at all times. Review of the Appraisal Guidelines and strengthening of controls in the existing grading & appraisal mechanism to address the issue of Non-Performing Assets in respect of loans disbursed to Private Sector Borrowers was also advised.

Almost all the tenders floated on or after April 1, 2016 by the Company with the value of ₹ 2 lakh and above were processed through E-Procurement mode. Regular review meetings were taken up by Vigilance Division with operating Divisions on the existing systems and procedures to make these more transparent and accountable. HR Division was advised to incorporate the provisions seeking vigilance clearance for resignation, retirement, official foreign visits in the prevalent online vigilance clearance module. Agreed List and List of Officers of Doubtful Integrity were finalized. The matter of rotational transfers from the identified sensitive posts is constantly being pursued up with the HR Division. Prescribed periodical statistical returns were also being sent to CVC and MoP on time.

Vigilance Awareness Week (VAW) was observed in the Company from October 31, 2016 to November 5, 2016. During the week, REC has administered Vigilance pledge, conducted Essay writing and Debate competitions and organized one-day workshop for its employees at REC Corporate office, New Delhi. It has also arranged various programmes like Elocution/Debate, Poem competitions in three colleges and two schools in Delhi. Programmes were also organized in REC's Subsidiary Companies, Regional Offices and State Offices spread across the country. Valedictory function of Vigilance Awareness Week was organized in REC Corporate office on November 4, 2016. The function was well attended by senior management and employees of REC.

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

The details of Immovable Property Returns (IPRs) of all Executives have been uploaded on REC's website and vigilance clearance has been linked with timely submission of IPRs. Annual Property Returns of the employees were subject to systematic scrutiny.

The performance of Vigilance Division was reviewed periodically by CVC, Board of Directors and CMD in addition to regular reviews undertaken by the CVO in accordance with the prescribed norms.

19. IMPLEMENTATION OF OFFICIAL LANGUAGE

Your Company is fully committed to implement the provisions of Official Language Policy of the Government of India. All efforts were made to achieve the targets set under Annual Programme 2016-17 issued by the Department of Official Language. During the year, Official Language Implementation Committee Meetings of the Company were held to review the quantum of work done in Hindi. The implementation of Annual Programme was the primary concern of all these meetings.

The Parliamentary Committee on Official Language conducted inspection of REC Regional Office Bangaluru on April 11, 2016, to assess the use of Hindi in official work. The committee appreciated the progress of Hindi work by Regional Office, Bangalore. The report to this effect has been sent to the Committee and MoP within the prescribed time.

Inspections related to Official Language of REC, Corporate Office and REC, Regional Office, Bhubaneswar by MoP officials were successfully conducted on February 28, 2017 and March 3, 2017, respectively. Further, internal inspections were also carried out by the Competent Authority to assess the progressive use of Hindi in 6 Regional Offices.

To create a conducive environment facilitating the increased use of Hindi in the Company, Hindi fortnight was organized from September 1, 2016 to September 15, 2016 in Corporate office, in which 9 competitions were organized for Senior Officers, Middle Level Officers and employees including class IV employees. A total of 89 employees participated, out of which 41 employees were awarded 57 prizes in the different categories. Hindi fortnight was also organized in all Regional/State offices.

Hindi statement *'Mujhe khushi hogi yadi ham aapas mein Hindi mein baat karein'* was also placed in the chambers of all DGM and above officers as well as in all internal Divisions of the Corporate Office.

Further, four Hindi workshops were also organized to give hands-on exposure to participants in various facets of use of Hindi in discharge of their official duties in which 123 Executives/Non-Executives participated. This was done to enable the employees to overcome their hesitation in doing official work in Hindi, as also to impart practical knowledge about the official language policy and related subjects. Two days Hindi Workshop was also organized in Kolkata for Nodal Hindi Officers nominated in Regional/ State/Sub-office/CIRE on November 3 & 4, 2016.

Two issues (January-June, 2016 and July-December, 2016) of In-house Hindi Journal 'Urjayan' have been published which contained interesting and useful articles as well as literary writings by the employees.

Regional Offices Guwahati and Thiruvananthapuram bagged 2nd and 3rd prize, respectively, by concerned Town Official Language Committee (TOLIC) for their excellent work in the progressive use and implementation of official language for the year 2015-16.

This year, an Inter-PSU Hindi typing competition was also organized on August 5, 2016 by CIRE under the aegis of its TOLIC (PSUs) at Hyderabad- Secunderabad.

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

20.1 Conservation of Energy

The Registered Office of the Company is located at 'SCOPE Complex' where all civil, electrical installation & maintenance is carried out by SCOPE. Replacement of conventional lights by LED light, overall energy consciousness, energy efficient equipments, use of solar energy and effective monitoring of power consumption by technical team of SCOPE has resulted substantial saving of 2.09 million units of electricity equivalent to approximately ₹ 2.19 crore during financial year 2016-17.

20.2 Foreign Exchange Earnings & Outgo

No foreign exchange was earned during the financial year 2016-17. However, the foreign exchange outflow aggregating to ₹ 1801.44 crore was made during the financial year on account of interest, principal repayment, financial charges and other expenses.

21. SUBSIDIARY COMPANIES

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

i. REC Power Distribution Company Limited (RECPDCL) (CIN: U40101DL2007GOI165779)

ii. REC Transmission Projects Company Limited (RECTPCL) (CIN:U40101DL2007GOI157558)

In order to initiate development of each independent Interstate and Intrastate transmission project allocated by Ministry of Power, Government of India and State Government, 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 for transmission projects as notified by Ministry of Power, the respective Project Specific SPV along with its all assets and liabilities is transferred to the selected bidder. During the financial year 2016-17, three (3) SPVs were incorporated for allocated transmission projects, four (4) SPVs were transferred to the successful bidder and name of another two (2) SPVs were struck off from the Register of Companies under Section 560 of the Companies Act, 1956. As on March 31, 2017, following project specific Special Purpose Vehicles (SPVs) existed as Wholly Owned Subsidiary Companies of RECTPCL:

i. Dinchang Transmission Limited (CIN: U40300DL2015GOI288066)

ii. Ghatampur Transmission Limited (CIN: U40300DL2016GOI308788)

iii. ERSS XXI Transmission Limited (CIN: U40300DL2017GOI310436)

iv. WR-NR Power Transmission Limited (CIN: U40100DL2017GOI310478)

21.1 REC Power Distribution Company Limited

During the financial year 2016-17, RECPDCL has excelled in its core business *viz*. Preparation of Detailed Project Report (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) Services, Project Implementation under R-APDRP Part-A scheme, Enhancement of Energy Efficiency mission and execution of turnkey works relating to the construction of toilets in schools under CSR initiatives of REC under Swachh Vidyalaya Abhiyan.

The major new assignments undertaken during the financial year 2016-17 include (i) PMA works for turnkey execution of Smart Grid project as per NSGM guidelines and deposit work of 66kV Transmission line for Chandigarh Electricity Department; (ii) Project Implementing Agency for construction of Solar Roof Top Power Plant of 508kWp capacity at Rashtrapati Bhawan under REC's CSR initiative and 16 Nos. of Solar Power Plant for SC/ST residential Schools at Odisha under REC's Sustainable Development initiative; (iii)PMC & PIA works for (a) Rural Electrification Work of 895 Nos. of Off-Grid Villages in Arunachal Pradesh by installing 300Wp Solar Power Packs and 40Wp Solar Street Lights under DDUGJY; (b) Implementation of Grid connected Roof Top Solar Power Plant in Assam with RECPDCL achieving the record rates much below against the MNRE benchmark rate of ₹ 75/Wp; and (c) Consultancy Services for carrying out Commercial and Technical Analysis of Distribution System of Narsinghpur Circle (District) of M.P. Poorv Kshetra Vidyut Vitaran Company Limited.

Further, the Company has been engaged as Lead Implementing Agency for managing BEE's Partial Risk Guarantee Fund for Energy Efficiency and has also signed a MoU with EESL for working as a PMC and AMC for installation of LED street lights across India, as a step forward in the Energy Efficiency sector.

Monitoring of Electrification of Un-Electrified Villages/ Households.

Ministry of Power (MoP) has decided to take electrification of all 18,452 Un-Electrified (UE) villages on Mission Mode. MoP has appointed REC as Nodal Agency to monitor the progress of electrification work of UE villages and further REC has awarded the work relating to day to day monitoring, website maintenance & updation, to develop RE mobile application (GARV App), control room-setup, call centre and quality surveillance checks during electrification of UE villages, etc. to RECPDCL on cost plus basis.

For monitoring the progress of electrification work of UE villages in an effective and speedy manner, the Company has hired and deputed young Engineers as Grameen Vidyut Abhiyantas (GVAs) at Blocks/Districts level and 75 District Vidyut Abhiyantas (DVAs) at District level. The GVAs are responsible for monitoring of the villages and uploading the infrastructure data and photographs on "GARV App" (mobile phone application) on daily basis.

Further, GARV App has been updated with new features to provide household electrification data in respect of implementation of rural electrification in around six lakh villages of the country and to enhance the participation of public, it also provides citizen engagement window 'SAMVAD' for providing their feedback and suggestions which shall automatically alert the concerned officials of DISCOMs through SMS & Email on their dashboard.

Financial Performance of RECPDCL during financial year 2016-17

During the financial year 2016-17, RECPDCL's total revenue was ₹ 191.57 crore and the Profit After Tax was ₹ 40.33 crore which are 26.42% and 11.15% respectively more as compared to the previous year's revenue of ₹ 151.54 crore and Profit After Tax of ₹ 36.17 crore. As on March 31, 2017, the Net Worth of the Company has increased by 34.33% to ₹ 157.84 Crore as compared to ₹ 117.50 crore in the previous year. For the financial year 2016-17, the Board of Directors of the company have recommended a dividend of ₹ 2,421/- (Rupees Two Thousand Four Hundred Twenty One only) per equity share (on the face value of ₹ 10/- each) subject to approval of Shareholders in the ensuing Annual General Meeting.

21.2 REC Transmission Projects Company Limited

During the financial year 2016-17, the Ministry of Power, Government of India has allocated the following Inter-State Transmission projects with aggregate estimated cost of approx. ₹ 2,237 crore to RECTPCL to act as the Bid Process Coordinator (BPC) for selection of developer for:

i. New WR-NR 765 kV Inter-regional corridor
ii. Eastern Region Strengthening Scheme- XXI (ERSS-XXI)

In addition to the above, Government of Uttar Pradesh has also allocated one Intra-State Transmission project with aggregate estimated cost of ₹ 2,570 crore to RECTPCL for selection of developer for Evacuation of Power from 3X660 MW Ghatampur Thermal Power Project.

For selection of developer 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.The bidding process of following transmission projects allocated during the financial year 2015-16 has been completed and the respective project SPV has been transferred to the successful bidder during the financial year 2016-17:

Sl. No.	Name of Transmission Project	Name of Project Specific SPV	Name of Selected Bidder	Date of Transfer of project specific SPV
1.	NER System Strengthening Scheme– II (Part-B) & V	NER II Transmission Limited	Sterlite Grid 4 Limited	March 31, 2017
2.	Transmission System Strengthening in WR associated with Khargone TPP (1320 MW)	Khargone Transmission Limited	Sterlite Grid 4 Limited	August 22, 2016
3.	"System Strengthening Scheme in Northern Region (NRSS-XXXVI)" along with LILO of Sikar-Neemrana 400kV D/C line at Babai (RRVPNL).	NRSS XXXVI Transmission Limited	Essel Infraprojects Limited	August 22, 2016
4.	Immediate evacuation for North Karanpura (3x660 MW) generation project of NTPC alongwith creation of 400/220 kV sub-station at Dhanbad – Proposal of JUSNL (ERSS-XIX)	North Karanpura Transco Limited	Adani Transmission Limited	July 8, 2016

Further, during the financial year 2016-17, the office of Registrar of Companies (RoC), NCT of Delhi and Haryana has approved the applications for striking off the name of Nellore Transmission Limited and Baira Siul Sarna Transmission Limited from the Register of Companies u/s 560 of Companies Act, 1956 and has issued certificates for dissolution dated May 25, 2016 and July 16, 2016, respectively.

Further, as on March 31, 2017, the bidding process for selection of developer for following transmission projects was under progress:

Sl. No.	Name of Transmission Project	Name of Project Specific SPV	Date of Incorporation of SPV	Expected completion time of bidding process
1.	Transmission system for Phase-I Generation Projects in Arunachal Pradesh	Dinchang Transmission Limited	December 2, 2015	Financial Year 2017-18
2.	Evacuation of Power from 3X660 MW Ghatampur Thermal Power Project	Ghatampur Transmission Limited	December 2, 2016	
3.	Eastern Region Strengthening Scheme –XXI (ERSS-XXI)	ERSS XXI Transmission Limited	January 11, 2017	
4.	New WR- NR 765 kV Inter-regional corridor	WR-NR Power Transmission Limited	January 12, 2017	

During the financial year 2016-17, RECTPCL has also bagged assignments relating to Project Management Consultancy (PMC), Third Party Inspection, Bid Process Management, Project Management and Implementation Agency from HPCL, Vishakhapatnam; and from the state of Goa, Mizoram and J&K.

Financial Performance of RECTPCL during financial year 2016-17

REC Transmission Projects Company Limited has generated an income of ₹ 52.38 crore during the financial year 2016-17. The Profit Before Tax and Profit After Tax was ₹ 49.86 crore and ₹ 34.46 crore, respectively. The Net worth of RECTPCL has increased to ₹ 157.86 crore as against ₹ 123.41 crore during the previous year. For the financial year 2016-17, the Board of RECTPCL has recommended a dividend of ₹ 2,760/- per equity share of ₹ 10/- each, subject to approval of shareholders in the ensuing Annual General Meeting.

22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited and Power Finance Corporation Limited as partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. REC has contributed ₹ 146.50 crore (being 31.71% of paid-up capital of EESL) upto March 31, 2017.

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

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

The performance of EESL during the year has improved and the financial performance of the company is on the growth path. During the financial year 2016-17, based on the standalone audited financials, the company's revenue from operations was ₹ 1,150.86 crore compared to the previous year revenue from operations of ₹ 774.89 crore. The Profit Before Tax (PBT) was ₹ 81.65 crore as compared to ₹ 50.19 crore in the previous year. Further, the Profit After Tax (PAT) has also increased to ₹ 51.86 crore from ₹ 37.08 crore during the previous year.

23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Accounting Standard-21, the Company has prepared Consolidated Financial Statements including that of its Subsidiary Companies i.e RECTPCL & RECPDCL (Audited) and Joint Venture Company i.e EESL (Un-audited), which shall be laid before the ensuing 48th Annual General Meeting along with the Standalone Financial Statements of the Company. However, those wholly owned subsidiary companies which are incorporated by RECTPCL & are subsidiaries of REC in terms of provisions of Section 2(87) of Companies Act, 2013, for the purpose of subsequent disposal have not been consolidated in the financial statements of the Company.

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

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

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Being a Government Company, the power of appointment of Directors on the Board of the Company is vested with the President of India acting through the Ministry of Power (MoP), Government of India. The remuneration of Directors and employees of the Company is fixed as per extant Guidelines issued by Department of Public Enterprises (DPE), from time to time. Further, the Part time Non Official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time (within

the limits prescribed under the Companies Act, 2013) for attending the meetings of Board and Committees thereof. 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.

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

During the financial year 2016-17, Shri Rajeev Sharma (DIN: 00973413), Chairman & Managing Director was relieved from services of the Company w.e.f October 1, 2016, on relinquishment of charge and Shri Bhagwati Prasad Pandey (DIN: 01393312), Special Secretary, Ministry of Power was assigned additional charge of Chairman & Managing Director initially for a period of three months from October 1, 2016 to December 31, 2016 vide order No.46/8/2011-RE dated September 30, 2016 issued by Ministry of Power. Subsequently, his tenure was extended till January 4, 2017. Thereafter, Dr. P V Ramesh, IAS (AP: 1985) took over the charge of Chairman & Managing Director w.e.f. January 5, 2017, in pursuance of Communications No. 36/02/2016-EO (SM-1) dated December 5, 2016 issued by Department of Personnel and Training, Ministry of Personnel, Public Grievances and Pensions, Government of India.

Further, Smt. Asha Swarup was appointed as Part time Non Official Independent Director on the Board of Company for a period of 3 years from the date of notification of her appointment or till further orders, whichever is earlier, vide Order No.46/2/2010-RE Vol. II (Part- IV) dated February 8, 2017 by the Ministry of Power.

In terms of order dated May 17, 2012 issued by the Ministry of Power, Government of India, Shri Ajeet Kumar Agarwal has assumed charge as Director (Finance) of the Company with effect from August 1, 2012 and his tenure of five years was liable to expire on July 31, 2017. Ministry of Power vide its order dated July 19, 2017, has extended his tenure as Director (Finance) of the Company from August 1, 2017 to May 31, 2020 i.e. the date of his superannuation, or until further orders, whichever is earlier.

In line with the statutory requirements, all the Independent Directors had given the requisite declaration that they meet the criteria of independence and none of the Directors are related *inter-se*.

The Ministry of Corporate Affairs (MCA) has exempted Government Companies from the requirement of obtaining approval of shareholders for appointment of Whole-time Director(s) and Independent Director(s) vide Notifications dated June 5, 2015 and July 5, 2017, respectively. Accordingly, the appointment of Functional and Independent Directors on the Board of the Company, are not required to be approved by the shareholders.

As per the provisions of the Companies Act, 2013 and in terms of provisions of Article 91 (iv) of Articles of Association of the Company, Dr. Arun Kumar Verma (DIN: 02190047), Government Nominee Director, shall retire by rotation at the 48th Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment as a Director. His brief resume is annexed to the Notice of the AGM.

25. EVALUATION OF BOARD OF DIRECTORS/INDEPENDENT DIRECTORS

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

However, Ministry of Corporate Affairs vide its notification dated June 5, 2015 has *inter-alia* exempted the Government Companies from the above requirement in case the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company, as per its own evaluation methodology. Accordingly, REC being a Government company is exempted in terms of above notification as the evaluation of performance of all the members of the Board including Independent Directors is undertaken by administrative ministry i.e. Ministry of Power, Government of India.

Further, MCA vide Notification dated July 5, 2017 prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, prescribed in Schedule IV of the Companies Act, 2013, is also not applicable to Government Companies.

26. MoU RATING AND AWARDS

The performance of your Company in terms of MoU signed with the Ministry of Power, Government of India for the financial year 2015-16 has been rated as "Excellent". This is the 23rd 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 2016-17 also, the Company is poised to receive "Excellent" rating.

During the year, your Company has received "Best Power Financing Company" award in CBIP Awards, 2017; won Gold Trophy for "SCOPE Meritorious award for Best Public Sector Financing Institution or Insurance Company" for the year 2014-15 and also received "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management" for the year 2014-15 from Hon'ble President of India in April, 2017.



CMD, REC and Director (Finance) receiving the "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management" for the year 2014-15 from Hon'ble President of India.

27. 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, 2017, the applicable Accounting Standards had been followed and no material departures had been made from the same;

(ii) such accounting policies had 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 had 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 had been prepared on a going concern basis;

(v) internal financial controls had been laid to be followed by the Company and such internal financial controls are adequate and operating effectively; and

(vi) proper systems had been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

28. 'THINK GREEN, GO GREEN' INITIATIVE

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

As a responsible Corporate Citizen, the Company has actively supported the implementation of 'Green Initiative' of Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notices and Annual Reports since 2010-11 to those share holders 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. The Company has also appointed an IT Management consultant for digitalizing its operations, so as to create a paper-less office environment by reducing the consumption of paper.

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.

29. SWACHH BHARAT ABHIYAN

REC has organized various cleanliness programmes i.e. "Swachh Bharat Pakhwada" from May 1, 2016 to May 15, 2016; "Swachh Bharat Mission" (Swachta Pakhwada) from June 16, 2016 to June 30, 2016 & "Swachhta Abhiyan" (National Cleanliness Campaign) during September 26, 2016 to October 2, 2016 at Corporate office of the Company. During the cleanliness programs, banners & posters were fixed in and around office premises to spread awareness among employees and general public. All employees of REC participated with great enthusiasm and zeal & undertook special cleanliness drive of their respective office premises, toilets, stairs, lifts & other surrounding areas. Old and unwanted records have been weeded out as per Record Retention Schedule. In this process aprox. 4,000 kg waste official papers, magazines, periodicals, draft reports, etc. were disposed off. Printing of logo of "Swachh Bharat Mission" on all file covers, envelops and letter heads of the Company still continues in REC for creating awareness about cleanliness. Cleanliness is continuous process and it will continue in REC.

30. RIGHT TO INFORMATION ACT, 2005

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

The status of RTI applications and appeals during the financial year 2016-17 is as follows:

Sl. No.	Particulars	Nos.
1.	Applications received	298
2.	Applications disposed off	288
3.	Applications disposed off subsequently	10
4.	Appeals received by First Appellate Authority, REC	26
5.	Appeals disposed off by First Appellate Authority, REC	26
6.	Second Appeal notice received from Central Information Commission (CIC)	12
7.	Second Appeal disposed off by Central Information Commission (CIC)	12

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

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

REC being financial institution is not executing any project. Hence, only procurement of office equipment like computers, printers and petty purchase i.e.consumables & stationery items, etc. from market are being made. During the financial year 2016-17, procurement amounting to ₹ 1.44 crore were made from MSEs.

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

In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) relating to sexual harassment of women employees. The committee is headed by a senior woman official of the Company and includes a representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules. During the financial year 2016-17, no complaint of sexual harassment was received in the Company.

33. EXTRACT OF ANNUAL RETURN

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

34. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In compliance of the provisions of the Companies Act, 2013, the particulars of contracts or arrangements entered into by the Company with its related parties are disclosed in Form AOC-2, annexed to this report.

35. AUDITORS

STATUTORY AUDITORS

M/s Raj Har Gopal & Co., Chartered Accountants (Firm Reg. No.: 002074N), New Delhi and M/s A.R. & Co., Chartered Accountants (Firm Reg. No.: 002744C), New Delhi were appointed as Statutory Auditors of your Company for the financial year 2016-17 by the Comptroller and Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2017.

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 A.R. & Co., Chartered Accountants (Firm Reg. No.: 002744C), New Delhi and M/s G.S. Mathur & Co., Chartered Accountants (Firm Reg. No.: 008744N) as the Statutory Auditors of the Company for the financial year 2017-18 and the Statutory Auditors have also accepted their appointment. Approval of the Members of the Company will be obtained in the ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Auditors for the financial year 2017-18.

SECRETARIAL AUDITORS

M/s Sanjay Grover & Associates, Practicing Company Secretaries (Certificate of Practice No.3850), New Delhi were appointed as Secretarial Auditors of the Company for carrying out Secretarial Audit for the financial year 2016-17. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2016-17 and the same is annexed to this Report.

35.1 Management's Comments on the Auditors' Report

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

Observation of Statutory Auditors	Management's Reply
Annexure to the Independent Auditors' Report referred under 'Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")' of Independent Auditors' Report on Standalone Financial Statements (Annexure-C) & Consolidated Financial Statements (Annexure-A) In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of non-performing assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of travel agent, over financial reporting.	Continuous efforts are being made to further strengthen the internal control in the said areas.

The Secretarial Auditors of the Company have given an unqualified report for the financial year 2016-17. However, they have one observation relating to a Related Party Transaction. The Management Reply to the observation is submitted as under:

Observation of Secretarial Auditors	Management's Reply
The Company has complied with the provisions of the Act, Rules and Regulations, to the extent applicable except that for one related party transaction, entered in ordinary course of business and on arm's length as per the explanation given by the Company, post facto approval of the Audit Committee was obtained, which is not in line with SEBI (LODR) Regulations, 2015.	During the financial year 2016-17, REC appointed SBICAP Securities Limited, a Related Party, as arranger for raising money through issue of bonds, in the ordinary course of its business & on arm's length basis through competitive bidding. As per the requirement of Companies Act, 2013 and Rules made thereunder, no approval of Audit Committee or Board of Directors was required to be obtained for such a transaction. However, as per SEBI (LODR) Regulations, 2015, prior approval of Audit Committee is required for all Related Party Transactions. Since the appointment of SBICAP Securities Limited as arranger was done on competitive bidding basis, it was difficult to obtain prior approval of Audit Committee in this regard. Further, the approval of Audit Committee was obtained as soon as SBICAP Securities Limited was appointed. However, to avoid such situation in future, omnibus approval of Audit Committee has been obtained for all such Related Party Transactions in terms of SEBI (LODR) Regulations, 2015.

36. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, vide letter dated August 3, 2017 has given 'Nil' Comments on the Audited Financial Statements of the Company for the year ended March 31, 2017 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2016-17, have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

37. DEBENTURE TRUSTEES

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

38. STATUTORY DISCLOSURES

a) There was no change in the nature of business of the Company during the financial year 2016-17.

b) The Company has not accepted any public deposits during the financial year 2016-17.

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) Information on composition, terms of reference and number of meetings of the Board & its Committees held during the year, establishment of vigil mechanism/ whistle blower policy and web-links for familiarization/ training policy of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions and Policy for determining Material Subsidiaries, Compensation to Key Managerial Personnel, Sitting fees to Independent Directors,etc. have been provided in the Report on Corporate Governance, which forms part of the Annual Report.

f) 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.

g) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder, related to Managerial Remuneration, are not applicable to Government Companies, no disclosure is required to be made.

h) Being a Government Company, REC is exempt from the statutory provisions relating to performance evaluation of Directors and disclosure in respect of evaluation mechanism in the Board's Report of the Company.

i) 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, 2017 and the date of this report.

j) The Company has not issued any stock options to the Directors' or any employee of the Company.

39. STATUS OF CONSTRUCTION OF REC CORPORATE OFFICE BUILDING AT GURUGRAM

The construction of Corporate Office building at Gurugram, Haryana was started in April, 2015 and the RCC works upto 2nd floor (including three basements) have been completed. Further, work relating to RCC at 3rd floor, installation of HVAC duct & fire fighting pipe etc. are being executed simultaneously.

The project has been awarded by GRIHA Council for exemplary demonstration of 'Passive Architecture Design' under GRIHA rating during 8th GRIHA Summit in March, 2017. Further, the building has unique features such as composite structure to support roof



Conceptual view of proposed Corporate Office Building of REC at Gurugram, Haryana, India.

top solar pergola, provision of radiant cooling slabs, seamless white fair finish columns with use of imported shuttering etc. & adoption of construction technology at par with developed countries.

40. STATUTORY AND OTHER INFORMATION REQUIREMENTS

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

Particulars	Annexure
Management Discussion & Analysis Report	I
Report on Corporate Governance	II
Auditor's Certificate on 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 series of Bonds	IX

41. ACKNOWLEDGEMENTS

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

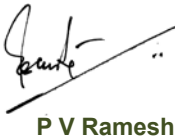
The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers for their continued support and trust in the Company.

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

The Directors also thank M/s Raj Har Gopal & Co. and M/s A.R & Co., Statutory Auditors, M/s Sanjay Grover & 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



P V Ramesh
Chairman & Managing Director
(DIN: 02836069)

Place: New Delhi
Date : August 21, 2017

TABLE - 1: STATEMENT SHOWING DETAILS OF SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2016-17

(₹ In Lakh)

Sl. No.	Particulars/State	No.of Schemes/Projects	Loan Amount
A.	**Generation Projects**		
1	Andhra Pradesh	1	3,96,511.00
2	Chhattisgarh	1	55,000.00
3	Gujarat	1	5,02,500.00
4	Karnataka	1	1,25,695.00
5	Maharashtra	1	2,40,571.00
6	Odisha	1	51,800.00
7	Punjab	2	3,043.60
8	Rajasthan	1	3,00,000.00
9	Tamil Nadu	4	5,15,189.50
10	Telangana	1	1,00,000.00
11	Uttar Pradesh	0	54,012.00
12	Private (Generation)	2	4,76,571.00
	Sub-Total-(A)	**16**	**28,20,893.10**
B.	**Renewable Projects**		
1	Andhra Pradesh	1	14,000.00
2	Kerala	2	27,129.00
3	Nagaland	1	616.00
4	Rajasthan	1	11,254.00
5	West Bengal	1	6,928.00
6	Private (Renewable)	10	1,49,050.00
	Sub-Total-(B)	**16**	**2,08,977.00**
C.	**T & D Projects**		
1	Andhra Pradesh	72	3,25,255.70
2	Bihar	3	2,35,816.87
3	Chhattisgarh	58	2,51,551.10
4	Delhi	1	13,964.10
5	Goa	4	69,273.58
6	Gujarat	2	3,80,808.00
7	Haryana	101	1,32,313.57
8	Himachal Pradesh	32	34,383.13
9	Karnataka	14	63,049.44
10	Kerala	2	2,06,300.00
11	Madhya Pradesh	84	1,43,535.64
12	Maharashtra	96	2,13,063.89
13	Manipur	2	18,500.00
14	Nagaland	10	421.76
15	Puducherry	2	5,268.97
16	Punjab	18	2,01,740.36
17	Rajasthan	22	2,85,552.26
18	Tamil Nadu	31	4,61,582.99
19	Telangana	51	3,23,756.37
20	Uttar Pradesh	260	4,04,467.24
21	Uttarakhand	13	81,057.91
22	West Bengal	46	1,94,216.69
23	Private (T&D)	0	49,432.00
	Sub-Total-(C)	**924**	**40,95,311.58**

Sl. No.	Particulars/State	No.of Schemes/Projects	Loan Amount
D.	**STL, MTL & Other loan assistance**		
1	Andhra Pradesh	3	1,15,000.00
2	Bihar	6	70,000.00
3	Chhattisgarh	1	26,500.00
4	Jharkhand	1	15,000.00
5	Karnataka	6	60,000.00
6	Madhya Pradesh	2	50,000.00
7	Maharashtra	1	15,000.00
8	Meghalaya	1	25,000.00
9	Punjab	2	25,000.00
10	Rajasthan	5	3,35,400.00
11	Tamil Nadu	2	1,00,000.00
12	Telangana	4	1,30,000.00
13	Uttar Pradesh	7	2,95,000.00
	Sub-Total-(D)	**41**	**12,61,900.00**
	Grand Total (A+B+C+D)	**997**	**83,87,081.68**

TABLE - 2: STATEMENT SHOWING DETAILS OF CATEGORY-WISE SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2016-17

(₹ In Lakh)

Sl.No.	Category	Category Code	No. of Schemes/ Projects	Loan Amount
A	**Generation**			
1	Thermal	Thermal	9	17,64,260.50
2	Coal Mine	Coal Mine	2	1,05,000.00
3	Hydro	Hydro	2	4,96,632.60
4	Other Loans		3	4,55,000.00
	Sub- Total		**16**	**28,20,893.10**
B	**Renewable Energy Projects**			
1	Solar PV	SPV	11	1,63,050.00
2	Wind	Wind	1	11,254.00
3	Small Hydro	SHP	4	34,673.00
	Sub- Total		**16**	**2,08,977.00**
C	**T & D**			
	Distribution			
1	System Improvement	SI	89	5,41,529.39
2	Procurement & Installation of equipment/material	Bulk	79	2,84,940.99
3	Infrastructure for providing electricity access to various categories of Consumers including Agriculture	IE	76	1,39,349.02
4	R-APDRP/IPDS	R-APDRP/IPDS	162	2,85,430.62
5	DDUGJY	DDUGJY	152	3,68,502.81
	Transmission			
1	System Improvement	SI	362	20,16,058.74
2	Other Loans		4	4,59,500.00
	Sub- Total		**924**	**40,95,311.58**
D	**STL, MTL & Other loan assistance**		**41**	**12,61,900.00**
	Grand Total (A+B+C+D)		**997**	**83,87,081.68**

TABLE-3: STATEMENT SHOWING DETAILS OF CUMULATIVE STATE-WISE SANCTIONS BY REC TILL THE FINANCIAL YEAR 2016-17

(₹ In Lakh)

Sl.No.	Particulars/ State	Upto 2001-02		X Plan		XI Plan		XII Plan Upto 2016-17		Cumulative Upto 2016-17	
		No.of Projects	Sanctioned Amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount
1	Andhra Pradesh	4,810	4,40,263.00	1,104	12,09,532.12	558	13,00,954.48	476	39,97,771.16	6,948	69,48,520.76
2	Arunachal Pradesh	159	29,954.00	54	1,04,019.57	16	73,949.07	0	0	229	2,07,922.64
3	Assam	393	32,984.00	33	30,404.38	20	1,50,196.78	1	8,433.00	447	2,22,018.16
4	Bihar	1,664	55,272.00	73	1,89,856.52	78	16,71,581.51	42	7,68,317.98	1,857	26,85,028.01
5	Chhattisgarh	0	0	22	5,16,315.14	63	4,86,756.14	120	6,05,285.31	205	16,08,356.59
6	Delhi	2	817.00	6	47,323.00	1	3,63,707.00	16	86,506.24	25	4,98,353.24
7	Goa	16	2,007.00	0	0	0	0	4	69,273.58	20	71,280.58
8	Gujarat	1,784	2,53,470.00	124	5,27,966.27	42	7,26,831.98	5	9,29,532.00	1,955	24,37,800.25
9	Haryana	1,209	1,16,989.00	148	3,95,304.36	253	9,57,795.03	406	11,62,521.72	2,016	26,32,610.11
10	Himachal Pradesh	419	52,240.00	37	1,16,177.14	125	2,15,488.85	124	1,51,066.51	705	5,34,972.50
11	Jammu & Kashmir	500	67,243.00	34	93,791.86	69	1,62,056.63	43	1,04,416.77	646	4,27,508.26
12	Jharkhand	0	0	27	1,47,602.49	12	2,55,580.82	1	15,000.00	40	4,18,183.31
13	Karnataka	2,384	3,07,390.00	472	3,88,445.49	213	12,76,890.39	312	17,16,134.67	3,381	36,88,860.55
14	Kerala	1,454	2,42,741.00	297	2,41,884.17	20	1,04,897.17	91	5,78,880.25	1,862	11,68,402.59
15	Madhya Pradesh	5,111	2,36,175.00	133	2,35,711.17	255	9,71,789.13	103	6,46,937.93	5,602	20,90,613.23
16	Maharashtra	4,602	4,40,595.00	833	15,16,910.29	418	27,53,166.66	554	25,67,439.67	6,407	72,78,111.62
17	Manipur	146	20,696.00	3	9,462.64	2	9,169.22	15	22,488.00	166	61,815.86
18	Meghalaya	105	19,351.00	4	31,571.20	10	44,645.16	5	46,268.10	124	1,41,835.46
19	Mizoram	46	7,879.00	24	20,360.35	7	14,342.75	0	0	77	42,582.10
20	Nagaland	71	7,791.00	23	5,648.47	36	28,107.67	11	1,037.77	141	42,584.91
21	Odisha	1,624	77,691.00	21	1,20,627.30	55	4,08,198.64	26	7,25,154.20	1,726	13,31,671.14
22	Puducherry	0	0	0	0	2	12,506.79	3	11,627.15	5	24,133.94
23	Punjab	1,303	2,59,737.00	216	6,57,148.09	125	11,61,462.31	228	15,68,709.24	1,872	36,47,056.64
24	Rajasthan	3,012	3,82,940.00	597	5,56,041.59	449	29,02,505.72	203	28,95,420.69	4,261	67,36,908.00
25	Sikkim	36	2,910.00	4	5,625.82	2	3,101.08	0	1,887.00	42	13,523.90
26	Tamil Nadu	3,003	1,75,458.00	597	3,80,609.65	364	26,04,367.97	192	26,42,184.54	4,156	58,02,620.16
27	Telangana	0	0	0	0	0	0	203	30,85,903.69	203	30,85,903.69
28	Tripura	172	15,732.00	6	36,373.77	3	11,188.99	0	0	181	63,294.76
29	Uttarakhand	0	0	84	3,06,792.19	20	1,72,884.14	87	5,50,944.63	191	10,30,620.96
30	Uttar Pradesh	3,027	2,23,840.00	102	6,70,276.50	557	21,46,380.48	795	59,22,864.75	4,481	89,63,361.73
31	West Bengal	1,256	59,750.00	198	4,42,874.90	78	11,26,535.95	162	17,45,682.44	1,694	33,74,843.29
32	Private T&D	0	0	9	4,955.00	10	1,07,084.96	7	3,57,861.54	26	4,69,901.50
33	Private Generation	6	3,347.00	19	6,02,002.57	64	50,66,680.00	19	27,27,511.00	108	83,99,540.57
34	Private Renewable	0	0	0	0	0	0	41	3,09,263.99	41	3,09,263.99
35	Private STL	0	0	0	0	0	0	2	75,000.00	2	75,000.00
	Total	**38,314**	**35,35,262.00**	**5,304**	**96,11,614.00**	**3,927**	**2,72,90,803.47**	**4,297**	**3,60,97,325.52**	**51,842**	**7,65,35,005.00**

The above figures include DDUGJY and DDG project cost (Capital Subsidy and Loan) upto XI Plan only.

TABLE - 4: STATEMENT SHOWING DETAILS OF STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING THE FINANCIAL YEAR 2016-17 AND OUTSTANDINGS AS ON MARCH 31, 2017

(₹ In Lakh)

Sl. No.	Particulars/State	Transmis-sion	Distribution	Generation-Coventional	Generation-Renewable Energy	DDUGJY-RE (including DDG)	STL	Others (MTL and TFL)	Total Disbursement for the year 2016-17	Disbursed upto the end of the year	Repayments		Outstanding at the end of the year 2016-17
											During the year	Upto the end of year	
1	Andhra Pradesh	1,34,085	1,19,722	78,972	4,185	578	1,00,000	15,000	4,52,542	26,32,612	3,52,287	15,52,553	10,80,059
2	Arunachal Pradesh	-	-	-	-	-	-	-	-	24,394	1,166	21,850	2,544
3	Assam	-	-	-	-	3,974	-	-	3,974	59,935	4,230	34,486	25,450
4	Bihar	52,468	34,926	2,32,800	-	9,645	70,000	-	3,99,839	11,40,731	88,128	1,37,054	10,03,676
5	Chhattisgarh	-	84,647	-	-	-	-	-	84,647	4,52,092	30,145	2,82,614	1,69,478
6	Delhi	-	-	-	-	-	-	-	-	1,093	-	1,093	-
7	Goa	-	-	-	-	-	-	-	-	1,479	-	1,479	-
8	Gujarat	2,65,000	-	-	-	-	-	-	2,65,000	9,08,823	724	6,41,441	2,67,382
9	Haryana	18,534	51,862	592	-	-	-	-	70,988	15,40,785	3,88,442	9,75,237	5,65,548
10	Himachal Pradesh	3,324	12,319	103	-	-	-	-	15,746	2,74,664	54,600	2,19,669	54,996
11	Jammu & Kashmir	-	409	-	7,026	-	-	-	7,435	1,37,000	8,395	1,00,915	36,086
12	Jharkhand	1,646	-	-	-	3,618	-	-	5,264	1,53,150	7,742	1,11,321	41,829
13	Karnataka	-	1,29,728	3,238	-	258	20,000	40,000	1,93,224	14,32,861	57,366	6,05,529	8,27,332
14	Kerala	2,557	1,51,829	-	-	491	-	-	1,54,877	7,31,200	18,663	4,64,310	2,66,890
15	Madhya Pradesh	-	30,065	-	-	4,773	27,500	22,500	84,838	8,75,319	4,41,687	7,29,597	1,45,722
16	Maharashtra	48,358	2,08,453	3,65,482	-	42	-	-	6,22,334	43,49,093	2,04,720	16,20,401	27,28,692
17	Manipur	14,487	-	-	-	415	-	-	14,902	38,541	1,392	8,859	29,683
18	Meghalaya	-	-	23,991	-	-	-	-	23,991	90,900	22,062	36,158	54,741
19	Mizoram	-	-	-	-	155	-	-	155	27,332	355	24,909	2,423
20	Nagaland	-	500	-	151	104	-	-	755	25,842	1,727	15,388	10,453
21	Odisha	538	-	1,01,427	1,500	9,042	-	-	1,12,507	3,44,961	2,364	1,34,158	2,10,804
22	Puducherry	2,550	-	-	-	-	-	-	2,550	6,124	357	357	5,767
23	Punjab	50,520	84,178	6,305	-	-	25,000	-	1,66,003	24,89,182	4,26,835	16,95,365	7,93,816
24	Rajasthan	50,842	1,10,985	5,06,267	-	3,556	-	30,000	7,01,650	45,64,346	13,51,778	26,82,446	18,81,900
25	Sikkim	10,767	-	88,843	-	-	-	-	99,610	5,14,661	194	4,016	5,10,644
26	Tamil Nadu	1,31,076	65,629	21,616	-	-	50,000	38,996	3,07,317	36,84,911	8,81,292	18,39,158	18,45,754
27	Telangana	50,190	1,35,365	2,65,211	-	-	1,30,000	20,000	6,00,767	18,83,859	1,37,283	3,47,532	15,36,327
28	Tripura	-	-	-	-	-	-	-	-	12,843	180	11,536	1,306
29	Uttar Pradesh	1,52,624	2,59,913	79,007	-	19,035	30,000	1,45,000	6,85,580	43,85,855	5,97,254	23,65,188	20,20,667
30	Uttarakhand	6,195	18,674	11,703	-	525	-	-	37,097	4,86,437	24,729	2,63,216	2,23,221
31	West Bengal	38,246	73,903	-	-	95	-	-	1,12,244	12,69,956	3,13,602	7,32,053	5,37,903
32	Private	19,917	-	3,84,203	1,48,906	-	25,000	-	5,78,026	42,16,721	3,19,125	9,04,945	33,11,775
	Total	**10,53,925**	**15,73,106**	**21,69,761**	**1,61,768**	**56,306**	**4,77,500**	**3,11,496**	**58,03,861**	**3,87,57,701**	**57,38,824**	**1,85,64,833**	**2,01,92,868**
	DDUGJY-SUBSIDY	-	-	-	-	-	-	-	7,87,685	-	-	-	-
	DDG SUBSIDY	-	-	-	-	-	-	-	16,069	-	-	-	-
	Grand Total	**10,53,925**	**15,73,106**	**21,69,761**	**1,61,768**	**56,306**	**4,77,500**	**3,11,496**	**66,07,615**	**3,87,57,701**	**57,38,824**	**1,85,64,833**	**2,01,92,868**

TABLE - 5: STATEMENT SHOWING DETAILS OF FINANCIAL & PHYSICAL ACHIEVEMENTS DURING THE FINANCIAL YEAR 2016-17 UNDER DDUGJY (INCLUDING X, XI, XII PROJECTS & NEW DDUGJY)

(As on March 31, 2017)

Sl. No.	State	Financial Parameters (₹ in crore)						Physical Parameters (Nos.)		
		Sanction (Loan & Subsidy)			Release (Loan & Subsidy)			Electrification of Un-electrified villages	Intensive Electrification of villages	Electricity connection to BPL Households
		Grid projects	Off-Grid projects	Total	Grid projects	Off-Grid projects	Total			
1	Andhra Pradesh	0	0	0	138.65	2.32	140.97	0	5,500	4,16,593
2	Andaman & Nicobar	20.96	0	20.96	0	0	0	0	0	0
3	Arunachal Pradesh	0	41.83	41.83	101.33	0	101.33	175	0	0
4	Assam	0	0	0	554.83	83.85	638.68	1,218	768	26
5	Bihar	0	0	0	1,388.48	0	1,388.48	556	7,306	7,79,668
6	Chhattisgarh	9.48	91.26	100.74	74.93	50.98	125.91	294	949	12,373
7	Goa	0	0	0	110.41	0	110.41	0	0	0
8	Gujarat	0	0	0	0	0	0	0	0	0
9	Haryana	0	0	0	0	0	0	0	0	0
10	Himachal Pradesh	0	0	0	0	0	0	27	0	0
11	Jammu & Kashmir##	0	0	0	104.09	0	104.09	5	25	721
12	Jharkhand	25.90	48.98	74.88	362.40	0	362.40	816	1,976	2,687
13	Karnataka	0	0	0	147.30	0	147.30	14	0	89,004
14	Kerala	0	0	0	137.85	1.38	139.23	0	0	9,097
15	Madhya Pradesh	20.03	0	20.03	468.34	0	468.34	159	10,007	2,85,163
16	Maharashtra	11.53	0	11.53	257.04	0	257.04	0	0	0
17	Manipur	0	0	0	40.20	0	40.20	121	0	0
18	Meghalaya	0	32.32	32.32	25.51	0	25.51	681	0	74
19	Mizoram	0	0	0	15.53	0	15.53	24	0	447
20	Nagaland	42.18		42.18	22.46	0	22.46	76	0	0
21	Odisha		38.29	38.29	1,169.30	0	1,169.30	1,092	2,678	48,592
22	Puducherry	20.15	0	20.15	1.20	0	1.20	0	0	0
23	Rajasthan	0	0	0	360.20	24.68	384.88	253	8,596	89,639
24	Sikkim	49.70	0	49.70	0	0	0	0	0	0
25	Tamil Nadu	0	0	0	110.34	0	110.34	0	0	1,192
26	Telangana	0	0	0	20.20	0	20.20	0	0	0
27	Tripura	0	0	0	77.63	0	77.63	17	216	23,221
28	Uttar Pradesh	0	0	0	2,454.86	0	2,454.86	162	21,404	4,82,521
29	Uttarakhand	0	3.30	3.30	21.40	0	21.40	18	0	0
30	West Bengal	0	0	0	272.91	0	272.91	9	3,970	27,238
	Sub Total	**199.93**	**255.98**	**455.91**	**8,437.39**	**163.21**	**8,600.60**	**5,717**	**63,395**	**22,68,256**
	Others* (Under State Plan)	0	0	0	0	0	0	298	0	0
	Reduction#	0	0	0	0	0	0	0	65	25,493
	Grand Total	**199.93**	**255.98**	**455.91**	**8,437.39**	**163.21**	**8,600.60**	**6,015**	**63,330**	**22,42,763**

* Under State Plan 298 villages have been electrified by the States of Jharkhand (288) & Rajasthan (10).

\# (i) 65 IE Villages Reduction in States of Arunachal Pradesh (1), Assam (5), J&K (7), Kerala (37), Madhya Pradesh (12), Rajasthan (2) & Sikkim (1).

(ii) 25,493 BPL Reduction in States are Arunachal Pradesh (41), Assam (13), J&K (8), Madhya Pradesh (415), Nagaland (75), Odisha (6,564), Rajasthan (17,996) & West Bengal (381).

₹ 104.09 crore released to J&K State for PMDP projects out of DDUGJY Grant.

TABLE - 6: STATEMENT SHOWING DETAILS OF CUMULATIVE ACHIEVEMENT UPTO MARCH 31, 2017 UNDER DDUGJY (including X, XI, XII & new DDUGJY)

Sl. No.	State	Financial (₹ in crore)		Physical (Nos.)		
		Sanction	Release	Un-electrified villages	Intensive Electrification of villages	BPL Households
1	Andhra Pradesh	1,566.14	732.69	0	21,614	24,14,555
2	Andaman & Nicobar	20.96	0	0	0	0
3	Arunachal Pradesh	1,456.35	991.71	2,252	1,305	51,621
4	Assam	5,819.80	3,575.47	9,819	12,839	12,10,211
5	Bihar	18,405.72	8,657.72	25,596	24,215	40,01,205
6	Chhattisgarh	3,190.08	1,411.66	1,986	18,290	11,49,267
7	Goa	20.01	0	0	0	0
8	Gujarat	1,239.63	481.10	0	16,144	8,42,945
9	Haryana	489.07	156.27	0	5,137	1,98,580
10	Himachal Pradesh	456.77	323.40	118	7,896	16,290
11	Jammu & Kashmir	1,648.65	937.30	246	2,908	69,148
12	Jharkhand	8,521.62	3,438.82	19,015	5,634	12,76,404
13	Karnataka	2,866.23	1,047.21	69	24,779	9,81,694
14	Kerala	703.18	299.41	0	1,087	1,50,305
15	Madhya Pradesh	7,268.48	3,229.23	1,091	51,686	17,44,129
16	Maharashtra	2,872.22	896.18	0	36,154	12,21,350
17	Manipur	697.03	475.32	1,004	1,322	70,307
18	Meghalaya	768.22	431.88	2,521	2,947	1,04,457
19	Mizoram	420.25	319.86	194	517	29,710
20	Nagaland	443.19	315.52	178	1,152	54,484
21	Odisha	9,088.08	5,065.50	16,727	29,947	28,12,621
22	Punjab	289.89	59.90	0	6,131	92,988
23	Puducherry	20.15	1.20	0	0	0
24	Rajasthan	5,481.62	1,777.53	4,554	43,741	11,90,717
25	Sikkim	262.15	191.03	25	412	13,601
26	Tamil Nadu	1,306.75	524.91	0	9,673	5,02,394
27	Telangana	782.28	328.43	0	9,176	7,08,865
28	Tripura	566.36	351.45	167	918	1,43,968
29	Uttar Pradesh	22,783.52	9,770.50	29,275	39,524	19,68,738
30	Uttarakhand	1,638.66	781.26	1,532	10,042	2,37,921
31	West Bengal	7,659.21	3,089.55	4,200	29,373	22,09,725
32	Dadra & Nagar Haveli	5.00	0	0	0	0
	Sub Total	**1,08,757.25**	**49,662.08**	**1,20,569**	**4,14,563**	**2,54,68,200**
	Others* (under State Plan)	0	0	771	0	0
	Others DDUGJY	0	0	819	0	0
	Grand Total	**1,08,757.25**	**49,662.08**	**1,22,159**	**4,14,563**	**2,54,68,200**

*Under State Plan 771 villages have been electrified by the States of Assam (122), Chhattisgarh (10), Jharkhand (615) & Rajasthan (24).

ANNEXURE-I TO BOARD'S REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present its report on the Industry Scenario including on the Company's performance during the financial year 2016-17.

1. BUSINESS ENVIRONMENT

Global Business Environment

The global economic activity is showing signs of picking up, with a long-awaited cyclical recovery in investment, manufacturing and trade. As per IMF estimates, the world growth is on an upward trend, from 3.1% in 2016 to 3.5% in 2017 to 3.6% projected for 2018. The reasons behind this upward trend are stronger activity, expectations of a more robust demand, reduced deflationary pressures and optimistic financial markets. However, stronger recovery is held back due to structural problems like low productivity growth and high income inequality. The advanced economies are still struggling with subdued growth and low inflation in the backdrop of uncertain policy direction, tepid investment and sluggish productivity. Still, the global financial conditions have been benign, owing to improving market expectations. As of now, the world needs stronger economic policies and renewed multilateral efforts to attain global economic integration.

The Emerging Market and Developing Economies (EMDEs), which account for almost 75% of global growth in terms of output & consumption, have become increasingly important in the global economic backdrop. The growth of EMDEs is also on an upward trend from 3.5% in 2016 to 4.1% in 2017 to 4.5% projected for 2018. However, EMDEs are sensitive to factors like external demand, terms of trade and external financial conditions. Still, these economies can get a long way ahead by investing in their human and physical capital, strengthening their policy and institutional framework, promoting trade and FDI and containing their vulnerability due to high current account deficits and burden of external borrowings. In the medium term, growth of EMDEs is likely to result in the growth of world economy as well.

On the energy front, the world is on a transition mode with stronger commitment to adopt green energy, enhanced focus on energy efficiency and increasing demand from developing economies. Further, in light of climate change needs, the world energy mix is rapidly shifting towards cleaner and lower carbon fuels such as solar power, wind power and hydro power. The world is now adding more capacity to its energy mix through renewable energy sources, as compared to all fossil fuels taken together. The governments all over the world are making it a key focus area to promote the use of renewable energy, in order to provide affordable, reliable and cleaner energy to their citizens and also to safeguard the planet for the years to come.

Indian Business Environment

India continues to be the fastest growing emerging market economies in the world, driven by key structural reforms, normal monsoons and reduced external vulnerabilities. The current account deficit has remained manageable, fiscal deficits are improving and foreign exchange reserves are at comfortable levels. The Government has retained its focus on fiscal consolidation and implementing structural reforms. The demonetization move of the Government of India, which caused a temporary setback to the pace of growth, has also not affected the growth momentum. The demonetization move was intended towards long term benefits for the economy in the form of curbing black money, preventing terror funding and widening of the formal economy.

As per IMF estimates, Indian economy is likely to grow at 7.2% in financial year 2017-18 and 7.7% in financial year 2018-19. India is growing strongly and remains a bright spot in the global landscape, helped by substantial trade gain, positive policy actions, a range of supply-side measures and a relatively tight monetary stance. Nevertheless, challenges remain in the form of strain on the balance sheets of financial and corporate sector, sluggish private investment and weak external demand. However, the country is making significant strides to support sustainable growth in the long run. GST has been one such historic reform in the recent times, which is likely to raise India's medium-term growth to above 8%, though the gains will take some time to realize. Enactment of laws relating to Insolvency and Bankruptcy, Aadhar Bill for disbursement of financial subsidies and benefits etc., are also some of the initiatives of last one year, which are likely to have far reaching impact on the economy.

The performance of the banking & financial sector continues to be subdued in general. The asset quality of banks has deteriorated with rising non-performing assets of scheduled commercial banks. Credit growth to industrial sector has also remained dismal. The Government has given a strong policy push for the sector in the form of bringing the bankruptcy code; nevertheless, the rise of stressed assets still remains a considerable problem.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Industry Overview

Power is one of the most important drivers of growth in an economy. The power sector in the country has seen transformational growth in the last three years, in terms of both additional generation capacity and increasing consumption levels, on the back of several initiatives of the Government, massive investments towards modernization of transmission capacity and distribution networks, electrifying villages and extending power to all households. Decisive steps have been taken by the Government across other sectors as well, which have resulted in surplus power, fiscal discipline in utilities, sufficient coal availability and unprecedented growth in the clean energy market. In fact, India's coal imports have been on a declining trend from 217.78 million tonnes in financial year 2014-15, to 203.95 million tonnes in financial year 2015-16 to 190.95 million tonnes in financial year 2016-17. The Government has also been working on turning around debt-ridden DISCOMs and lowering of the operational costs of conventional power plants, while trying to achieve the country's climate change goal of becoming a low carbon economy. Huge strides have been made towards energy efficiency and solving the issues of stranded thermal power assets.

The transmission capacity in the country has seen a historic growth. Further, operational and financial restructuring of DISCOMs under the UDAY scheme have started to show results. Also, the costs of solar and wind power have fallen to unprecedented lows of ₹ 2.44 per unit and ₹ 3.46 per unit respectively. With an all-round policy push and a surge in investment, India's power sector has emerged from a recent scenario marred by shortages and lack of quality supply, to surplus power being available in real time at affordable rates on the power exchange.

As at end June 2017, the power generating capacity installed in the country was nearly 329.3 GW. A total of 99,209 MW of conventional power was added during the XII five year plan, against the targeted capacity addition of 88,537 MW. Initiatives of the Government of India aimed at improving energy efficiency, coupled with ambitious renewable energy targets and the downward trajectory of solar costs, have had an impact on the existing coal fired power plants and those proposed in future as well. For the first time in India, the economics of solar power have overtaken that of coal generated power; and its wider ramifications are all too visible across the country. It is in this backdrop, that Central Electricity Authority (CEA) has estimated that no coal based capacity addition is required in the period of 2017-22. Moreover, nearly 13.5 GW of planned coal fired power plants in India were cancelled in May 2017.

The proactive steps taken in the last three years to overhaul the whole system of coal allocation and supply has led to sufficient spinning reserve availability, thereby allaying the fears of grid breakdown for want of coal stock with the power plants. The country could also make huge savings on account of foreign exchange outflow, which otherwise would have been incurred in importing coal for running the existing coal-based power plants.

The financial year 2016-17 saw an addition of installed capacity by 24,761 MW, out of which 58% (14,411 MW) came from renewable energy, 31% (7,655 MW) came from thermal energy and the balance came from other sources. For the first time in financial year 2016-17, the capacity addition in renewable energy segment outstripped that of the capacity addition of conventional energy segment. The share of renewable energy capacity has grown to over 57 GW, contributing to over 17.5% of the total installed power capacity in the country. The Government has set an ambitious target of adding 175 GW of renewable energy capacity by 2022, towards achieving clean power capacity of 225 GW and increasing the share of renewable in total installed capacity to 47% by year 2022.

The average annual per capita consumption of the country continues to be very low at 1,075 Kwh (as per provisional figure of financial year 2015-16), as compared to the world average of over 3,000 Kwh. With surplus coal and power, the Government has taken several initiatives for providing 24X7 quality power for all. As the power sector reforms continue, India has moved up several notches from 99th rank to 26th rank, in terms of World Bank's global electricity accessibility ranking.

Industry Structure

Generation

The installed power generating capacity in the country as on March 31, 2017 was 326.8 GW, with 1,03,967 MW (31.8%) in the State Sector, 80,257 MW (24.6%) in the Central Sector and 1,42,624 MW (43.6%) in the Private Sector. The average Plant Load Factor (PLF) in financial year 2016-17 for thermal power plants across the country was 59.8% and for private sector plants it was 55.7%. In terms of generation capacity by type as on March 31, 2017, the installed thermal capacity was 2,18,330 MW (66.8%), installed hydro capacity was 44,478 MW (13.6%) and installed capacity in renewable energy was 57,260 MW (17.5%). The nuclear capacity saw an addition of 1,000 MW during the year 2016-17 which stood at 6,780 MW (2.1%).

The power generation in the country grew at an overall growth rate of 4.7% during the financial year 2016-17 and the actual electric energy generation during Fiscal 2017 was 1,159.8 Billion Units (BUs), as against 1,107.4 BUs in the previous fiscal. The aggregate Power Supply Deficit for Fiscal 2017 dropped to 0.7%, which is one third of 2.1% reported in the previous

fiscal. Similarly Peak Power Deficit also reduced to 1.6%, which is half of the figure reported in the previous fiscal, showing improvement in power supply position.

Till year 2014, the power sector was passing through tough times due to major bottlenecks like slippages of long-term coal linkages to identified projects, failure to achieve planned targets from captive coal mine blocks, inability to ramp up indigenous coal and gas production, rising imported fuel prices, land acquisition, R&R and environmental issues etc. About 33,000 MW of coal-based power plants, of which more than 18,000 MW are already commissioned, still do not have long-term power purchase agreements at present. In order to address these issues, the Government undertook a slew of proactive efforts and initiatives in the last few years, such as allocation of coal mines through transparent auction route, domestic supply of gas to gas-based stranded projects operating at less than 30% PLF through subsidized imported gas supply supported by Power System Development Fund (PSDF), efforts to takeover sick units under operation of State utilities and steps for augmenting indigenous coal production.

The outcome is visible in the form of increase in domestic coal production, reduction in quantum of imported coal resulting in reduced effective coal prices and saving of valuable foreign currency outflow. The initiatives to supply 100% crushed and washed coal, rationalization of coal allocation, shifting of coal linkages from inefficient to efficient plants, inspection of coal quality based on Gross Calorific Value (GCV) etc., are some of the measures which would help in efficient operation of plants and mitigate the carbon emissions to a large extent. Vigorous steps are being undertaken for fast tracking the resolution of issues obstructing the projects' progress and commissioning, in an attempt to address the funding and stressed asset related issues faced by the banking & financial sector.

Other notable initiatives include continued focus on clean energy, effecting enablers for development of self-sustaining solar energy installation models on Government sites *viz*. Railways, Defence etc., policy moves to classify all large and small hydro power projects as renewable energy, revival of stranded hydro power capacity of over 11.6 GW, facilitating developers for getting speedy clearances and fuel linkages, augmenting existing indigenous manufacturing capacity and encouraging latest technology interventions in the sector.

Transmission and Distribution

Transmission

The present scenario in the Transmission & Distribution (T&D) industry is very encouraging and dynamic. Developments in power sector emphasize the need for accelerated implementation of National Grid on priority, to enable scheduled/unscheduled exchange of power, as well as for providing open access to support competition in the market. The Government is increasingly focusing on strengthening the transmission network to establish inter-state and inter-regional links for enhancing the capacity of the National Grid, to ensure optimal utilization of uneven distribution of energy resources.

The transmission and distribution system in the country comprises of regional grids, state grids and distribution networks in a three-tier integrated structure. 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. The regional grids operate as an integrated unit of the National Grid, whereby surplus power from a region can 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. The National Grid is also synchronously interconnected to Bhutan and Nepal and asynchronously linked to Bangladesh. As per CEA, India has turned around from a net importer of electricity to net exporter of electricity. During April 2016 to February 2017, India has exported around 5,798 Million Units (MUs) to Nepal, Bangladesh and Myanmar, which is 213 MUs more than the import of around 5,585 MUs from Bhutan. Export of electricity to Nepal and Bangladesh increased 2.5 times and 2.8 times respectively in the last three years.

The analysis and studies of CEA, based on present estimates of load growth and generation capacity addition, indicate that the major high capacity transmission corridors (already planned as well as under implementation) would be sufficient to meet the import/export of power among various regions in year 2021-22; and that further high capacity transmission system would be needed for high capacity generation projects, if any, as and when they are planned.

Major smart technology interventions have been taken up in the country for making the system sturdier, with the aim of building and operating a robust integrated grid network, that will allow large transfers of power from one part of the country to another. One such measure is development of state-of-the-art Renewable Energy Management Centres for managing the renewable generation integration and operation, which shall include a host of activities from renewable energy forecasting to energy balancing and generation scheduling.

At the end of Fiscal 2017, the total length of transmission lines in the country aggregated to about 3.67 lakh cKm (circuit kilometres), as compared to about 3.41 lakh cKm at the end of the previous fiscal. A total of 26,300 cKms were added to the transmission capacity in Fiscal 2017. In line with Government's 'One Nation One Grid' initiative, the aggregated substation transformation capacity at 765 kV, 400 kV and 220 kV level at the end of Fiscal 2017 was 7.39 lakh MVA, which was 12.4% higher than the aggregated capacity of 6.58 lakh MVA at the end of the previous fiscal. During the year under review, over 81,816 MVA has been added to the sub-station capacity. A total of 1.44 lakh MVA of sub-station capacity has been added in the last two years, which has been the highest in any two consecutive years. The total inter-regional transmission capacity of the country at 220 kV and above level is 75,050 MW as at the end of Fiscal 2017.

Distribution

Distribution sector, the revenue generating link in the Generation-Transmission-Distribution chain, has been considered as the weakest link in the power sector value chain. Distribution provides the crucial last mile connectivity to consumers belonging to varied economic spectrum. The sector has been reeling under losses, making it crucial for the policymakers to devise various measures to make the State DISCOMs/Utilities viable. Though most of the SEBs (State Electricity Boards) have been unbundled, distribution is still largely under the control of Government utilities. Notwithstanding the unbundling and operations on sound commercial principles under regulatory supervision, the outcome has not been encouraging in the past few years. The increasing gap between Average Cost of Supply (ACS) and Average Revenue Realized (ARR) was resulting in further erosion of net worth of these utilities. However, with strong reform initiatives like revision of tariff, National Electricity Fund (NEF) and Ujwal DISCOM Assurance Yojana (UDAY), which have started to show positive results, it can be said that the performance of these DISCOMs is now on a rising trend.

The Government of India introduced the Ujwal DISCOM Assurance Yojana (UDAY) in November 2015 to make these DISCOMs/ Utilites creditworthy, wherein the respective State Government shall take over the debts of DISCOMs/Utilites, so that the DISCOMs/Utilities could take up their future capex programs.

The Company, in coordination with the Ministry of Power, has taken up major initiatives to improve and turn around the power distribution sector in the country, by partnering in programmes like NEF, DDUGJY, UDAY etc. Technical interventions such as implementation of Feeder Separation Scheme, High Voltage Distribution Systems (HVDS) in the distribution network, installation of Smart Energy Meters such as Automatic Meter Reading (AMRs) with 100% coverage having two-way real-time digital communication and facility of remote metering, usage of information technology in operation & maintenance coupled with harnessing best management practices, would ensure safe and reliable delivery of power with minimal losses at reduced costs. Deployment of Smart-grid technologies for providing two way communications between the consumer and the utility would completely change the way electricity is used and delivered. These initiatives would go a long way in the Government of India's resolve of providing Power For All. Further, these steps would help in overcoming major challenges like high transmission and distribution losses, suboptimal internal functioning of regulatory institutions, tariffs mismatch etc., thereby paving way for turnaround of distribution sector. The Company is therefore optimistic of a better and improved distribution scenario, once the outcomes of these reforms start trickling in and transform the entire landscape of the distribution sector. It is also expected that augmenting the Distribution system would require huge capital investments, coupled with investments directed towards Demand Side Management (DSM) and energy efficiency for the sector. The Company is well poised to meet the upcoming financing needs of this sector.

Power Sector Policy Environment

In the past years, the Government of India has taken significant policy measures to restructure the power sector, increase capacity and improve the transmission, sub-transmission & distribution network. The Electricity Act, 2003 brought sweeping changes to the legal framework governing the sector, enabling capital arrangement, thereby making it possible to set up large power projects. The Act replaced various earlier legislations and introduced a multi-buyer and multi-seller system. Furthermore, it enhanced autonomy of 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, National Tariff Policy, Renewable Energy Policy, National Hydro Policy and Mega Power Policy.

The Government has taken several measures in the last few years to improve the working & performance of thermal power plants, which included streamlining the process of coal block allocation, improvement in coal availability & supply, quality checks of coal at mine-end and plant-end, beneficiation of coal at coal washeries, redefining of coal linkages and swapping of coal mines, to name a few.

On the hydro power front, the Government introduced the Policy on Hydro Power Development in year 2008 for accelerated development of hydro power sector in India, particularly in the Himalayan States. Despite being the cheapest source of power, hydro power has not been exploited to its full potential as many hydro projects are facing environmental issues and court rulings,

causing long delays and stoppage of work. The traction in this sector has also been low due to problems like higher capital costs, long gestation periods, R&R issues and geological bottlenecks. In order to address these problems, the Government of India has taken many steps in the last three years, notably, exempting hydro projects from competitive bidding till 2022, allowing flexibility to developers in depreciation rates and Time of Day Tariff and allowing distribution licensees to extend long term PPAs by additional 15 years beyond the normally allowed 35 years.

Renewable Energy Sources

The Government of India has set a target of 175 GW capacity addition through renewable energy sources by the year 2022. This includes the shares of Solar energy (100 GW), Wind energy (60 GW), Biomass energy (10 GW) and Small Hydro projects (5 GW). The focus is clearly on cleaner energy, in the light of depleting fossil fuels and environmental hazards of thermal power plants. A Green Energy Corridor project is planned to strengthen the transmission of renewable energy, which would enable grid stability by evacuating renewable power from generation points to load centers with creation of additional and adequate transmission capacity.

The Government is taking several initiatives and policy measures to encourage the renewable energy sector, such as suitable amendments to the Electricity Act and Tariff Policy for strong enforcement of RPO and providing RGO, setting up of exclusive Solar Parks, development of power transmission network through Green Energy Corridor, identification of large government complexes / buildings for roof-top solar power projects, making roof-top solar and 10% renewable energy mandatory under the Mission Statement and Guidelines for development of Smart Cities, amendments in building bye-laws for mandating the provision of roof-top solar in new construction or higher FAR, granting infrastructure status to solar power projects, raising tax free solar bonds, providing longer tenor loans in the segment, making roof-top solar a part of housing loans by banks and raising of funds from bilateral and international agencies, as also the Green Climate Fund to achieve the renewable energy targets.

National Solar Mission

Mechanisms are being devised for harnessing renewable energy resources, with special thrust on development of solar energy. The renewed thrust on solar capacity enhancement is reflected in the National Solar Mission, which aims to scale up the solar capacity to 100 GW by year 2022. The target will principally comprise of 40 GW through roof-top solar power projects and 60 GW through large and medium scale grid connected solar power projects. With this target, the country would become one of the largest Green Energy producers in the world. The total investment for setting up 100 GW solar power capacity is expected to be ₹ 6 lakh crore, which provides an excellent funding opportunity to your Company. Efforts are on to establish an investor-friendly mechanism and to provide an attractive, predictable and adequate tariff for growth of solar power projects in the country.

Installation of roof-top solar power projects is being propagated in a big way. Large Government Installations viz., Railways, Defence etc. are being encouraged to harness their land for dedicated use of solar energy, which could also reduce their dependence on the grid. Another notable effort is the development of Solar Parks in the country. It is planned to develop 34 Solar Parks in various States, including 25 Ultra Mega Solar Power Projects of over 500 MW each, with infrastructural support from the Government of India. These parks alone will accommodate over 40 GW of solar power. Further, 56 'Solar City' projects have been approved so far against the plan of 60, under the "Development of Solar Cities Programme".

The tariff in solar power has also been touching historic lows. E-reverse auction mode was adopted to discover the best tariff and today, the solar power tariff has come down to as low as ₹ 2.44 per unit. Further, the Government has approved creation of an intra-state transmission system with total transformation capacity of around 17,100 MVA, in the seven States of Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra and Rajasthan, at an estimated cost of ₹ 8,548.68 crore, including contribution of ₹ 3,419.47 crore from the National Clean Energy Fund (NCEF). The creation of an intra-state transmission system will facilitate evacuation of renewable power from the generation stations to load centers.

The Government has implemented a scheme to install One Lakh Solar Pumps for irrigation and drinking water through State Nodal agencies and NABARD. These pumps would help the farmers to increase output and income and would also provide drinking water. According to estimates, drinking water problems will be solved for more than 7.6 lakh families through Solar Pumps. The MNRE is providing a capital subsidy of 30% to the farmers for installation of Solar Pumps.

In addition to the above initiatives, the solar power sector will benefit from the mandatory solar component in Renewable Purchase Obligations (RPO) of States. Further, the "Off Grid and Decentralized Solar Applications" is also seen as a huge area towards self-reliance.

Rural Electrification Policy

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

Deendayal Upadhyaya Gram Jyoti Yojana

The Ministry of Power, vide OM dated December 3, 2014, had launched "Deendayal Upadhyaya Gram Jyoti Yojana" (DDUGJY scheme), an integrated scheme covering all aspects of rural power distribution. Under the DDUGJY scheme, 60% of the project cost (85% for special States) is provided as grant by the Government of India; and additional grant upto 15% (5% for special States) is provided by the Government of India upon achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e., RGGVY) have been subsumed in DDUGJY. REC is the Nodal agency for implementation of DDUGJY scheme.

DDUGJY is the flagship programme of Government of India supplementing overall rural development and facilitating towards "24x7 Power For All" in the country through defined project components. In order to realize the objectives of the scheme, participation of all the stakeholders, particularly, public representatives has already been institutionalized through constitution of District Electricity Committees (now DISHA) under the Chairmanship of senior most Member of Parliament. DISHA is empowered to monitor and review the implementation of DDUGJY.

On August 15, 2015, the Hon'ble Prime Minister had announced that all remaining 18,452 Un-Electrified (UE) villages in the country would be electrified within 1,000 days. The Ministry of Power has taken up the electrification of all UE villages on Mission mode and assigned the work of monitoring of electrification works of UE villages to REC. These UE villages are located in highly inaccessible areas with tough terrain, extreme temperatures, areas facing Right of Way issues or areas plagued by insurgency and extremism. A new monitoring mechanism was set up to get regular progress of each village, under which the entire village electrification process is divided into 12 milestones. Further, 'Gram Vidyut Abhiyantas' (GVAs) i.e., young electrical engineers, were appointed at block/district level; and an online application 'GARV App' was developed for transparent and accountable monitoring of the progress of village electrification.

In addition to village electrification, the emphasis has now been laid on household electrification. To achieve this, updated GARV App was launched in December 2016 for monitoring household electrification in all 5.97 lakh villages. Further, in the portal, a feature named SAMVAD has been provided to facilitate the general public to raise their queries and interact with the officials of DISCOMs, thus establishing transparency and accountability.

Integrated Power Development Scheme

The Government of India had approved the "Integrated Power Development Scheme" (IPDS scheme) vide Office Memorandum dated December 3, 2014, for 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 (Restructured Accelerated Power Development and Reforms Programme) for the XII and XIII plans by carrying forward the approved outlay for R-APDRP to IPDS programme as a separate component. For this purpose, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS. The financing pattern of the scheme is similar to that of DDUGJY scheme.

National Electricity Fund

The National Electricity Fund (NEF) was launched in financial year 2012-13 to encourage power distribution utilities for investing in distribution infrastructure in the country, for reducing distribution losses, through incentivizing the utilities by way of providing subsidy on the interest on loans taken by DISCOMs. Under this scheme, the utilities/DISCOMs, both in public and private sectors, are eligible for subsidy on interest rates based on the progress achieved in reforms linked parameters. REC is the Nodal agency for NEF scheme, for distribution projects sanctioned during years 2012-13 and 2013-14, on which the interest subsidy will be provided over 14 years.

Ujwal DISCOM Assurance Yojana

The Government of India in financial year 2015-16 announced "Ujwal DISCOM Assurance Yojana" (UDAY scheme) which aims at financial turnaround and revival of Power Distribution Companies (DISCOMs), and also ensures a sustainable permanent solution to the problem of DISCOMs, which were reeling under debt of ₹ 4.3 lakh crore and accumulated losses of ₹ 3.8 lakh crore. Through the launch of this scheme, DISCOMs are provided with the opportunity to break even in 2-3 years through the following four initiatives:

(i) Improving operational efficiencies of DISCOMs

(ii) Reduction of cost of power

(iii) Reduction in interest cost of DISCOMs

(iv) Enforcing financial discipline on DISCOMs through alignment with State Finances.

26 States and 1 Union Territory have joined the scheme and out of these, 16 States have participated for financial restructuring, while 10 States and 1 Union Territory participated only for operational improvements. Bonds to the tune of ₹ 2.32 lakh crore have been issued by the States and DISCOMs. The States shall take over ₹ 2.09 lakh crore of DISCOM debt.

REC is acting as the co-ordinating agency for UDAY scheme. REC has developed a state-of-the-art web portal and an online App for monitoring of performance of State DISCOMs. This has resulted in transparency as well as accountability of operations of DISCOMs and an effective tool for monitoring & taking corrective actions by States etc. REC has also been coordinating all activities for review/focused meeting with each State/DISCOM. Monitoring Committee headed by the Secretary (Power) conducts review of performance of DISCOMs periodically.

Significant positive results have started emerging for DISCOMs after implementation of the UDAY scheme. The average AT&C losses and gap between ACS and ARR of UDAY States has shown a declining trend. In addition to these benefits, the lower interest burden is also contributing towards better bottom line for DISCOMs.

Unnat Jyoti by Affordable LEDs for All

"Unnat Jyoti by Affordable LEDs for All" (UJALA) is a scheme launched by the Government in May 2015 for replacement of 77 crore incandescent lamps with LED (Light-Emitting Diode) bulbs, in order to promote energy efficiency in the country. Under the said scheme, Energy Efficiency Services Limited (EESL), a joint venture of REC and three other power sector PSUs, provides LED bulbs to domestic consumers at a low cost. LEDs have a relatively longer life and are highly energy efficient as compared to incandescent bulbs and CFLs (Compact Fluorescent Lamps), thus saving both energy and costs in the medium term. Nearly 23 crore LED bulbs have been distributed by the Government, besides 33 crore LED bulbs by private companies, a move that resulted in savings of over ₹ 20,000 crore per year in the electricity bills of consumers.

Transparency and online Apps

Transparency has been given a key focus in all major power-sector reform initiatives taken in the recent past. The Ministry of Power has launched various Mobile Apps and Websites to empower the stakeholders to track the working and performance of the Ministry and various reform initiatives taken by it. These include the 'GARV App', which provides updates on the electrification works in un-electrified villages & households; 'UDAY App', which gives updates on the progress of UDAY scheme; 'UJALA App', which provides updates on the LED bulb distribution; 'Vidyut Pravah App', which gives real-time information on electricity price & availability; 'URJA App', which helps in enhancing consumer connect by showing DISCOM performance in cities and gives data of IPDS; 'TARANG App', which monitors the progress of transmission system in India; and 'Urja Mitra App', which enables the citizens to access real time and historic outage information of DISCOMs, to name a few.

In addition to the above policies and initiatives, the Government of India has taken various other steps for improving the power sector scenario, such as National Mission for Enhanced Energy Efficiency (NMEEE); Perform, Achieve and Trade (PAT) scheme and Energy Conservation Building Code (ECBC) etc. These initiatives, coupled with the Government's efforts towards promoting transparency, would redefine the power sector by making it an attractive investment destination in the near future.

3. OPPORTUNITIES

As per CEA estimates, no new conventional generation capacities are needed in the period of 2017-22. Still, it is estimated that funds to the tune of ₹ 10 lakh crore will be required during this period for the generation capacity under construction. Further, there is a huge investment potential in the immediate future in Transmission and Distribution sectors. The demand is also expected to rise on the back of farm sector growth and development of rural economy. The Distribution sector, which is the weakest link of the power sector value chain, is gradually picking up with the help of policy measures from the Government like DDUGJY, IPDS, NEF, UDAY and UJALA.

The Government's energy outlook is reflected in ongoing measures like revamp of the primary fuel sector with auction of coal mines, addressing energy efficiency needs in sectors across lighting to transport and a major thrust on renewable energy by adding 175 GW by year 2022 to transform the energy mix of the country. With the increasing thrust on clean energy, Renewable Power projects would be one of the foremost growth drivers in coming times. The Green Energy Corridor planned exclusively for such projects will also offer a significant business opportunity to the Company. Besides, there are big opportunities envisaged in the evacuation of power, renovation and modernization of old thermal power plants and emerging areas like storage technology, e-mobility etc. Further, Smart Cities, i.e., cities run on the robust framework of smart systems and their associated ancillary services, are also expected to throw a whole gamut of new investment opportunities.

On the socio-economic front, REC continues to contribute to the responsibility of rural electrification through DDUGJY scheme of the Government of India. As Nodal agency for monitoring and channelizing the DDUGJY funds, REC earnestly assists the Government of India's Mission to achieve village electrification and household electrification.

With its long standing strategic positioning and expertise in the power sector, REC is well poised for the existing and emerging opportunities presented by the economic development, emanating from leading Governmental reforms and increase in the per capita electricity demand in the country.

4. THREATS, RISKS AND CONCERNS

The absence of big ticket power projects, spectre of rising Non-Performing Assets (NPAs), surplus funds with banks in the wake of demonetization, lower than expected credit off-take owing to slow manufacturing sector growth, relatively high potential of take-out financing and refinancing cases and funding of renewable energy projects that carry a small gestation period, makes the power sector financing industry increasingly competitive and broad based. Of late, renewed and aggressive interest of new players, especially Venture Capital (VC) investment and Private Equity (PE) funds, give a tough challenge to the Company. The interest rate regime has been on the decline and expected to remain so in the near term, resulting in tougher competition for the Company.

The power sector in itself has several high risks, with a plethora of common issues of infrastructure projects, longer time horizon and dynamic policy environment. The average national PLFs have been low and the State DISCOMs have a muted demand. While there have been no recent long term PPAs floated by DISCOMs, the tariffs at power exchanges have also not seen any uptick, resulting in pressure on the operating assets. Another cause of concern is the equity constraint of promoters in private sector projects, leading to delays in project implementation and consequent cost & time overruns. The failure of borrowers in meeting their debt related obligations may adversely impact the Company's profits, thereby creating stressed assets and impacting the ability of the Company to mobilize low cost funds. In light of the Company's exposure to its borrowers and considering the backdrop of challenges faced by the power sector, the Company's risk perception is generally high.

The Company is also concerned about prevailing exposure norms, financial position of DISCOMs, entry of new players in the market, rising competition from banks & multilateral agencies, uncertain business environment, fluctuation in rupee, likely increase in cost of capital due to volatile market conditions, low power demand and no likely addition in conventional generation capacity in the next 5 years. Further, the state of business and policy environment in the country also has a cascading effect on the interest-rate regime, cost and availability of raw materials and gestation period & capital outlays required for power projects. General economic conditions may also have a direct bearing on the viability of power projects, which may affect the capacity of the borrowers to service their loans.

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

5. SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

REC is a leading Public Financial Institution of the country, servicing financing needs of the entire power sector value chain, i.e., generation (conventional & renewable), transmission as well as distribution. REC's principal products are interest bearing loans to state utilities and private-sector borrowers. The Company does not have any separate reportable segment.

During the financial year 2016-17, the Company sanctioned a total loan assistance of ₹ 83,870.82 crore, as compared to ₹ 65,471.10 crore in the last financial year. The sanctions for financial year 2016-17 included ₹ 28,208.93 crore towards Generation projects, ₹ 2,089.77 crore towards Renewable Energy projects, ₹ 40,953.12 crore towards T&D projects and ₹ 12,619.00 crore towards Short Term Loans & Other Loans.

Further, during the financial year 2016-17, the Company disbursed a total loan amount of ₹ 58,038.61 crore, as against ₹ 46,025.83 crore disbursed in the last financial year. The disbursements for financial year 2016-17 included ₹ 21,697.61 crore towards Generation projects, ₹ 1,617.68 crore towards Renewable Energy projects, ₹ 26,270.30 crore towards T&D projects, ₹ 7,889.96 crore towards Short Term & Other Loans and ₹ 563.06 crore under DDUGJY. In addition to that, ₹ 8,037.54 crore of subsidy from the Government of India has also been disbursed to the States under DDUGJY during the financial year 2016-17.

6. OUTLOOK

The world economy is gathering momentum after a lack-lustre recent past. The global economic growth is on an upward trend, from 3.1% in 2016 to 3.5% in 2017 to 3.6% projected for 2018. Still, there is an undisputable need for credible economic policies to tackle the common challenges in an integrated global economy. India remains as one of the fastest growing emerging market economies in the world, with persistent growth, despite the challenging environment. Moody's has pegged India's growth rate at 7.5% in 2017-18 and 7.7% in 2018-19. India's overall outlook remains positive, despite the temporary disruption caused in the consumption and business activity due to recent demonetization. In the long term, demonetization is likely to increase the size of the formal economy, broaden financial intermediation, widen tax base, enhance bank liquidity and give a fillip to the Government's efforts to promote greater financial inclusion. With key reforms on the block, India is seen as an engine of global growth.

The Government's reform measures are intended in the right direction. Despite the gradual pace of recovery on the ground, factors like structural reform push, implementation of GST, adoption of inflation targeting measures, new bankruptcy code, financial inclusion, liberalization of foreign direct investment, measures to curb black money and encouraging digitization through alignment of information aggregating platforms, will help India in improving its productivity dynamics and achievement of sustainable growth. The country is on the path of a major transformation, with several policy initiatives towards improving the quality of governance and the quality of life of people. Positive business sentiments, improved consumer confidence and controlled inflation are likely to prop-up the country's economic growth. Enhanced spending on infrastructure, faster implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking & financial sector is also poised for robust growth, as the rapidly growing businesses would turn to banks and NBFCs for their credit needs.

Power is a critical infrastructure component essential for the growth of any economy. The electricity sector in India is going through a period of significant growth and change. As per CEA estimates, the electrical energy requirement is expected to grow by 37% in five years, i.e., to 1,566 BUs of energy in financial year 2021-22. The Government of India is already focused on providing universal access and 24x7 power supply. Further, the thrust in rural electrification and 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 development of Smart Cities and introduction of energy saving & storing devices like Battery Banks and ancillary services have the potential of witnessing new paradigms of investment traction. Also, the performance orientation built into DDUGJY, IPDS and UDAY schemes of the Government is expected to attract and accelerate investments in the distribution infrastructure, thus resulting in faster accomplishment of loss reduction and better realization of revenue and automation goals. The enormous capital expenditure and development of equally huge operational infrastructure, combining ample potential for future expansion in the distribution sector, creates an optimistic business outlook for the Company.

The per capita energy consumption and the state of an economy are pointers to the long-term energy requirement of any country. Presently, the per capita energy consumption in India is 1,075 Kwh (as per provisional figure of financial year 2015-16), as compared to the world average of over 3,000 Kwh. Considering low levels of per capita energy consumption in India vis-à-vis the world average; and the Government's strong efforts towards economic development, it is felt that the outlook for power sector remains strong in the long term. With a proactive role of the Government in addressing the issues affecting the power sector adversely, there is a promising outlook, alongwith ample market opportunities for financial products for the power sector.

7. MEMORANDUM OF UNDERSTANDING RATING & AWARDS

REC's performance has been rated as *"Excellent"* against the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for financial year 2015-16. This is the 23rd year in succession that REC has received *"Excellent"* rating; and the Company is poised to receive *"Excellent"* rating for financial year 2016-17 also. The Company's performance has also been recognized and awarded at various forums. During the year under review, REC received the CBIP Award 2017 for *"Best Power Financing Company";* Gold Trophy for *"SCOPE Meritorious award for Best Public Sector Financing Institution or Insurance Company"* for year 2014-15; and *"SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management"* for year 2014-15 from the Hon'ble President of India, in April 2017.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains an adequate system of Internal Controls including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegation of powers 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 the in-house Internal Audit Division and external professional audit firms. The Internal Audit covers all major areas of operations, including identified critical/risk areas, as per the Annual Internal Audit Programme. The Audit Committee of Directors periodically reviews the significant findings of different Audits, as prescribed in the Companies Act, 2013 and in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

9. FINANCIAL AND OPERATIONAL PERFORMANCE

During the financial year 2016-17, the Company sanctioned a total loan assistance of ₹ 83,870.82 crore, as compared to ₹ 65,471.10 crore in the last financial year. Further, during the financial year 2016-17, the Company disbursed a total loan amount of ₹ 58,038.61 crore, as against ₹ 46,025.83 crore disbursed in the last financial year. In addition to that, ₹ 8,037.54 crore of subsidy from the Government of India has also been disbursed to the States under DDUGJY during the financial year 2016-17.

The Company gives utmost priority to timely realization of its dues towards principal, interest etc. During the financial year 2016-17, the amount due for recovery including interest for performing assets was ₹ 46,298 crore, as compared to ₹ 48,278

crore during the last financial year. Further, the Company recovered a total sum of ₹ 45,169 crore towards performing assets during the financial year 2016-17, as against ₹ 46,641 crore during the last financial year. The recovery rate achieved by the Company for financial year 2016-17 was 97.56%. Further, the overdues from defaulting borrowers pertaining to Performing Assets as on March 31, 2017 was ₹ 1,129 crore.

REC's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2017, the Gross NPAs of the Company were ₹ 4,872.68 crore, which were 2.41% of the Gross Loan Assets and Net NPAs as on March 31, 2017 were ₹ 3,237.34 crore, which were 1.62% of the Net Loan Assets. Further, no doubtful loans have been rescheduled by the Company during the financial year 2016-17.

The Operating Income of REC on a standalone basis was ₹ 23,350.79 crore during the financial year 2016-17, as against ₹ 23,638.35 crore in the last financial year. The Profit Before Tax for the financial year 2016-17 was ₹ 8,860.70 crore, as against ₹ 8,045.21 crore in the last financial year. Net Profit for the financial year 2016-17 was ₹ 6,245.76 crore, which is an increase of 11% over the Net Profit of ₹ 5,627.66 crore in the last financial year. Further, REC's Net Worth as on March 31, 2017 was ₹ 33,325.59 crore, which was 16% higher than the Net Worth of ₹ 28,617.76 crore as on March 31, 2016.

10. HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on March 31, 2017, the Company's total manpower was 566 employees, including 441 employees in the executive cadre and 125 employees in the non-executive cadre. The Company gives utmost importance to the capacity-building and well-being of its employees. During the year under review, the Company sponsored its employees to various training programs in India as well as at Dubai, Japan, Germany, etc., in order to equip them professionally. Further, the Company also promotes sports & recreational activities for the overall well-being of its employees. The Industrial Relations in the Company continued to be on a cordial note. There are regular interactions between the management and the representative-associations on issues pertaining to employee welfare. The Company has an atmosphere of trust and cooperation, which results in a motivated work force and consistent growth in the performance.

11. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

REC has been actively pursuing various initiatives on the front of Corporate Social Responsibility (CSR) and Sustainable Development. For the financial year 2016-17, the Company had allocated a CSR budget of ₹ 146.57 crore, i.e., @ 2% of average net profits for immediately preceding three financial years, as per requirement of the Companies Act, 2013. During the year under review, the Company undertook various CSR projects in the fields of skill development, education, environmental sustainability, health care (including for persons of old age and for persons with disabilities), drinking water and sanitation facilities, including contribution to the *Swachh Bharat Kosh* etc. For the financial year 2016-17, the total financial assistance sanctioned by REC towards CSR activities was ₹ 181.23 crore and the total amount disbursed towards CSR activities was ₹ 69.80 crore, as per details appearing in the *"Annual Report on CSR Activities"* forming part of this Annual Report.

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

Corporate Governance is a systematic continuous process by which companies are directed and controlled to enhance their wealth-generating capacity and long term success. It is a key element to carry on business operations based on the underlying principles of integrity, ethics, transparency and accountability. Over the last few decades, corporate governance is getting ever increasing importance across the globe. Systems and policies are required to be upgraded regularly, to meet the challenges of rapid growth in a dynamic business environment.

We at Rural Electrification Corporation Limited ("REC" or "the Company"), believe in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking our operations against such practices. Effective Corporate Governance emanates from professional beliefs and values, which shape the organization's actions towords sustainable value creation for stakeholders. These practices collectively ensure that the Company is managed and monitored in a responsible manner for 'creating and sharing value'.

REC not only meets the requirement on Corporate Governance under Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), but also follows the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises ("DPE"), Secretarial Standards issued by the Institute of Company Secretaries of India ("Secretarial Standards") and adheres to most of the non-mandatory requirements and beyond the statutory requirements. A report regarding compliance of conditions of Corporate Governance is given below, followed by Certificate on Corporate Governance by the Statutory Auditors.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

REC strongly believes that sound Corporate Governance is an essential ingredient for corporate success and sustainable economic growth. REC endeavors to conduct its operations with transparency and honesty towards all its stakeholders including customers, shareholders, regulators, employees and the general public. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of Corporate Governance in letter and in spirit. The Company's systems, policies and frameworks are regularly reviewed/upgraded to meet the challenges of rapid growth in a dynamic external business environment.

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.

The above principles helps in achieving the following objectives:

- To protect and enhance shareholder value;
- To protect the interest of all other stakeholders such as customers, employees and society at large;
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned;
- To ensure accountability for performance and customer service and to achieve excellence at all levels; and
- To provide corporate leadership of the highest standard for others to emulate.

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 2016-17 was within the limits prescribed under the Companies Act, 2013 and all Part time Non Official Independent Directors holding office during the year have adequate qualifications, expertise and experience which enables them to contribute effectively to the management of the Company.

(A) Composition of the Board

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

The composition of the Board of the Company as on March 31, 2017 as mentioned below, was in compliance of Listing Regulations, Companies Act, 2013 read with Rules made thereunder and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE:

Sl. No.	Name of the Director	Director Identification Number (DIN)	Position
Whole Time Directors (Executive Directors)			
1	Dr. Penumaka Venkata Ramesh	02836069	Chairman and Managing Director
2	Shri Ajeet Kumar Agarwal	02231613	Director (Finance)
3	Shri Sanjeev Kumar Gupta	03464342	Director (Technical)
Government Nominee Director (Non-Executive Director)			
4	Dr. Arun Kumar Verma	02190047	Government Nominee Director
Part time Non Official Independent Directors			
5	Shri Arun Singh	00891728	Independent Director
6	Shri Aravamudan Krishna Kumar	00871792	Independent Director
7	Prof. Tiruvallur Thattai Ram Mohan	00008651	Independent Director
8	Smt. Asha Swarup	00090902	Independent Director

During the financial year 2016-17, the following changes have occurred in composition of the Board:

1. Shri Rajeev Sharma (DIN: 00973413) was the Chairman & Managing Director of the Company upto September 30, 2016 and he was relieved from services of the Company w.e.f October 1, 2016, upon relinquishment of charge.
2. Shri Bhagwati Prasad Pandey (DIN: 01393312), Special Secretary, Ministry of Power was holding the additional charge of Chairman & Managing Director initially for a period of three months from October 1, 2016 to December 31, 2016 vide Order No.46/8/2011-RE dated September 30, 2016 issued by Ministry of Power. Subsequently, his tenure was extended till January 4, 2017, vide order dated January 3, 2017.
3. Dr. P V Ramesh, IAS (AP: 1985) took over the charge of Chairman & Managing Director w.e.f. January 5, 2017, in pursuance of Communications No. 36/02/2016-EO (SM-1) dated December 5, 2016 issued by Department of Personnel and Training, Ministry of Personnel, Public Grievances and Pensions, Government of India and MoP Order No. 46/8/2011-RE dated February 16, 2017.
4. Smt. Asha Swarup was appointed as Part time Non Official Independent Director on the Board of Company for a period of 3 years from the date of notification of her appointment or till further orders, whichever is earlier, vide Order No.46/2/2010-RE Vol. II (Part- IV) dated February 8, 2017 by the Ministry of Power.

(B) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the financial year 2016-17

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 Meetings. All the Agenda and Explanatory Notes are normally sent to the Directors well in advance for the Meetings of the Board and Committees thereof. To address specific urgent business 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/Committees thereof. Head of Divisions (HoDs)/ Senior Management officials are also called to provide additional inputs on the matters being discussed in the Meetings of the Board/Committees of the Board. The Board is also given

detailed presentation on certain agenda items, if required. The Meetings of the Board of Directors are normally held at Registered Office of the Company during office hours. The Company is also complying with the Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Meetings of Board and Shareholders.

During the financial year 2016-17, nine (9) meetings of Board of Directors of the Company were held on (i) May 27, 2016; (ii) June 27, 2016; (iii) July 18, 2016; (iv) August 11, 2016; (v) September 21, 2016; (vi) November 9, 2016; (vii) January 24, 2017; (viii) February 14, 2017; and (ix) March 24, 2017.

The gap between any two Board Meetings was less than three (3) months, as the minimum and maximum interval was twenty one (21) days and seventy six (76) days, respectively. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Schedule II of Listing Regulations.

(ii) Information placed before the Board of Directors

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

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds and sanctions of financial assistance.
4. Quarterly, Half Yearly and Annual Financial Results and Board's Report, etc.
5. All Related Party transactions.
6. Minutes of Meetings of Audit Committee and other committees of the Board.
7. Minutes of Board Meetings of Subsidiary Companies.
8. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
9. Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
10. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
11. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
12. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
13. Details of any joint venture or collaboration agreement.
14. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
15. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
16. Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
17. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
18. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc., if any.
19. Investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
20. Quarterly Report on deployment of Short Term Surplus Funds.
21. Quarterly Report on Reconciliation of Share Capital Audit, Corporate Governance Report and status of Investor Grievances.
22. Quarterly Report on compliance of various applicable laws.
23. Half yearly Report on Investment of Long Term Funds.
24. Action Taken Report on all pending matters.
25. Half yearly Report on compliance of Fair Practices Code.
26. Periodic Report under Delegation of Powers of the Company.
27. Quarterly Report on compliance of whistle blower policy of the Company.
28. Any other information required to be presented to the Board for information or approval.

(iii) Details of Directors' attendance at Board Meetings and AGM held during the financial year 2016-17, number of other Directorships/Committee Memberships:

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 21, 2016)	As on March 31, 2017		
		Held during the tenure	Attended	Percentage of Attendance		No. of other Directorships	No. of other Committee Memberships$	
							As Chairman	As Member
1	Dr. P V Ramesh (w.e.f. January 5, 2017)	3	3	100	N.A.	2	Nil	Nil
2	Shri B. P. Pandey (from October 1, 2016 to January 4, 2017)	1	1	100	N.A.	N.A.	N.A.	N.A.
3	Shri Rajeev Sharma (upto September 30, 2016)	5	5	100	Present	N.A.	N.A.	N.A.
4	Shri Ajeet Kumar Agarwal	9	9	100	Present	2	Nil	Nil
5	Shri Sanjeev Kumar Gupta	9	9	100	Present	2	Nil	Nil
6	Dr. Arun Kumar Verma	9	9	100	Present	1	1	Nil
7	Shri Arun Singh	9	7	77.78	Present	Nil	Nil	Nil
8	Shri A. Krishna Kumar	9	9	100	Present	1	1	1
9	Prof. T.T. Ram Mohan	9	9	100	Present	2	Nil	1
10	Smt. Asha Swarup (w.e.f. February 8, 2017)	2	2	100	N.A.	Nil	Nil	Nil

Notes:

1. In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Dr. Arun Kumar Verma, Government Nominee Director shall retire by rotation at the 48th Annual General Meeting of the Company and being eligible, offers himself for re-appointment.
2. $In line with Regulation 26 of Listing Regulations for reckoning the number of Committee memberships, the Chairmanship/ Membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies (other than REC), have been taken into consideration.
3. None of the Directors is a member of more than ten (10) Board level Committees of Indian Public Limited Companies nor are they Chairman of more than five (5) Committees of such companies.
4. There is no *inter-se* relationship between the Directors and none of the Non-Executive Director of the Company holds any shares or convertible instruments in the Company.

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, 2017, the Board had the following committees:

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

Further, the Board in its meeting held on August 11, 2016 constituted a Bonus Issue Committee comprising of CMD, Director (Finance) and Director (Technical) to approve the allotment/issue of Bonus Shares to eligible shareholders. Further, the Committee was reconstituted on September 21, 2016 by inducting Shri A. Krishna Kumar, Independent Director as Member. The activities relating to issue of Bonus Shares were completed in the month of November, 2016.

The Minutes of Meetings of all Committees are placed before the Board for information in terms of Article 105 of the Articles of Association of the Company and applicable statutory requirements.

3.1 Audit Committee

(i) During the financial year 2016-17, the composition and attendance of members of the Audit Committee was as under:

Sl. No.	Name of the Committee Members/ Attendees	Position in the Committee	Number of Meetings			Attendance at AGM held on September 21, 2016
			Held during tenure of Director	Attended	Percentage of attendance	
1	Shri A. Krishna Kumar, Independent Director	Chairman	7	7	100	Yes
2	Shri Arun Singh, Independent Director	Member	7	5	71.43	Yes
3	Prof. T.T. Ram Mohan, Independent Director	Member	7	7	100	Yes
4	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	7	7	100	Yes

The quorum for Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors. Further, Director (Finance), Head of Internal Audit and representatives of Statutory Auditors are invited for the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the 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 Listing Regulations, as amended from time to time;

c) To comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, as notified by the DPE, as amended from time to time; and

d) To comply with any other applicable provisions, as amended from time to time, relating to the Audit Committee.

During the financial year 2016-17, seven (7) meetings of the Audit Committee were held on (i) May 27, 2016; (ii) June 27, 2016; (iii) August 11, 2016; (iv) September 21, 2016; (v) November 9, 2016; (vi) February 13, 2017; and (vii) March 24, 2017. The maximum gap between any two Meetings was not more than one hundred and twenty days.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the Audit Committee are financially literate. Further, the Chairman of the Audit Committee was present at the Annual General Meeting held on September 21, 2016 to answer shareholders' queries.

3.2 Nomination and Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Chairman & Managing Director, Whole Time Functional Directors and other Directors are decided by the President of India as per the Articles of Association of the Company and the same are communicated by the administrative ministry. The remuneration of Functional Directors and employees of the Company is fixed as per extant guidelines issued by 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 meetings of Board and Committee thereof, 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.

The terms of reference of Nomination and Remuneration Committee 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 Listing Regulations, 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, independence and annual evaluation of Directors & policy relating to remuneration of Directors.

As on March 31, 2017, the composition of the Nomination and Remuneration Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings		
			Held during tenure of Director	Attended	Percentage of attendance
1	Prof. T.T. Ram Mohan, Independent Director	Chairman	1	1	100
2	Shri Arun Singh, Independent Director	Member	1	0	0
3	Shri A. Krishna Kumar, Independent Director	Member	1	1	100

Quorum of the Nomination and Remuneration Committee Meeting 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 2016-17, one (1) Meeting of the Nomination and Remuneration Committee was held on June 27, 2016.

The remuneration paid to Whole Time Directors including the Chairman & Managing Director was as per the terms and conditions of their appointment. The details of remuneration paid to Key Managerial Personnel (KMPs) of the Company during the financial year 2016-17 are given below:

(Amount in ₹)

Sl. No.	Name & Designation	Salary & Allowances	Performance Linked Incentive*	Perquisites@	Other Benefits included in Form 16#	Leave Encashment	CPF Contribution	Pension Fund Contribution	Total$
1	Dr. P V Ramesh, CMD (w.e.f. January 5, 2017)	7,27,792	-	2,010	-	-	-	-	7,29,802
2	Shri Rajeev Sharma, CMD (upto September 30, 2016)	14,59,182	19,47,503	8,93,693	2,15,301	-	1,41,888	1,06,418	47,63,985
3	Shri Ajeet Kumar Agarwal, Director (Finance)	27,12,889	13,07,178	5,97,047	1,37,668	3,70,604	2,60,975	1,95,734	55,82,095
4	Shri Sanjeev Kumar Gupta, Director (Technical)	28,85,250	8,72,412	4,05,051	78,834	2,65,493	2,61,111	1,95,842	49,63,993
5	Shri J.S. Amitabh, Company Secretary	28,40,551	5,74,645	55,435	62,187	-	2,48,799	1,82,477	39,64,094

* Performance Linked Incentive is paid, in line with the guidelines issued in this regard by the Department of Public Enterprises.

@includes amount of employer's contribution towards superannuation fund over and above ₹ 1,50,000/-.

#excludes reimbursement towards uniform, entertainment, electricity, water and attendant charges and exempt medical expense/ reimbursement.

$ includes allowances exempt u/s 10 of Income Tax Act, 1961 and excludes employer's contribution into REC Gratuity Fund, based on actuarial valuation.

Shri Rajeev Sharma was relieved from the services of the Company w.e.f October 1, 2016 upon relinquishment of charge and Dr. P V Ramesh was appointed as CMD on January 5, 2017, therefore, their remuneration is taken for part of the year. Further, Shri B.P. Pandey was holding additional charge of CMD for the period from October 1, 2016 to January 4, 2017 and no remuneration was paid to him.

Remuneration of Independent and Government Nominee Director(s)

The Independent Directors are paid sitting fees at the rate of ₹ 20,000/- for attending each Meeting of the Board and Committee thereof as fixed by the Board in its 395th Meeting held on May 28, 2013 which is within the limits prescribed under the Companies Act, 2013 and Rules made thereunder. Details of payments towards sitting fees to Independent Directors during the financial year 2016-17 is as under:

(Amount in ₹)

Sl. No.	Name of Part time Non Official Independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1	Shri Arun Singh	1,40,000	1,60,000	3,00,000
2	Shri A. Krishna Kumar	1,80,000	4,60,000	6,40,000
3	Prof. T.T. Ram Mohan	1,80,000	3,60,000	5,40,000
4	Smt. Asha Swarup	40,000	40,000	80,000
	Total	**5,40,000**	**10,20,000**	**15,60,000**

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

Apart from the above, the Non-Executive Directors including Independent & Government Nominee Directors do not have any material pecuniary relationship or transactions with the Company, except to the extent of payment towards air tickets, hotel accommodation, hiring of vehicle, out of pocket expenses and reimbursement of local conveyance, etc., in respect of attending the Meetings of the Board and Committees thereof.

3.3 Stakeholders Relationship Committee

(i) Constitution of Stakeholders Relationship Committee

The Company has constituted a Stakeholders Relationship Committee in terms of the provisions of the Companies Act, 2013, Listing Regulations and other applicable laws. This Committee specifically looks into the redressal of complaints from various security holders such as shareholders, debenture holders, etc. such as non-receipt of dividend credit/ warrants, non-receipt of interest on debentures, annual report, transfer of shares or debentures, issue of duplicate share/ debenture certificate, matters connected with transfer, transmission, rematerialization, dematerialization, splitting and consolidation of securities issued by the Company.

As on March 31, 2017, the composition of the Stakeholders Relationship Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings	
			Held during tenure of Director	Attended
1.	Shri A. Krishna Kumar, Independent Director	Chairman	4	4
2.	Shri Ajeet Kumar Agarwal, Director (Finance)	Member	4	4
3.	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	4	4

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 2016-17, four (4) Meetings of Stakeholders Relationship Committee were held on (i) May 27, 2016; (ii) August 11, 2016; (iii) November 9, 2016; and (iv) February 13, 2017 to review the status of pending Shareholders/Investors grievances.

Shri J.S. Amitabh, General Manager & Company Secretary is the Compliance Officer of the Company in terms of Listing Regulations.

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting held on September 21, 2016.

(ii) Status of Shareholders/Investors Grievances

To redress the investor grievances/complaints promptly, the Company has established three tier mechanism to handle Investor Grievances i.e. 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.

Securities and Exchange Board of India has a web based complaints redressal system namely SCORES (SEBI Complaints Redressal System) through which shareholders can lodge a complaint against a company for their grievances. The status of every complaint can be viewed online and the investor can send reminder for the complaints. Also, through this system, the investors are able to check the status of the complaints e.g. with whom the complaint is pending, upon whom the responsibility has been fixed and for how much time the complaint is 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/complaints expeditiously and promptly to the satisfaction of stakeholder(s). The status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of Listing Regulations for the financial year 2016-17, is as follows:

Particulars	Number of Complaints
Pending at the beginning of the financial year	Nil
Received during the financial year	2662
Disposed during the financial year	2656
Remaining unresolved as on March 31, 2017	6*

*Further, the said six (6) complaints as on March 31, 2017 have also since been resolved.

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.

The Committee was reconstituted on March 24, 2017 and as on March 31, 2017, the composition of the Risk Management Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings	
			Held during tenure of Director	Attended
1.	Shri Arun Singh, Independent Director	Chairman	2	2
2.	Smt. Asha Swarup, Independent Director	Member (w.e.f March 24, 2017)	1	1
3.	Shri Ajeet Kumar Agarwal, Director (Finance)	Member	2	2
4.	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	2	2

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 2016-17, two (2) Meetings of the Risk Management Committee were held on January 24, 2017 and March 24, 2017.

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 Central Public Sector Enterprises (CPSEs) issued by DPE, the Board of Directors of the

Company has constituted 'Corporate Social Responsibility Committee' and the terms of reference of the Committee are as under:

a. 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;

b. To monitor the Corporate Social Responsibility Policy of the Company from time to time;

c. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

d. To recommend/ review CSR projects / programs / 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.

The committee was reconstituted on March 24, 2017 and as on March 31, 2017, the composition of the Corporate Social Responsibility Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings	
			Held during tenure of Director	Attended
1.	Prof. T.T. Ram Mohan, Independent Director	Chairman	8	8
2.	Shri A. Krishna Kumar, Independent Director	Member	8	8
3.	Smt. Asha Swarup, Independent Director	Member (w.e.f March 24, 2017)	1	1
4.	Shri Ajeet Kumar Agarwal, Director (Finance)	Member	8	8
5.	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	8	8

The quorum of the meeting of the Corporate Social Responsibility Committee is two Members including Chairman of the Committee.

During the financial year 2016-17, eight (8) meetings of Corporate Social Responsibility Committee were held on (i) May 27, 2016; (ii) June 27, 2016; (iii) July 18, 2016; (iv) August 11, 2016; (v) September 21, 2016; (vi) November 9, 2016; (vii) January 24, 2017; and (viii) March 24, 2017.

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	25,000
Private Sector Power utilities	Upto ₹ 500 crore	6,000

The committee was reconstituted twice during the year on account of change in composition of the Board of Directors. As on March 31, 2017, the Loan Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Dr. P V Ramesh	CMD (w.e.f. January 5, 2017)	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member
4.	Dr. Arun Kumar Verma	Government Nominee Director	Member

The quorum of meeting of the Loan Committee is three Members including CMD and Government Nominee Director. During the financial year 2016-17, eight (8) meetings of Loan Committee were held on (i) May 11, 2016; (ii) June 1, 2016; (iii) June 23, 2016; (iv) August 3, 2016; (v) September 19, 2016; (vi) November 29, 2016; (vii) December 21, 2016; and (iv) February 23, 2017. Further, all members of the Committee were present in all the meetings except in one meeting, where leave of absence was granted to Director (Finance) by the Committee.

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	20,000
Private Sector Power utilities	Upto ₹ 100 crore	5,000

The Committee was reconstituted twice during the year on account of change in composition of Board of Directors. As on March 31, 2017, the Executive Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Dr. P V Ramesh	CMD (w.e.f. January 5, 2017)	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the financial year 2016-17, eleven (11) meetings of the Executive Committee were held on (i) May 6, 2016; (ii) June 1, 2016; (iii) July 1, 2016; (iv) July 20, 2016; (v) August 23, 2016; (vi) September 30, 2016; (vii) October 10, 2016; (viii) November 8, 2016; (ix) November 30, 2016; (x) January 19, 2017; and (xi) March 16, 2017. Further, all members of the committee were present in all the meetings except in two meetings, where leave of absence was granted to Director (Finance) by the Committee.

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 has been constituted for reviewing the lending rates of Short Term Loans and Term Loans.

The committee was reconstituted twice during the year on account of change in composition of Board of Directors. As on March 31, 2017, 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.	Dr. P V Ramesh	CMD (w.e.f. January 5, 2017)	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The quorum for the meeting of Sub-Committee for review of lending rates for Term Loans / Short Term Loans is two Members including CMD. During the financial year 2016-17, ten (10) meetings of Sub-Committee for review of lending rates for Term Loans/ Short Term Loans were held on (i) April 13, 2016; (ii) May 27, 2016; (iii) July 25, 2016;(iv) October 19, 2016; (v) November 10, 2016; (vi) November 30, 2016; (vii) December 21, 2016; (viii) February 9, 2017; (ix) March 6, 2017; and (x) March 16, 2017. Further, all members of the Sub-Committee were present in all the meetings.

3.9 Committee on Investment/Deployment of Surplus Funds

The Committee for Investment/ Deployment of Surplus Funds has been constituted for the purpose of deployment of short term surplus funds. During the year, the committee was reconstituted twice on account of change in composition of Board of Directors. As on March 31, 2017, the Committee on Investment / Deployment of Surplus Funds comprised of following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Dr. P V Ramesh	CMD (w.e.f. January 5, 2017)	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

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

During the financial year 2016-17, two (2) meetings of the Committee were held on June 22, 2016 and June 24, 2016. Further, all the members of the Committee attended the said meetings.

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 3.9 above, there is a Share Transfer Committee comprising of Senior Officers constituted to consider and approve requests received from shareholders for splitting/ consolidation of certificates and transfer of physical shares exceeding 500 equity shares per individual in each case and for issue of duplicate share certificates.

As on March 31, 2017, the Share Transfer Committee comprised of the following Members:

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

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

5. SUBSIDIARY COMPANIES

The Company does not have any "material subsidiary" as defined under Listing Regulations. The Company has devised a Policy on Materiality of Subsidiaries, as required under the Listing Regulations and the same is available on REC's website at http://www.recindia.nic.in/uploads/files/Policy_Determining_Material_Subsidiaries.pdf

The Company had following unlisted Wholly Owned Subsidiary Companies as on March 31, 2017:

(i) REC Power Distribution Company Limited (CIN: U40101DL2007GOI165779); and

(ii) REC Transmission Projects Company Limited (CIN: U40101DL2007GOI157558)

REC Transmission Projects Company Limited (RECTPCL) acts as "Bid Process Coordinator" for selection of Transmission Service Provider(s), through Tariff Based Competitive Bidding (TBCB) Process for independent inter-state and intra-state Transmission Project allocated by the Ministry of Power (MoP), Government of India and State Government from time to time.

Further, in order to initiate development of each independent inter-state and intra-state Transmission Project allocated by Ministry of Power, Government of India and State Government, RECTPCL has incorporated Project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after selection of successful bidder through Tariff Based Competitive Bidding Process for transmission projects as notified by Ministry of Power, the respective Project Specific SPV along with its all assets and liabilities is transferred to the selected bidder. During the financial year 2016-17, three (3) SPVs were incorporated for allocated transmission projects, four (4) SPVs were transferred to the successful bidder and name of another two (2) SPVs were struck off from the Register of Companies under Section 560 of the Companies Act, 1956, as detailed in Board's Report forming part of this Annual Report.

Further, as on March 31, 2017, RECTPCL was having the following project specific Special Purpose Vehicles as its Wholly Owned Subsidiary Companies:

i. Dinchang Transmission Limited (CIN: U40300DL2015GOI288066)

ii. Ghatampur Transmission Limited (CIN: U40300DL2016GOI308788)

iii. ERSS XXI Transmission Limited (CIN: U40300DL2017GOI310436)

iv. WR-NR Power Transmission Limited (CIN: U40100DL2017GOI310478)

The Minutes of Board Meetings of all 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. The Audited Financial Statements and related information of all Subsidiary Companies of REC is available on the website of the Company www.recindia.nic.in under the head "Subsidiary Companies".

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
45th	2013-14	September 18, 2014	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010.	Yes
46th	2014-15	September 16, 2015	11.00 A.M.	Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003.	Yes
47th	2015-16	September 21, 2016	11.00 A.M.		Yes

During the financial year ended March 31, 2017, no special resolution was passed through postal ballot and as on the date of this Report there is no special resolution proposed to be conducted through postal ballot.

Further, the Company will continue to provide e-voting facility in the ensuing AGM to enable shareholders to exercise their right to vote through electronic means and the e-voting portal will be kept open for such period as mentioned in the Notice of 48th AGM.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

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

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

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

Further, the Agenda and Explanatory Notes of all the Meetings of the Board and Committees thereof of Company are being sent to Directors through electronic means under a secured platform, to enable them to access the Agenda papers without any hassle.

8. SECRETARIAL AUDIT

M/s Sanjay Grover & Associates, Practicing Company Secretaries, Delhi has conducted Secretarial Audit for the financial year 2016-17 and have submitted their 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 Listing Regulations and the same is available on the website of the Company on the following link: http://www.recindia.nic.in/uploads/files/RPT.pdf.

In line with the said Policy, all the Related Party Transactions were approved by the Audit Committee and/ or by the Board of Directors, as the case may be. The transactions with related parties are included in the Notes to the Accounts as per Accounting Standard-18 and other applicable provisions of Companies Act, 2013. Further, a status report on 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 Listing Regulations, the Companies Act, 2013, Secretarial Standards and Guidelines on Corporate Governance for CPSEs, issued by DPE.

(ii) The Company has complied with the requirements of Regulation 17 to 27 relating to Board, Committees and Corporate Governance requirements and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations. The Company has also complied with the requirement of Corporate Governance Report of sub paras (2) to (10) of Part C of Schedule V of the Listing Regulations.

Further, in compliance of Regulation 46 of Listing Regulations, the Company has *inter-alia* disclosed the information relating to details of business of the Company, terms and conditions of appointment of Independent Directors, Composition

of various committees of Board of Directors, Code of Conduct and Ethics for Board Members and Senior Management Personnel.

Details of establishment of Vigil Mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party transactions, Policy for determining material subsidiaries, details of familiarization programme imparted to Independent Directors and Policy for determination of materiality of events for disclosure to the stock exchanges, etc. are available on REC's website at www.recindia.nic.in/policies.

(iii) The Company has a Board approved Risk Management Policy which covers Hedging Policy that provides a framework for the management of foreign currency exchange risk, involving exchange rate movements among currencies that may adversely impact the value of foreign currency denominated assets, liabilities and off-balance sheet arrangements. Appropriate disclosures regarding the foreign currency risks are made in the Notes to Accounts, forming part of the Audited Financial Statements and the same are being managed through various derivative instruments such as swaps, options, forwards, etc. The nature of the business of the Company is not such, as may give rise to any commodity price risk.

(iv) The Company has not entered into any material, financial or commercial transactions with the Director(s) or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners.

(v) All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.) and there was no such instance of conflict for financial year 2016-17.

(vi) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years, except the composition of the Board. As required under statutory provisions, all returns /reports were filed within stipulated time with stock exchanges/ other authorities.

(vii) There were no materially significant transactions with related parties i.e. Promoters, Directors or the management, conflicting with the Company's interest. The Independent Directors do not hold any equity shares of the Company.

(viii) The Company has laid down the procedure to inform the Board about the risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework.

(ix) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement for the financial year 2016-17 have been prepared as per the Accounting Standards as applicable under Section 133 of the Companies Act, 2013 read with General Circular No. 15/2013 dated September 13, 2013.

(x) The Company affirms that a Whistle Blower Policy/ Vigil Mechanism is in place and no person has been denied access to the Competent Authority.

(xi) The Company has adopted all mandatory items and some of the non-mandatory items on Corporate Governance. The status of non-mandatory requirements pertaining to Corporate Governance section of Listing Regulations is as follows:

a. **The Board:** The Company is headed by an Executive Chairman;

b. **Shareholder Rights:** The Company is making available to the shareholders / investors all information in a timely manner, to enable them to be sufficiently informed of the major decisions of the Company;

c. **Audit Qualifications:** There are no audit qualifications pertaining to financial year 2016-17 and it is always Company's endeavor to move towards unqualified financial statements;

d. **Separate posts of Chairman and CEO:** There is no separate post of Chairman and CEO. REC being a Government Company, the role of CEO is being performed by Chairman and Managing Director of the Company; and

e. **Reporting of Internal Auditor:** The Head of Internal Audit of the Company is invited to the Meetings of the Audit Committee and he directly reports all observations to the Audit Committee.

(xii) During the financial year 2016-17, no Presidential Directives were issued by the Central Government to the Company.

(xiii) The Company has not incurred any expenditure which is not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.

(xiv) The administrative and office expenses for the financial year 2016-17 have increased to ₹ 98.80 crore as compared to ₹ 67.01 crore during relevant period of the previous year, mainly in line with the increase in business activities of the Company. Administrative and office expenses as a percentage of total expenses for the financial year 2016-17 is 0.65% (previous year 0.43%) and as a percentage of financial expenses for the financial year 2016-17 is 0.72% (previous year 0.47%).

(xv) In pursuance to 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 are as under:

Report for Quarter ended	Date of submission of Report
June 30, 2016	July 4, 2016
September 30, 2016	October 5, 2016
December 31, 2016	January 4, 2017
March 31, 2017	April 7, 2017

Also the Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on May 17, 2017 against the due date of May 31, 2017.

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

(xvi) There are no audit qualifications by Statutory Auditors in their report pertaining to financial year 2016-17. However, there is an opinion relating to Internal Financial Control system, Management Reply of which has been given in the Annual Report. Further, the Company has informed the Stock Exchanges that the Statutory Auditors have furnished Audit Report on Standalone & Consolidated Financial Results with unmodified opinion as per the clauses of Listing Regulations.

(xvii) The Board members based on their requirement, attended various seminars, conferences, training programmes from time to time. Further, as per the requirement of Corporate Governance Guidelines issued by DPE, the Company has framed a Policy of Training to Board Members.

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

(xviii) A separate meeting of Independent Directors was held on March 24, 2017, in compliance of Companies Act, 2013, Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE.

(xix) The Company has not issued any Stock Options/ ESOP during the financial year 2016-17.

11. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring of various statutory and procedural compliances. The Board of Directors of the Company periodically reviews the status of statutory, policy and related procedural compliances in order 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 had approved and adopted "Code of Business Conduct and Ethics for Board Members and Senior Management", in line with Companies Act, 2013 and Listing Regulations and adopted in supersession of the earlier 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 at http://www.recindia.nic.in/uploads/files/CodeBusinessConductEthics.pdf. Based on the affirmation received from the Board Members and Senior Management Personnel, declaration regarding Compliance of Code of Business Conduct and Ethics from Chairman and Managing Director of the Company is as under:

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

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2017.

Sd/-
P V Ramesh
Chairman & Managing Director
DIN: 02836069

Date : June 10, 2017
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, 2015, the Company has 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. The main objective of the Code is to restrain an insider of the Company to derive any benefit or assist others to derive any benefit, from the access and possession of unpublished price sensitive information about the Company, which is not in the public domain.

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 of the said Code. A copy of the revised Code has been posted on the Company's website at http://www.recindia.nic.in/uploads/files/InsiderTradingCode2015.pdf

In line with the requirement of the said Code, whenever some unpublished price sensitive information is submitted to the Board for consideration and approval, the trading window is being closed from time to time. Notice of the closure of trading window is issued to designated employees and concerned persons well in advance and proper announcements are also made on the website of the Company as well as to Stock Exchanges where the shares of the Company are listed, restraining them from dealing in securities of the Company when the window is closed.

14. POLICY FOR PREVENTION OF FRAUD

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

i. to ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs;

ii. to provide a clear guidance to employees and others dealing with REC forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;

iii. to conduct investigations into fraudulent activities; and

iv. to provide assurances that any and all suspected fraudulent activity will be fully investigated.

15. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy in place, in terms of Listing Regulations, Clause 8 of Guidelines on Corporate Governance for CPSEs issued by DPE and Companies Act, 2013 read with rules made thereunder. The Whistle Blower Policy enables Directors/ Employees of REC and/ or its subsidiaries to raise concerns regarding any alleged malpractice or wrong doing, which could affect the business or reputation of the Company. The complaint can be made to the Competent Authority in the manner prescribed under the Policy. In addition, REC had also adopted the Whistle Blower Policy (PIDPI Resolution) as issued by Central Vigilance Commission vide Office Order dated May 17, 2004 and the same has also been incorporated in "Vigilance Hand Book" issued by Vigilance Division.

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, 2017 is as under:

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

During the financial year 2016-17, 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/-
P V Ramesh
Chairman & Managing Director
DIN: 02836069

Date : June 13, 2017
Place : New Delhi

16. FEE PAID/PAYABLE TO STATUTORY AUDITORS

The details of fee paid/payable to Statutory Auditors during the financial year 2016-17, are as under:

(₹ in crore)

Sl. No.	Particulars	Amount
1	Audit Fees	0.60
2	Tax Audit Fees	0.10
3	Limited Review Fees	0.24
4	Payment for other services	0.11
5	Expenses Incurred	0.05
6	Service Tax Component	0.05
	Total	**1.15**

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. A dedicated Investor Relations Cell has been set up in the Company for interaction with the analysts and providing timely information and to hold analyst meetings in order to keep the investors updated about the matters related to the Company and to develop an appropriate feedback system that directs the information flow and communication between the management and investors.

iii. The Company communicates with its shareholders through its Annual Reports, General Meetings and disclosures on its website and through Stock Exchanges. The Company also communicates with its institutional shareholders through analysts briefing/ individual discussions and also by participation in investor conferences from time to time. Analysts and investors meets are being organized where Board of the Company interacts with the investing community. Further, Press Meet with Representatives of media are also held from time to time. Financial results are discussed by way of conference calls regularly after the close of each quarter. All important information pertaining to the Company is also mentioned in the Annual Report for each financial year, which is circulated to the members and others entitled thereto.

iv. Shareholders related information, announcements and latest updates regarding the Company can be accessed at Company's website at www.recindia.nic.in *inter-alia* including the following:

- Corporate Disclosures made from time to time to the Stock Exchanges
- Quarterly/ Half-yearly/ Annual Financial Results and Corporate Governance Report
- Quarterly Shareholding Pattern
- Transcripts of conferences with analysts
- Official news releases, presentations made to institutional investors or to the analysts.

v. The extracts of Quarterly/Half-yearly/Annual Financial Results of the Company are communicated to the Stock Exchanges and published in financial and national newspapers like The Economic Times (English & Hindi), The Times of India (English), Navbharat Times (Hindi), Hindustan Times (English), Hindustan (Hindi), Jansatta (Hindi), Mint (English), etc. These results and all other announcements are also made available on Company's website at www.recindia.nic.in.

vi. 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 at www.recindia.nic.in.

18. CEO/CFO CERTIFICATION

In terms of Regulation 17 (8) of the Listing Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by Chairman & Managing Director and Director (Finance) was placed before the Board of Directors in its 432nd Meeting held on May 30, 2017 while considering the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2017.

19. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting for the financial year 2016-17

Day and Date	Time	Venue
Thursday, September 21, 2017	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010

ii. Financial Calendar for financial year 2017-18 vis-à-vis financial year 2016-17

Particulars	Financial Year 2016-17		Financial Year 2017-18	
Accounting Period	April 1, 2016 to March 31, 2017		April 1, 2017 to March 31, 2018	
Announcement of Financial Results	1st Quarter	August 11, 2016	First three Quarters	Announcement within 45 days from the end of the each quarter.
	2nd Quarter	November 9, 2016		
	3rd Quarter	February 14, 2017		
	4th Quarter & Annual Financial Results	May 30, 2017	4th Quarter & Annual Financial Results	Announcement within 60 days from the end of financial year.
Annual General Meeting	Thursday, September 21, 2017		September, 2018	

iii. Payment of Dividend

A. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in compliance of Regulations 43A of Listing Regulations which *inter-alia* specifies the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend. Dividend Distribution Policy is available on the website of the company at http://www.recindia.nic.in/uploads/files/DividendDistributionPolicy.pdf.

B. Dividend for the financial year 2016-17

(1) Interim Dividend Details:

In pursuance of Article 114 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 ₹ 7/- per equity share (on the face value of ₹ 10/- each) on March 6, 2017 for the financial year 2016-17.

(2) Final Dividend Details:

The Board of Directors of the Company in its 432nd Meeting held on May 30, 2017 has recommended a Final Dividend of ₹ 2.65 per equity share (on the face value of ₹ 10/- each) for the financial year 2016-17 for approval of the shareholders in the 48th Annual General Meeting to be held on September 21, 2017. The total dividend (including Interim Dividend) for the financial year 2016-17 will be ₹ 9.65 per equity share (on the face value of ₹ 10/- each) i.e. 96.50% of the paid up share capital of the Company.

C. Dividend History for the last five financial years

Financial Year	Total Paid-up Capital (₹ in crore)	Total Amount of Dividend Paid (₹ in crore)	Rate of Dividend (%)	Date of Payment	
				Interim Dividend	Final Dividend
2011-12	987.46	740.59	75.00	February 7, 2012	October 4, 2012
2012-13	987.46	814.65	82.50	February 18, 2013	September 27, 2013
2013-14	987.46	938.09	95.00	February 28, 2014	October 1, 2014
2014-15	987.46	1056.58	107.00	February 27, 2015	October 7, 2015
2015-16	987.46	1688.55	171.00	February 25, 2016	October 4, 2016

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

Pursuant to Section 124(5) of the Companies Act, 2013, the dividend amount and share application money which remains unpaid/ unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government.

Accordingly, during the financial year 2016-17, the Company has deposited the following amount in Investor Education and Protection Fund after the same remained unpaid / unclaimed for a period of seven years:

Financial Year	Interim/ Final Dividend	Amount (in ₹)	Date of transfer
2008-09	Final Dividend	15,20,949	November 16, 2016
2009-10	Interim Dividend	15,31,440	February 22, 2017
2009-10	FPO Share Application Money	36,540	March 23 & 24, 2017
	Total	**30,88,929**	

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. It is hereby again advised to all shareholders to encash warrants relating to unpaid/ unclaimed share application money and /or dividend immediately or write to R&TA of the Company for revalidation or issue of DDs in place of old warrants.

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

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 16, 2017 to Thursday, September 21, 2017 (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 48th Annual General Meeting, will be paid on October 9, 2017 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 Friday, September 15, 2017, 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 Friday, September 15, 2017.

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, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.	Telephone: (022) 26598100 - 8114 Fax: (022) 26598120 E-mail ID: cmlist@nse.co.in Website: www.nseindia.com	RECLTD
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	Telephone: (022) 22721233/4 Fax: (022) 22721919 E-mail ID: corp.relations@bseindia.com Website: www.bseindia.com	532955

Further, various series of Debt securities of the Company are also listed on the Stock Exchanges and for further details, refer Annexure - IX to the Board's Report.

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. Inclusion of Rural Electrification Corporation Limited in indices of National Stock Exchange of India Limited

Based on good performance of the stock of REC and various qualifying factors, India Index Services & Products Limited (a group Company of NSE) has included Rural Electrification Corporation Limited in "NIFTY 100" and "NIFTY Next 50" with effect from March 31, 2017.

ix. Registrar and Share Transfer Agent

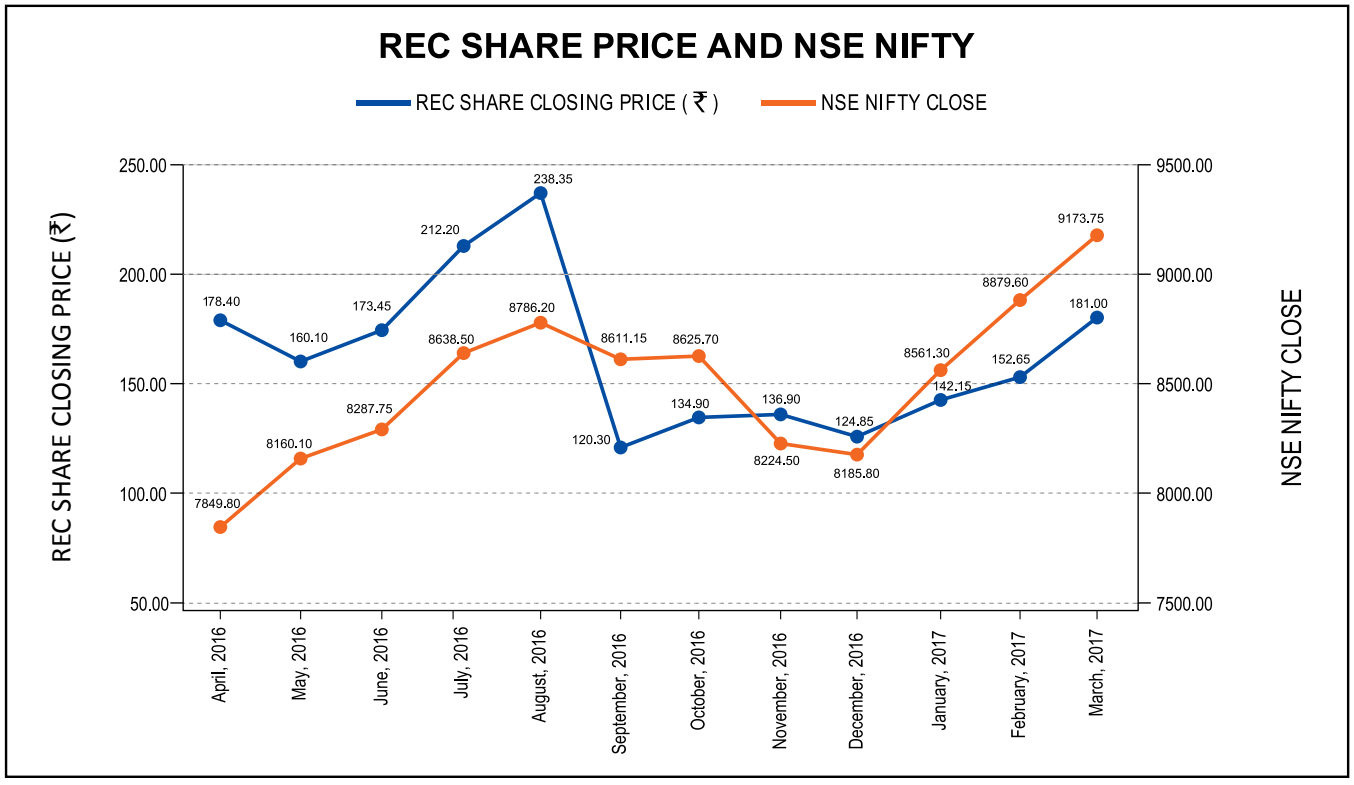
Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad-500 032, India.
Tel: 91- 40-67161500, Fax: 91- 40- 23420814
E-mail: einward.ris@karvy.com; raju.sv@karvy.com; balaji.reddy@karvy.com
Website: www.karvycomputershare.com

x. Market Price Data for the financial year 2016-17

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, 2016	185.70	157.50	178.40	7992.00	7516.85	7849.80
May, 2016	181.30	152.80	160.10	8213.60	7678.35	8160.10
June, 2016	174.80	155.00	173.45	8308.15	7927.05	8287.75
July, 2016	217.90	174.20	212.20	8674.70	8287.55	8638.50
August, 2016	240.00	211.55	238.35	8819.20	8518.15	8786.20
September, 2016	252.95	115.05	120.30	8968.70	8555.20	8611.15
October, 2016	140.90	120.75	134.90	8806.95	8506.15	8625.70
November, 2016	140.95	112.90	136.90	8669.60	7916.40	8224.50
December, 2016	138.60	114.85	124.85	8274.95	7893.80	8185.80
January, 2017	151.95	123.40	142.15	8672.70	8133.80	8561.30
February, 2017	159.95	139.35	152.65	8982.15	8537.50	8879.60
March, 2017	185.35	151.30	181.00	9218.40	8860.10	9173.75

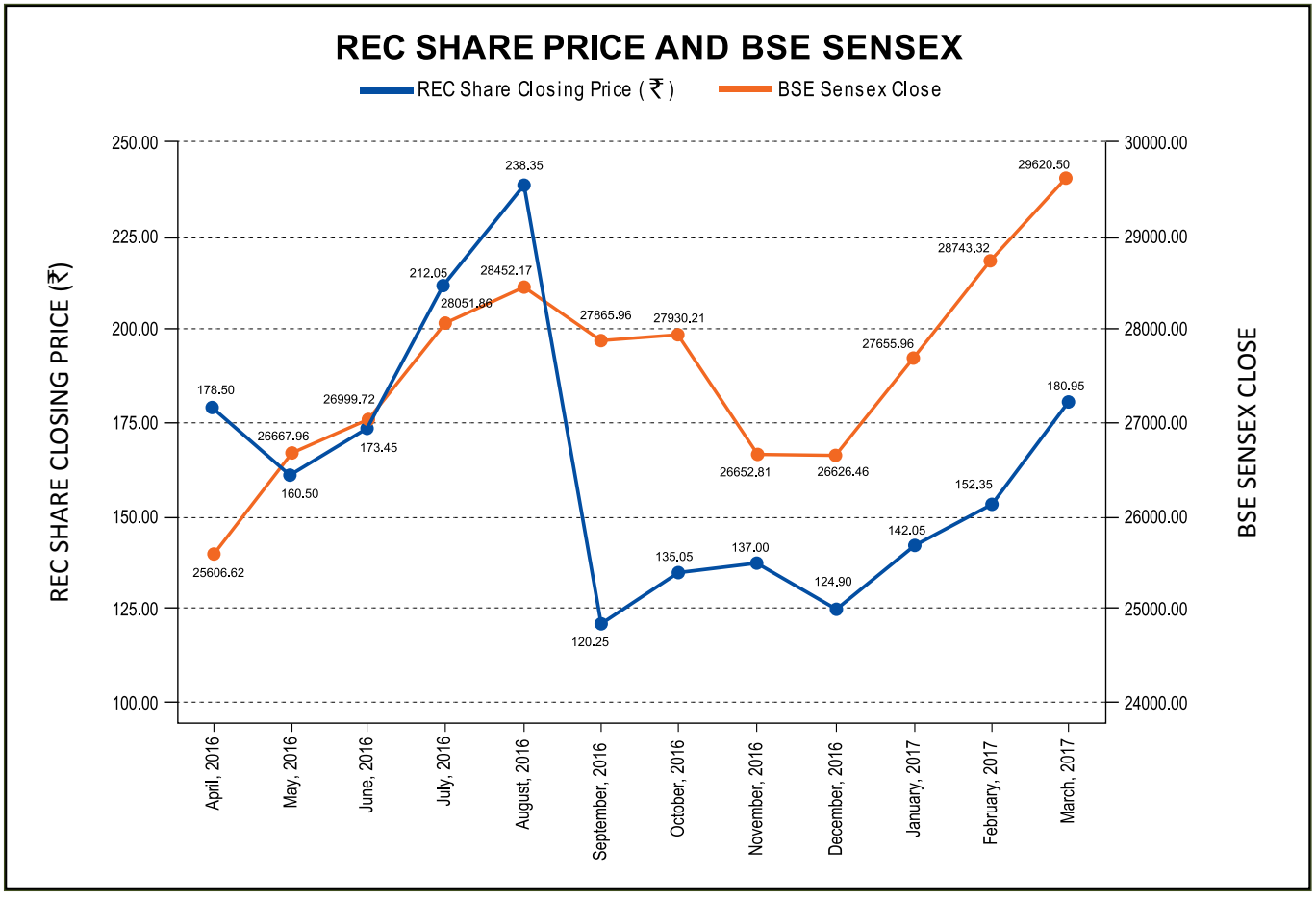
On September 30, 2016, the Company has issued Bonus shares in the ratio of 1:1.



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, 2016	185.65	157.60	178.50	26100.54	24523.20	25606.62
May, 2016	181.25	152.80	160.50	26837.20	25057.93	26667.96
June, 2016	174.80	155.25	173.45	27105.41	25911.33	26999.72
July, 2016	218.00	174.25	212.05	28240.20	27034.14	28051.86
August, 2016	240.20	211.60	238.35	28532.25	27627.97	28452.17
September, 2016	253.10	115.25	120.25	29077.28	27716.78	27865.96
October, 2016	140.95	120.80	135.05	28477.65	27488.30	27930.21
November, 2016	140.75	113.10	137.00	28029.80	25717.93	26652.81
December, 2016	138.60	114.85	124.90	26803.76	25753.74	26626.46
January, 2017	151.90	123.30	142.05	27980.39	26447.06	27655.96
February, 2017	160.00	139.50	152.35	29065.31	27590.10	28743.32
March, 2017	185.30	150.00	180.95	29824.62	28716.21	29620.50

On September 30, 2016, the Company has issued Bonus shares in the ratio of 1:1.



xi. Share Transfer System

The shares under physical segment are processed by 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 for seeking approval of the Company. However, request for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case are approved directly by Karvy Computershare Private Limited.

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

Pursuant to Regulation 40(9) & (10) of Listing Regulations, 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 period. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

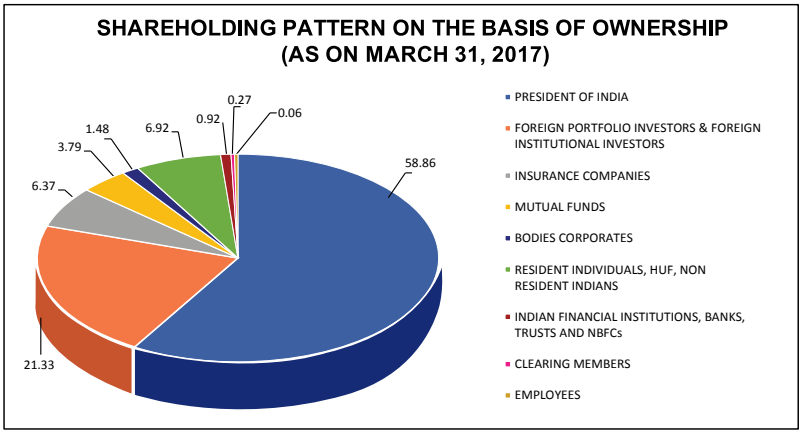
xii. Distribution of Shareholding

DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2017

Number of shares	Number of shareholders	Percentage of shareholders	Total Shares	Amount (in ₹)	Percentage of shares
1-5000	2,47,602	88.14	3,60,68,308	36,06,83,080	1.83
5001 - 10000	17,020	6.05	1,33,32,226	13,33,22,260	0.68
10001 - 20000	8,549	3.04	1,28,93,042	12,89,30,420	0.65
20001 - 30000	2,357	0.84	60,12,042	6,01,20,420	0.30
30001 - 40000	1,285	0.46	46,86,515	4,68,65,150	0.24
40001 - 50000	777	0.28	36,22,313	3,62,23,130	0.18
50001 - 100000	1,540	0.55	1,12,31,988	11,23,19,880	0.57
100001 and above	1,793	0.64	1,88,70,71,566	18,87,07,15,660	95.55
Total	**2,80,923**	**100.00**	**1,97,49,18,000**	**19,74,91,80,000**	**100.00**

SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP

Category	As on March 31, 2017		As on March 31, 2016	
	Number of Shares	Percentage of total	Number of Shares	Percentage of total
President of India	1,16,25,04,472	58.86	59,87,67,680	60.64
Foreign Portfolio Investors / Foreign Institutional Investors	42,12,35,190	21.33	21,10,23,712	21.37
Insurance Companies	12,58,98,638	6.37	8,35,86,726	8.46
Resident Individuals	12,40,03,612	6.28	4,12,61,231	4.18
Mutual Funds	7,47,55,196	3.79	2,07,39,064	2.10
Bodies Corporates	2,92,87,492	1.48	1,72,69,411	1.75
Indian Financial Institutions	1,28,60,473	0.65	68,08,984	0.69
H U F	72,85,505	0.37	21,91,503	0.22
Clearing Members	53,75,270	0.27	7,01,124	0.07
Non Resident Indians	32,82,563	0.17	17,16,781	0.17
Trusts	32,01,068	0.16	12,54,264	0.13
Banks	18,42,451	0.09	13,62,395	0.14
Non Resident Indian Non Repatriable	18,27,181	0.09	-	-
Employees	11,04,570	0.06	5,92,011	0.06
NBFC	3,19,644	0.02	1,83,914	0.02
Foreign Nationals	1,34,675	0.01	100	Negligible
Total	**1,97,49,18,000**	**100.00**	**98,74,59,000**	**100.00**



xiii. Dematerialization of shares & liquidity

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

National Securities Depository Limited Trade World, 4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai-400013	**Central Depository Services (India) Limited** 28th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023

The details of number of shares held in dematerialized and physical form as on March 31, 2017 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	17,107	52,185	Negligible
NSDL (Demat)	1,78,086	193,08,13,647	97.77
CDSL (Demat)	85,730	4,40,52,168	2.23
Total	**2,80,923**	**197,49,18,000**	**100.00**

xiv. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2016-17, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad carried out audits to reconcile the total admitted, issued and listed share capital with NSDL and CDSL and issued the Reconciliation of Share Capital Audit Report. 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.

xv. Details of Demat Suspense Account

The Company went for an Initial Public Offer of 15,61,20,000 equity shares in February, 2008, which comprised of fresh issue of 7,80,60,000 equity shares by the Company and an Offer for Sale of another equal number of shares by the President of India. Further, the Company went for a Follow on Public Offer of 17,17,32,000 Equity Shares in February, 2010 which comprised fresh issue of 12,87,99,000 equity shares by the Company and Offer for Sale of 4,29,33,000 Equity Shares by the President of India.

The details of unclaimed shares as on March 31, 2017 in the Demat Suspense Account is given as under:

Sl. No.	Particulars	April 1, 2016 to March 31, 2017			
		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, 2016.	263	21,431	4	390

2	Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year.	5	427	NIL	NIL
3	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	5	427	NIL	NIL
4	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2017	258	42,008 (Including Bonus shares)	4	780 (Including Bonus shares)

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

xvi. 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.

xvii. Annual Listing Fee to Stock Exchanges

The Company has paid Annual Listing Fee for the financial year 2017-18 to National Stock Exchange of India Limited and BSE Limited in relation to its listed securities.

xviii. Annual Custodial Fee to Depositories

The Company has timely paid the annual custodian fee for financial year 2017-18 to National Securities Depository Limited and Central Depository Services (India) Limited.

xix. Plant Locations

As the Company is a Public Financial Institution, it does not have any plant. However, apart from Registered Office, the Company has various Regional / State Offices across the country (detailed elsewhere in the Annual Report) and one Training Centre at Hyderabad.

xx. Address for correspondence

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

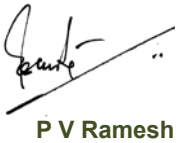
xxi. Corporate Identification Number (CIN)

L40101DL1969GOI005095

xxii. Compliance Officer and Public Spokesperson

Shri J. S. Amitabh
General Manager & Company Secretary
Rural Electrification Corporation Limited
Core-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110003, India
Tel: 91-11-24367305, Fax: 91-11-24362039
E-mail: complianceofficer@recl.in, jsamitabh@recl.in

For and on behalf of the Board of Directors



P V Ramesh
Chairman & Managing Director
(DIN: 02836069)

Place: New Delhi
Date : August 21, 2017

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, 2017 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") 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 as on March 31, 2017 the Company was in compliance with the requirement of Corporate Governance as stipulated in Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. However, the composition of Board of Directors of the Company was not in compliance of statutory provisions before February 8, 2017, i.e. the date of appointment of Woman Independent Director on the Board of the Company.

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

For A.R. & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Priyanshu Jain)
Partner
M. No. 530262

Place : New Delhi
Date : July 28, 2017

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.nic.in
5. **E-mail id:** complianceofficer@recl.in
6. **Financial year reported:** 2016-17
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 designated as Nodal Agency for implementation of "Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), a flagship programme of Government of India supplementing overall rural development and facilitating towards "24x7 Power For All" in the country. 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. Further, REC has now been appointed as Nodal Agency for monitoring the implementation of Outage Management System and 11 kV Rural Feeder Monitoring System.

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 (Regional Office as well as Central Institute for Rural Electrification {CIRE}), Shillong, Guwahati, Ranchi, Dehradun, Patna, Raipur and Varanasi. Further, the Company is in the process of setting up new offices at Vijaywada, Itanagar and Imphal.

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 (₹):** 1,974.92 crore
2. **Total Turnover (₹):** 24,095.35 crore
3. **Total Profit after Tax (₹):** 6,245.76 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   During the financial year 2016-17, REC disbursed an amount of ₹ 69.80 crore towards CSR activities, as against the CSR Budget of ₹ 146.57 crore calculated @ 2% of the average net profits of the Company during the three immediately preceding financial years.

   The disbursement under the sanctioned projects is linked with achievement of pre-defined milestones as per sanction terms. Due to long gestation period of CSR projects, the disbursement under these projects is normally spread over a period of two-three years, resulting in shortfall in CSR spending during the financial year 2016-17. The undisbursed amount will be released during the financial year 2017-18.

5. List of activities in which expenditure in 4 above has been incurred:

The major areas on which the above expenditure has been incurred includes:

a) Health care, sanitation, safe drinking water etc.;

b) Education, Vocation skills and Livelihood enhancement projects etc.;

c) Setting up old age homes and such other facilities for senior citizens etc.;

d) Environmental sustainability; and

e) Rural Development Projects.

Section C : Other Details

1. Does the Company have any Subsidiary Company/ Companies?

Yes. The Company has following Wholly Owned Subsidiary Companies as on March 31, 2017:

(i) REC Power Distribution Company Limited (RECPDCL) (CIN: U40101DL2007GOI165779); and

(ii) REC Transmission Projects Company Limited (RECTPCL) (CIN: U40101DL2007GOI157558)

Further, as on March 31 2017, RECTPCL was having the following project specific Special Purpose Vehicles (SPVs) as Wholly Owned Subsidiary Companies:

i. Dinchang Transmission Limited (CIN: U40300DL2015GOI288066)

ii. Ghatampur Transmission Limited (CIN: U40300DL2016GOI308788)

iii. ERSS XXI Transmission Limited (CIN: U40300DL2017GOI310436)

iv. WR-NR Power Transmission Limited (CIN: U40100DL2017GOI310478)

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. During the financial year 2016-17, two subsidiary companies *viz*. RECPDCL and RECTPCL participated in the BR initiatives of REC, as detailed below:-

a) RECTPCL was engaged for development of an Outage Management System named “Urja Mitra” for disseminating power outages information to distribution consumers across India through SMS/email/push notifications. Urja Mitra also provides Pan-India integrated Mobile Application on Android and iOS platforms to enable citizen to access specific Power outages information in their area.

b) RECPDCL was engaged for day to day monitoring of progress of rural electrification (RE) works and surveillance quality checks on electrification of balance 18,452 un-electrified (UE) villages, as part of Ministry of Power’s Mission to complete electrification of balance UE villages within a targeted deadline. In this regard, a Mobile App “GARV” (Grameen Vidyutikaran) has been developed, for monitoring the progress of electrification in 18,452 villages, in line with milestones. The mobile app is accessible for viewing to all stakeholders including general public at large. It serves both as a monitoring tool, as well as promotes transparency in progress of electrification works.

In addition to village electrification, the emphasis has now been laid on household electrification. To achieve this, updated GARV App has been launched in December, 2016 for monitoring Household electrification in all 5.97 Lakh villages. Further, in the portal a feature named SAMVAD, facilitating general public to raise their queries and interact with DISCOM officials, establishing transparency and accountability, has been provided to empower the common man.

c) REC also engaged its subsidiary companies *viz*. RECTPCL and RECPDCL as implementing agencies for carrying out various CSR activities.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

REC strives to follow responsible business practices with increased focus on economic, environmental and social concerns in order to achieve the twin-objectives of growth and sustainability for all its stakeholders. In furtherance of the same, REC encourages its business partners to participate in its BR initiatives. REC provides finance at concessional rates for Clean & Renewable Energy projects. Further, the Company also engages its Joint Venture Company i.e. Energy Efficiency Services Limited (EESL) in taking up sustainability projects under its CSR initiatives.

Section D : BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

DIN: 03464342

Name: Shri Sanjeev Kumar Gupta

Designation: Director (Technical)

b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	03464342
2.	Name	Sanjeev Kumar Gupta
3.	Designation	Director (Technical)
4.	Telephone number	011- 4309 1522
5.	e-mail id	skgupta@recl.in

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

In line with Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular dated November 4, 2015, SEBI has stipulated that Top 100 listed companies are required to formulate a structured business responsibility report, based on the following nine principles describing the initiatives taken by them from an environmental, social and governance perspective:-

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well-being of all employees.

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect, protect and make efforts to restore the environment.

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for…	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

The relevant explanation/information/links are mentioned in the Annexure to this Report.

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Not Applicable.

3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

  On annual basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

  Yes. REC publishes the Business Responsibility Report annually as part of its Annual Report. The hyperlink for viewing the Annual Report for the financial year 2016-17 is http://www.recindia.nic.in/uploads/files/ar2016-17.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?

Yes, the policy relating to ethics, bribery and corruption covers the employees of the Company as well as shareholders, consultants, vendors, lenders, borrowers, contractors, outside agencies doing business with REC, employees of such agencies, and/or any other parties having business relationship with REC.

The Company has always laid emphasis on the cardinal principles of fairness, ethics and transparency in dealing with its stakeholders. In this direction, the Company 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.

Further, 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 the Company's Code of Business Conduct or Ethics. 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 prescribes 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 2016-17, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code. Further, 9 general complaints (other than anonymous/pseudonymous complaints) were received out of which

3 complaints (i.e. 33%) were resolved during the financial year 2016-17 and the remaining complaints are under review. However, no complaint was directly related to ethics, bribery and corruption issues.

Further, the Company received 943 and 3,256 complaints from Equity Shareholders and Bondholders (Listed/Un-listed Debt Securities) respectively. All the complaints of the Equity Shareholders and Bondholders received during the financial year 2016-17 have been satisfactorily resolved as on the date of this Report.

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.

The main business of REC is to provide loan assistance to various State Power Utilities, Private Sector Project Developers, Central Power Sector Utilities and State Governments for investment in Power Generation, Transmission & Distribution projects and other system improvement schemes/initiatives. The Company endeavors to incorporate social and environmental concerns while conducting appraisals of the projects for 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.

REC has also taken up the initiative of monitoring electrification of remaining 18,452 un-electrified villages of the country within a targeted deadline and a Mobile App "GARV" has been developed to provide real-time updates on electrification status of each village. Further, GARV was updated with new features to provide real time data in respect of implementation of household electrification in 5.97 lakh villages of the country and to enhance the participation of public, it also provides a citizen engagement window 'SAMVAD' for providing their feedback and suggestions which shall automatically alert the concerned officials of DISCOMs through SMS & Email on their dashboard.

Further, in line with the enhanced focus of Government of India on promotion of Renewable Energy, the Company has a defined policy framework for financing of non-conventional generation projects. In this regard, the Company has revised the guidelines for private sector renewable energy projects by revision in the lending limits. Further, with a view to address the environmental concerns, the Company has reduced the interest rates on financial assistance for Renewable Energy projects. Recently, the Company also raised money through issue of dollar denominated Green Bonds and the net proceeds from the same will be applied for financing of existing projects including re-financing and new eligible Green Projects, primarily in the area of solar, wind, biomass and hydropower energy as per Climate Bond Standards.

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 have limited applicability 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 resources consumed in the Company are electricity and paper. During the year, REC has taken a number of initiatives for optimizing the consumption of resources such as reduction in consumption of paper by spreading awareness among employees, managing paper procurement practices efficiently and improved waste paper management. Further, the Company has also appointed an IT Management consultant for digitalizing its operations, so as to create a paper-less office environment by reducing the consumption of paper.

ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

As 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 equipment. 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, issued from time to time, 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, 2017, the Company had 566 employees.

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

During the financial year 2016-17, the Company had not hired any employees on temporary/contractual/casual basis. However, for housekeeping/cleaning/security works etc., contractual labour is being engaged through third party contractors.

3. Please indicate the Number of permanent women employees.

As on March 31, 2017, the Company had 96 permanent women employees.

4. Please indicate the Number of permanent employees with disabilities

As on March 31, 2017, the Company had 14 permanent 'Divyang' employees with disabilities.

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

Yes, REC has recognized the Union of its non-supervisory permanent employees and the Association of its Executives.

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

All regular employees of the Company are members of either Employees' Union or Executives' Association.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Company has not received any complaints relating to child labour/forced labour/involuntary labour or sexual harassment in the last financial year and no complaint was pending as on March 31, 2017. Further, the Company neither engages in any form of child labour/forced labour/involuntary labour nor adopts any discriminatory employment practices. The Company has a proper framework for dealing with instances relating to sexual harassment. In line with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior woman official of the Company and includes representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.

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

(a) Permanent Employees

(b) Permanent Women Employees

(c) Casual/Temporary/Contractual Employees

(d) Employees with Disabilities

Considering the nature of business of the Company, the question has limited relevance in respect of safety. However, the Company focusses on imparting continuous skill upgradation training to its employees.

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. During the financial year 2016-17, REC's 31.36% permanent employees, 23.16% permanent women employees and 50% permanent employees with disabilities received technical skill up-gradation, spiritual, health and attitudinal training, which works out to 589 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, the Company has clearly mapped its internal and external stakeholders. The internal stakeholders include the employees of the Company. The external stakeholders include the equity shareholders, bondholders, creditors, State Governments, State Electricity Boards, State Power Utilities and other Borrowers, Reserve Bank of India, SEBI and other regulatory bodies.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders. REC extends certain facilities to Micro, Small & Medium Enterprises (MSME) registered with National Small Industries Corporation such as issue of tender sets free of cost, exemption from payment of earnest money, waiver of security deposit upto monetary limit for which unit is registered and opportunities for MSMEs owned by SC/ST.

Further, REC has adopted employee oriented policies relating to staff and their dependents, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits, commitment to equal opportunity in recruitment and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspiration. The Company is also following the guidelines/ directions issued by Government of India, from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/PH categories in recruitment.

Under CSR initiatives, the Company focused on providing job oriented skill development training & livelihood enhancement projects to youth including women, providing health care, sanitation & safe drinking water facility in rural area, setting up old age homes and such other facilities for senior citizens, rural development projects and projects for environmental sustainability etc.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company regularly undertakes initiatives to engage with its internal and external disadvantaged, vulnerable and marginalized stakeholders. REC also broadly follows the principles of "The UN Global Compact" in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus. Further, in order to encourage participation by MSMEs including Micro and Small Enterprises owned by SC/ST, all the directives mentioned in the Public Procurement Policy Order, 2012 have been included in REC Procurement Guidelines.

Each year, the Company sets aside a percentage of its net profit for CSR and Sustainability initiatives to fund and support socially beneficial projects with sustainability as a guiding principle to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, elderly persons, differently abled persons, children, youth etc.

Some of such initiatives undertaken during the financial year 2016-17, are as under:

1. Projects for safe drinking water facilities through RO water plant, bore well etc. in rural areas, mobile health care vans, setting up / upgradation of infrastructure / facilities in select health care institutions, distribution of assistive aids & appliances to persons with disabilities from weaker sections of societies etc.;
2. Projects for provision of water arrangement for sanitation in government schools, setting up of mechanized sweeping, collection and transportation of municipal solid waste and contribution to Swachh Bharat Kosh to achieve the objective of Swachh Bharat Mission;
3. Projects for development of infrastructure in schools, job-oriented skill development training for youth from economically weaker sections of society including women, setting up/establishing khadi spinning, weaving and garment unit for creating employment;
4. Projects for installation of SPV plant in the campus of various educational institutions, solar micro grids in rural households and solar street lights in rural area; and
5. Programmes for farmer-centric integrated watershed development for improving rural livelihoods.

Principle 5- PROMOTION OF HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment & Development and United Nations Convention Against Corruption.

Considering the nature of business of the Company, human rights cover only the Company and its subsidiary companies and to protect the human rights of employees, REC has adopted employee oriented policies, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits and prevention of sexual harassment at workplace, which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

Further, the Company believes that a sustainable organization rests on the foundation of ethics and respect for human rights and the Company ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment, human well-being including a safe natural environment. It discourages conduct that implies granting or withholding favors or opportunities, as a basis for making 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 its group companies as well. During the financial year 2016-17, REC has contributed ₹ 50 crore to Swachh Bharat Kosh, an initiative of the Government of India, to achieve the objective of Clean India (Swachh Bharat) by the year 2019, the 150th year of the birth anniversary of Mahatma Gandhi through Swachh Bharat Mission. The funds contributed to Swachh Bharat Kosh will be utilized for construction, repair / renovation of toilets in rural areas, urban areas and in government schools and other initiatives of improving sanitation and cleanliness including solid / liquid waste management.

Further, RECTPCL, a wholly owned subsidiary of REC, also made contribution of ₹ 32.26 lakh to Swachh Bharat Kosh 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, being an NBFC-IFC, is indirectly addressing the global environmental issues by laying greater thrust on financing of Green Energy projects including Solar, Wind, Biomass, Co-generation, Small Hydro projects etc., thereby enabling the country to move towards non-carbon intensive energy generation.

Further, REC has introduced special schemes of financing to promote Renewable Energy projects across the country with a view to address global environmental issues such as climate change, global warming etc. The Company extends financial assistance to Renewable Energy projects at lower interest rates, as compared to conventional generation projects. During the financial year 2016-17, REC sanctioned loan assistance of ₹ 2,089.77 crore to 16 new Grid Connected, Renewable Energy projects including Solar, Wind and Small Hydro projects. Further, the disbursement on Renewable Energy projects during the financial year 2016-17 amounted to ₹ 1,617.68 crore, which has surpassed the cumulative disbursement made by REC against Renewable Energy projects in the previous five years.

Recently, REC became the first Indian PSU to launch Green Bonds, denominated in US Dollars and the same were listed on the London Stock Exchange and Singapore Exchange Limited. The proceeds from the same will be applied for financing of existing projects including re-financing and new eligible Green Projects, primarily covering in the area of solar, wind, biomass and hydropower energy as per Climate Bond Standards.

3. Does the Company identify and assess potential environmental risks? Y/N

The above question is not applicable to the Company as it is not a manufacturing company. However, REC identifies and assesses potential environmental and social risks in all the infrastructure projects which are financed by REC. REC has been in the forefront of integrating environmental risk assessment and mitigation into its overall investment risk assessment process. As part of the project appraisal, environment related issues are identified and detailed due diligence is carried out that includes site visits, secondary information collection and analysis, review of applicable compliances and consents.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   The above question is not applicable directly to the Company as it is not a manufacturing company. However, REC has diversified its business activities by introducing lower interest rates for promoting solar, wind, biomass and other renewable energy projects across the country with a view to address global environmental issues such as climate change, global warming, reduction of greenhouse gas emissions etc.

5. **Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. Under Decentralized Distributed Generation (DDG) scheme, the Company is acting as an agency for channelizing the subsidy of Government of India for DDG projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar etc. Further, REC grants loans at concessional interest rates for development of Renewable Energy projects. The offices of REC have also been made more energy-efficient by replacement of all conventional light fittings / CFL with energy efficient LED lights. Further, during the financial year 2016-17, REC has sanctioned ₹ 140 crore to Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL) for installation of 5,000 nos. of Solar Pumps in various districts of Andhra Pradesh. For more details of the Company's related initiatives, please refer to 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The above question has limited relevance to the Company as it is not a manufacturing company. However, the Company complies with applicable environmental regulations in respect of the premises and operations.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.**

   REC has not received any show cause/legal notices from CPCB/SPCB.

Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

   Yes. REC is a member of World Energy Council, Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), Central Board of Irrigation & Power (CBIP), Standing Conference of Public Enterprises (SCOPE), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Power HR Forum, India CFO Forum, All India Management Association (AIMA), Institute of Public Enterprises (IPE) and Global Compact.

   Further, the senior officials of the Company contribute towards the formulation of various policies relating to Power sector, as part of various committees/working groups constituted by the Ministry of Power, Government of India from time to time.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company has raised issues relating to clean technology, energy efficiency, and renewable energy at different platforms of the above associations from time to time.

   Further, during the year, the Company has undertaken various CSR initiatives in the fields of skill development, education, environmental sustainability, health care including for old age and persons with disabilities, drinking water and sanitation facilities including contribution to Swachh Bharat Kosh etc.

Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

   The Company takes up programme/initiatives/projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its CSR and Sustainability Policy. Detailed information about the specified programmes and initiatives undertaken during the financial year 2016-17 in pursuit of the Policy, has been given in 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

2. **Are the programme/ projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?**

   The Company undertakes its CSR activities/projects through specialized agencies as specified in the Company's CSR & Sustainability Policy, which are either Government Organization/Semi-Government/PSU/Autonomous Organization/Section 8

Companies or registered trusts/societies preferably those having past work experience with Government/Semi-Government/ PSU/Autonomous Organizations for similar works.

3. Have you done any impact assessment of your initiative?

Yes, under the CSR and Sustainability Policy, there is a system of reviewing the Company's CSR initiatives wherein progress of major initiatives is monitored and evaluated along with its impact.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Board of Directors of the Company had approved a budget of ₹ 146.57 crore towards CSR and Sustainable Development for the financial year 2016-17. Further, CSR projects amounting to ₹ 181.23 crore were sanctioned by REC, in the fields of skill development, education, environmental sustainability, health care facilities including for old age and persons with disabilities, drinking water and sanitation facilities including contribution to Swachh Bharat Kosh etc. and the disbursement in respect of these projects will be spread over a period of two-three years, based on achievement of pre-defined milestones as per sanction terms.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

The Company, under its CSR initiatives, encourages the active engagement of stakeholders such as the community, Government Agency(ies)/Department(s), NGOs and other local institutions in the project planning and implementation, to facilitate developing and building community ownership while ensuring the sustainability of the programme. Feedback of the community is suitably incorporated in further developing such programme in same or other locations.

Principle 9 - CUSTOMER VALUE

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

All the complaints received from various stakeholders in the reporting period have been satisfactorily resolved. Further, as on March 31, 2017, there were three cases relating to investors in bonds pending in various consumer courts, out of which one case has been closed since then.

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 relating to its financial products and services are made with respect to financing of projects. In this regard, the Company has extended the benefit of ERP directly to Borrower by developing an online "Borrower Portal" to facilitate them in knowing status of loans and schemes on real time basis.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

REC, together with its subsidiary companies, is committed to highest possible standards of ethical practices and moral & legal business conduct. Further, no case regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior was pending as at the end of the financial year. 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) had ordered an investigation against RECPDCL. CCI disposed off the case in favor of RECPDCL, while observing that no contravention of the provisions of Section 4 of the Competition Commission Act, 2002 has been made out against RECPDCL & others and the matter was ordered to be closed.

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

REC believes in providing best services to its customers. Meeting(s) with customers are organized from time to time, to understand their expectations and essentially to gauge our competitiveness in the business. REC leverages its presence across the country to remain consistently in touch with the customers through its Business units i.e. Regional/State offices and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. The Senior Management meets on a regular basis to review the progress where all such matters are taken up and measures necessary to address the grievance(s) are decided.

Further, in the past, the Company, through M/s Administrative Staff College of India, Hyderabad, has conducted Customer Satisfaction Survey of its esteemed customers across the country comprising Central and State Government Power Entities and Private Power Entities. The overall Customer Satisfaction Index (CSI) score of the Survey was 85.7, which by average American Customer Satisfaction Index (ACSI), is among the best in Banking Services.

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

<table>
<tr><td>P1</td><td>Sl. No. 3 - The Company has a Policy for Prevention of Fraud, 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 Regulations, 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 Business Conduct and Ethics. Further, the Company has also formulated a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' ("RPT Policy") which prescribes adequate procedures and disclosures to be made before entering into transactions with such parties.
Sl. No. 6 - The links of relevant Policies approved by the Board of Directors of the Company are given below:-
<table>
<tr><th>Name of the Policy</th><th>Weblink</th></tr>
<tr><td>Policy for Prevention of Fraud</td><td>http://www.recindia.nic.in/uploads/files/prevention_fraud_policy.pdf</td></tr>
<tr><td>Whistle Blower Policy</td><td>http://www.recindia.nic.in/uploads/files/WhistleBlowerPolicy.pdf</td></tr>
<tr><td>Code of Business Conduct and Ethics</td><td>http://www.recindia.nic.in/uploads/files/CodeBusinessConductEthics.pdf</td></tr>
<tr><td>Fair Practices Code</td><td>http://www.recindia.nic.in/uploads/files/fairpracticecode.pdf</td></tr>
<tr><td>Policy on Related Party Transactions</td><td>http://www.recindia.nic.in/uploads/files/RPT.pdf</td></tr>
<tr><td>Policy on Materiality of Subsidiaries</td><td>http://www.recindia.nic.in/uploads/files/PolicyDeterminingMaterialSubsidiaries.pdf</td></tr>
<tr><td>Policy on Materiality of Events or Information for disclosure to Stock Exchanges</td><td>http://www.recindia.nic.in/uploads/files/PolicyonMaterialityofEvents.pdf</td></tr>
<tr><td>Dividend Distribution Policy</td><td>http://www.recindia.nic.in/uploads/files/DividendDistributionPolicy.pdf</td></tr>
</table>
The other policies are internal documents and accessible only to employees of the organization.</td></tr>
<tr><td>P2</td><td>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.
Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/uploads/files/CSR_Policy_24.01.2017.pdf</td></tr>
<tr><td>P3</td><td>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.
Sl. No. 6 - These policies can be viewed physically or online only by the employees of the organization.</td></tr>
<tr><td>P4</td><td>The principle enunciates the aspect of being responsive towards all stakeholders including disadvantaged, vulnerable & marginalized stakeholders and the Company does not have a specific policy in place for this. However, the Company has set processes in place to achieve these objectives. In addition, the Company works towards inclusive growth in pursuance of its Corporate Social Responsibility & Sustainability Policy, through interventions in areas like health care, education, vocation skills and livelihood enhancement projects, rural development projects etc.
Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/uploads/files/CSR_Policy_24.01.2017.pdf</td></tr>
<tr><td>P5</td><td>Sl. No. 3 - The Code of Business Conduct & Ethics (Code) for Board Members and Senior Management which has been adopted by the Company addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace.
Sl. No. 6 - The Code of Business Conduct and Ethics is available on the website of the Company at the link : http://www.recindia.nic.in/uploads/files/CodeBusinessConductEthics.pdf</td></tr>
</table>

P6	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.
P7	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, Education, Health Care, Rural Development and Environmental Sustainability Projects.
P8	REC strives to ensure inclusive growth and equitable development in pursuance of its Corporate Social Responsibility and Sustainability Policy. During the financial year 2016-17, REC has taken various initiatives in this regard in the areas of preventive health care, sanitation, safe drinking water, education, vocation skills and livelihood enhancement projects, Environmental sustainability and Rural Development projects. Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/uploads/files/CSR_Policy_24.01.2017.pdf
P9	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. Sl. No. 6- The above Code can be viewed online on http://www.recindia.nic.in/uploads/files/fairpracticecode.pdf
	All policies and processes are subject to audits and reviews done internally in the Company from time to time.

ANNEXURE-V TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Rural Electrification Corporation Limited
(CIN: L40101DL1969GOI005095)
Core-4, SCOPE Complex,
7, Lodhi Road, New Delhi-110003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Rural Electrification Corporation Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that:

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) 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 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.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the Management representation about the compliances of laws, rules, regulations and standards and happening of events etc.

e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minutes 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, 2017("Audit Period") 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, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 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;

(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, wherever applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) *The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

  (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;

  (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

  (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

**No event took place under these regulations during the Audit period.*

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the audit period, the Company has complied with the provisions of the Act, Rules and Regulations, to the extent applicable except that for one related party transaction, entered in ordinary course of business and on arm's length as per the explanation given by the Company, post facto approval of the Audit Committee was obtained, which is not in line with SEBI (LODR) Regulations, 2015.

(vi) The Company is a Non-Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC) with the Reserve Bank of India (RBI) and the Company is engaged in the business of providing finance for power sector. As confirmed by the Management, following are some of the laws specifically applicable to the Company:-

- Reserve Bank of India Act, 1934 and rules, regulations & directions issued by RBI from time to time;
- Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company seems adequate to ensure compliance of laws specifically applicable to the Company.

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. The changes in the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notices are given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and standards.

We further report that during the audit period, members of the Company in their Annual General Meeting held on September 21, 2016 passed the following special resolutions:-

a) pursuant to the provisions of Section 42 and any other applicable provisions, if any, of the Companies Act, 2013 and any other applicable laws for raising of funds through private placement of unsecured/secured non-convertible bonds/ debentures upto ₹ 50,000 crore (Rupees Fifty Thousand crores only) during a period of one year from the date of passing of resolution by the shareholders, in one or more tranches;

b) Pursuant to the provisions of Section 63 and any other applicable provisions, if any, of the Companies Act, 2013 and any other applicable laws, for capitalizing a sum not exceeding ₹ 987,45,90,000/- (Rupees Nine Hundred Eighty Seven crore Forty Five Lakh Ninety Thousand only) out of the sum standing to the credit of 'Securities Premium Account' of the Company for issue and allotment of equity shares not exceeding 98,74,59,000 (Ninety Eight crore Seventy Four Lakh Fifty Nine Thousand only) equity shares of ₹ 10/- each as bonus shares;

c) Pursuant to the provisions of Section 13, 61 and any other applicable provisions, if any, of the Companies Act, 2013 and any other applicable laws for amending and substituting the Clause V of the Memorandum of Association for increase the Authorized Share Capital of the Company to ₹ 5000,00,00,000/- (Rupees Five Thousand crore only) divided into 500,00,00,000 (Five Hundred crore only) equity shares of ₹ 10/- (Rupees Ten only) each; and

d) Pursuant to the provisions of Section 14 and any other applicable provisions, if any, of the Companies Act, 2013 and any other applicable laws for approving and adopting the Articles of Association of the Company, in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No. P2001DE052900

Sanjay Grover
Managing Partner
CP No.: 3850

Place : New Delhi
Date : July 14, 2017

ANNEXURE-VI TO BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1.a. Brief Outline of the Company's CSR Policy:

The Company has its 'Corporate Social Responsibility & Sustainability Policy' aligned with the provisions of Companies Act, 2013, The Companies (Corporate Social Responsibility Policy) Rules 2014 and Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises.

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. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act.

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. 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, etc.

While Corporate Social Responsibility Committee of the Board shall keep an oversight on the whole activities, a two-tier organizational structure to steer the CSR projects of the Corporation shall be deployed for screening and recommendation of CSR project proposals:

a) 1st Level Committee of officials of DGM/ AGM level for screening and recommending various CSR project proposals, as the case may be, received from time to time; and

b) 2nd Level Committee headed by an official of the rank not less than one level below the Board level for recommending sanction of financial assistance under CSR for approval of Corporate Social Responsibility Committee of the Board.

Mechanism of carrying out CSR activities:

The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The Company may decide to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society established by the company, either singly or along with any other company,

or established by Central Government or State Government or any entity established under an Act of Parliament or a State legislature, as permitted under the Companies (Corporate Social Responsibility Policy) Rules, 2014. In line with the above, the Company may give preference to those agencies which have past work experience with government/ semi-government/ PSUs/autonomous bodies, in line with their focus area of operations.

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 Regional Offices/ State 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/ programs undertaken/ on-going during the financial year is as under:

i. Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water:

REC carried out CSR activities in respect of setting up of sanitation & water facilities in select schools and villages, projects for safe drinking water facilities in select rural areas in select states, Mobile health care vans, setting up/ up-gradation of infrastructure/ facilities in select health care institution, distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of societies, etc.



Exchanging MoA for the project 'Renovation and provision of equipment for Central Sterile Supply Department of AIIMS, New Delhi', in the presence of CMD, REC and other senior officials of REC and AIIMS.

ii. Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects:

REC supports CSR projects for improving access, retention and learning outcomes for select primary school children in district having low literacy indices, setting up & operates libraries in select government schools, development of infrastructure in school for specially-abled children, supporting job-oriented skill development training programme in various trades for youth from economically weaker sections of society including women.



Providing job oriented skill development training to the unemployed youth with National Skill Development Fund/ National Skill Development Corporation in North-East Region of the country.

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:

REC provided health care kits in select old age homes under its CSR initiatives.

iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga:

REC supported projects for setting up SPV panel in various institutions, installation of solar micro grid in households in un-electrified/ poorly electrified villages in select districts, etc.



CMD, REC, exchanging MoA with IIM-Tiruchirappalli for the CSR project for installation of SPV system in their campus. The SPV system will help to reduce the grid energy consumption resulting in achieving a clean community where the environment is protected from pollution by reducing carbon dioxide emission.

v. **Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts:**

The Company has supported project for reviving crafts heritage and providing sustainable livelihood to the select women artisans in select districts.

vi. **Rural development projects :**

Under this thematic area, REC supported programme for farmer-centric integrated watershed development for improving rural livelihoods, building of culvert.

c. Web links of Corporate Social Responsibility and Sustainability Policy and programs:

In line with the Companies Act, 2013, The Corporate Social Responsibility and Sustainability Policy of the Company and details of the CSR projects approved by the Board of Directors during the financial year have been uploaded on the Company's web site i.e. www.recindia.nic.in

The updated status of the ongoing CSR projects is also being uploaded periodically on the web site 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. March 24, 2017 is as under:

i. Prof. T.T. Ram Mohan, Independent Director – Chairperson of the Committee
ii. Shri A. Krishna Kumar, Independent Director – Member
iii. Smt. Asha Swarup, Independent Director – Member
iv. Shri Ajeet Kumar Agarwal, Director (Finance) – Member
v. Shri Sanjeev Kumar Gupta, Director (Technical) – Member

3. Average net profit of the Company for last three financial years:

The net profit of the Company for the last three financial years, as per Companies Act, 2013 is as under:

		(₹ in crore)
Financial Year 2013-14	-	6,530.59
Financial Year 2014-15	-	7,423.06
Financial Year 2015-16	-	8,032.15
Total		**21,985.80**
Average net profit	-	₹ 7,328.60 crore

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : ₹ 146.57 crore

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year : ₹ **146.57 crore**

(b) Amount unspent, if any: The unspent amount for the year is ₹ **76.77 crore**

(c) Manner in which the amount spent during the financial year is at **Annexure - A**.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The Company has sanctioned total CSR projects with aggregated amount of ₹ 181.23 crore during the financial year 2016-17. The disbursement under the CSR projects sanctioned till March 31, 2017 are linked with achievement of predefined milestones as per sanction terms which are required to be completed in the time span extended up to 36 months. Since implementing agencies could not submit the physical progress and claims as per the milestones committed for the projects, the disbursement could not be made. The undisbursed amount of ₹ 76.77 crore shall be released in subsequent years as per milestones.

7. Responsibility Statement of the CSR Committee:

The implementation and monitoring of CSR policy by the Company is in compliance with CSR objectives and Policy of the Company.

Sd/-
Director (Finance/CSR)

Sd/-
Chairman of CSR Committee

CSR AMOUNT SPENT DURING THE FINANCIAL YEAR 2016-17

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
1 A. Sanitation									
1	Setting up of mechanized sweeping, collection and transportation of Municipal Solid Waste	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	14 wards of Varanasi, Uttar Pradesh	10.00	1.75	0.08	1.83	1.75	Varanasi Nagar Nigam, Varanasi, Uttar Pradesh
2	Construction of 194 Nos. of toilets in 111 Nos. of Government Schools		Sadat & Saidpur Blocks Ghazipur District, Uttar Pradesh	3.74	3.21	0.15	3.36	3.21	REC Power Distribution Company Limited, New Delhi
3	Contribution on 'Swachh Bharat Kosh', set up by Government of India, to achieve the objective of Swachh Bharat Mission		New Delhi	50.00	50.00	2.37	52.37	50.00	Ministry of Drinking water and Sanitation
			Sub-total (A)	**63.74**	**54.96**	**2.61**	**57.56**	**54.96**	
1 B. Health care									
1	Distribution of Aids & Appliances to persons with disability from weaker sections of society	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Warangal, Rangareddy & Adilabad districts of Telangana, Jhajjar & Mewat districts of Haryana, Chitradurga, Bidar & Raichur districts of Karnataka, Kasargod & Waynad districts of Kerala, Ri Bhoi & Shilong districts of Meghalaya, Banskatha, Sabarkantha & Dwarika districts of Gujarat, Champawat & Rudraprayag districts of Uttarkhand, Gangtok district of Sikkim and Chandel & Imphal districts of Manipur	4.54	0.30	0.01	0.31	3.82	Artificial Limbs Manufacturing Corporation of India, Kanpur, Uttar Pradesh
			Sub-total (B)	**4.54**	**0.30**	**0.01**	**0.31**	**3.82**	

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
1 C. Safe Drinking Water									
1	Supporting for installation of 250 bore well hand pumps in rural villages	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Basti District, Uttar Pradesh	0.74	0.15	0.01	0.15	0.15	Bhartiya Cooperative Gramin Vikas Evam Nirman Limited, Lucknow, Uttar Pradesh
			Sub-total (C)	**0.74**	**0.15**	**0.01**	**0.15**	**0.15**	
			Sub-total for Category 1	**69.01**	**55.41**	**2.63**	**58.03**	**58.93**	
2 A. Education									
2	Establishment of Virtual Classrooms (VCR) at Government high schools to improve the quality of education	Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Various taluks of Karnataka	1.74	0.02	0	0.02	0.02	Karnataka State Council for Science & Technology, Bangalore, Karnataka
			Sub-total (A)	**1.74**	**0.02**	**0**	**0.02**	**0.02**	
2 B. Skill Development Training Projects									
1	Job Oriented Skill Development Training Programme	Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Noida, Uttar Pradesh	0.65	0.39	0.02	0.41	0.65	National Backward Classes Finance & Development Corporation, New Delhi
2	Job Oriented Skill Development Training Programme		Bhopal, Madhya Pradesh	1.74	0.39	0.02	0.41	0.39	Centre for Research and Industrial Staff Performance, Bhopal, Madhya Pradesh
3	Job Oriented Skill Development Training Programme		Ferozpur and Amritsar, Punjab	0.72	0.09	0	0.09	0.80	North India Technical Consultancy Organization Limited, Chandigarh
			Sub-total (B)	**3.11**	**0.87**	**0.04**	**0.91**	**1.84**	
			Sub-total of Category 2	**4.85**	**0.89**	**0.04**	**0.93**	**1.86**	

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
3 Setting up Homes & hostels/ providing facilities to senior citizens									
1	Providing Health Care Package to elderly persons staying at Old Age Homes	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	Andhra Pradesh, Assam, Chhattisgarh, Goa, J&K, Karnataka, Kerala, Maharashtra, Meghalaya, Puducherry, Punjab, Rajasthan, Tamil Nadu, West Bengal, Telangana	1.45	0.50	0.02	0.53	1.13	HelpAge India, New Delhi
			Sub-total of Category 3	**1.45**	**0.50**	**0.02**	**0.53**	**1.13**	
4 Environmental Sustainability, Clean Ganga Fund etc.									
1	Supply and installation of 110 Nos. of (Solar Systems) SPV (Solar Photovoltaic) LED Street Lightening Systems	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	Bhadohi, Uttar Pradesh	0.24	0.10	0	0.10	0.10	Rajasthan Electronics and Instruments Limited, Jaipur, Rajasthan
2	Installation of solar power panels, in President Estate, Rashtrapati Bhawan		President Estate, Rashtrapati Bhawan, New Delhi	6.00	2.14	0.10	2.24	2.14	REC Power Distribution Company Limited, New Delhi
3	Installation of 2 MW SPV system in the academic zone and hostel building of IIT Madras campus		IIT Madras Campus, Tamil Nadu	14.50	5.80	0.27	6.07	5.80	Indian Institute of Technology, Madras
4	Setting up innovative jute processing BHAGIDARI model through biomasas-gassifier based decentralized electricity system in Purnea Cluster of the State of Bihar		Bihar	2.21	0.38	0.02	0.40	0.67	The Energy Resources Institute, New Delhi
5	Installation of Roof Top Solar PV power plant of capacity 5 kWp each in 16 residential schools owned by the ST & SC Development Department of Government of Odisha in 9 backward districts		Odisha	1.97	1.43	0.07	1.50	1.60	REC Power Distribution Company Limited, New Delhi
			Sub-total of Category 4	**24.92**	**9.85**	**0.47**	**10.31**	**10.31**	
			Total for the year (1 to 4)	**100.24**	**66.64**	**3.16**	**69.80**	**72.23**	

ANNEXURE-VII TO BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

(as on the financial year ended on March 31, 2017)

[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
	E-mail:	complianceofficer@recl.in
	Website:	www.recindia.nic.in
(vi)	Whether Listed Company (Yes/No)	Yes
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any-	
	Name:	Karvy Computershare Private Limited
	Address:	Karvy Selenium Tower-B, Plot 31-32
		Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India.
	Contact Details:	Phone No.: 91-40-67161500 Fax No.: 91-40-23420814
	E-mail:	einward.ris@karvy.com, balaji.reddy@karvy.com, raju.sv@karvy.com
	Website:	www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Other Financial Services and Activities - Other Credit Granting	64920	100%

Note: The Company is a Non Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI), categorized as Infrastructure Finance Company (IFC) and the Company is engaged in the business of providing finance for power sector.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2017

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 ("RECPDCL")	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	Dinchang Transmission Limited *(SPV under RECTPCL)*		U40300DL2015GOI288066	Subsidiary of RECTPCL	100%	2(87)
4	Ghatampur Transmission Limited *(SPV under RECTPCL)*		U40300DL2016GOI308788	Subsidiary of RECTPCL	100%	2(87)
5	ERSS XXI Transmission Limited *(SPV under RECTPCL)*		U40300DL2017GOI310436	Subsidiary of RECTPCL	100%	2(87)
6	WR-NR Power Transmission Limited *(SPV under RECTPCL)*		U40100DL2017GOI310478	Subsidiary of RECTPCL	100%	2(87)
7	Energy Efficiency Services Limited *(Joint Venture Company)*	4th Floor, Sewa Bhawan, R.K. Puram, New Delhi - 110066	U40200DL2009PLC196789	Associate Company	31.71%	2(6)

Notes:-

- REC Transmission Projects Company Limited (RECTPCL) acts as "Bid Process Coordinator" for selection of Transmission Service Provider(s), through Tariff Based Competitive Bidding (TBCB) process for independent inter-state and intra-state

transmission projects allocted by the Ministry of Power (MoP), Government of India and State Governments from time to time. In order to initiate development of each of such independent transmission project allocated to it, RECTPCL incorporates project-specific Special Purpose Vehicle (SPV) as its wholly-owned subsidiary, which is also a wholly-owned subsidiary of REC as per the provisions of Section 2(87) of the Companies Act, 2013. Further, such SPVs are subsequently transferred along with all assets and liabilities to the successful bidder(s) selected through TBCB process.

- During the financial year 2016-17, in addition to the 4 (four) SPVs mentioned above, 4 (four) other SPVs were transferred to successful bidders selected through TBCB process and the names of 2 (two) SPVs were struck off from the Register of Companies, pursuant to the process followed under Section 560 of the Companies Act,1956. Details about the same are given in the Board's Report forming part of this Annual Report.

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholder	No. of shares held at the beginning of the year (April 1, 2016)				No. of shares held at the end of the year (March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTER									
(1) INDIAN									
(a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government	59,87,67,680	0	59,87,67,680	60.64	1,16,25,04,472	0	1,16,25,04,472	58.86	-1.78
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(e) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)	**59,87,67,680**	**0**	**59,87,67,680**	**60.64**	**1,16,25,04,472**	**0**	**1,16,25,04,472**	**58.86**	**-1.78**
(2) FOREIGN									
(a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A)(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoters A=A(1)+A(2)	**59,87,67,680**	**0**	**59,87,67,680**	**60.64**	**1,16,25,04,472**	**0**	**1,16,25,04,472**	**58.86**	**-1.78**
(B) PUBLIC SHAREHOLDING									
(1) Institutions									
(a) Mutual Funds	2,07,39,064	0	2,07,39,064	2.10	7,47,55,196	0	7,47,55,196	3.79	1.69
(b) Banks/FI	81,71,379	0	81,71,379	0.83	1,47,02,924	0	1,47,02,924	0.74	-0.09
(c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	8,35,86,726	0	8,35,86,726	8.46	12,58,98,638	0	12,58,98,638	6.37	-2.09
(g) FIIs/FPIs	21,10,23,812	0	21,10,23,812	21.37	42,12,35,190	0	42,12,35,190	21.33	-0.04
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholder	No. of shares held at the beginning of the year (April 1, 2016)				No. of shares held at the end of the year (March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(j) Others (specified below)	100	0	100	0.00	1,34,675	0	1,34,675	0.01	0.01
- Foreign Nationals	*100*	*0*	*100*	*0.00*	*1,34,675*	*0*	*1,34,675*	*0.01*	*0.01*
Sub-Total (B) (1)	**32,35,21,081**	**0**	**32,35,21,081**	**32.76**	**63,67,26,623**	**0**	**63,67,26,623**	**32.24**	**-0.52**
(2) NON-INSTITUTIONS									
(a) Bodies Corporate									
- Indian	1,72,69,411	0	1,72,69,411	1.75	2,92,87,492	0	2,92,87,492	1.48	-0.27
- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individuals shareholders holding nominal share capital upto ₹1 lakh	3,77,40,092	15,407	3,77,55,499	3.82	8,24,92,451	52,085	8,25,44,536	4.18	0.36
(ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakh	62,89,246	0	62,89,246	0.64	4,98,49,151	0	4,98,49,151	2.53	1.89
(c) Others (specified below)	38,56,083	0	38,56,083	0.39	1,40,05,626	100	1,40,05,726	0.71	0.32
- Clearing Members	*7,01,124*	*0*	*7,01,124*	*0.07*	*53,75,270*	*0*	*53,75,270*	*0.27*	*0.20*
- NBFCs registered with RBI	*1,83,914*	*0*	*1,83,914*	*0.02*	*3,19,644*	*0*	*3,19,644*	*0.02*	*0.00*
- Non Resident Indians (NRI)	*17,16,781*	*0*	*17,16,781*	*0.17*	*32,82,563*	*0*	*32,82,563*	*0.17*	*0.00*
- NRI Non -Repatriation	*0*	*0*	*0*	*0.00*	*18,27,081*	*100*	*18,27,181*	*0.09*	*0.09*
- Trusts	*12,54,264*	*0*	*12,54,264*	*0.13*	*32,01,068*	*0*	*32,01,068*	*0.16*	*0.03*
- Qualified Foreign Investors	*0*	*0*	*0*	*0.00*	*0*	*0*	*0*	*0.00*	*0.00*
Sub-Total (B) (2)	**6,51,54,832**	**15,407**	**6,51,70,239**	**6.60**	**17,56,34,720**	**52,185**	**17,56,86,905**	**8.90**	**2.30**
Total Public Shareholding (B)=(B) (1)+B (2)	**38,86,75,913**	**15,407**	**38,86,91,320**	**39.36**	**81,23,61,343**	**52,185**	**81,24,13,528**	**41.14**	**1.78**
(C) Shares held by custodians for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)	**98,74,43,593**	**15,407**	**98,74,59,000**	**100.00**	**1,97,48,65,815**	**52,185**	**1,97,49,18,000**	**100.00**	**0.00**

Note:- During the financial year 2016-17, the Company had issued Bonus Equity Shares to all shareholders in the ratio of 1:1.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2016)			Shareholding at the end of the year (March 31, 2017)			% 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	59,87,67,680	60.64	0	1,16,25,04,472	58.86	0	-1.78
	Total	**59,87,67,680**	**60.64**	**0**	**1,16,25,04,472**	**58.86**	**0**	**-1.78**

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars		Shareholding at the beginning of the year (April 1, 2016)		Change in shareholding *(Refer Notes)*		Cumulative Shareholding at the end of the year (March 31, 2017)	
			No. of Shares	% of total shares of the Company	No. of Shares	% change	No. of Shares	% of total shares of the Company
1	**President of India**							
	At the beginning of the year		59,87,67,680	60.64				
	Date wise increase / decrease in Promoters' Shareholding during the year with reasons for increase / decrease							
	Date	**Reason for increase/ decrease**						
	October 6, 2016	Credit of Bonus Equity Shares.			59,87,67,680	*No effective change in % shareholding*		
	January 25, 2017	Sale *(see Notes below)*			-2,51,33,733	-1.28		
	March 22, 2017	Sale *(see Notes below)*			-98,97,155	-0.50		
	At the end of the year						1,16,25,04,472	58.86

Notes: During the financial year 2016-17, the Company had issued Bonus Equity Shares to all shareholders in the ratio of 1:1. Further, the President of India, acting through the Ministry of Power, Government of India, divested/sold 2,51,33,733 equity shares on January 25, 2017 (i.e. 1.28% of paid up equity share capital); and again divested/sold 98,97,155 equity shares on March 22, 2017 (i.e. 0.50% of paid up equity share capital), through Off-market sale of equity shares of the Company under 'Central Public Sector Enterprises Exchange Traded Fund' (CPSE ETF). Accordingly, as on March 31, 2017, the President of India held 1,16,25,04,472 equity shares of the Company, representing 58.86% of the paid up equity share capital of the Company.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (April 1, 2016)		Net increase / decrease in shareholding *(Refer Notes)*		Cumulative Shareholding at the end of the year (March 31, 2017)	
		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 $	7,36,22,024	7.46	3,42,59,780	0	10,78,81,804	5.46
2	The Prudential Assurance Company Limited #	0	0	3,89,19,948	0	3,89,19,948	1.97
3	CPSE ETF $	46,56,521	0.47	2,42,86,735	0	2,89,43,256	1.47
4	Morgan Stanley Mauritius Company Limited $	65,57,250	0.66	1,75,80,140	0	2,41,37,390	1.22
5	East Bridge Capital Master Fund Limited $	88,35,880	0.89	88,35,880	0	1,76,71,760	0.89
6	HDFC Trustee Company Limited - HDFC Prudence Fund #	23,20,000	0.24	1,30,34,000	0	1,53,54,000	0.78
7	Robeco Capital Growth Funds - Robeco Emerging Conservative Equities #	0	0	1,23,82,817	0	1,23,82,817	0.63
8	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund $	55,96,617	0.57	64,58,935	0	1,20,55,552	0.61
9	HDFC Trustee Company Limited - HDFC Equity Fund #	0	0	1,17,48,000	0	1,17,48,000	0.60

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (April 1, 2016)		Net increase / decrease in shareholding *(Refer Notes)*		Cumulative Shareholding at the end of the year (March 31, 2017)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
10	Eastspring Investments India Equity Open Limited #	41,72,164	0.42	70,01,726	0	1,11,73,890	0.57
11	Life Insurance Corporation of India P & GS Fund @	47,75,627	0.48	47,75,627	0	95,51,254	0.48
12	Wisdomtree India Investment Portfolio, Inc. @	46,88,553	0.47	43,67,249	0	90,55,802	0.46
13	DB International (Asia) Limited @	1,68,09,219	1.70	0	-1,51,26,156	16,83,063	0.09
14	HSBC Global Investment Funds a/c HSBC GIF Mauritius Limited @	56,16,264	0.57	0	-56,16,264	0	0
15	Target Value Fund @	45,53,864	0.46	0	-45,53,864	0	0

("$" denotes position in Top 10 shareholders of the Company as on both April 1, 2016 and March 31, 2017; "@" denotes position in Top 10 shareholders only as on April 1, 2016; and "#" denotes position in Top 10 shareholders only as on March 31, 2017.)

Notes:

1) During the financial year 2016-17, the Company had issued Bonus Equity Shares to all shareholders in the ratio of 1:1. Hence, the net increase / decrease in shareholding of the aforesaid shareholders also reflects changes due to Bonus Issue, wherever applicable.

2) The shares of the Company are traded on a daily basis and hence, the date-wise increase / decrease in shareholding is not indicated.

(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, 2016)		Cumulative shareholding at the end of the year (March 31, 2017)	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Dr. P V Ramesh, Chairman & Managing Director** *(w.e.f. January 5, 2017)*					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
2	**Shri Ajeet Kumar Agarwal, Director (Finance)**					
	At the beginning of the year		242	Negligible		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease					
	Date	**Reason for increase/decrease**				
	October 6, 2016	Credit of Bonus Equity Shares.	242	Negligible		
	At the end of the year				484	Negligible
3	**Shri Sanjeev Kumar Gupta, Director (Technical)**					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0

Sl. No.	Name of the Director / KMP		Shareholding at the beginning of the year (April 1, 2016)		Cumulative shareholding at the end of the year (March 31, 2017)	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
4	**Dr. Arun Kumar Verma, Government Nominee Director**					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
5	**Shri Arun Singh, Independent Director**					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
6	**Shri A. Krishna Kumar, Independent Director**					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
7	**Prof. T.T. Ram Mohan, Independent Director**					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
8	**Smt. Asha Swarup, Independent Director** *(w.e.f. February 8, 2017)*					
	At the beginning of the year		0	0		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease		No change			
	At the end of the year				0	0
9	**Shri Jyoti Shubhra Amitabh, General Manager & Company Secretary (KMP)**					
	At the beginning of the year		1,121	Negligible		
	Date wise increase / decrease in Shareholding during the year specifying the reasons for increase / decrease					
	Date	**Reason for increase/decrease**				
	October 6, 2016	Credit of Bonus Equity Shares.	1,121	Negligible		
	At the end of the year				2,242	Negligible

Notes:

- Shri Rajeev Sharma, who ceased to be the Chairman and Managing Director (CMD) of the Company w.e.f. October 1, 2016, was holding 60 equity shares of the Company upto the said date, which increased to 120 equity shares post Bonus Issue.
- Shri Bhagwati Prasad Pandey, Special Secretary, Ministry of Power, was holding the additional charge as Chairman and Managing Director (CMD) of the Company during the period October 1, 2016 to January 4, 2017; and he was holding 'NIL' equity shares of the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on April 1, 2016)				
i) Principal Amount	66,359.50	1,02,746.88	-	1,69,106.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,651.87	3,586.79	-	6,238.66
Total (i+ii+iii)	**69,011.37**	**1,06,333.67**	**-**	**1,75,345.04**
Change in Indebtedness during the financial year				
* Addition	11,043.58	25,677.69	-	36,721.27
* (Reduction)	17,129.76	21,402.17	-	38,531.93
* Foreign Exchange gain / loss	-	22.16		22.16
Net Change	**-6,086.18**	**4,297.68**	**-**	**-1,788.50**
Indebtedness at the end of the financial year (As on March 31, 2017)				
i) Principal Amount	60,467.71	1,07,049.67	-	1,67,517.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,457.48	3,581.68	-	6,039.16
Total (i+ii+iii)	**62,925.19**	**1,10,631.35**	**-**	**1,73,556.54**

Notes:

1. Commercial Papers and Working Capital Demand Loan raised and redeemed during the year has not been considered in "Addition / Reduction" head.
2. In respect of Institutional Bonds, interest accrued but not due does not include interest accrued on Zero Coupon Bonds as the same has been included in principal amount.
3. Change in indebtedness includes change in principal and interest during the year.

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	Dr. P V Ramesh, CMD *(w.e.f. January 5, 2017)*	Shri Ajeet Kumar Agarwal, Director (Finance)	Shri Sanjeev Kumar Gupta, Director (Technical)	Shri Rajeev Sharma, CMD *(ceased w.e.f. October 1, 2016)*	Total
1	Gross Salary					
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	7,27,792	45,28,339	41,01,989	36,21,986	**1,29,80,106**
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	2,010	5,97,047	4,05,051	8,93,693	**18,97,801**
	c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL	**NIL**
2	Stock Option	NIL	NIL	NIL	NIL	**NIL**
3	Sweat Equity	NIL	NIL	NIL	NIL	**NIL**

Sl. No.	Particulars of Remuneration	Dr. P V Ramesh, CMD *(w.e.f. January 5, 2017)*	Shri Ajeet Kumar Agarwal, Director (Finance)	Shri Sanjeev Kumar Gupta, Director (Technical)	Shri Rajeev Sharma, CMD *(ceased w.e.f. October 1, 2016)*	Total
4	Commission					
	- as % of profit	NIL	NIL	NIL	NIL	**NIL**
	- others, specify ……	NIL	NIL	NIL	NIL	**NIL**
5	Others, as specified below					
	- Employer Contribution towards Provident Fund	NIL	2,60,975	2,61,111	1,41,888	**6,63,974**
	- Employer Contribution towards Superannuation Fund {amount over and above ₹ 1,50,000 has also been included in perquisites u/s 17 (2)}	NIL	1,95,734	1,95,842	1,06,418	**4,97,994**
	Total (A)	**7,29,802**	**55,82,095**	**49,63,993**	**47,63,985**	**1,60,39,875**
	Ceiling as per the Act #	Exempt for Government Companies as per MCA Notification dated June 5, 2015.				

Notes:

- During the financial year 2016-17, Shri Bhagwati Prasad Pandey, Special Secretary, Ministry of Power, was holding the additional charge as Chairman and Managing Director (CMD) of the Company during the period October 1, 2016 to January 4, 2017; and no remuneration was paid to him by the Company during this tenure.
- REC being a Government Company, the role of CEO is being performed by "CMD, REC" and the role of CFO is being performed by "Director (Finance), REC".

B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Independent Directors				Government Nominee Director	Total
		Shri Arun Singh	Shri A. Krishna Kumar	Prof. T.T. Ram Mohan	Smt. Asha Swarup *(w.e.f. February 8, 2017)*	Dr. Arun Kumar Verma	
1	**Independent Directors**						
	* Fee for attending Board / Committee meetings	3,00,000	6,40,000	5,40,000	80,000		**15,60,000**
	* Commission	NIL	NIL	NIL	NIL		**NIL**
	* Others	NIL	NIL	NIL	NIL		**NIL**
	Total (1)	**3,00,000**	**6,40,000**	**5,40,000**	**80,000**		**15,60,000**
2	**Other Non-Executive Directors**						
	* Fee for attending Board / Committee meetings					NIL	**NIL**
	* Commission					NIL	**NIL**
	* Others					NIL	**NIL**
	Total (2)					**NIL**	**NIL**
	Total (B) =(1+2)	**3,00,000**	**6,40,000**	**5,40,000**	**80,000**	**NIL**	**15,60,000**
	Total Managerial Remuneration (A+B)						**1,75,99,875**
	Overall Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015.					

Note: Besides sitting fee as above, the Directors are also paid reimbursement of expenses towards cost of travel tickets, hotel, accommodation, local conveyance and out-of-pocket expenses etc. for attending the meetings of Board of Directors / Committees thereof, as per the TA/DA policy of the Company.

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

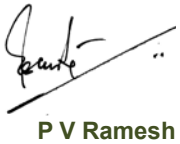
(Amount in ₹)

Sl. No	Particulars of Remuneration	Company Secretary (Shri J.S. Amitabh)
1	Gross Salary	
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	34,77,383
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	55,435
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	NIL
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission	
	:as % of profit	NIL
	:others, specify …….	NIL
5	Others, as specified below	
	- Employer Contribution towards Provident Fund	2,48,799
	- Employer Contribution towards Superannuation Fund {amount over and above ₹1,50,000 has also been included in perquisites u/s 17 (2)}	1,82,477
	Total (C)	**39,64,094**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A.	**COMPANY**					
	Penalty	None				
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty	None				
	Punishment					
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	None				
	Punishment					
	Compounding					

For and on behalf of the Board of Directors



P V Ramesh
Chairman & Managing Director
DIN: 02836069

Place : New Delhi
Date : August 21, 2017

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)

Disclosure of particulars of contracts/arrangements entered by Rural Electrification Corporation Limited with its related parties (as per Section 188(1) of the Companies Act, 2013)

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 Transmission Projects Company Limited (RECTPCL) Wholly-Owned Subsidiary of REC	Implementation of Outage Management System (Urja Mitra), an initiative of Ministry of Power	–	Appointment of RECTPCL, on nomination basis, as implementing agency for Urja Mitra, an initiative of Ministry of Power.	In view of the experience of RECTPCL in handling large size projects and considering that it is in constant touch with State DISCOMs, the contract were awarded to RECTPCL on nomination basis.	May 27, 2016	NIL	-
	Implementation of 11 kV Rural Feeder monitoring scheme	72 months (may be extended for further 6 months)	Appointment of RECTPCL, on nomination basis, as implementing agency for 11 kV Rural Feeder monitoring scheme. Further, the Project Management charges payable to RECTPCL shall be upto ₹ 15.21 crore in case the final project cost approved by Ministry of Power (MoP) is ₹ 233.03 crore and upto ₹ 20 crore in case the final project cost approved by MoP is ₹ 269.68 crore.		September 21, 2016	NIL	
REC Power Distribution Company Limited (RECPDCL) Wholly-Owned Subsidiary of REC	Installation of Solar Power Panels	-	Installation of solar power panels in President's Estate, Rashtrapati Bhawan, New Delhi.	In view of the experience of RECPDCL in implementation of the DDUGJY, the contract was awarded to RECPDCL on nomination basis.	June 27, 2016	NIL	
	Construction of toilets	-	Construction of 194 Nos. of toilets in 111 Nos. of Government Schools in select blocks of Ghazipur District, Uttar Pradesh.	In view of time bound completion schedule and experience of RECPDCL in the implementation of Swachh Vidyalaya Abhiyan, the contract was awarded to RECPDCL on nomination basis.	June 27, 2016	NIL	

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	Day to day monitoring of electrification of UE villages	Around 1 year	As part of Ministry of Power's mission to complete balance 18,452 UE villages in the country in 1,000 days, the contract for day to day monitoring of RE works progress and surveillance quality checks on electrification of balance UE villages was awarded to RECPDCL on nomination basis and on cost plus basis upto an amount of ₹ 20 crore (Rupees Twenty Crore only) payable as project monitoring charges including logistic, tour & travel, gadgets etc. required for monitoring. The project monitoring charges were enhanced by additional ₹20 crore, since the earlier approved amount of ₹ 20 crore was exhausted in July, 2016.	Due to urgency, national importance of the assignment, excellent performance of RECPDCL of monitoring the Swachh Vidyalaya Abhiyan, the contract was awarded to RECPDCL on nomination basis.	September 21, 2016	NIL	-
Energy Efficiency Services Limited (EESL) Associate Company of REC	Installation of LED lights	-	Installation of LED lights on existing poles owned by Gram Panchayat with one year warranty and maintenance period in village Maghrol in Anand district, Gujarat.	In view of the technical competency of EESL in the field of renewable energy, the contract was awarded to EESL on nomination basis.	June 27, 2016	NIL	September 16, 2015

2. **Details of material contracts or arrangement or transactions at arm's length basis:** No material contracts or arrangements or transactions were entered by the Company with any Related Party.

For and on behalf of the Board of Directors



P V Ramesh
Chairman & Managing Director
(DIN : 02836069)

Place : New Delhi
Date : August 21, 2017

DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR DIFFERENT BOND SERIES AS ON MARCH 31, 2017

{IN TERMS OF REGULATION 53 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015}

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/YYYY)	Coupon Rate	Listed at		Registrar & Share Transfer Agent
							NSE	BSE	
1	IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17 R, Kamani Marg, Ballard Estate, Mumbai-400001 Contact : Mr. Ajit Guruji Phone : 022-40807001 Fax No : 022-66311776 E mail : ajit.guruji@idbitrustee.com response@idbitrustee.com Website : www.idbitrustee.com	INE020B07DE1	83	Secured	28/02/2018	9.07%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Contact : Mr. Sanjay Rastogi Phone : 011-29961281-83 Fax : 011-29961284 Email : recbonds@gmail.com beetal@beetalfinancial.com
		INE020B07DG6	85	Secured	13/06/2018	9.68%	Yes	No	
		INE020B07DT9	86-A	Secured	30/07/2018	10.70%	Yes	No	
		INE020B07DW3	86-B III	Secured	14/08/2018	10.85%	Yes	No	
		INE020B07DY9	87 - II	Secured	01/10/2018	10.85%	Yes	No	
		INE020B07EB5	87A - III	Secured	24/10/2018	11.15%	Yes	No	
		INE020B07EG4	88	Secured	15/01/2019	8.65%	Yes	No	
		INE020B07EP5	90	Secured	03/08/2019	8.80%	Yes	No	
		INE020B07ER1	90B-II	Secured	04/09/2019	8.72%	Yes	No	
		INE020B07EV3	90C-II	Secured	07/10/2019	8.80%	Yes	No	
		INE020B07EY7	91-II	Secured	18/11/2019	8.80%	Yes	No	
		INE020B07FC0	92-II	Secured	22/01/2020	8.65%	Yes	No	
		INE020B08427	94	Unsecured	09/06/2025	8.75%	Yes	No	
		INE020B08435	95-I	Unsecured	12/07/2019	8.70%	Yes	No	
		INE020B08443	95-II	Unsecured	14/07/2025	8.75%	Yes	No	
		INE020B08450	96	Unsecured	26/10/2020	8.80%	Yes	Yes	
		INE020B08468	97	Unsecured	30/11/2020	8.80%	Yes	No	
		INE020B08476	0 CPN-I	Unsecured	15/12/2020	0	Yes	No	
		INE020B08484	0 CPN-II	Unsecured	03/02/2021	0	Yes	Yes	
		INE020B08492	98	Unsecured	15/03/2021	9.18%	Yes	No	
		INE020B08567	100	Unsecured	15/07/2021	9.63%	Yes	No	
		INE020B08591	101-III	Unsecured	10/08/2021	9.48%	Yes	No	
		INE020B08641	105	Unsecured	11/11/2021	9.75%	Yes	No	
		INE020B08740	107	Unsecured	15/06/2022	9.35%	Yes	No	
		INE020B08757	108-I	Unsecured	20/07/2017	9.40%	Yes	Yes	
		INE020B08765	108-II	Unsecured	20/07/2019	9.39%	Yes	Yes	
		INE020B08773	109	Unsecured	28/08/2017	9.25%	Yes	Yes	
		INE020B08799	111-I	Unsecured	19/11/2019	9.02%	Yes	Yes	
		INE020B08807	111-II	Unsecured	19/11/2022	9.02%	Yes	Yes	
		INE020B08815	112	Unsecured	01/02/2018	8.70%	Yes	Yes	
		INE020B08823	113	Unsecured	09/03/2020	8.87%	Yes	Yes	
		INE020B08831	114	Unsecured	12/04/2023	8.82%	Yes	Yes	
		INE020B08849	115	Unsecured	31/05/2023	8.06%	Yes	Yes	
		INE020B07HX2	116-II	Secured	17/10/2018	9.24%	Yes	Yes	
		INE020B07HY0	117	Secured	06/11/2018	9.38%	Yes	Yes	

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/YYYY)	Coupon Rate	Listed at		Registrar & Share Transfer Agent
							NSE	BSE	
	IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17 R, Kamani Marg, Ballard Estate, Mumbai-400001 Contact : Mr. Ajit Guruji Phone : 022-40807001 Fax No : 022-66311776 E mail : ajit.guruji@idbitrustee.com response@idbitrustee.com Website : www.idbitrustee.com	INE020B07HZ7	118	Secured	03/01/2019	9.61%	Yes	Yes	
		INE020B08500	Infra Bonds Series-I (2010-11)	Unsecured	31/03/2021	8.00%	Yes	No	
		INE020B08518		Unsecured	31/03/2021	8.10%	Yes	No	
		INE020B08526		Unsecured	31/03/2021	8.20%	Yes	No	
		INE020B08534		Unsecured	31/03/2021	8.20%	Yes	No	
		INE020B07CU9	82	Secured	28/09/2017	9.85%	Yes	No	Karvy Computershare Private Limited, Karvy Selenium Tower, B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad–500032 Contact : Mr. Venkat Babu Phone : 040 - 67161586, 040 - 6716 1635 Email : vnbabu.garikapati@karvy.com
		INE020B07IA8	119	Secured	05/02/2019	9.63%	Yes	Yes	
		INE020B07IV4	122	Secured	18/06/2019	9.02%	Yes	Yes	
		INE020B07IW2	123-I	Secured	17/07/2021	9.40%	Yes	Yes	
		INE020B07IY8	123-III-3 yrs	Secured	25/08/2017	9.25%	Yes	Yes	
		INE020B07IZ5	123-III-10 yrs	Secured	23/08/2024	9.34%	Yes	Yes	
		INE020B07JB4	124	Secured	22/09/2017	9.06%	Yes	Yes	
		INE020B08856	125	Unsecured	11/10/2019	9.04%	Yes	Yes	
		INE020B08864	126	Unsecured	13/11/2019	8.56%	Yes	Yes	
		INE020B08872	127	Unsecured	04/12/2021	8.44%	Yes	Yes	
		INE020B08880	128	Unsecured	21/12/2024	8.57%	Yes	Yes	
		INE020B08898	129	Unsecured	23/01/2025	8.23%	Yes	Yes	
		INE020B08906	130	Unsecured	06/02/2025	8.27%	Yes	Yes	
		INE020B08914	131	Unsecured	21/02/2025	8.35%	Yes	Yes	
		INE020B08922	132	Unsecured	09/03/2022	8.27%	Yes	Yes	
		INE020B07IJ9	54EC Series IX (2014-15)	Secured	30/04/2017	6.00%	Unlisted		Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 Contact : Mr. Shrikant Phone : 022 - 4918 6200 Fax : 022 - 4918 6060 Email : bond.helpdesk@linkintime.co.in shrikant.oturkar@linkintime.co.in
		INE020B07IK7		Secured	31/05/2017	6.00%	Unlisted		
		INE020B07IL5		Secured	30/06/2017	6.00%	Unlisted		
		INE020B07IM3		Secured	31/07/2017	6.00%	Unlisted		
		INE020B07IN1		Secured	31/08/2017	6.00%	Unlisted		
		INE020B07IO9		Secured	30/09/2017	6.00%	Unlisted		
		INE020B07IP6		Secured	31/10/2017	6.00%	Unlisted		
		INE020B07IQ4		Secured	30/11/2017	6.00%	Unlisted		
		INE020B07IR2		Secured	31/12/2017	6.00%	Unlisted		
		INE020B07IS0		Secured	31/01/2018	6.00%	Unlisted		
		INE020B07IT8		Secured	28/02/2018	6.00%	Unlisted		
		INE020B07IU6		Secured	31/03/2018	6.00%	Unlisted		

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/YYYY)	Coupon Rate	Listed at		Registrar & Share Transfer Agent
							NSE	BSE	
2	SBICAP Trustee Company Limited, 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : corporate@sbicaptrustee.com investor.cell@sbicaptrustee.com Website : www.sbicaptrustee.com	INE020B08930	133	Unsecured	10/04/2025	8.30%	Yes	Yes	Karvy Computershare Private Limited, Karvy Selenium Tower, B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad–500032 Contact : Mr. Venkat Babu Phone : 040 - 67161586, 040 - 6716 1635 Email : vnbabu.garikapati@karvy.com
		INE020B08948	134	Unsecured	14/08/2020	8.37%	Yes	Yes	
		INE020B08955	135	Unsecured	22/09/2020	8.36%	Yes	Yes	
		INE020B08963	136	Unsecured	07/10/2025	8.11%	Yes	Yes	
		INE020B08971	137	Unsecured	07/12/2018	8.05%	Yes	Yes	
		INE020B08997	139	Unsecured	21/10/2021	7.24%	Yes	Yes	
		INE020B08AA3	140	Unsecured	07/11/2026	7.52%	Yes	Yes	
		INE020B08AB1	141	Unsecured	09/12/2021	7.14%	Yes	Yes	
		INE020B08AC9	142	Unsecured	30/12/2026	7.54%	Yes	Yes	
		INE020B08AD7	143	Unsecured	29/06/2020	6.83%	Yes	Yes	
		INE020B08AE5	144	Unsecured	21/09/2020	7.13%	Yes	Yes	
		INE020B08AF2	145	Unsecured	28/02/2022	7.46%	Yes	Yes	
		INE020B08AG0	146	Unsecured	03/09/2018	6.88%	Yes	Yes	
		INE020B08AH8	147	Unsecured	12/03/2027	7.95%	Yes	Yes	
		INE020B08AI6	148	Unsecured	17/06/2020	7.42%	Yes	Yes	
		INE020B07JC2	54EC Series X (2015-16)	Secured	30/04/2018	6.00%	Unlisted		
		INE020B07JD0		Secured	31/05/2018	6.00%	Unlisted		
		INE020B07JE8		Secured	30/06/2018	6.00%	Unlisted		
		INE020B07JF5		Secured	31/07/2018	6.00%	Unlisted		
		INE020B07JG3		Secured	31/08/2018	6.00%	Unlisted		
		INE020B07JH1		Secured	30/09/2018	6.00%	Unlisted		
		INE020B07JI9		Secured	31/10/2018	6.00%	Unlisted		
		INE020B07JJ7		Secured	30/11/2018	6.00%	Unlisted		
		INE020B07JK5		Secured	31/12/2018	6.00%	Unlisted		
		INE020B07JL3		Secured	31/01/2019	6.00%	Unlisted		
		INE020B07JM1		Secured	28/02/2019	6.00%	Unlisted		
		INE020B07JN9		Secured	31/03/2019	6.00%	Unlisted		
		INE020B07JV2		Secured	30/04/2019	6.00%	Unlisted		
		INE020B07JW0		Secured	31/05/2019	6.00%	Unlisted		
		INE020B07JX8		Secured	30/06/2019	6.00%	Unlisted		
		INE020B07JY6		Secured	31/07/2019	6.00%	Unlisted		
		INE020B07JZ3		Secured	31/08/2019	6.00%	Unlisted		
		INE020B07KA4		Secured	30/09/2019	6.00%	Unlisted		
		INE020B07KB2		Secured	31/10/2019	6.00%	Unlisted		
		INE020B07KC0		Secured	30/11/2019	6.00%	Unlisted		
		INE020B07KD8		Secured	31/12/2019	5.25%	Unlisted		
		INE020B07KE6		Secured	31/01/2020	5.25%	Unlisted		
		INE020B07KF3		Secured	29/02/2020	5.25%	Unlisted		
		INE020B07KG1		Secured	31/03/2020	5.25%	Unlisted		

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/YYYY)	Coupon Rate	Listed at		Registrar & Share Transfer Agent
							NSE	BSE	
	SBICAP Trustee Company Limited, 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : corporate@sbicaptrustee.com investor.cell@sbicaptrustee.com Website : www.sbicaptrustee.com	INE020B07GU0	2012-13 Private Placement	Secured	21/11/2022	7.21%	Yes	Yes	
		INE020B07GV8		Secured	22/11/2027	7.38%	Yes	Yes	
		INE020B07GW6	2012-13 Public Issue Tranche-1	Secured	19/12/2022	7.22%	Yes	Yes	
				Secured	19/12/2022	7.72%			
		INE020B07GX4		Secured	20/12/2027	7.38%	Yes	Yes	
				Secured	20/12/2027	7.88%			
		INE020B07GY2	2012-13 Public Issue Tranche-2	Secured	27/03/2023	6.88%	Yes	Yes	
				Secured	27/03/2023	7.38%			
		INE020B07GZ9		Secured	27/03/2028	7.04%	Yes	Yes	
				Secured	27/03/2028	7.54%			
		INE020B07HM5	2013-14 Private Placement-1	Secured	29/08/2023	8.01%	Yes	Yes	
		INE020B07HN3		Secured	29/08/2028	8.46%	Yes	Yes	
		INE020B07HO1	2013-14 Public Issue Tranche-1	Secured	25/09/2023	8.01%	Yes	Yes	
		INE020B07HR4		Secured	25/09/2023	8.26%	Yes	Yes	
		INE020B07HP8		Secured	25/09/2028	8.46%	Yes	Yes	
		INE020B07HS2		Secured	25/09/2028	8.71%	Yes	Yes	
		INE020B07HQ6		Secured	26/09/2033	8.37%	Yes	Yes	
		INE020B07HT0		Secured	26/09/2033	8.62%	Yes	Yes	
		INE020B07HU8	2013-14 Private Placement-2	Secured	11/10/2023	8.18%	Yes	Yes	
		INE020B07HV6		Secured	11/10/2028	8.54%	Yes	Yes	
		INE020B07IC4	2013-14 Public Issue Tranche-2	Secured	22/03/2024	8.19%	Yes	Yes	
		INE020B07IF7		Secured	22/03/2024	8.44%	Yes	Yes	
		INE020B07ID2		Secured	23/03/2029	8.63%	Yes	Yes	
		INE020B07IG5		Secured	23/03/2029	8.88%	Yes	Yes	
		INE020B07IE0		Secured	24/03/2034	8.61%	Yes	Yes	
		INE020B07IH3		Secured	24/03/2034	8.86%	Yes	Yes	
		INE020B07J07	2015-16 Private Placement	Secured	23/07/2025	7.17%	Yes	Yes	
		INE020B07JP4	2015-16 Public Issue Tranche-1	Secured	05/11/2025	6.89%	No	Yes	
		INE020B07JQ2		Secured	05/11/2025	7.14%	No	Yes	
		INE020B07JR0		Secured	05/11/2030	7.09%	No	Yes	
		INE020B07JS8		Secured	05/11/2030	7.34%	No	Yes	
		INE020B07JT6		Secured	05/11/2035	7.18%	No	Yes	
		INE020B07JU4		Secured	05/11/2035	7.43%	No	Yes	

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/YYYY)	Coupon Rate	Listed at		Registrar & Share Transfer Agent
							NSE	BSE	
3	Vistra ITCL (India) Limited (formerly IL & FS Trust Company Limited), The IL &FS Financial Centre, G Block, Plot C-22, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Contact : Mr. Sanjay Dodti Phone : 022-26593644 Fax : 022-26533297 Email : sanjay.dodti@ilfsindia.com shailesh.kokate@ilfsindia.com Website : www.itclindia.com	INE020B08682	Infra Bonds Series-II (2011-12)	Unsecured	16/02/2019	9.15%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Contact : Mr. Sanjay Rastogi Phone : 011-29961281-83 Fax : 011-29961284 Email : recbonds@gmail.com beetal@beetalfinancial.com
		INE020B08690		Unsecured	16/02/2019	9.15%	Yes	No	
		INE020B08708		Unsecured	15/02/2022	8.95%	Yes	No	
		INE020B08716		Unsecured	15/02/2022	8.95%	Yes	No	
		INE020B08724		Unsecured	15/02/2027	9.15%	Yes	No	
		INE020B08732		Unsecured	15/02/2027	9.15%	Yes	No	
		INE020B07GG9	2011-12 Public Issue Tranche-1	Secured	28/03/2022	7.93%	No	Yes	Karvy Computershare Private Limited, Karvy Selenium Tower, B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad–500032 Contact : Mr. Venkat Babu Phone : 040 - 67161586, 040 - 6716 1635 Email : vnbabu.garikapati@karvy.com
					28/03/2022	8.13%			
		INE020B07GH7		Secured	29/03/2027	8.12%	No	Yes	
					29/03/2027	8.32%			

BALANCE SHEET AS AT 31ST MARCH 2017

(₹ in Crores)

Sl. No.	Particulars	Note No	As at 31.03.2017	As at 31.03.2016
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	1	**1,974.92**	987.46
	(b) Reserves and Surplus	2	**31,350.67**	27,630.30
	Sub-total (1)		**33,325.59**	**28,617.76**
(2)	**Non-current Liabilities**			
	(a) Long-term Borrowings	3	**149,489.33**	138,789.43
	(b) Deferred Tax Liabilities (Net)	4	**40.26**	49.75
	(c) Other Long-term Liabilities	5	**12.38**	9.50
	(d) Long-term Provisions	6	**1,848.42**	1,295.03
	Sub-total (2)		**151,390.39**	**140,143.71**
(3)	**Current Liabilities**			
	(a) Short-term Borrowings	7	**-**	6,349.93
	(b) Other Current Liabilities	8	**24,326.04**	30,389.52
	(c) Short-term Provisions	6	**194.22**	852.05
	Sub-total (3)		**24,520.26**	**37,591.50**
	Total (1+2+3)		**209,236.24**	**206,352.97**
II.	**ASSETS**			
(1)	**Non-current Assets**			
	(a) Fixed assets	9		
	(i) Tangible Assets		**120.68**	117.83
	(ii) Intangible Assets		**0.43**	0.91
	(iii) Capital work-in-progress		**58.69**	30.37
	(iv) Intangible Assets under Development		**1.46**	**1.21**
			181.26	**150.32**
	(b) Non-current Investments	10	**2,547.29**	2,317.46
	(c) Long-term Loans & Advances	11	**177,348.96**	157,794.10
	(d) Other Non-current Assets	12	**382.60**	101.06
	Sub-total (1)		**180,460.11**	**160,362.94**
(2)	**Current Assets**			
	(a) Current Investments	10	**149.16**	149.16
	(b) Cash & Bank Balances	13	**4,490.02**	1,728.55
	(c) Short-term Loans & Advances	14	**3,594.56**	795.26
	(d) Other Current Assets	15	**20,542.39**	43,317.06
	Sub-total (2)		**28,776.13**	**45,990.03**
	Total (1+2)		**209,236.24**	**206,352.97**

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

(₹ in Crores)

Sl. No.	Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I.	Revenue from Operations	16	**23,350.79**	23,638.35
II.	Other Income	17	**744.56**	117.93
III.	**Total Revenue (I+II)**		**24,095.35**	23,756.28
IV.	**Expenses**			
(i)	Finance Costs	18	**13,775.12**	14,283.12
(ii)	Employee Benefits Expense	19	**178.07**	137.44
(iii)	Depreciation & Amortization	9	**5.04**	5.45
(iv)	Corporate Social Responsibility Expenses	20	**69.80**	128.20
(v)	Other Expenses	21	**98.80**	67.01
(vi)	Provisions and Contingencies	22	**1,109.47**	1,089.85
	Total Expenses (IV)		**15,236.30**	**15,711.07**
V.	**Profit before Prior Period Items & Tax (III-IV)**		**8,859.05**	8,045.21
VI.	**Prior Period Items**	23	**(1.65)**	-
VII.	**Profit before Tax (V-VI)**		**8,860.70**	**8,045.21**
VIII.	**Tax Expense**			
(i)	Current period		**2,606.29**	2,477.89
(ii)	Earlier Periods (Refunds)		**(27.78)**	(2.77)
(iii)	Deferred Tax		**36.43**	(57.57)
	Total Tax Expense (i+ii+iii)		**2,614.94**	**2,417.55**
IX.	**Profit for the period from Continuing Operations (VII-VIII)**		**6,245.76**	5,627.66
X.	**Profit from Discontinuing Operations (after tax)**		**-**	-
XI.	**Profit for the period (IX+X)**		**6,245.76**	**5,627.66**
XII.	**Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)**			
	(1) Basic	24	**31.63**	28.50
	(2) Diluted	24	**31.63**	28.50

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) Accounting Convention: - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) Use of Estimates: - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before 31 March 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

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

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

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

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

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(2) Non performing Assets (NPA): A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.

The above period of two quarters shall be 5 months for the financial year ending 31 March 2016, 4 months for the financial year ending 31 March 2017 and 3 months for the financial year ending 31 March 2018 and thereafter. However, RBI vide letter dated 5 October 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before 31 March 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till 31 March 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

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

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

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding 16 months' for the financial year ending 31 March 2016; 'not exceeding 14 months' for the financial year ending 31 March 2017; and 'not exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended 31 March 2016; 'exceeding 14 months' for the financial year ending 31 March 2017 and 'exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

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

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

(ii) Doubtful assets –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

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

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

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

Particulars	Provisioning Requirement
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement shall be as below: • 2.75% with effect from 31 March 2015 • 3.50% with effect from 31 March 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31 March 2017 (spread over 4 quarters of 2016-17) • 5.00% with effect from 31 March 2018 (spread over 4 quarters of 2017-18) The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement is as below: • 0.25% by 31 March 2015 • 0.30% by 31 March 2016 • 0.35% by 31 March 2017 • 0.40% by 31 March 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

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

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

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

4. DEPRECIATION.

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

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

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

4.4. Leasehold land is amortized over the lease period.

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5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

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

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS

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

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

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

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding ₹ 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.

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13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

NOTES TO ACCOUNTS

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	**5,00,00,00,000**	**5,000.00**	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	**1,97,49,18,000**	**1,974.92**	98,74,59,000	987.46
Total	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	**98,74,59,000**	**987.46**	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	**98,74,59,000**	**987.46**	-	-
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

The shareholders of the Company in Annual General Meeting (AGM) held on 21 September 2016 *inter-alia* approved the increase in Authorised Capital of the Company from ₹ 1,200 crores to ₹ 5,000 crores and issue of Bonus shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders by capitalizing existing reserves by a sum of ₹ 987.46 Crores. Accordingly, 98,74,59,000 bonus shares were issued & allotted on 30 September 2016.

1.2 Allotment of Bonus Shares during the year and during preceding five years

The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

1.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

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

Name	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	**1,16,25,04,472**	**58.86%**	59,87,67,680	60.64%
Life Insurance Corporation of India	**12,63,22,504**	**6.40%**	8,64,90,414	8.76%

During the financial year 2016-17, the President of India acting through Ministry of Power, Government of India divested/sold 2,51,33,733 equity shares i.e. 1.28 % of total paid up capital of the Company on 25 January 2017 and 98,97,155 equity shares i.e. 0.50% of total paid up capital of the Company on 22 March 2017 through Off-market sale of shares under the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF). Accordingly, as on 31 March 2017, the President of India holds 58.86 % of the paid up equity share capital of the Company.

NOTES TO ACCOUNTS

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Capital Reserve	**105.00**	105.00
Securities Premium Account (Refer Note 2.1 & 2.4)		
Balance as at the beginning of the year	**3,224.00**	3,223.72
Add: Additions during the year	**-**	0.28
Less: Deductions/ Adjustments during the year	**987.46**	-
Balance as at the end of the year	**2,236.54**	3,224.00
Debenture Redemption Reserve (Refer Note 2.2)		
Balance as at the beginning of the year	**728.36**	531.77
Add: Amount transferred from Surplus Account	**196.59**	196.59
Balance as at the end of the year	**924.95**	728.36
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**10,349.64**	8,449.64
Add: Amount transferred from Surplus Account	**1,881.06**	1,900.00
Balance as at the end of the year	**12,230.70**	10,349.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**2,011.97**	1,621.97
Add: Amount transferred from Surplus Account	**413.33**	390.00
Balance as at the end of the year	**2,425.30**	2,011.97
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)		
Balance as at the beginning of the year	**-172.41**	-335.46
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	**153.63**	-503.08
Amortisation during the year	**55.09**	666.13
Balance as at the end of the year	**36.31**	-172.41
General Reserve		
Balance as at the beginning of the year	**4,677.40**	4,107.40
Add: Amount transferred from Surplus Account	**-**	570.00
Balance as at the end of the year	**4,677.40**	4,677.40
Surplus Account		
Balance as at the beginning of the year	**6,706.34**	6,165.53
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 (Refer Note 2.4)	**86.75**	-
Add: Profit during the year	**6,245.76**	5,627.66
Less : Appropriations		

NOTES TO ACCOUNTS

Particulars	As at 31.03.2017		As at 31.03.2016	
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,881.06**		1,900.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**413.33**		390.00	
- Dividend				
- Interim Dividend	**1,382.44**		1,184.95	
- Proposed Dividend (Final) (Refer Note 2.5)	**-**		503.60	
- Dividend Distribution Tax				
- Interim Dividend	**277.46**		239.19	
- Proposed Dividend (Final)	**-**		102.52	
- Transfer to Debenture Redemption Reserve	**196.59**		196.59	
- Transfer to General Reserve	**-**	**4,150.88**	570.00	5,086.85
Balance as at the end of the year		**8,714.47**		6,706.34
Total Reserves and Surplus		**31,350.67**		27,630.30

2.1 Additions in Securities Premium Account for the year ended 31 March 2017 represent the premium of Nil (Previous year ₹ 0.28 Crores) received on issue of Tax Free Bonds through private placement.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ -36.31 Crores as at 31 March 2017 (₹ 172.41 Crores as at 31 March 2016).

2.4 Draw down from Reserves

In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivative Contracts, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores has been adjusted in the retained earnings during the year ended 31 March 2017. This represents the change in the fair value of the interest rate swaps till 31 March 2016. Further, bonus shares have been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the year.

Further, no amount had been drawn from reserves during the financial year 2015-16.

2.5 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	**523.35**	503.60
- Rate of Dividend	**26.50%**	25.50%
- Dividend per equity share (₹)	**2.65**	2.55

NOTES TO ACCOUNTS

During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 'Contingencies and Events Occurring After the Balance Sheet Date'. However, as per the requirements of Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company is not required to provide for dividend proposed by the Board of Directors for the year ended 31 March 2017. Consequently, no provision has been made in respect of the aforesaid dividend. Had the Company continued with creation of provision of proposed dividend, as at Balance Sheet date, the figure of 'Reserves & Surplus' would have been lower by ₹ 629.89 Crores and 'Short term Provisions' would have been higher by the same amount (including dividend distribution tax of ₹ 106.54 crores). Further, the previous year figures have been adjusted in view of the bonus issue in the current year to make the figures comparable (Refer Note 1.1).

3. Long-Term Debt

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

(₹ in Crores)

Particulars		As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	**22,138.60**	**5,453.30**	27,591.90	7,854.80
	- 54EC Capital Gain Tax Exemption Bonds	**14,139.62**	**5,337.78**	11,814.48	5,349.91
	- Tax Free Bonds	**12,648.41**	**-**	12,648.41	-
(b)	Term Loans				
	- from Financial Institutions	**400.00**	**350.00**	750.00	350.00
	Total Secured Long-Term Debt (a+b)	**49,326.63**	**11,141.08**	**52,804.79**	**13,554.71**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	**79,424.70**	**5,359.70**	66,184.40	7,055.80
	- Infrastructure Bonds	**34.89**	**76.75**	34.90	207.49
	- Zero Coupon Bonds	**1,073.09**	**-**	990.64	-
(b)	Other Loans & Advances				
	- Foreign Currency Borrowings	**19,630.02**	**1,450.53**	18,774.70	3,149.02
	Total Unsecured Long-Term Debt (a+b)	**1,00,162.70**	**6,886.98**	**85,984.64**	**10,412.31**
	Total Long-Term Debt (A+B)	**1,49,489.33**	**18,028.06**	**1,38,789.43**	**23,967.02**
	Total Long-Term Debt (Non-Current + Current)	**1,67,517.39**		**1,62,756.45**	

NOTES TO ACCOUNTS

3.1 Details of Long-term Debt :

Details of secured long-term debt :

(Refer Note 3.3 for details of the security)

3.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
3.1.1.1	**Institutional Bonds**				
	123-IIIB Series	**1,955.00**	**-**	1,955.00	-
	9.34% Redeemable at par on 23.08.2024				
	123-I Series	**1,515.00**	**-**	1,515.00	-
	9.40% Redeemable at par on 17.07.2021				
	92-II Series	**945.30**	**-**	945.30	-
	8.65% Redeemable at par on 22.01.2020				
	91-II Series	**995.90**	**-**	995.90	-
	8.80% Redeemable at par on 18.11.2019				
	90-C-II Series	**1,040.00**	**-**	1,040.00	-
	8.80% Redeemable at par on 07.10.2019				
	90-B-II Series	**868.20**	**-**	868.20	-
	8.72% Redeemable at par on 04.09.2019				
	90th Series	**2,000.00**	**-**	2,000.00	-
	8.80% Redeemable at par on 03.08.2019				
	122nd Series	**1,700.00**	**-**	1,700.00	-
	9.02% Redeemable at par on 18.06.2019				
	119th Series	**2,090.00**	**-**	2,090.00	-
	9.63% Redeemable at par on 05.02.2019				
	88th Series	**1,495.00**	**-**	1,495.00	-
	8.65% Redeemable at par on 15.01.2019				
	118th Series	**1,655.00**	**-**	1,655.00	-
	9.61% Redeemable at par on 03.01.2019				
	117th Series	**2,878.00**	**-**	2,878.00	-
	9.38% Redeemable at par on 06.11.2018				
	87-A-III Series	**61.80**	**-**	61.80	-
	11.15% Redeemable at par on 24.10.2018				
	116-II Series	**850.00**	**-**	850.00	-
	9.24% Redeemable at par on 17.10.2018				
	87-II Series	**657.40**	**-**	657.40	-
	10.85% Redeemable at par on 01.10.2018				
	86-B-III Series	**432.00**	**-**	432.00	-
	10.85% Redeemable at par on 14.08.2018				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
86-A Series	**500.00**	**-**	500.00	-
10.70% Redeemable at par on 30.07.2018				
85th Series	**500.00**	**-**	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	**-**	**685.20**	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	**-**	**883.10**	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	**-**	**2,610.00**	2,610.00	-
9.06% Redeemable at par on 22.09.2017				
123-IIIA Series	**-**	**1,275.00**	1,275.00	-
9.25% Redeemable at par on 25.08.2017				
121st Series	**-**	**-**	-	1,600.00
9.52% Redeemed at par on 24.03.2017				
120th Series	**-**	**-**	-	1,100.00
9.67% Redeemed at par on 10.03.2017				
81st Series	**-**	**-**	-	314.80
8.85% Redeemed at par on 20.01.2017				
116-I Series	**-**	**-**	-	430.00
9.05% Redeemed at par on 17.10.2016				
123-IV Series	**-**	**-**	-	2,750.00
8.97% Redeemed at par on 08.09.2016				
123-II Series	**-**	**-**	-	1,660.00
9.27% Redeemed at par on 08.08.2016				
Total - Institutional Bonds	**22,138.60**	**5,453.30**	27,591.90	7,854.80
3.1.1.2 **54EC Capital Gain Tax Exemption Bonds**				
Series X (2016-17)	**7,662.92**	**-**	-	-
5.25%- 6.00% Redeemable at par during financial year 2019-20				
Series X (2015-16)	**6,476.70**	**-**	6,476.70	-
6.00% Redeemable at par during financial year 2018-19				
Series IX (2014-15)	**-**	**5,337.78**	5,337.78	-
6.00% Redeemable at par during financial year 2017-18				
Series IX (2013-14)	**-**	**-**	-	5,349.91
6.00% Redeemable at par during financial year 2016-17				
Total - 54EC Capital Gain Tax Exemption Bonds	**14,139.62**	**5,337.78**	11,814.48	5,349.91

NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
3.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1	**700.00**	**-**	700.00	-
	Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
	Series 2015-16 Series 5A	**300.00**	**-**	300.00	-
	7.17% Redeemable at par on 23.07.2025				
	Series 2013-14 Tranche 2	**1,059.40**	**-**	1,059.40	-
	Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
	Series 2013-14 Series 4A & 4B	**150.00**	**-**	150.00	-
	Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
	Series 2013-14 Tranche 1	**3,440.60**	**-**	3,440.60	-
	Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
	Series 2013-14 Series 3A & 3B	**1,350.00**	**-**	1,350.00	-
	Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
	Series 2012-13 Tranche 2	**131.06**	**-**	131.06	-
	Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
	Series 2012-13 Tranche 1	**2,017.35**	**-**	2,017.35	-
	Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				

NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Series 2012-13 Series 2A & 2B	**500.00**	**-**	500.00	-
	Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
	Series 2011-12	**3,000.00**	**-**	3,000.00	-
	Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
	Total - Tax Free Bonds	**12,648.41**	**-**	12,648.41	-
3.1.2	**Term Loans**				
	Term Loan from Financial Institutions				
	- Life Insurance Corporation of India (LIC)	**400.00**	**350.00**	750.00	350.00
	The Loan of ₹ 1500 Crores (present outstanding ₹ 100 Crores @ 6.242% and ₹ 50 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 600 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
	Total - Term Loans	**400.00**	**350.00**	750.00	350.00
3.2	**Details of Unsecured long-term debt :**				
3.2.1	**Bonds**				
3.2.1.1	**Institutional Bonds**				
	147th Series	**2,745.00**	**-**	-	-
	7.95% Redeemable at par on 12.03.2027				
	142nd Series	**3,000.00**	**-**	-	-
	7.54% Redeemable at par on 30.12.2026				
	140th Series	**2,100.00**	**-**	-	-
	7.52% Redeemable at par on 07.11.2026				
	136th Series	**2,585.00**	**-**	2,585.00	-
	8.11% Redeemable at par on 07.10.2025				
	95-II Series	**1,800.00**	**-**	1,800.00	-
	8.75% Redeemable at par on 14.07.2025				
	94th Series	**1,250.00**	**-**	1,250.00	-
	8.75% Redeemable at par on 09.06.2025				
	133rd Series	**2,396.00**	**-**	2,396.00	-
	8.30% Redeemable at par on 10.04.2025				
	131st Series	**2,285.00**	**-**	2,285.00	-
	8.35% Redeemable at par on 21.02.2025				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
130th Series	**2,325.00**	**-**	2,325.00	-
8.27% Redeemable at par on 06.02.2025				
129th Series	**1,925.00**	**-**	1,925.00	-
8.23% Redeemable at par on 23.01.2025				
128th Series	**2,250.00**	**-**	2,250.00	-
8.57% Redeemable at par on 21.12.2024				
115th Series - Subordinate Tier-II Bonds	**2,500.00**	**-**	2,500.00	-
8.06% Redeemable at par on 31.05.2023				
114th Series	**4,300.00**	**-**	4,300.00	-
8.82% Redeemable at par on 12.04.2023				
111-II Series	**2,211.20**	**-**	2,211.20	-
9.02% Redeemable at par on 19.11.2022				
107th Series	**2,378.20**	**-**	2,378.20	-
9.35% Redeemable at par on 15.06.2022				
132nd Series	**700.00**	**-**	700.00	-
8.27% Redeemable at par on 09.03.2022				
145th Series	**625.00**	**-**	-	-
7.46% Redeemable at par on 28.02.2022				
141st Series	**1,020.00**	**-**	-	-
7.14% Redeemable at par on 09.12.2021				
127th Series	**1,550.00**	**-**	1,550.00	-
8.44% Redeemable at par on 04.12.2021				
105th Series	**3,922.20**	**-**	3,922.20	-
9.75% Redeemable at par on 11.11.2021				
139th Series	**2,500.00**	**-**	-	-
7.24% Redeemable at par on 21.10.2021				
101-III Series	**3,171.80**	**-**	3,171.80	-
9.48% Redeemable at par on 10.08.2021				
100th Series	**1,500.00**	**-**	1,500.00	-
9.63% Redeemable at par on 15.07.2021				
98th Series	**3,000.00**	**-**	3,000.00	-
9.18% Redeemable at par on 15.03.2021				
97th Series	**2,120.50**	**-**	2,120.50	-
8.80% Redeemable at par on 30.11.2020				
96th Series	**1,150.00**	**-**	1,150.00	-
8.80% Redeemable at par on 26.10.2020				
135th Series	**2,750.00**	**-**	2,750.00	-
8.36% Redeemable at par on 22.09.2020				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
144th Series	**835.00**	**-**	-	-
7.13% Redeemable at par on 21.09.2020				
134th Series	**2,675.00**	**-**	2,675.00	-
8.37% Redeemable at par on 14.08.2020				
143rd Series	**1,275.00**	**-**	-	-
6.83% Redeemable at par on 29.06.2020				
148th Series	**1,200.00**	**-**	-	-
7.42% Redeemable at par on 17.06.2020				
113th Series	**1,542.00**	**-**	1,542.00	-
8.87% Redeemable at par on 09.03.2020				
111-I Series	**452.80**	**-**	452.80	-
9.02% Redeemable at par on 19.11.2019				
126th Series	**1,700.00**	**-**	1,700.00	-
8.56% Redeemable at par on 13.11.2019				
125th Series	**3,000.00**	**-**	3,000.00	-
9.04% Redeemable at par on 11.10.2019				
108-II Series	**960.00**	**-**	960.00	-
9.39% Redeemable at par on 20.07.2019				
95-I Series	**200.00**	**-**	200.00	-
8.70% Redeemable at par on 12.07.2019				
137th Series	**2,225.00**	**-**	2,225.00	-
8.05% Redeemable at par on 07.12.2018				
146th Series	**3,300.00**	**-**	-	-
9.25% Redeemable at par on 03.09.2018				
112th Series	**-**	**1,500.00**	1,500.00	-
8.70% Redeemable at par on 01.02.2018				
109th Series	**-**	**1,734.70**	1,734.70	-
9.25% Redeemable at par on 28.08.2017				
108-I Series	**-**	**2,125.00**	2,125.00	-
9.40% Redeemable at par on 20.07.2017				
138th Series	**-**	**-**	-	2,895.00
8.28% Redeemed at par on 04.03.2017				
106th Series	**-**	**-**	-	1,500.00
9.28% Redeemed at par on 15.02.2017				
103-I Series	**-**	**-**	-	50.00
9.35% Redeemed at par on 19.10.2016				
102nd Series	**-**	**-**	-	2,216.20
9.38% Redeemed at par on 06.09.2016				

NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	101-II Series	**-**	**-**	-	394.60
	9.45% Redeemed at par on 10.08.2016				
	Total - Institutional Bonds	**79,424.70**	**5,359.70**	66,184.40	7,055.80
3.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12)	**29.50**	**-**	29.51	128.08
	Redeemable at par. Refer Note 3.6				
	Series-I (2010-11)	**5.39**	**76.75**	5.39	79.41
	Redeemable at par. Refer Note 3.6				
	Total - Infrastructure Bonds	**34.89**	**76.75**	34.90	207.49
3.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II	**194.57**	**-**	178.95	-
	(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
	ZCB - Series I	**878.52**	**-**	811.69	-
	(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
	Total - Zero Coupon Bonds	**1,073.09**	**-**	990.64	-
3.2.2	**Other Loans & Advances**				
3.2.2.1	**Foreign Currency Borrowings**				
	CHF Bonds - CHF 200 Mn	**-**	**-**	-	1,378.50
	3.50% Redeemed at par on 07.03.2017				
	JICA Loan - Guaranteed by Govt. of India	**237.65**	**169.84**	400.61	210.13
	0.75% JICA-I loan repayable in equal half-yearly instalments of ¥982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2017 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2017				
	KfW Loan - Guaranteed by Govt. of India	**51.03**	**51.02**	93.33	51.10
	3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2017				
	Syndicated Loan- US $300 Mn	**-**	**-**	-	1,367.24
	Repaid on 19.08.2016				
	KfW-II Loan - Guaranteed by Govt. of India	**161.58**	**53.86**	213.77	53.44
	2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2017				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
Syndicated Loan- ¥19.029 Bn	**-**	**1,102.92**	1,184.43	-
Repayable on 10.04.2017				
KfW-III Loan - Guaranteed by Govt. of India	**473.81**	**72.89**	558.76	88.61
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2017				
Syndicated Loan- US $285 Mn	**1,847.90**	**-**	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	**1,620.97**	**-**	1,521.75	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	**2,593.54**	**-**	2,435.78	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	**2,593.54**	**-**	2,539.64	-
Repayable on 12.03.2020				
Syndicated Loan- US $300 Mn	**1,945.16**	**-**	1,909.56	-
Repayable on 29.07.2020				
Syndicated Loan- US $250 Mn	**1,620.97**	**-**	1,653.25	-
Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US $300 Mn	**1,945.16**	**-**	1,997.80	-
Repayable on 01.12.2020				
Syndicated Loan- US $250 Mn	**1,620.97**	**-**	1,688.46	-
Repayable on 05.02.2019				
Syndicated Loan- US $120 Mn	**778.06**	**-**	797.28	-
Repayable on 21.03.2019				
Syndicated Loan- US $100 Mn	**648.39**	**-**	-	-
Repayable on 05.10.2021				
Syndicated Loan- US $230 Mn	**1,491.29**	**-**	-	-
Repayable on 19.01.2022				
Total - Foreign Currency Borrowings	**19,630.02**	**1,450.53**	18,774.70	3,149.02

3.3 Security Details of the Secured Borrowings

The Bond Series 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24 September 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first 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.

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The Bond Series 123-I, 123-IIIA, 123-IIIB and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

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

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

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

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

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

3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/ JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.2.1.

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

Domestic and International Credit Rating

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

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

There has been no migration of ratings during the year.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	59.35	
8.10%	1.60	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**82.14**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	

NOTES TO ACCOUNTS

8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

3.7 During the year, the Company has come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator. The Company has lodged complaint with the Police against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Accordingly, an amount of ₹ 0.59 Crore has been shown recoverable from the RTA in the books of accounts and the matter has been duly reported to the Reserve Bank of India (RBI). Further, as a precautionary measure, the services of then existing RTA have been discontinued and new RTA has been appointed.

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Deferred Tax Liabilities on account of:		
Depreciation	**3.79**	3.63
Foreign Currency Exchange Fluctuation Loss	**-**	59.67
MTM on Interest Rate Swap	**66.48**	-
Total	**70.27**	**63.30**
Deferred Tax Assets on account of:		
Provision for Earned Leave	**10.77**	8.06
Provision for Medical Leave	**6.67**	5.49
Foreign Currency Exchange Fluctuation Loss	**12.57**	-
Total	**30.01**	**13.55**
Deferred Tax Liabilities (Net)	**40.26**	**49.75**

4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Non-Current Portion of Interest accrued but not due on borrowings	**12.38**	9.50
Total	**12.38**	9.50

6. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	**27.86**	**3.27**	21.00	2.30
	Post Retirement Medical Benefits	**92.49**	**4.66**	82.50	4.12

NOTES TO ACCOUNTS

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Medical Leave Liability	**16.63**	**2.64**	13.65	2.22
	Settlement Allowance	**1.10**	**0.17**	1.06	0.16
	Economic Rehabilitation Scheme	**3.44**	**0.01**	3.31	0.03
	Long Service Award	**2.64**	**0.19**	2.45	0.11
	Sub-total (A)	**144.16**	**10.94**	123.97	8.94
(B)	**Others**				
	Standard Loan Assets	**536.59**	**70.87**	420.35	123.08
	Restructured Standard Loans	**1,167.67**	**73.52**	750.71	70.63
	Interest on Loans Due & Converted into Equity	**-**	**3.96**	-	3.96
	Incentive	**-**	**20.34**	-	18.13
	Pay Revision	**-**	**14.59**	-	-
	Proposed Dividend (Refer Note 2.5)	**-**	**-**	-	503.60
	Corporate Dividend Tax	**-**	**-**	-	102.52
	CSR Expenses	**-**	**-**	-	21.19
	Sub-total (B)	**1,704.26**	**183.28**	1,171.06	843.11
	Total (A+B)	**1,848.42**	**194.22**	1,295.03	852.05

6.1 Details and movement of Provisions:

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	**23.30**	**12.29**	**4.46**	**31.13**
Previous year	22.98	6.21	5.89	23.30
Post Retirement Medical Benefits	**86.62**	**17.21**	**6.68**	**97.15**
Previous year	77.61	15.33	6.32	86.62
Medical Leave Liability	**15.87**	**4.95**	**1.55**	**19.27**
Previous year	15.22	2.11	1.46	15.87
Settlement Allowance	**1.22**	**0.14**	**0.09**	**1.27**
Previous year	1.20	0.12	0.10	1.22
Economic Rehabilitation Scheme	**3.34**	**0.95**	**0.84**	**3.45**
Previous year	2.72	1.26	0.64	3.34
Long Service Award	**2.56**	**1.01**	**0.74**	**2.83**
Previous year	2.84	0.02	0.30	2.56
Standard Loan Assets	**543.43**	**64.03**	**-**	**607.46**
Previous year	490.92	138.93	86.42	543.43
Restructured Standard Loans	**821.34**	**419.85**	**-**	**1,241.19**
Previous year	451.77	369.57	-	821.34
Interest on Loans Due & Converted into Equity	**3.96**	**-**	**-**	**3.96**
Previous year	-	3.96	-	3.96

NOTES TO ACCOUNTS

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Incentive	**18.13**	**15.52**	**13.31**	**20.34**
Previous year	16.71	14.34	12.92	18.13
Pay Revision	**-**	**14.59**	**-**	**14.59**
Previous year	-	-	-	-
CSR Expenses	**21.19**	**69.80**	**90.99**	**-**
Previous year	57.21	128.20	164.22	21.19
Proposed Dividend	**503.60**	**-**	**503.60**	**-**
Previous year	266.61	503.60	266.61	503.60
Corporate Dividend Tax	**102.52**	**277.46**	**379.98**	**-**
Previous year	54.28	341.71	293.47	102.52
Income Tax	**6,420.98**	**2,584.58**	**6,391.23**	**2,614.33**
Previous year	5,249.83	2,521.82	1,350.67	6,420.98

7. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	**-**	749.93
(B)	**Commercial Paper, unsecured**	**-**	5,600.00
	Total (A+B)	**-**	**6,349.93**

8. Other Current Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current maturities of long-term debt (Refer Note 3)**	**18,028.06**	23,967.02
(B)	**Interest accrued but not due on borrowings**	**6,026.78**	6,229.15
(C)	**Income Received in Advance**	**0.08**	0.08
(D)	**Unpaid Dividends**	**2.75**	2.73
(E)	**Unpaid Principal & Interest on Bonds**		
	- Matured Bonds & Interest Accrued thereon	**51.54**	44.83
	- Interest on Bonds	**15.19**	12.57
(F)	**Other payables**		
	- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant"	**46,154.67**	38,111.60
	Add: Interest on Subsidy/ Grant (Refer Note 8.3)	**2.18**	18.10
	Less: Disbursed to Beneficiaries	**-46,131.01**	-38,091.35
	Undisbursed Funds to be disbursed as Subsidy/Grant	**25.84**	38.35

NOTES TO ACCOUNTS

Particulars	As at 31.03.2017	As at 31.03.2016
- Statutory Dues payable including PF and TDS	**26.26**	21.87
- Payable towards funded staff benefits	**13.63**	0.53
- Other Liabilities	**135.91**	72.39
Sub-total (F)	**201.64**	133.14
Total (A to F)	**24,326.04**	30,389.52

8.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.86 Crores as at 31 March 2017 (₹ 1.26 Crores as at 31 March 2016) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance of Interest Subsidy Fund	**1.26**	2.22
Add: Interest earned during the year	**0.07**	0.07
Less: Interest subsidy passed on to the borrower	**0.47**	1.03
Closing Balance of Interest Subsidy Fund	**0.86**	**1.26**

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

During the year, interest earned of ₹ 24.84 Crores (Previous year ₹ 39.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 40.78 crores (Previous year ₹ 71.66 crores) has been refunded back to MoP out of the total interest on subsidy.

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

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance	**18.10**	51.38
Add: Interest earned during the year	**25.94**	41.49
Less: Amount refunded to Govt. during the year	**41.59**	74.19
Less: Disbursement out of Interest earned on account of AG&SP Grant	**0.27**	0.58
Closing Balance	**2.18**	**18.10**

9. Fixed Assets as at 31 March 2017

(₹ in Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2017	Upto 31.03.2016	During the year	Adjustment during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Freehold Land	80.62	2.30	-	82.92	-	-	-	-	82.92	80.62
Leasehold Land	1.45	-	-	1.45	0.24	0.01	-	0.25	1.20	1.21
Buildings	33.17	0.72	2.30	31.59	7.76	0.49	0.63	7.62	23.97	25.41
Furniture & Fixtures	7.03	0.39	0.11	7.31	4.92	0.48	0.09	5.31	2.00	2.11
Vehicles	0.43	-	-	0.43	0.24	0.04	-	0.28	0.15	0.19
EDP Equipments	16.99	2.02	3.75	15.26	13.10	1.99	3.52	11.57	3.69	3.89
Office Equipments	9.94	4.16	0.46	13.64	5.54	1.49	0.14	6.89	6.75	4.40
Total	**149.63**	**9.59**	**6.62**	**152.60**	**31.80**	**4.50**	**4.38**	**31.92**	**120.68**	**117.83**
Previous year	100.36	51.49	2.22	149.63	27.86	4.92	0.98	31.80	117.83	
Intangible Assets										
Computer Software	6.97	0.06	-	7.03	6.06	0.54	-	6.60	0.43	0.91
Total	**6.97**	**0.06**	**-**	**7.03**	**6.06**	**0.54**	**-**	**6.60**	**0.43**	**0.91**
Previous year	6.97	0.01	0.01	6.97	5.54	0.53	0.01	6.06	0.91	
Capital Work-in-progress	**30.37**	**28.32**	**-**	**58.69**	**-**	**-**	**-**	**-**	**58.69**	**30.37**
Previous year	7.39	24.34	1.36	30.37	-	-	-	-	30.37	
Intangible Assets under Development	**1.21**	**0.25**	**-**	**1.46**	**-**	**-**	**-**	**-**	**1.46**	**1.21**
Previous year	-	1.21	-	1.21	-	-	-	-	1.21	

9.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

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

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

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹ 5,000 or less

NOTES TO ACCOUNTS

10. Investments

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value in ₹)	Amount	Number (Face Value in ₹)	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**				
	- NHPC Limited	**18,40,11,865 (10)**	**400.80**	**-**	**-**
(ii)	**Investment in Equity Instruments - Unquoted**				
	- Subsidiaries				
	- REC Power Distribution Company Limited	**50,000 (10)**	**0.05**	50,000 (10)	0.05
	- REC Transmission Projects Company Limited	**50,000 (10)**	**0.05**	50,000 (10)	0.05
	- Joint Ventures				
	- Energy Efficiency Services Limited	**14,65,00,000 (10)**	**146.50**	4,75,00,000 (10)	47.50
	- Others				
	- India Energy Exchange Limited	**12,50,000 (10)**	**1.25**	12,50,000 (10)	1.25
	- Universal Commodity Exchange Limited	**1,60,00,000 (10)**	**16.00**	1,60,00,000 (10)	16.00
	Less: Provision for Diminution in Investment		**(16.00)**		(16.00)
(iii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II*	**4 (47,16,00,000)**	**188.64**	6 (47,16,00,000)	282.96
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017				
(iv)	**Investment in Venture Capital Funds - Unquoted**				
	- 'Small is Beautiful' Fund	**61,52,200 (10)**	**6.15**	61,52,200 (10)	6.15
(v)	**Investment in Debentures - Unquoted**				
	- 9.68% Bonds of UP Power Corporation Ltd.	**30,385 (1,00,000)**	**303.85**	38,050 (1,00,000)	380.50
(vi)	**Share Application money pending allotment**				
	- Energy Efficiency Services Limited		**-**		99.00
(B)	**Other Investments**				
(v)	**Investment in Debentures - Quoted**				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00
	Total - Non-Current Investments (1)		**2,547.29**		2,317.46
(2)	**Current Investments**				
(i)	**Investment in Equity Instruments - Unquoted**				
	- Lanco Teesta Hydro Power Limited	**10,20,00,000 (10)**	**102.00**	10,20,00,000 (10)	102.00

NOTES TO ACCOUNTS

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value in ₹)	Amount	Number (Face Value in ₹)	Amount
(ii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II *	**1 (47,16,00,000)**	**47.16**	1 (47,16,00,000)	47.16
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017				
	Total - Current Investments (2)		**149.16**		**149.16**
	Total (1+2)		**2,696.45**		**2,466.62**

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

10.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2017 is ₹ 10.24 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of India Energy Exchange Limited.

Name of the Company	No. of Shares	Invested Amount	Country of Incorporation	Shareholding %
India Energy Exchange Limited	12,50,000	₹ 1.25 Crores	India	4.34%

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

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%)
	2. Power Grid Corporation of India Limited (4.87%)
	3. Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2017 and income and expenses for the year in respect of joint venture are given below:

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2016 (Audited) *
(i)	Total Assets	838.77	427.98	428.74
(ii)	Total Liabilities	662.90	308.16	311.84
(iii)	Total Reserves & Surplus	29.37	15.32	12.39
(iv)	Contingent Liabilities	11.74	-	10.66
(v)	Capital Commitments	103.95	84.24	254.63

NOTES TO ACCOUNTS

	Particulars	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2016 (Audited) *
(vi)	Total Income	408.83	205.87	206.04
(vii)	Total Expenses	384.81	191.59	192.12

* The consolidated financial statements of the Company for the FY 2015-16 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 16 September 2016.

10.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	**2,563.29**	**149.16**	2,333.46	149.16
(b)	Outside India,	**-**	**-**	-	-
(ii)	Provisions for Depreciation				
(a)	In India	**16.00**	**-**	16.00	-
(b)	Outside India,	**-**	**-**	-	-
(iii)	Net Value of Investments				
(a)	In India	**2,547.29**	**149.16**	2,317.46	149.16
(b)	Outside India.	**-**	**-**	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	**16.00**	**-**	-	-
(ii)	Add : Provisions made during the year	**-**	**-**	16.00	-
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	**-**	-	-
(iv)	**Closing balance**	**16.00**	**-**	16.00	-
(3)	**Aggregate amount of Quoted Investments**	**1,900.80**	**-**	1,500.00	-
	Market Value of Quoted Investments	**2,089.76**	**-**	1,500.00	-
(4)	**Aggregate amount of Unquoted Investments**	**662.49**	**149.16**	833.46	149.16
(5)	**Aggregate provision for diminution in value of investments**	**16.00**	**-**	16.00	-

11. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Capital Advances (Unsecured, considered good)**	**40.23**	**49.14**
(B)	**Security Deposits (Unsecured, considered good)**	**0.83**	**3.77**
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	**0.37**	0.63
		0.37	0.63
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	**32.29**	36.72

NOTES TO ACCOUNTS

- Loan Assets	**1,77,275.24**	1,57,703.84
	1,77,307.53	1,57,740.56
Total (A to D)	**1,77,348.96**	1,57,794.10

Details of Staff Loans & Advances and Loan Assets :

11.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	**0.01**	**-**	0.01	0.01
(A2)	**To Others**				
	(a) Considered Good	**3.43**	**0.68**	2.93	0.73
	Sub-total (A1+ A2)	**3.44**	**0.68**	2.94	0.74
(B)	**Unecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	**0.36**	**0.13**	0.62	0.19
(B2)	**To Others**				
	(a) Considered Good	**28.86**	**10.42**	33.79	10.24
	Sub-total (B1+ B2)	**29.22**	**10.55**	**34.41**	**10.43**
	Grand Total (A+B)	**32.66**	**11.23**	**37.35**	**11.17**

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-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	**1,25,811.34**	**11,014.90**	1,09,569.70	15,194.43
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	**24,691.95**	**3,553.12**	24,377.49	1,841.42
	(b) Classified Doubtful	**2,220.01**	**2,169.10**	2,243.97	1,569.50
	Less: Provision for bad & doubtful debts	**383.89**	**767.87**	257.65	325.52
		1,836.12	**1,401.23**	1,986.32	1,243.98
	Sub-total (A1+ A2)	**1,52,339.41**	**15,969.25**	1,35,933.51	18,279.83
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	**19,109.20**	**2,850.00**	18,092.54	22,522.84

NOTES TO ACCOUNTS

(B2)	**Loans to State Governments**				
	(a) Considered good	**2,647.90**	**351.22**	2,467.29	886.78
(B3)	**Loans - Others**				
	(a) Considered Good	**3,178.73**	**258.78**	1,210.50	99.51
	(b) Classified Doubtful	**5.18**	**478.40**	-	430.10
	Less: Provision for Bad & doubtful debts	**5.18**	**478.40**	-	430.10
		-	**-**	-	-
	Sub-total (B1+ B2+B3)	**24,935.83**	**3,460.00**	21,770.33	23,509.13
	Grand Total (A+B)	**1,77,275.24**	**19,429.25**	1,57,703.84	41,788.96

11.2.1 Loan balance confirmations for 86% of total loan assets as at 31 March 2017 have been received from the borrowers. Out of the remaining 14% loan assets amounting to ₹ 28,474 crore for which balance confirmations have not been received, 82% loans are secured by way of hypothecation of assets, 13% by way of Government Guarantee/ Loans to Government and 5% are unsecured loans.

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

11.2.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31 March 2017, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realisable sale value of Phase-I & Phase-II project assets is ₹ 1,424.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2017 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have filled winding up petition before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

11.2.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31 March 2017. The account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realizable sale value of project assets is valued at ₹ 143.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31 March 2017 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC in DRT for recovery of dues. Further, action as per SARFAESI Act is being explored by Lenders.

11.2.5 As at 31 March 2017, the dues of one of the borrowers were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. However, the borrower had obtained an ad-interim order from Hon'ble High Court of Madras on 18 September 2015 not to classify the account as NPA. In view of the same, the classification of the borrower has been retained as 'Standard Asset' pending final decision of the Court. Accordingly, 10% provision as applicable

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for sub-standard loans on the loan outstanding ₹ 2,301.99 Crores has not been created. Based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹ 426.09 crores (₹ 88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly.

However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31 March 2017, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 271.78 Crores has also not been recognized. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras.

11.2.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8 June 2015. In terms of SDR Regulations dated 8 June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24 July 2015. Accordingly, REC, on 24 September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8 June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20 October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity on 20 October 2015. As per SDR scheme, asset classification shall remain standard up to 18 months from 24 July 2015 i.e. 23 January 2017 within this timeline a suitable investor has to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. As no investor had been identified till 23 January 2017, the asset classification has now been downgraded to Doubtful Category with provision created @ 20% of the outstanding loan. Further, in view of the Management, there has been no decline in the fair value of the investment in equity shares of the Company on the basis of the latest available audited financial statements of the Company for the FY 2016-17. Accordingly, no provision is being made in respect of the investment in the equity shares.

11.2.7 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31 March 2017 - ₹ 198.16 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with IDFC as Lead lender. Project achieved COD on 18 May 2013 and is operational since then. However, since the Company is selling its entire power under short term arrangements, lower revenue realization is causing stress on project cash flows. Lenders have invoked the implementation of Strategic Debt Restructuring (SDR)/ outside SDR with Reference Date as 5 December 2016 under the prevailing RBI norms. The process under SDR / outside SDR is in progress.

11.2.8 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender, wherein the loan outstanding as at 31 March 2017 is ₹ 416.21 Crores. The total disbursement towards IBPML by three consortium lenders was ₹ 947.71 crore. Out of this, ₹ 573.99 cr. kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The account has become NPA on 31 December 2016. As at 31 March 2017, the account of the borrower is classified as Sub-standard asset. Accordingly, 10% provision amounting to ₹ 41.62 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iii). Further, considering the physical progress in the project, an additional provision amounting to ₹ 83.24 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence. The provisioning of the account shall be reviewed during the year 2017-18 on the basis of latest valuation report and financials.

11.2.9 REC sanctioned a loan of ₹ 750 crore to M/s Lanco Vidharbha Thermal Power Limited (LVTPL), promoted by Lanco Group, for setting up of 1320 MW (2x660 MW) thermal power project at Mandwa, district Wardha, Maharashtra. The loan outstanding as at 31 March 2017 is ₹ 539.56 Crores. As at 31 March 2017, the account of the borrower is classified as Restructured Standard asset. Accordingly, 4.25% provision amounting to ₹ 22.93 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iv). Further, considering the physical progress in the project, an additional provision amounting to ₹ 60 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence.

11.2.10 One of the borrowers with an outstanding loan amount of ₹ 2,143.38 Crores as at 31 March 2017 has expressed his intention to prepay its loan. Further, the borrower has already prepaid more than 40% of the outstanding loan before the Balance sheet date and has further intimated his intention to prepay the balance loan within the FY 2017-18. Accordingly, the loan outstanding has been considered as 'Current' in terms of Schedule III to the Companies Act, 2013.

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12. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	**7.74**	6.79
(B)	**Advance Income-tax & TDS**	**2,653.30**	6,515.25
	Less : Provision for Income Tax	**2,614.33**	6,420.98
	Advance Income-tax & TDS (Net)	**38.97**	94.27
(C)	**Forward Contract Receivables**	**143.79**	-
(D)	**Receivables in respect of Derivative Contracts**	**192.10**	-
	Total (A to D)	**382.60**	101.06

13. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	**851.34**	960.58
	- Others		
	- Short-term Deposits with Scheduled Banks	**2,476.70**	767.61
	- Short term Investment in Debt Mutual Funds	**1,160.00**	-
	Sub-total (A)	**4,488.04**	1,728.19
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**1.98**	0.36
	Sub-total (B)	**1.98**	0.36
	Total (A+B)	**4,490.02**	1,728.55

Balances with Banks include:

- Earmarked Balances with Banks in separate accounts

- For unpaid dividends	**2.75**	2.73
- For DDUGJY, AG&SP, NEF and other grants	**0.51**	34.17
- Amount set aside for grants disbursement	**2.13**	1.77

Further, Short-term Deposits with Scheduled Banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 1.98 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of Court orders.

13.1 The Company makes all the payments through electronic means of payment *viz*. NEFT/ RTGS. However, for certain petty expenses incurred in the normal course of business only, payment is made in cash. The disclosure in respect of transactions in Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is provided in the Table below:

(₹ in Crores)

Particulars	Specified Bank Notes (SBNs)	Other Denomination Notes	Total
Closing Cash in hand as on 8 November 2016	0.05	0.01	0.06
Add: Permitted Receipts	-	-	-
Less: Permitted Payments	-	0.01	0.01
Less: Amount deposited in Banks	0.05	-	0.05
Closing Cash in hand as on 30 December 2016	**-**	**-**	**-**

NOTES TO ACCOUNTS

14. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans & Advances to Related Parties (Unsecured, considered good)**	**1.35**	**0.95**
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**		
	(a) Considered Good	**4.36**	22.09
	(b) Classified Doubtful	**5.59**	2.06
	Less: Provision for bad & doubtful debts	**5.59**	2.06
		-	-
	Total (i)	**4.36**	**22.09**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	- Considered Good	**740.67**	-
	Sub-total (a)	**740.67**	-
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	**197.18**	672.22
	- Loans - Others		
	- Considered Good	**2,651.00**	100.00
	Sub-total (b)	**2,848.18**	772.22
	Total (ii)	**3,588.85**	772.22
	Grand Total	**3,594.56**	795.26

15. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current recoverable of Long-term Loan Assets (Net) (Refer Note 11.2)**	**19,429.25**	41,788.96
(B)	**Current recoverable of Staff Advances (Net) (Refer Note 11.1)**	**11.23**	11.17
(C)	**Interest Accrued & not due on:**		
	- Long Term Investments	**14.23**	18.06
	- Term Deposits	**4.37**	1.32
	Sub-total	**18.60**	19.38
(D)	**Interest Accrued & Due on Loan Assets**	**781.26**	1,112.89
(E)	**Interest Accrued & Not Due on Loan Assets**	**288.31**	301.73
(F)	**Current Portion of Interest Accrued on Staff Advances**	**0.33**	0.30
(G)	**Recoverable from Govt. of India**		
	- DDUGJY Expenses	**9.02**	9.71
	- NEF Expenses	**0.42**	0.37
	Sub-total	**9.44**	10.08
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	**3.97**	5.11
(I)	**Prepaid Financial Charges on Commercial Paper**	**-**	67.30
(J)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	**-**	0.14
	Total (A to J)	**20,542.39**	43,317.06

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16. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	**22,479.98**		23,375.20	
	Less: Rebate for timely payments/ completion etc.	**0.26**	**22,479.72**	1.49	23,373.71
(ii)	Short term financing		**455.89**		96.95
	Sub-total (A)		**22,935.61**		**23,470.66**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		**48.49**		24.71
(ii)	Prepayment Premium		**147.44**		30.50
(iii)	Fee for DDUGJY Implementation/ others		**23.86**		32.78
	Sub-total (B)		**219.79**		87.99
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		**98.39**		68.21
(ii)	Gain on Sale of Mutual Funds		**67.13**		11.49
(iii)	Interest from CP/ ICD		**29.87**		-
	Sub-total (C)		**195.39**		79.70
	Total (A to C)		**23,350.79**		23,638.35

17. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	**24.52**	43.23
	- Interest from Long Term Investments	**201.59**	42.74
	- Interest from Income Tax Refund	**8.88**	-
	- Interest from Staff Advances	**1.52**	2.22
	Sub-Total (A)	**236.51**	**88.19**
(B)	**Dividend Income**		
	- Dividend from Subsidiary Companies	**19.50**	10.01
	- Dividend from Long-Term Investments	**66.54**	3.05
	Sub-Total (B)	**86.04**	13.06
(C)	**Net Gain on Sale of Long Term Investments**	**79.75**	12.29
(D)	**Changes in Fair Value of Swap**	**324.77**	**-**
(E)	**Other Non-Operating Income**		
	- Provision Written Back	**-**	0.98
	- Miscellaneous Income	**17.49**	3.41
	Sub-Total (E)	**17.49**	**4.39**
	Total (A to E)	**744.56**	**117.93**

NOTES TO ACCOUNTS

18. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Expense**		
	- On Govt. Loans	**-**	0.15
	- On REC Bonds	**11,745.31**	11,374.73
	- On Loans from Banks/ Financial Institutions	**96.13**	132.62
	- On External Commercial Borrowings	**1,422.24**	1,616.14
	- On Commercial Paper	**300.46**	285.91
	- On AREP Subsidy	**-**	0.04
	- On Advance Income Tax	**2.82**	-
	Sub-Total (A)	**13,566.96**	13,409.59
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	**17.04**	17.69
	- Public Issue Expenses	**-**	0.70
	- Bonds Handling Charges	**0.80**	1.04
	- Bonds Brokerage	**15.68**	19.33
	- Stamp Duty on Bonds	**5.42**	3.88
	- Debt Issue and Other Finance Charges	**80.66**	157.74
	Sub-Total (B)	**119.60**	200.38
(C)	**Net Translation/ Transaction Exchange Loss**	**88.56**	**673.15**
	Total (A to C)	**13,775.12**	14,283.12

19. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Salaries and Allowances	117.56	96.85
- Contribution to Provident Fund and Other Funds	12.88	12.07
- Gratuity	15.19	0.53
- Expenses towards Post Retirement Medical Facility	17.21	15.33
- Staff Welfare Expenses	15.23	12.66
Total	**178.07**	**137.44**

The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 14.59 crores has been created during the year towards pay revision arrears as per the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

20. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Direct Expenditure	66.64	124.72
- Overheads	3.16	3.48
Total	**69.80**	**128.20**

NOTES TO ACCOUNTS

20.1 Disclosure in respect of CSR Expenses:

(a) Gross Amount required to be spent by the Company during the year is ₹ 146.57 Crores (Previous year ₹ 127.46 Crores).

(b) Amount spent during the period (₹ in Crores) :

Particulars		Year ended 31.03.2017			Year ended 31.03.2016		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	69.80	-	69.80	107.01	21.19	128.20

* denotes amount provided for.

21. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
- Travelling and Conveyance		10.12		11.23
- Publicity & Promotion Expenses		5.33		5.20
- Repairs and Maintenance				
- Building	2.06		2.65	
- ERP & Data Centre	4.83		4.64	
- Others	0.92	7.81	0.62	7.91
- Rent & Hiring Charges		3.68		3.29
- Rates and Taxes		0.46		0.44
- Power & Fuel		2.01		2.11
- Insurance Charges		0.09		0.03
- Postage and Telephone		2.69		1.95
- Auditors' Remuneration		1.15		1.03
- Consultancy Charges		5.10		3.39
- Loss on Sale of Assets		0.52		0.38
- Miscellaneous Expenses		59.84		30.05
Total		98.80		67.01

21.1 Auditors' Remuneration includes:

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Audit Fees	0.60	0.45
- Tax Audit Fees	0.10	0.08
- Limited Review Fees	0.24	0.21
- Payment for Other Services		
(i) Certification of Offer Document for Public Issue/ MTN Setup	0.07	0.12
(ii) Other Certifications	0.04	0.03
- Expenses Incurred	0.05	0.09
- Service tax component	0.05	0.05
Total	1.15	1.03

The figures above include ₹ 0.06 crores (Previous year Nil) of Audit Fees and ₹ 0.02 crores (Previous year Nil) of Tax Audit fees pertaining to earlier years.

NOTES TO ACCOUNTS

21.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings	**-**	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	**1.17**	0.49
- Interest	**462.03**	550.96
- Finance Charges	**68.61**	130.91
- Other Expenses	**3.11**	3.11
Total	**534.92**	**685.47**

21.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 5.03 Crores (Previous year ₹ 5.25 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.92 Crores (Previous year ₹ 2.99 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2017		As at 31.03.2016	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	**0.36**	**4.07**	0.36	4.33
Later than one year and not later than 5 years	**0.26**	**1.12**	0.62	4.45
Later than 5 years	**-**	**0.67**	-	0.70
Total	**0.62**	**5.86**	**0.98**	**9.48**

22. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Provision for bad & doubtful debts	**625.59**	647.81
Contingent Provision against Standard Loan Assets	**64.03**	52.51
Provision against Restructured Standard Loans	**419.85**	369.57
Provision for Interest due & Converted into Equity	**-**	3.96
Provision for depreciation on Investments	**-**	16.00
Total	**1,109.47**	**1,089.85**

23. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Travelling and Conveyance (Refer Note 23.1)	**(1.01)**	-
- Others	**(0.64)**	-
Total	**(1.65)**	-

23.1 During the year, the Company had noticed a case of over-charging of the air ticket bills by the travel agent. The excess booking of the travel expense during the earlier years has been rectified and the resultant amount being shown as Recoverable from the Travel Agent in the books of accounts.

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24. Earnings per Share

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	**6,245.76**	5,627.66
Denominator		
Weighted average Number of equity shares	**1,97,49,18,000**	1,97,49,18,000
Basic & Diluted Earnings per share of ₹ 10 each (in ₹)	**31.63**	**28.50**

Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.

25. Contingent Liabilities and Commitments :

25.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	Claims against the Company not acknowledged as debts	**85.68**	57.45
(B)	Others		
	- Letters of Comfort	**173.36**	461.56

The amount referred to in 'A' above includes ₹ 2.37 Crores (Previous year ₹ 3.86 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 83.31 Crores (Previous year ₹ 53.59 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

25.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	**272.33**	287.97
- Towards Intangible Assets	**2.60**	2.84
- Other Commitments		
- CSR Commitments	**143.98**	89.44

26. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

27. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

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Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

28. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16 June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31 March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31 March 2017 and 31 March 2016.

29. Changes in Accounting Policies

During the year ended 31 March 2017, the Company has revised the Significant Accounting Policy No. 16 in respect of accounting for derivatives contracts in order to align it with the 'Guidance Note on Accounting for Derivative Contracts' issued by The Institute of Chartered Accountants of India which has become applicable from 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 324.77 Crores has been booked to the Statement of Profit & Loss for the year ended 31 March 2017 in accordance with the revised accounting policy.

Further, the accounting policy on treatment of foreign currency exchange differences on the hedged loans and the corresponding derivative contracts has also been revised in order to align the same with existing accounting policy for amortising the foreign exchange fluctuation loss/ (gain) on the long term foreign currency monetary items over the balance period of such items in accordance with AS-11. The impact of this change, foreign exchange fluctuation loss pertaining to the previous years ₹ 29.79 Crores and foreign exchange fluctuation gain pertaining to current year amounting to ₹ 6.69 Crores has been adjusted in the Finance Cost for the year ended 31 March 2017.

Due to these changes in accounting policies, profit before tax for the year ended 31 March 2017 is higher by ₹ 301.67 Crores.

30. Quality of Loan Assets

30.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1 April 2016	No. of borrowers	Nil					10	4			14	10	4	-	-	14
		Amount outstanding (Restructured facility)						21,058	2,179			23,238	21,058	2,179	-	-	23,238
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						821	218			1,039	821	218	-	-	1,039
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					9	2			11	9	2	-	-	11
		Amount outstanding (Restructured facility)						3,974	(3)			3,971	3,974	(3)	-	-	3,971
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						425				426	425	-	-	-	426
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3	1			4	3	1	-	-	4
		Amount outstanding (Restructured facility)						3,167	9			3,176	3,167	9	-	-	3,176
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						158	1			159	158	1	-	-	159
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil					2				2	2	-	-	-	2
		Amount outstanding (Restructured facility)						54				54	54	-	-	-	54
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						3				3	3	-	-	-	3

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(1)	(2)			(3)	(1)	(2)	-	-	(3)
		Amount outstanding (Restructured facility)						(4,758)	(54)			(4,812)	(4,758)	(54)	-	-	(4,812)
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						(167)	(6)			(172)	(167)	(6)	-	-	(172)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil						(1)	1		-	-	(1)	1	-	-
		Amount outstanding (Restructured facility)							(1,345)	1,345		-	-	(1,345)	1,345	-	-
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon							(134)	269		135	-	(134)	269	-	135
(7)	Write-offs restructured accounts during the year	No. of borrowers	Nil									-	-	-	-	-	-
		Amount outstanding (Restructured facility)										-	-	-	-	-	-
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon										-	-	-	-	-	-
(8)	Restructured accounts as on 31 March 2017	No. of borrowers	Nil					14	2	1		17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345		25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-			-	-	-	-	-	-
		Provision Thereon						1,241	79	269		1,589	1,241	79	269	-	1,589

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30.2 The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2017		As at 31.03.2016	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	**23,495.57**	**1,241.19**	21,058.26	821.34
(b)	Other than (a) above	**1,73,560.42**	**607.46**	1,75,976.46	543.43
	Sub-total (i)	**1,97,055.99**	**1,848.65**	**1,97,034.72**	**1,364.77**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	**1,226.75**	**205.92**	2,908.19	291.01
(b)	Doubtful Assets	**3,628.71**	**1,412.20**	1,318.16	705.04
(c)	Loss Assets	**17.22**	**17.22**	17.22	17.22
	Sub-total (ii)	**4,872.68**	**1,635.34**	4,243.57	1,013.27
	Total	**2,01,928.67**	**3,483.99**	**2,01,278.29**	**2,378.04**

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 777.00 Crores (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

30.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2017	As at 31.03.2016
Power Sector *	**2.41%**	2.11%

* Includes 0.38% (Previous year 0.40%) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Previous period ₹ 811.33 crores).

30.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Net NPAs to Net Advances (%)**	**1.62%**	**1.61%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**4,243.57**	1,335.38
(b)	Additions during the year	**686.56**	2,910.13
(c)	Reductions during the year	**57.44**	1.94
(d)	Closing balance	**4,872.69**	4,243.57
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	**3,230.30**	969.93
(b)	Additions during the year	**56.25**	2262.31
(c)	Reductions during the year	**49.20**	1.94
(d)	Closing balance	**3,237.35**	3,230.30
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	**1,013.27**	365.45
(b)	Provisions made during the year	**630.31**	647.82
(c)	Write-off / write-back of excess provisions	**8.24**	-
(d)	Closing balance	**1,635.34**	1,013.27

Note - The closing figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Gross) (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

NOTES TO ACCOUNTS

31. Exposure Related Disclosures

31.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31 March 2017 (Previous year Nil).

31.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**666.65**	265.85
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**-**	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**-**	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**-**	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**-**	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**6.15**	6.15
	Total Exposure to Capital Market	**672.80**	**272.00**

31.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31 March 2017 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

32. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	**111,916.90**	117,632.78
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**55.42%**	58.44%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	**197,327.07**	194,864.96
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	**60.34%**	58.54%
(iii)	**Concentration of NPAs ***		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	**3,444.72**	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	**3,444.72**	3,444.72

* Includes loans of ₹ 777.00 Crores (Previous year ₹ 777.00 crores) classified as NPAs due to restructuring/ non-achievement of DCCO.

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33. The Company has not entered into any securitisation/ assignment transactions during the year ended 31 March 2017 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

34. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

35. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

36. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

37. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

38. Derivatives Related Disclosures

38.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	The notional principal of swap agreements	**41,664.18**	24,770.59
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**628.07**	1,529.12
(iii)	Collateral required by the NBFC upon entering into swaps	**Nil**	Nil
(iv)	Concentration of credit risk arising from the swaps	**Refer Note Below**	Refer Note Below
(v)	The fair value of the swap book	**273.61**	1,223.39

Note : REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

38.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

38.3 Disclosure on Risk Exposure in Derivatives

38.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

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Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) Credit Risk - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) Market Risk - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) Liquidity Risk - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) Operational Risk - Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) Legal Risk - Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) Regulatory Risk - Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

38.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.2017	**As at 31.03.2016**	**As at 31.03.2017**	**As at 31.03.2016**
(i)	Derivatives (Notional Principal Amount)				
	For hedging	**18,482.32**	**17,876.79**	23,181.86	6,893.80
(ii)	Marked to Market Positions				
a)	Asset (+)	**370.75**	**1,487.63**	**257.32**	**41.49**
b)	Liability (-)	**289.24**	**131.57**	**65.22**	**174.16**
(iii)	Credit Exposure	**18,482.32**	**17,876.79**	23,181.86	6,893.80
(iv)	Unhedged Exposures	**2,598.22**	**4,046.93**	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

39. The outstanding position of Foreign Currency Exposure as at 31 March 2017 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Portion (Currency & Interest rate)		Unhedged Exposure	
	As at 31.03.2017	As at 31.03.2016	**As at 31.03.2017**	As at 31.03.2016	**As at 31.03.2017**	As at 31.03.2016
JPY ¥	**26,059.52**	30,014.85	**23,985.15**	27,940.48	**2,074.37**	2,074.37
EURO €	**124.80**	150.47	**99.35**	125.02	**25.45**	25.45
USD $	**2,885.00**	2,855.00	**2,530.00**	2,500.00	**355.00**	355.00
CHF (Swiss Franc)	**-**	200.00	**-**	-	**-**	200.00

39.1 In terms of Accounting Policy No. 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2017	64.8386	0.5796	69.2476	-
As at 31st March, 2016	66.3329	0.5906	75.0955	68.9249

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40. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P V Ramesh	Chairman & Managing Director w.e.f. 5 January 2017
Sh. B.P. Pandey	Chairman & Managing Director from 1 October 2016 to 4 January 2017
Sh. Rajeev Sharma	Chairman & Managing Director upto 30 September 2016
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 25.05.2016

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 16.07.2016

NER II Transmission Limited - Incorporated on 21.04.2015 and transferred to M/s Sterlite Grid 4 Limited (SG4L) on 31.03.2017, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and SG4L.

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015 and transferred to M/s Essel Infraprojects Limited(EIL) on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXVI Transmission Limited and EIL.

North Karanpura Transco Limited - Incorporated on 27.11.2015 and transferred to M/s Adani Transmission Limited (ATL) on 08.07.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, North Karanpura Transco Limited and ATL.

Khargone Transmission Limited - Incorporated on 28.11.2015 and transferred to M/s Sterlite Grid 4 Limited on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and Sterlite.

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017

WR-NR Power Transmission Limited - Incorporated on 12.01.2017

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Long-term Debt		
RECTPCL	**60.00**	60.00
RECPDCL	**10.44**	10.44
Key Managerial Personnel	**0.10**	0.10
Loans & Advances		
RECTPCL	**0.28**	0.22
RECPDCL	**1.07**	0.73
Key Managerial Personnel	**0.50**	0.83
Other Current Liabilities		
RECPDCL	**1.51**	5.37

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Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Long Term Debt - Amount Invested		
RECPDCL	**-**	3.44
Key Managerial Personnel	**-**	0.01
Loans & Advances		
Key Managerial Personnel	**0.06**	0.53
Sale of Fixed Assets		
RECPDCL	**-**	0.01
Investment in Share Capital (including applied for)		
EESL	**-**	124.00
Disbursement from Subsidy/ Grant Received from Govt. of India		
RECPDCL	**-**	6.90
Dividend from Subsidiaries		
RECTPCL	**8.65**	9.51
RECPDCL	**10.85**	0.50
Interest Income - Loans & Advances		
Key Managerial Personnel	**0.03**	0.04
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	**2.56**	2.35
RECPDCL	**4.65**	4.32
Finance Cost		
Interest Paid to RECTPCL	**4.70**	4.70
Interest Paid to RECPDCL	**0.82**	0.64
Interest Paid to Key Managerial Personnel	**0.01**	0.01
Employee Benefits Expense - Managerial Remuneration	**2.09**	2.33
CSR Expenses		
RECPDCL	**14.25**	91.77
EESL	**0.86**	0.28
Other Expenses		
RECPDCL	**30.65**	2.22

41. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

NOTES TO ACCOUNTS

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
(i)	Provident Fund	7.35	6.88
(ii)	Defined Contribution Superannuation Scheme	5.46	5.10
	Total	12.81	11.98

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Current Service Cost	**2.16**	2.02	**1.63**	1.45	**0.06**	0.05
Interest Cost	**2.99**	3.05	**6.93**	6.21	**0.10**	0.10
Expected Return on Plan Assets	**2.97**	3.03	**-**	-	**-**	-
Actuarial (Gain)/ Loss	**11.41**	(1.51)	**8.65**	7.67	**(0.02)**	(0.03)
Expense recognized	**13.59**	0.53	**17.21**	15.33	**0.14**	0.12

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the end of the year	**50.61**	37.34	**97.15**	86.62	**1.27**	1.22
Fair value of Plan Assets as at the end of the year	**35.69**	35.48	**-**	-	**-**	-
Net Assets/ (Liability) recognized	**(14.92)**	(1.86)	**(97.15)**	(86.62)	**(1.27)**	(1.22)

NOTES TO ACCOUNTS

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the beginning of the year	**37.34**	38.16	**86.62**	77.61	**1.22**	1.20
Interest Cost	**2.99**	3.05	**6.93**	6.21	**0.10**	0.10
Current Service Cost	**2.16**	2.02	**1.63**	1.45	**0.06**	0.05
Benefit Paid	**(3.29)**	(4.42)	**(6.68)**	(6.32)	**(0.09)**	(0.10)
Actuarial (Gain)/ Loss on obligation	**11.41**	(1.47)	**8.65**	7.67	**(0.02)**	(0.03)
Present Value of defined benefit obligation at the end of the year	**50.61**	37.34	**97.15**	86.62	**1.27**	1.22

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fair value of Plan Assets as at the beginning of the year	**35.48**	36.25	**-**	-	**-**	-
Return on Plan Assets	**2.97**	3.03	**-**	-	**-**	-
Contributions	**0.53**	0.62	**-**	-	**-**	-
Benefit Paid	**(3.29)**	(4.42)	**-**	-	**-**	-
Actuarial Gain/ (Loss) on Plan Assets	**0.00**	-	**-**	-	**-**	-
Fair value of Plan Assets as at the end of the year	**35.69**	35.48	**-**	-	**-**	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation at year end	**50.61**	37.34	38.16	38.07	37.85
Fair value of Plan Assets at year end	**35.69**	35.48	36.25	35.94	35.14
Funded Status	**(14.92)**	**(1.86)**	**(1.91)**	**(2.13)**	**(2.71)**
Experience adjustment;					
Gain/(Loss):					
Experience adjustment on plan liabilities	**(10.25)**	1.51	1.17	0.68	(0.01)
Experience adjustment on plan assets	**-**	(0.23)	(0.40)	(0.30)	0.58

NOTES TO ACCOUNTS

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Service & Interest Cost	**0.84**	1.25	**(1.34)**	(0.84)
PBO (Closing)	**12.14**	11.93	**(9.86)**	(8.45)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Method Used	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)
Discount Rate	**7.50%**	8.00%	**7.50%**	8.00%	**7.50%**	8.00%
Expected Rate of Return on Plan Assets	**8.20%**	8.36%	**-**	-	**-**	-
Future Salary Increase	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

42. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) is yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. The final notification for giving effect to transfer of assets and liabilities to successor entities of erstwhile TNEB has been issued. The transferee entities are repaying the outstanding loan of the Company as per the provisional transfer schemes. REC shall take further steps to execute the Final Loan Transfer Agreements after the finalisation of financial statements for FY 2016-17.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

NOTES TO ACCOUNTS

43. The Ministry of Power launched a scheme 'Ujwal DISCOM Assurance Yojana' (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30 September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

44. The Company's main business is to provide finance to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Accounting Standard-17.

45. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2017	As at / For the year ended 31.03.2016
(i)	CRAR (%)	21.18%	20.38%
(ii)	CRAR - Tier I Capital (%)	18.43%	17.48%
(iii)	CRAR - Tier II Capital (%)	2.75%	2.90%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

46. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,201	-	403	1,103	-	-
Over 1 month upto 2 months	3,244	-	366	-	-	-
Over 2 months upto 3 months	2,479	-	326	89	-	-
Over 3 month & upto 6 months	5,437	-	9,854	102	-	-
Over 6 months & upto 1 year	11,903	149	5,629	157	-	-
Over 1 year & upto 3 years	38,419	189	46,606	13,135	-	-
Over 3 years & upto 5 years	35,976	-	33,435	6,291	-	-
Over 5 years	1,03,270	2,374	49,817	204	-	-
Total	**2,01,929**	**2,712**	**1,46,436**	**21,081**	**-**	**-**

NOTES TO ACCOUNTS

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,239	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,446	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,815	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,691	-	-
Over 5 years	86,720	2,035	56,170	269	-	-
Total	**2,01,278**	**2,467**	**1,47,183**	**21,924**	**-**	**-**

47. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

48. No penalties have been levied on the Company by any regulator during the year ended 31 March 2017 (Previous year Nil).

49. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31 March 2017 (Previous year Nil).

50. Previous year figures have been reclassified/ regrouped to conform to the current classification.

51. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 59 are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Crores)

	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
A. Cash Flow from Operating Activities:				
Net Profit before Tax	**8,860.70**		8,045.21	
Adjustments for:				
1. Profit (-) / Loss on Sale of Fixed Assets	**0.52**		0.38	
2. Depreciation & Amortization	**4.40**		5.45	
3. Provisions and Contingencies	**1,109.47**		1,089.85	
4. Interest on Commercial Paper	**300.46**		285.91	
5. Excess Provision written back	**-**		-0.07	
6. Gain on Changes in Fair Value of Interest Rate Swaps	**-324.77**		-	
7. Profit on sale/redemption of investments	**-79.75**		-12.29	
8. Loss/ Gain(-) on Exchange Rate fluctuation	**55.09**		666.13	
9. Dividend from Subsidiary Co.	**-19.50**		-10.01	
10. Dividend from Investments	**-66.54**		-3.05	
11. Interest on Long-term Investments/ Govt. Securities	**-226.11**		-85.97	
12. Provision made for Interest on Advance Income Tax	**2.82**		-	
13. Discount on Bonds written off	**0.14**		3.99	
14. Interest Accrued on Zero Coupon Bonds	**82.45**		76.17	
Operating profit before Changes in Operating Assets & Liabilities	**9,699.38**		10,061.70	
Increase / Decrease :				
1. Loan Assets	**-650.38**		-21,733.35	
2. Other Operating Assets	**362.55**		27.89	
3. Operating Liabilities	**-91.32**		936.54	
Cash flow from Operations	**9,320.23**		-10,707.22	
1. Income Tax Paid (including TDS)	**-2,548.11**		-2,539.74	
2. Income Tax refund	**22.07**		42.00	
Net Cash Flow from Operating Activities		**6,794.19**		-13,204.96
B. Cash Flow from Investing Activities				
1. Sale of Fixed Assets	**0.06**		0.86	
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	**-27.01**		-104.63	
3. Investment in shares of Energy Efficiency Services Ltd. (including share application money pending allotment)	**-**		-124.00	
4. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**-**		-500.00	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

(₹ in Crores)

	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**-**		-500.00	
6. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**-**		-500.00	
7. Investment in shares of NHPC Ltd. (net of sale)	**-400.80**		-	
8. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	**94.32**		94.32	
9. Sale of Long-term Investments	**76.65**		762.53	
10. Profit on sale/redemption of investments	**79.75**		12.29	
11. Interest on Long-term Investments/ Govt. Securities	**229.94**		106.05	
12. Dividend from Subsidiary Co.	**19.50**		10.01	
13. Dividend from Investments	**66.54**		3.05	
Net Cash Flow from Investing Activities		**138.95**		-739.52
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	**5,871.66**		14,972.72	
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	**-1,099.93**		-459.07	
3. Raising of Foreign Currency Loan (Net of redemptions and inclusive of related derivative payments)	**-833.33**		-2,607.56	
4. Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	**8,027.15**		4,436.52	
5. Disbursement of grants	**-8,039.66**		-4,691.45	
6. Repayment of Govt. Loan	**-**		-3.07	
7. Payment of Final Dividend	**-503.60**		-266.61	
8. Payment of Interim Dividend	**-1,382.44**		-1,184.95	
9. Payment of Corporate Dividend Tax	**-379.98**		-293.47	
10. Premium on issue of securities	**-**		0.28	
11. Issue of Commercial Paper (Net of repayments)	**-5,833.16**		5,246.79	
Net Cash flow from Financing Activities		**-4,173.29**		15,150.13
Net Increase/Decrease in Cash & Cash Equivalents		**2,759.85**		1,205.65
Cash & Cash Equivalents as at the beginning of the year		**1,728.19**		522.54
Cash & Cash Equivalents as at the end of the year		**4,488.04**		1,728.19

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
- Balances with Banks in:				
- Accounts with RBI and other banks		848.08		923.68
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #		0.51		34.17
- Unpaid Dividend Accounts #		2.75		2.73
- Short-term Deposits with Scheduled Banks		2,476.70		767.61
- Short term Investment in Debt Mutual Funds		1,160.00		-
Total Cash & Cash Equivalents		**4,488.04**		**1,728.19**

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts and unpaid dividends.

Further, Balances with Banks include ₹ 2.13 Crores (Previous year ₹ 1.77 Crores) set aside for grants disbursement and short-term deposits with scheduled banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants 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

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31 MARCH 2017

(AS PRESCRIBED BY RESERVE BANK OF INDIA)

(Particulars as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to Rural Electrification Corporation Ltd.)

(₹ in Crores)

	Particulars	Amount Outstanding	Amount Overdue
	LIABILITIES SIDE:		
(1)	Loans and advances availed by the NBFC		
	inclusive of interest accrued thereon but not paid:		
	(a) Debentures/ Bonds :		
	- Secured	59,717.71	-
	- Unsecured	85,969.13	-
	(b) Deferred Credits	-	-
	(c) Term Loans		
	- from Financial Institutions	750.00	-
	(d) Inter-corporate Loans and Borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans		
	- Foreign Currency Borrowings	21,080.55	-
	- Loans Repayable on Demand from Banks & FIs	-	-

(₹ in Crores)

	Particulars	Amount Outstanding
	ASSETS SIDE :	
(2)	**Break-up of Loans and Advances including bills receivables**	
	(a) Secured	1,69,053.45
	(b) Unsecured	31,330.55
(3)	**INVESTMENTS :**	
	Current Investments:	
	Unquoted:	
	(i) Shares : Equity	102.00
	Long Term Investments:	
	Quoted:	
	(i) Shares : Equity	400.80
	(i) Debentures and Bonds	1,500.00
	Unquoted:	
	(i) Shares : Equity	163.85
	(ii) Debentures and Bonds	303.85
	(iii) Units of mutual funds	6.15
	(iv) Government Securities	235.80

(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	-	1.35	1.35
(b) Companies in the same Group	-	-	-
(c) Other related Parties	0.01	0.49	0.50
2. Other than Related Parties	1,69,053.44	31,328.71	2,00,382.15
Total	**1,69,053.45**	**31,330.55**	**2,00,384.00**

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	0.10	0.10
(b) Companies in the same Group	-	-
(c) Other related Parties	146.50	146.50
2. Other than Related Parties	2,737.96	2,549.85
Total	**2,885.56**	**2,696.45**

(6) Other Information

(₹ in Crores)

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	4,872.69
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	**3,237.35**
(iii) Asset acquired in satisfaction of debts	**-**

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

The Revised Report is issued in supersession of our earlier Audit Report dated 30 May 2017, at the instance of the Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory, particularly in respect of the reporting requirements of the Companies (Auditor's Report) Order, 2016 and Clause (i) of sub-section 3 of the Section 143 of the Companies Act 2013 pertaining to reporting on Internal Financial Controls. Further, we confirm that there is no change in the true & fair view of the financial statements as expressed in earlier report and also none of the figures have undergone any change in the financial statements of the Company as at 31 March 2017.

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 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13 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 standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of Balance Sheet, of the state of affairs of the Company as at 31March 2017,

(b) In the case of Statement of Profit & Loss, of the profit for the year ended on that date,

(c) In the case of Cash Flow Statement,of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanations given to us, in Annexure B on the directions and sub-directions issued by Comptroller and Auditor General of India.
3. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13 September, 2013.
   (e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-C"; and
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 25.1 to the standalone 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.
      (iv) The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the management. Refer Note 13.1 to the standalone financial statements.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi
Date : 17th July 2017

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31 March 2017

(i) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us,the company has the policy of verifying the fixed assets in a phased manner. Discrepancies arising from such physical verification have been suitably accounted for in the books of accounts. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

(₹ in Crores)

Particulars	No. of cases	Gross Block	Net Block	Remarks
Freehold Land	1	45.92	45.92	Conveyance Deed by Haryana Urban Development Authority is yet to be executed.
Building	1	4.59	2.32	Conveyance Deed by Standing Committee of Public Enterprises is yet to be executed.

(ii) The company being Non-Banking Financial Company (NBFC), does not have any inventory; as such this clause is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any Companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii)(a), (b) and (c) of the Order are not applicable.

(iv) In our opinion and according to information & explanations given to us with respect to the provisions of Section 185 of the Act, the Company has granted a loan to one of its whole-time directors during the year. However, the provisions of Section 185 are not applicable to such loan since it forms part of the conditions of service extended by the Company to all its employees.

Further, in our opinion and according to information & explanations given to us, the Company, being a Non-Banking Financial Company (NBFC), is exempt from the provisions of Section 186 of the Act and the relevant rules in respect of loans and guarantees. In respect of the investments, the Company has complied with the provisions of section 186 (1) of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder, apply.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There were no undisputed statutory dues in arrears as at 31 March, 2017 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 ₹19.49 crores have not been deposited on account of matters pending before appropriate authorities as detailed below:

(₹ in Crores)

Name of Statute	Nature of Dues	Amount Disputed	Amount paid/ refund adjusted	Net Amount Unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	24.85	6.3	18.55*	AY 2005-06, AY 2006-07, AY 2008-09 to AY 2012-13	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax and Interest	42.54	42.54	-	AY 2008-09, AY 2011-12, Ay 2013-14, AY 2014-15	Commissioner of Income Tax (Appeals), Delhi

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	Fringe Benefit Tax	0.48	-	0.48	AY 2008-09	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Income Tax and Interest	14.37	14.37	-	AY 1999-00 to AY 2002-03, AY 2004-05	Supreme Court
Income Tax Act, 1961	Tax Deducted at Source	0.1	-	0.1	FY 2007-08	CPC, TDS
Chapter V of Finance Act, 1994	Service Tax, Penal Interest u/s 73(4A)	0.36	-	0.36	FY 2008-09	CESTAT, Delhi
	Total	**82.7**	**63.21**	**19.49**		

* ₹ 18.55 crores though received by the Company as refund due to appeal effects of favorable decisions of various appellate forums, is however being considered as unpaid on account of further appeals made by the Income Tax Department to higher authorities.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders as at the Balance Sheet date.

(ix) The company did not raise any money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(x) According to the information and explanations given to us and as represented by the management and on the basis of our examination of the records of the Company, in accordance with the generally accepted auditing practices in India, we have been informed, that in one case of fraud involving an aggregate amount of ₹0.59 crores towards fraudulent encashment through forged documents of money invested by one of the investors (Refer Note No. 3.7 to the standalone financial statements) and in another case of overcharging of bills of an aggregate amount of ₹1.01 crores by an air travel agent (Refer Note No. 23.1 to the standalone financial statements), has been committed on the company during the year. The company has taken appropriate action in both the cases.

(xi) According to the information and explanations given to us, Central Government has exempted the Government Companies from the provisions of Section 197. Accordingly, this clause of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, this clause of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the necessary disclosures have been made in the standalone financial statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, this clause of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company, being a NBFC, is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The registration as required has been duly obtained and registration number issued to the Company is14.000011.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi
Date : 17th July 2017

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31st March, 2017

Sl. No.	Directions/ Sub-Directions	Action Taken	Impact on Standalone Financial Statements
A.	**Directions**		
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The company has clear title/ lease deeds for freehold and leasehold land respectively. However, the formalities regarding registration of conveyance deed in respect of one freehold residential plot of land allotted to the Company amounting to ₹ 45.92 Crores and measuring 39,770 Sq. Mtrs. and one Land & Building amounting to ₹ 4.59 Crores and measuring 5,911.69 Sq. Mtrs. are yet to be executed.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons therefore and amount involved.	Delayed interest/ penal interest amounting to ₹5.32 Crores has been waived off after the approval of the competent authority, including ₹5.29 Crores waived in pursuance of Ujwal DISCOM Assurance Yojana (UDAY) launched by Ministry of Power (MoP). Prepayment premium of ₹19.75 Crores has been waived. Further, no prepayment charge has been levied on the DISCOM debt so prepaid under UDAY scheme.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.	The Company, being an NBFC, the clause with respect to inventories lying with third parties and assets received as gifts from Govt. and other authorities is not applicable.	NIL
B.	**Sub-Direction**		
1.	In respect of provisioning requirements of all restructured, rescheduled or renegotiated loan, whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard may be suitably commented upon along with financial implication.	The company is following a system of periodical assessment of realizable value of securities available against all restructured, rescheduled or renegotiated loan based upon management assessment and review/ progress report of lenders engineers, lenders financial advisor and project monitoring group. No deficiency in this regard has been observed having financial implication. In our opinion the system of company needs improvement to be commensurate with the size and nature of its business. However, adequate provision as per significant accounting policies of the company has been created during the year on all such loans.	NIL

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi
Date : 17th July 2017

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Company as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalonefinancial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of non-performing assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of

non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of travel agent, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2017 standalone financial statements of the Company. However, these areas of improvement do not affect our opinion on the standalone financial statements of the Company.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi
Date : 17th July 2017

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31st MARCH 2017

The Board of Directors,
Rural Electrification Corporation Limited,
Core-4, SCOPE Complex,
7, Lodhi Road
New Delhi – 110003

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India (RBI) on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Rural Electrification Corporation Limited (REC) and according to the information and explanations given to us for the purpose of audit, we report that:

1. The Company had applied for registration as provided in section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been granted certificate of registration by Reserve Bank of India on 10th February, 1998 having Registration No. 14.000011. RBI issued Certificate dated 17th September, 2010 in lieu of earlier certificate having categorized REC as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated 12th February, 2010. Further, that company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31st March, 2017.
2. As per Para 2 (v) of RBI Circular No. DNBR (PD) CC.No.052/03.10.119/2015-16 dated 1st July, 2015, Sections 45-IB and 45-IC of the Reserve Bank of India Act, 1934 on Maintenance of Percentage of Assets and Reserve Fund; paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (since repealed by Prudential Norms Directions Notification No 192 dated February 22, 2007), except paragraph 13A of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to any non-banking financial company as defined in section 45-I(f) of the Reserve Bank of India Act, 1934 (2 of 1934) being a Government company as defined in section 617 of the Companies Act, 1956.
3. According to the information and explanations given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non acceptance of any public deposits.
4. The Company has not accepted any public deposits during the year 2016-17.
5. REC, being a Government Company, continues to be exempt from the applicability of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 dated 01.09.2016. Further, RBI, vide letters dated 25th July, 2013 and 4th April, 2014, has conveyed to REC to comply with the prudential norms of RBI by 31st March, 2016. Regarding restructuring of assets, RBI vide its letter dated 11th June, 2014 has allowed exemption to the Company from RBI restructuring norms till 31st March, 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f 01st April, 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March, 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March, 2018. Further, RBI vide letter dated 05th October, 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before 31st March, 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till 31st March, 2017. RBI vide its letter No. DNBR.PD.CO. No. 2184/03.10.001/2015-16 dated 16th June, 2016, has exempted REC from applicability of RBI's concentration of Credit/ Investment norms, in respect of its exposure to Central/ State Government entities up to 31st March, 2022.

   For the financial year ended 31st March, 2017, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of *"Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 dated 01.09.2016"* subject to the exemptions granted to the Company as above.
6. In terms of RBI Circular No. DNBS.PD/ CC.No. 93/03.05.002 /2006-07 dated 27th April, 2007, REC being a Government Company, is exempt from submitting NBS-7 to the Reserve Bank of India. Being an Infrastructure Finance Company (IFC), the Company is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). According to the information and explanation given to us, the Company is in compliance with the minimum CRAR prescribed.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : Mumbai
Date : 30th May, 2017

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 2017

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 17 July 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Ritika Bhatia)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated : 03 August 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

(₹ in Crores)

Sl. No.	Particulars	Note No	As at 31.03.2017	As at 31.03.2016
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	2	**1,974.92**	987.46
	(b) Reserves and Surplus	3	**31,695.64**	27,905.94
	Sub-total (1)		**33,670.56**	**28,893.40**
(2)	**Non-current Liabilities**			
	(a) Long-term Borrowings	4	**149,680.89**	138,783.85
	(b) Deferred Tax Liabilities (Net)	5	**39.92**	47.54
	(c) Other Long-term Liabilities	6	**13.42**	10.01
	(d) Long-term Provisions	7	**1,849.47**	1,295.54
	Sub-total (2)		**151,583.70**	**140,136.94**
(3)	**Current Liabilities**			
	(a) Short-term Borrowings	8	**110.98**	6,460.77
	(b) Trade Payables	9	**160.39**	117.96
	(c) Other current liabilities	10	**24,524.99**	30,477.43
	(d) Short-term Provisions	7	**194.30**	858.42
	Sub-total (3)		**24,990.66**	**37,914.58**
	Total (1+2+3)		**210,244.92**	**206,944.92**
II.	**ASSETS**			
(1)	**Non-current Assets**			
	(a) Fixed assets	11		
	(i) Tangible Assets		**354.11**	253.05
	(ii) Intangible Assets		**0.74**	1.03
	(iii) Capital work-in-progress		**164.13**	76.84
	(iv) Intangible Assets under Development		**1.46**	**1.21**
			520.44	**332.13**
	(b) Non-current Investments	12	**2,432.57**	2,202.14
	(c) Long-term Loans & Advances	13	**177,351.58**	157,796.82
	(d) Other Non-current Assets	14	**394.07**	109.26
	Sub-total (1)		**180,698.66**	**160,440.35**
(2)	**Current Assets**			
	(a) Current Investments	12	**184.36**	149.41
	(b) Inventories	15	**51.18**	66.79
	(c) Trade Receivables	16	**438.40**	231.89
	(d) Cash & Bank Balances	17	**4,650.79**	1,864.08
	(e) Short-term Loans & Advances	18	**3,618.72**	809.37
	(f) Other Current Assets	19	**20,602.81**	43,383.03
	Sub-total (2)		**29,546.26**	**46,504.57**
	Total (1+2)		**210,244.92**	**206,944.92**

The Significant Accounting Policies and Notes to Accounts 1 to 59 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

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

(₹ in Crores)

Sl. No.	Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
I.	Revenue from Operations	20	**23,945.16**	24,012.88
II.	Other Income	21	**740.84**	117.05
III.	**Total Revenue (I+II)**		**24,686.00**	24,129.93
IV.	**Expenses**			
(i)	Finance Costs	22	**13,786.36**	14,282.35
(ii)	Employee Benefits Expense	23	**192.75**	143.19
(iii)	Depreciation & Amortization	11	**40.33**	19.67
(iv)	Corporate Social Responsibility Expenses	24	**68.94**	120.29
(v)	Other Expenses	25	**220.58**	164.39
(vi)	Provisions and Contingencies	26	**1,110.31**	1,096.18
(vii)	Purchases of Stock-in-Trade		**273.12**	223.60
(viii)	Changes in inventories of Stock-in-Trade & Work-in-Progress	27	**22.76**	(66.79)
	Total Expenses (IV)		**15,715.15**	**15,982.88**
V.	**Profit before Prior Period Items & Tax (III-IV)**		**8,970.85**	8,147.05
VI.	**Prior Period Items**	28	**(1.51)**	0.39
VII.	**Profit before Tax (V-VI)**		**8,972.36**	**8,146.66**
VIII.	**Tax Expense :**			
(i)	Current Year		**2648.37**	2516.85
(ii)	Earlier Years/ (Refunds)		**(27.79)**	(2.77)
(iii)	Deferred Tax		**38.41**	(58.84)
	Total Tax Expense (i+ii+iii)		**2,658.99**	**2,455.24**
IX.	**Profit for the year from Continuing Operations (VII-VIII)**		**6,313.37**	5,691.42
X.	**Profit from Discontinuing Operations (after tax)**		**-**	-
XI.	**Profit for the year (IX+X)**		**6,313.37**	**5,691.42**
XII.	**Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)**			
	(1) Basic	29	**31.97**	28.82
	(2) Diluted	29	**31.97**	28.82

The Significant Accounting Policies and Notes to Accounts 1 to 59 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

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) Accounting Convention: - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) Use of Estimates: - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before 31 March 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

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

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from consultancy services is recognized based on proportionate completion method as per AS 9 – Revenue Recognition

f. Revenue from contacts is recognized as follows:

(i) in cost plus contacts – by including eligible contractual items of expenditure plus proportionate margin as per the contact.

(ii) in fixed price contacts – on the basis of contractual price breakup of deliverables. In the absence of the same, at the cost of work performed on the contact plus proportionate margin using the percentage of completion method.

g. Revenue from sale of goods is recognized at the time of delivery of goods to customers.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

h. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

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

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(2) Non performing Assets (NPA): A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.

The above period of two quarters shall be 5 months for the financial year ending 31 March 2016, 4 months for the financial year ending 31 March 2017 and 3 months for the financial year ending 31 March 2018 and thereafter. However, RBI vide letter dated 5 October 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before 31 March 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till 31 March 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

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

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

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding 16 months' for the financial year ending 31 March 2016; 'not exceeding 14 months' for the financial year ending 31 March 2017; and 'not exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended 31 March 2016; 'exceeding 14 months' for the financial year ending 31 March 2017 and 'exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

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

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

(ii) Doubtful assets –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

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

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

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

Particulars	Provisioning Requirement
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto:	In respect of the stock of outstanding loans as on 31 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. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	• 2.75% with effect from 31 March 2015 • 3.50% with effect from 31 March 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31 March 2017 (spread over 4 quarters of 2016-17) • 5.00% with effect from 31 March 2018 (spread over 4 quarters of 2017-18) The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement is as below: • 0.25% by 31 March 2015 • 0.30% by 31 March 2016 • 0.35% by 31 March 2017 • 0.40% by 31 March 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

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

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

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

4. DEPRECIATION.

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

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

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

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

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

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS

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

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

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

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding ₹ 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

17. INVENTORIES

17.1 Stock-in-trade is valued at lower of cost and net realizable value.

17.2 Work-in-progress comprising material procured and other directly attributable overheads is valued at lower of cost and net realizable value.

17.3 Cost is determined on First In First Out (FIFO) basis.

CONSOLIDATED NOTES TO ACCOUNTS

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	31.71%	Un-audited

** The financial statements are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.*

RECTPCL forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of RECTPCL namely Dinchang Transmission Limited, Ghatampur Transmission Limited, ERSS XXI Transmission Limited and WR-NR Power Transmission Limited have not been consolidated with the financial statements of the Company.

2. **Share Capital**

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	**5,00,00,00,000**	**5,000.00**	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	**1,97,49,18,000**	**1,974.92**	98,74,59,000	987.46
Total	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	**98,74,59,000**	**987.46**	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	**98,74,59,000**	**987.46**	-	-
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	98,74,59,000	987.46

The shareholders of the Company in Annual General Meeting (AGM) held on 21 September 2016 *inter-alia* approved the increase in Authorised Capital of the Company from ₹ 1,200 crores to ₹ 5,000 crores and issue of Bonus shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders by capitalizing existing reserves by a sum of ₹ 987.46 Crores. Accordingly, 98,74,59,000 bonus shares were issued & allotted on 30 September 2016.

2.2 Allotment of Bonus Shares during the year and during preceding five years

The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

2.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act,

CONSOLIDATED NOTES TO ACCOUNTS

1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

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

Name	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	**1,16,25,04,472**	**58.86%**	59,87,67,680	60.64%
Life Insurance Corporation of India	**12,63,22,504**	**6.40%**	8,64,90,414	8.76%

During the financial year 2016-17, the President of India acting through Ministry of Power, Government of India divested/sold 2,51,33,733 equity shares i.e. 1.28 % of total paid up capital of the Company on 25 January 2017 and 98,97,155 equity shares i.e. 0.50% of total paid up capital of the Company on 22 March 2017 through Off-market sale of shares under the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF). Accordingly, as on 31 March 2017, the President of India holds 58.86 % of the paid up equity share capital of the Company.

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
	Amount	Amount
Capital Reserve	**105.00**	105.00
Securities Premium Account (Refer Note 3.1 & 3.4)		
Balance as at the beginning of the year	**3,224.00**	3,223.72
Add: Additions during the year	**-**	0.28
Less: Deductions/ Adjustments during the year	**987.46**	-
Balance as at the end of the year	**2,236.54**	3,224.00
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	**728.36**	531.77
Add: Amount transferred from Surplus Account	**201.20**	196.59
Balance as at the end of the year	**929.56**	728.36
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**10,349.64**	8,449.64
Add: Amount transferred from Surplus Account	**1,881.06**	1,900.00
Balance as at the end of the year	**12,230.70**	10,349.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**2,011.97**	1,621.97
Add: Amount transferred from Surplus Account	**413.33**	390.00
Balance as at the end of the year	**2,425.30**	2,011.97
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	**-172.41**	-335.46
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	**153.63**	-503.08
Amortisation during the year	**55.09**	666.13
Balance as at the end of the year	**36.31**	-172.41
General Reserve		
Balance as at the beginning of the year	**4,727.04**	4,154.15
Add: Amount transferred from Surplus Account	**3.50**	572.89
Balance as at the end of the year	**4,730.54**	4,727.04

CONSOLIDATED NOTES TO ACCOUNTS

Particulars	As at 31.03.2017	As at 31.03.2016
	Amount	Amount
Surplus Account		
Balance as at the beginning of the year	**6,932.34**	6,334.33
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 (Refer Note 3.4)	**86.75**	-
Add: Profit during the year	**6,313.37**	5,691.42
Add: Adjustments during the year (Refer Note 3.6)	**1.72**	0.30
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,881.06**	1,900.00
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**413.33**	390.00
- Dividend		
- Interim Dividend	**1,382.44**	1,184.95
- Proposed Dividend (Final) (Refer Note 3.5)	**-**	503.60
- Dividend Distribution Tax		
- Interim Dividend	**277.46**	239.19
- Proposed Dividend (Final)	**-**	106.49
- Transfer to Debenture Redemption Reserve	**201.20**	196.59
- Transfer to General Reserve	**3.50**	572.89
Balance as at the end of the year	**9,001.69**	6,932.34
Total Reserves and Surplus	**31,695.64**	27,905.94

3.1 Additions in Securities Premium Account for the year ended 31 March 2017 represent the premium of Nil (Previous year ₹ 0.28 Crores) received on issue of Tax Free Bonds through private placement.

3.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

Further, in case of EESL, a Joint Venture of the Company, DRR is being created upto 25% of the value of debentures during the maturity period of such debentures. Accordingly, during the year, EESL has created DRR amounting to ₹ 14.53 Crores (Previous year Nil), REC's share being ₹ 4.61 Crores (Previous year Nil).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ -36.31 Crores as at 31 March 2017 (₹ 172.41 Crores as at 31 March 2016).

3.4 Draw down from Reserves

In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivatives, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores has been adjusted in the retained earnings during the year ended 31 March 2017. This represents the change in the fair value of the interest rate swaps till 31 March 2016. Further, bonus shares have been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the year.

Further, no amount had been drawn from reserves during the financial year 2015-16.

CONSOLIDATED NOTES TO ACCOUNTS

3.5 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	**523.35**	503.60
- Rate of Dividend	**26.50%**	25.50%
- Dividend per equity share (₹)	**2.65**	2.55

During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 'Contingencies and Events Occurring After the Balance Sheet Date'. However, as per the requirements of Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company is not required to provide for dividend proposed by the Board of Directors for the year ended 31 March 2017. Consequently, no provision has been made in respect of the aforesaid dividend. Had the Company continued with creation of provision of proposed dividend, as at Balance Sheet date, the figure of 'Reserves & Surplus' would have been lower by ₹ 635.16 Crores and 'Short term Provisions' would have been higher by the same amount (including dividend distribution tax of ₹ 111.81 crores). Further, the previous year figures have been adjusted in view of the bonus issue in the current year to make the figures comparable (Refer Note 2.1).

3.6 During the previous year, an amount of ₹ 32.89 crore was reported by Energy Efficiency Services Ltd. (EESL), a Joint Venture of the Company, as profit after tax in their un-audited accounts, considered for consolidation of REC Group. Subsequently, the audited accounts of the Company reported a profit of ₹ 35.59 crore. The consequential increase, in proportion to the Company's share holding in the joint venture, amounting to ₹ 0.78 crore has been included in the adjustments to the Surplus account during the current year alongwith the reduction for share in dividend distribution tax amounting to ₹ 0.64 crore.

Further, during the current year, REC has been allotted fresh equity shares worth ₹ 99 crores which has resulted into an increase in shareholding of REC Limited from 28.78% to 31.71%. Due to this change, REC Limited's share of opening balance of surplus account has increased by ₹ 1.58 crore which has been included in the adjustments to the surplus account during the current year. Hence, total adjustment carried out in Surplus account during the current year is ₹ 1.72 crore.

4. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-10 'Other Current Liabilities'.

(₹ in Crores)

Particulars		As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	**Bonds**				
	- Institutional Bonds	**22,297.15**	**5,453.30**	27,591.90	7,854.80
	- 54EC Capital Gain Tax Exemption Bonds	**14,139.62**	**5,337.78**	11,814.48	5,349.91
	- Tax Free Bonds	**12,577.97**	**-**	12,577.97	-
(b)	**Term Loans**				
	- from Financial Institutions	**400.00**	**381.71**	750.00	350.00
	Total Secured Long-Term Debt (a+b)	**49,414.74**	**11,172.79**	52,734.35	13,554.71
(B)	**Unsecured Long-Term Debt**				
(a)	**Bonds**				
	- Institutional Bonds	**79,424.70**	**5,359.70**	66,184.40	7,055.80
	- Infrastructure Bonds	**34.89**	**76.75**	34.90	207.49

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars		As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	- Zero Coupon Bonds	**1,073.09**	**-**	990.64	-
(b)	**Other Loans & Advances**				
	- Foreign Currency Borrowings	**19,733.47**	**1,450.53**	18,839.56	3,149.02
	Total Unsecured Long-Term Debt (a+b)	**1,00,266.15**	**6,886.98**	86,049.50	10,412.31
	Total Long-Term Debt (A+B)	**1,49,680.89**	**18,059.77**	1,38,783.85	23,967.02
	Total Long-Term Debt (Non-Current + Current)	**1,67,740.66**		1,62,750.87	

Details of Long-term Debt :

4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

4.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.1.1.1	**Institutional Bonds**				
	123-IIIB Series	1,955.00	-	1,955.00	-
	9.34% Redeemable at par on 23.08.2024				
	STRPP C	79.27	-	-	-
	8.07% Redeemable at par on 20.09.2023				
	STRPP B	39.64	-	-	-
	8.07% Redeemable at par on 20.09.2021				
	123-I Series	1,515.00	-	1,515.00	-
	9.40% Redeemable at par on 17.07.2021				
	STRPP A	39.64	-	-	-
	8.07% Redeemable at par on 20.03.2020				
	92-II Series	945.30	-	945.30	-
	8.65% Redeemable at par on 22.01.2020				
	91-II Series	995.90	-	995.90	-
	8.80% Redeemable at par on 18.11.2019				
	90-C-II Series	1,040.00	-	1,040.00	-
	8.80% Redeemable at par on 07.10.2019				
	90-B-II Series	868.20	-	868.20	-
	8.72% Redeemable at par on 04.09.2019				
	90th Series	2,000.00	-	2,000.00	-
	8.80% Redeemable at par on 03.08.2019				
	122nd Series	1,700.00	-	1,700.00	-
	9.02% Redeemable at par on 18.06.2019				
	119th Series	2,090.00	-	2,090.00	-
	9.63% Redeemable at par on 05.02.2019				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
88th Series	1,495.00	-	1,495.00	-
8.65% Redeemable at par on 15.01.2019				
118th Series	1,655.00	-	1,655.00	-
9.61% Redeemable at par on 03.01.2019				
117th Series	2,878.00	-	2,878.00	-
9.38% Redeemable at par on 06.11.2018				
87-A-III Series	61.80	-	61.80	-
11.15% Redeemable at par on 24.10.2018				
116-II Series	850.00	-	850.00	-
9.24% Redeemable at par on 17.10.2018				
87-II Series	657.40	-	657.40	-
10.85% Redeemable at par on 01.10.2018				
86-B-III Series	432.00	-	432.00	-
10.85% Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70% Redeemable at par on 30.07.2018				
85th Series	500.00	-	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	-	685.20	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	-	883.10	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	-	2,610.00	2,610.00	-
9.06% Redeemable at par on 22.09.2017				
123-IIIA Series	-	1,275.00	1,275.00	-
9.25% Redeemable at par on 25.08.2017				
121st Series	-	-	-	1,600.00
9.52% Redeemed at par on 24.03.2017				
120th Series	-	-	-	1,100.00
9.67% Redeemed at par on 10.03.2017				
81st Series	-	-	-	314.80
8.85% Redeemed at par on 20.01.2017				
116-I Series	-	-	-	430.00
9.05% Redeemed at par on 17.10.2016				
123-IV Series	-	-	-	2,750.00
8.97% Redeemed at par on 08.09.2016				
123-II Series	-	-	-	1,660.00
9.27% Redeemed at par on 08.08.2016				
Total - Institutional Bonds	**22,297.15**	**5,453.30**	**27,591.90**	**7,854.80**

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.1.1.2	**54EC Capital Gain Tax Exemption Bonds**				
	Series X (2016-17)	7,662.92	-	-	-
	5.25%- 6.00% Redeemable at par during financial year 2019-20				
	Series X (2015-16)	6,476.70	-	6,476.70	-
	6.00% Redeemable at par during financial year 2018-19				
	Series IX (2014-15)	-	5,337.78	5,337.78	-
	6.00% Redeemable at par during financial year 2017-18				
	Series IX (2013-14)	-	-	-	5,349.91
	6.00% Redeemable at par during financial year 2016-17				
	Total - 54EC Capital Gain Tax Exemption Bonds	14,139.62	5,337.78	11,814.48	5,349.91
4.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1	696.56	-	696.56	-
	Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
	Series 2015-16 Series 5A	300.00	-	300.00	-
	7.17% Redeemable at par on 23.07.2025				
	Series 2013-14 Tranche 2	1,057.40	-	1,057.40	-
	Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
	Series 2013-14 Series 4A & 4B	150.00	-	150.00	-
	Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
	Series 2013-14 Tranche 1	3,410.60	-	3,410.60	-
	Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Series 2013-14 Series 3A & 3B	1,350.00	-	1,350.00	-
	Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
	Series 2012-13 Tranche 2	131.06	-	131.06	-
	Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
	Series 2012-13 Tranche 1	1,982.35	-	1,982.35	-
	Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				
	Series 2012-13 Series 2A & 2B	500.00	-	500.00	-
	Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
	Series 2011-12	3,000.00	-	3,000.00	-
	Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
	Total - Tax Free Bonds	12,577.97	-	12,577.97	-
4.1.2	**Term Loans**				
	Term Loan from Financial Institutions				
	- Life Insurance Corporation of India (LIC)	400.00	350.00	750.00	350.00
	The Loan of ₹1500 Crores (present outstanding ₹ 100 Crores @ 6.242% and ₹ 50 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 600 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.				
	- PTC India Financial Services Limited (PFS)	-	31.71	-	-
	The Loan of ₹ 100 Crores (REC's share ₹ 31.71 Crores) with interest rate varying between 10.50% and 10.25% p.a. linked to the PFS Reference Rate is repayable in 4 equal quarterly instalments commencing from 01.04.2017.				
	Total - Term Loans	400.00	381.71	750.00	350.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.2	**Details of Unsecured long-term debt :**				
4.2.1	**Bonds**				
4.2.1.1	**Institutional Bonds**				
	147th Series	2,745.00	-	-	-
	7.95% Redeemable at par on 12.03.2027				
	142nd Series	3,000.00	-	-	-
	7.54% Redeemable at par on 30.12.2026				
	140th Series	2,100.00	-	-	-
	7.52% Redeemable at par on 07.11.2026				
	136th Series	2,585.00	-	2,585.00	-
	8.11% Redeemable at par on 07.10.2025				
	95-II Series	1,800.00	-	1,800.00	-
	8.75% Redeemable at par on 14.07.2025				
	94th Series	1,250.00	-	1,250.00	-
	8.75% Redeemable at par on 09.06.2025				
	133rd Series	2,396.00	-	2,396.00	-
	8.30% Redeemable at par on 10.04.2025				
	131st Series	2,285.00	-	2,285.00	-
	8.35% Redeemable at par on 21.02.2025				
	130th Series	2,325.00	-	2,325.00	-
	8.27% Redeemable at par on 06.02.2025				
	129th Series	1,925.00	-	1,925.00	-
	8.23% Redeemable at par on 23.01.2025				
	128th Series	2,250.00	-	2,250.00	-
	8.57% Redeemable at par on 21.12.2024				
	115th Series - Subordinate Tier-II Bonds	2,500.00	-	2,500.00	-
	8.06% Redeemable at par on 31.05.2023				
	114th Series	4,300.00	-	4,300.00	-
	8.82% Redeemable at par on 12.04.2023				
	111-II Series	2,211.20	-	2,211.20	-
	9.02% Redeemable at par on 19.11.2022				
	107th Series	2,378.20	-	2,378.20	-
	9.35% Redeemable at par on 15.06.2022				
	132nd Series	700.00	-	700.00	-
	8.27% Redeemable at par on 09.03.2022				
	145th Series	625.00	-	-	-
	7.46% Redeemable at par on 28.02.2022				
	141st Series	1,020.00	-	-	-
	7.14% Redeemable at par on 09.12.2021				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
127th Series	1,550.00	-	1,550.00	-
8.44% Redeemable at par on 04.12.2021				
105th Series	3,922.20	-	3,922.20	-
9.75% Redeemable at par on 11.11.2021				
139th Series	2,500.00	-	-	-
7.24% Redeemable at par on 21.10.2021				
101-III Series	3,171.80	-	3,171.80	-
9.48% Redeemable at par on 10.08.2021				
100th Series	1,500.00	-	1,500.00	-
9.63% Redeemable at par on 15.07.2021				
98th Series	3,000.00	-	3,000.00	-
9.18% Redeemable at par on 15.03.2021				
97th Series	2,120.50	-	2,120.50	-
8.80% Redeemable at par on 30.11.2020				
96th Series	1,150.00	-	1,150.00	-
8.80% Redeemable at par on 26.10.2020				
135th Series	2,750.00	-	2,750.00	-
8.36% Redeemable at par on 22.09.2020				
144th Series	835.00	-	-	-
7.13% Redeemable at par on 21.09.2020				
134th Series	2,675.00	-	2,675.00	-
8.37% Redeemable at par on 14.08.2020				
143rd Series	1,275.00	-	-	-
6.83% Redeemable at par on 29.06.2020				
148th Series	1,200.00	-	-	-
7.42% Redeemable at par on 17.06.2020				
113th Series	1,542.00	-	1,542.00	-
8.87% Redeemable at par on 09.03.2020				
111-I Series	452.80	-	452.80	-
9.02% Redeemable at par on 19.11.2019				
126th Series	1,700.00	-	1,700.00	-
8.56% Redeemable at par on 13.11.2019				
125th Series	3,000.00	-	3,000.00	-
9.04% Redeemable at par on 11.10.2019				
108-II Series	960.00	-	960.00	-
9.39% Redeemable at par on 20.07.2019				
95-I Series	200.00	-	200.00	-
8.70% Redeemable at par on 12.07.2019				
137th Series	2,225.00	-	2,225.00	-
8.05% Redeemable at par on 07.12.2018				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	146th Series	3,300.00	-	-	-
	9.25% Redeemable at par on 03.09.2018				
	112th Series	-	1,500.00	1,500.00	-
	8.70% Redeemable at par on 01.02.2018				
	109th Series	-	1,734.70	1,734.70	-
	9.25% Redeemable at par on 28.08.2017				
	108-I Series	-	2,125.00	2,125.00	-
	9.40% Redeemable at par on 20.07.2017				
	138th Series	-	-	-	2,895.00
	8.28% Redeemed at par on 04.03.2017				
	106th Series	-	-	-	1,500.00
	9.28% Redeemed at par on 15.02.2017				
	103-I Series	-	-	-	50.00
	9.35% Redeemed at par on 19.10.2016				
	102nd Series	-	-	-	2,216.20
	9.38% Redeemed at par on 06.09.2016				
	101-II Series	-	-	-	394.60
	9.45% Redeemed at par on 10.08.2016				
	Total - Institutional Bonds	79,424.70	5,359.70	66,184.40	7,055.80
4.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12)	29.50	-	29.51	128.08
	Redeemable at par. Refer Note 4.6				
	Series-I (2010-11)	5.39	76.75	5.39	79.41
	Redeemable at par. Refer Note 4.6				
	Total - Infrastructure Bonds	34.89	76.75	34.90	207.49
4.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II	194.57	-	178.95	-
	(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
	ZCB - Series I	878.52	-	811.69	-
	(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
	Total - Zero Coupon Bonds	1,073.09	-	990.64	-
4.2.2	**Other Loans & Advances**				
4.2.2.1	**Foreign Currency Borrowings**				
	CHF Bonds - CHF 200 Mn	-	-	-	1,378.50
	3.50% Redeemed at par on 07.03.2017				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
JICA Loan - Guaranteed by Govt. of India	237.65	169.84	400.61	210.13
0.75% JICA-I loan repayable in equal half-yearly instalments of ¥982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2017 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2017				
KfW Loan - Guaranteed by Govt. of India	51.03	51.02	93.33	51.10
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2017				
KfW Loan - Guaranteed by Govt. of India	95.28	-	64.86	-
1.96% Loan repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn, first instalment due on 30.06.2018. Total Loan Amount as on 31.03.2017 ₹ 300.48 Crores (Equivalent to €43.39 Mn), REC'S share ₹ 95.28 cr)				
AFD Loan - Guaranteed by Govt. of India	8.17	-	-	-
1.87% Loan repayable in 20 equal half-yearly instalments of €2.50 Mn, first instalment due on 31.10.2020. Total Loan Amount as on 31.03.2017 ₹ 25.75 Crores (Equivalent to €3.72 Mn), REC'S share ₹ 8.17 cr)				
Syndicated Loan- US $300 Mn	-	-	-	1,367.24
Repaid on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	161.58	53.86	213.77	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2017				
Syndicated Loan- ¥19.029 Bn	-	1,102.92	1,184.43	-
Repayable on 10.04.2017				
KfW-III Loan - Guaranteed by Govt. of India	473.81	72.89	558.76	88.61
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2017				
Syndicated Loan- US $285 Mn	1,847.90	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	1,620.97	-	1,521.75	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	2,593.54	-	2,435.78	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	2,593.54	-	2,539.64	-
Repayable on 12.03.2020				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
Syndicated Loan- US $300 Mn	1,945.16	-	1,909.56	-
Repayable on 29.07.2020				
Syndicated Loan- US $250 Mn	1,620.97	-	1,653.25	-
Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US $300 Mn	1,945.16	-	1,997.80	-
Repayable on 01.12.2020				
Syndicated Loan- US $250 Mn	1,620.97	-	1,688.46	-
Repayable on 05.02.2019				
Syndicated Loan- US $120 Mn	778.06	-	797.28	-
Repayable on 21.03.2019				
Syndicated Loan- US $100 Mn	648.39	-	-	-
Repayable on 05.10.2021				
Syndicated Loan- US $230 Mn	1,491.29	-	-	-
Repayable on 19.01.2022				
Total - Foreign Currency Borrowings	19,733.47	1,450.53	18,839.56	3,149.02

4.3 Security Details of the Secured Borrowings

The Bond Series 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat No. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24 September 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-IIIA, 123-IIIB and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series STRPP (Separately Transferrable Redeemable Principal Parts) A, B and C are secured by way of first pari passu charge over movable fixed assets of EESL, a Joint Venture of the Company with minimum asset coverage of 1 times.

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

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

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

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

CONSOLIDATED NOTES TO ACCOUNTS

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

4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/ JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.2.1.

4.5 Ratings assigned by credit rating agencies and migration

Domestic and International Credit Rating

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

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

There has been no migration of ratings during the year.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	59.35	
8.10%	1.60	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**82.14**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

4.7 During the year, the Company has come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator. The Company has lodged complaint with the Police against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Accordingly, an amount of ₹ 0.59 Crore has been shown recoverable from the RTA in the books of accounts and the matter has been duly reported to the Reserve Bank of India (RBI). Further, as a precautionary measure, the services of then existing RTA have been discontinued and new RTA has been appointed.

CONSOLIDATED NOTES TO ACCOUNTS

5. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Deferred Tax Liabilities on account of:		
Depreciation	**4.57**	4.48
Foreign Currency Exchange Fluctuation Loss	**-**	59.67
MTM on Interest Rate Swap	**66.48**	-
Total	**71.05**	64.15
Deferred Tax Assets on account of:		
Provision for Earned Leave	**10.85**	8.13
Provision for Medical Leave	**6.67**	5.49
Foreign Currency Exchange Fluctuation Loss	**12.57**	-
Provision for Gratuity	**0.03**	0.03
Provision for Doubtful Debts	**0.88**	2.03
Provision for Contingencies of Project Cost Revisions	**-**	0.79
Provision for Employee benefits	**0.09**	0.11
Preliminary Expenses	**-**	-
Operating lease liabilities	**0.04**	0.03
Total	**31.13**	16.61
Deferred Tax Liabilities (Net)	**39.92**	47.54

5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

6. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Non-Current Portion of Interest accrued but not due on borrowings	**12.38**	9.50
- Others	**1.04**	0.51
Total	**13.42**	10.01

7. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	**28.48**	**3.31**	21.35	2.31
	Post Retirement Medical Benefits	**92.49**	**4.66**	82.50	4.12
	Medical Leave Liability	**16.63**	**2.64**	13.65	2.22
	Settlement Allowance	**1.10**	**0.17**	1.06	0.16
	Economic Rehabilitation Scheme	**3.44**	**0.01**	3.31	0.03
	Long Service Award	**2.64**	**0.19**	2.45	0.11
	Loyalty Bonus	**0.11**	**0.04**	0.08	0.07
	Gratuity	**0.19**	**-**	0.08	-
	Sub-total (A)	**145.08**	**11.02**	124.48	9.02

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(B)	**Others**				
	Standard Loan Assets	**536.59**	**70.87**	420.35	123.08
	Restructured Standard Loans	**1,167.67**	**73.52**	750.71	70.63
	Interest on Loans Due & Converted into Equity	**-**	**3.96**	-	3.96
	Incentive	**-**	**20.34**	-	18.13
	Pay Revision	**-**	**14.59**	-	-
	Proposed Dividend (Refer Note 3.5)	**-**	**-**	-	503.60
	Corporate Dividend Tax	**-**	**-**	-	106.49
	CSR Expenses	**-**	**-**	-	21.22
	Contigencies of project cost revisions	**-**	**-**	-	2.29
	Provision for Warranty	**0.13**	**-**	-	-
	Sub-total (B)	**1,704.39**	**183.28**	1,171.06	849.40
	Total (A+B)	**1,849.47**	**194.30**	1,295.54	858.42

7.1 Details and movement of Provisions:

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	**23.66**	**12.62**	**4.51**	**31.79**
Previous year	23.19	6.38	5.87	23.66
Post Retirement Medical Benefits	**86.62**	**17.21**	**6.68**	**97.15**
Previous year	77.61	15.33	6.32	86.62
Medical Leave Liability	**15.87**	**4.95**	**1.55**	19.27
Previous year	15.22	2.11	1.46	15.87
Settlement Allowance	**1.22**	**0.14**	**0.09**	1.27
Previous year	1.20	0.12	0.10	1.22
Economic Rehabilitation Scheme	**3.34**	**0.95**	**0.84**	3.45
Previous year	2.72	1.26	0.64	3.34
Long Service Award	**2.56**	**1.01**	**0.74**	2.83
Previous year	2.84	0.02	0.30	2.56
Loyalty Bonus	**0.15**	**0.01**	**0.01**	0.15
Previous year	0.09	0.06	-	0.15
Gratuity	**0.08**	**0.11**	**-**	0.19
Previous year	-	0.04	0.04	0.08
Standard Loan Assets	**543.43**	**64.03**	**-**	607.46
Previous year	490.92	138.93	86.42	543.43
Restructured Standard Loans	**821.34**	**419.85**	**-**	1,241.19
Previous year	451.77	369.57	-	821.34
Interest on Loans Due & Converted into Equity	**3.96**	**-**	**-**	3.96
Previous year	-	3.96	-	3.96
Incentive	**18.13**	**15.52**	**13.31**	20.34
Previous year	16.71	14.34	12.92	18.13
Pay Revision	**-**	**14.59**	**-**	14.59
Previous year	-	-	-	-
CSR Expenses	**21.22**	**69.05**	**90.27**	-
Previous year	58.04	126.08	162.90	21.22
Proposed Dividend	**503.60**	**-**	**503.60**	-
Previous year	266.61	503.60	266.61	503.60
Corporate Dividend Tax	**106.49**	**277.46**	**383.95**	-
Previous year	56.32	345.68	295.51	106.49

CONSOLIDATED NOTES TO ACCOUNTS

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Income Tax	**6,533.48**	**2,626.66**	**6,395.15**	**2,751.95**
Previous year	5,322.76	2,560.78	1,351.30	6,533.48
Warranty	**-**	**0.13**	**-**	**0.13**
Previous year	-	-	-	-
Contigencies of project cost revisions	**2.29**	**0.36**	**2.65**	**-**
Previous year	2.13	2.96	2.80	2.29

8. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	**-**	749.93
(B)	**Commercial Paper, unsecured**	**-**	5,600.00
(C)	**Other Loans and Advances**		
	- from Banks		
	Secured *	**110.98**	71.97
	Unecured	**-**	10.08
	- from Financial Institutions, secured *	**-**	28.79
	Total (A+B+C)	**110.98**	**6,460.77**

*Other loans and advances from banks belonging to EESL, a Joint Venture of the Company are secured by pari-passu charge on book debts of EESL.

9. Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Payables	**160.39**	117.96
Total	**160.39**	117.96

10. Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(A) Current maturities of long-term debt (Refer Note 4)	**18,059.77**	23,967.02
(B) Interest accrued but not due on borrowings	**6,025.45**	6,227.74
(C) Income Received in Advance	**8.41**	21.50
(D) Unpaid Dividends	**2.75**	2.73
(E) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	**51.54**	44.83
- Interest on Bonds	**15.19**	12.57
(F) Other payables		
"- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant"	**46,154.67**	38,111.60
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	**2.18**	18.10
Less: Disbursed to Beneficiaries	**-46,131.01**	-38,091.35
Undisbursed Funds to be disbursed as Subsidy/Grant	**25.84**	38.35
- Statutory Dues payable including PF and TDS	**53.33**	36.37
- Payable towards funded staff benefits	**13.63**	0.53
- Other Liabilities	**269.08**	125.79
Sub-total (F)	**361.88**	201.04
Total (A to F)	**24,524.99**	30,477.43

CONSOLIDATED NOTES TO ACCOUNTS

10.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.86 Crores as at 31 March 2017 (₹ 1.26 Crores as at 31 March 2016) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	**For the Year ended 31.03.2017**	**For the Year ended 31.03.2016**
Opening Balance of Interest Subsidy Fund	**1.26**	2.22
Add: Interest earned during the year	**0.07**	0.07
Less: Interest subsidy passed on to the borrower	**0.47**	1.03
Closing Balance of Interest Subsidy Fund	**0.86**	1.26

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

During the year, interest earned of ₹ 24.84 Crores (Previous year ₹ 39.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 40.78 crores (Previous year ₹ 71.66 crores) has been refunded back to MoP out of the total interest on subsidy.

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

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance	18.10	51.38
Add: Interest earned during the year	25.94	41.49
Less: Amount refunded to Govt. during the year	41.59	74.19
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.27	0.58
Closing Balance	2.18	18.10

11. Fixed Assets as at 31 March 2017

(₹ in Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2017	Upto 31.03.2016	During the year	Adjustment during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Freehold Land	80.62	2.30	-	82.92	-	-	-	-	82.92	80.62
Leasehold Land	1.93	4.62	-0.04	6.59	0.28	0.12	-0.01	0.41	6.18	1.65
Buildings	33.17	0.72	2.30	31.59	7.76	0.49	0.63	7.62	23.97	25.41
Furniture & Fixtures	8.12	0.52	0.01	8.63	5.12	0.63	0.08	5.67	2.96	3.00
Vehicles	0.43	-	-	0.43	0.24	0.04	-	0.28	0.15	0.19
EDP Equipments	18.81	3.09	3.69	18.21	13.79	2.65	3.49	12.95	5.26	5.02
Office Equipments	158.29	117.17	-15.61	291.07	21.13	35.83	-1.44	58.40	232.67	137.16
Total	**301.37**	**128.42**	**-9.65**	**439.44**	**48.32**	**39.76**	**2.75**	**85.33**	**354.11**	**253.05**
Previous year	138.43	158.99	-3.94	301.36	29.94	19.09	0.72	48.31	253.05	
Intangible Assets										
Computer Software	7.18	0.27	-0.02	7.47	6.15	0.57	-0.01	6.73	0.74	1.03
Total	**7.18**	**0.27**	**-0.02**	**7.47**	**6.15**	**0.57**	**-0.01**	**6.73**	**0.74**	**1.03**
Previous year	7.06	0.12	-0.00	7.18	5.59	0.58	0.02	6.15	1.03	
Capital Work-in-progress	**76.84**	**243.05**	**155.76**	**164.13**	**-**	**-**	**-**	**-**	**164.13**	**76.84**
Previous year	9.81	195.23	128.20	76.84	-	-	-	-	76.84	
Intangible Assets under Development	**1.21**	**0.25**	**-**	**1.46**	**-**	**-**	**-**	**-**	**1.46**	**1.21**
Previous year	-	1.21	-	1.21	-	-	-	-	1.21	

11.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

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

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

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

CONSOLIDATED NOTES TO ACCOUNTS

12. Investments

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value ₹ unless Stated)	Amount	Number (Face Value ₹ unless Stated)	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**				
	- NHPC Limited	**18,40,11,865 (10)**	**400.80**	-	-
(ii)	**Investment in Equity Instruments - Unquoted**				
	- Others				
	- Energypro Assets Limited	**230680 (£1)**	**0.60**	-	-
	- India Energy Exchange Limited	**12,50,000 (10)**	**1.25**	12,50,000 (10)	1.25
	- Universal Commodity Exchange Limited	**1,60,00,000 (10)**	**16.00**	1,60,00,000 (10)	16.00
	Less: Provision for Diminution in Investment		**(16.00)**		-16.00
(iii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II *	**4 (47,16,00,000)**	**188.64**	6 (47,16,00,000)	282.96
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017				
(iv)	**Investment in Debentures - Unquoted**				
	- 9.68% Bonds of UP Power Corporation Ltd.	**30,385 (1,00,000)**	**303.85**	38,050 (1,00,000)	380.50
(v)	**Investment in Venture Capital Funds - Unquoted**				
	- 'Small is Beautiful' Fund	**61,52,200 (10)**	**6.15**	61,52,200 (10)	6.15
(B)	**Other Investments**				
(ii)	**Investment in Tax Free Bonds - Quoted**				
	8.76% Bonds of HUDCO Ltd.	**50000 (1000)**	**5.00**	50000 (1000)	5.00
	7.39% Bonds of HUDCO Ltd.	**86798 (1000)**	**8.68**	86798 (1000)	8.68
	7.35% Bonds of NHAI	**42855 (1000)**	**4.29**	42855 (1000)	4.29
	7.39% Bonds of NHAI	**35463 (1000)**	**3.55**	35463 (1000)	3.55
	7.49% Bonds of IREDA Ltd.	**61308 (1000)**	**6.13**	61308 (1000)	6.13
	7.35% Bonds of IRFC Ltd.	**22338 (1000)**	**2.23**	22338 (1000)	2.23
	7.35% Bonds of NABARD	**14028 (1000)**	**1.40**	14028 (1000)	1.40
(iii)	**Investment in Debentures - Quoted**				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value ₹ unless Stated)	Amount	Number (Face Value ₹ unless Stated)	Amount
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**5,000 (10,00,000)**	**500.00**	5,000 (10,00,000)	500.00
	Total - Non-Current Investments (1)		**2,432.57**		2,202.14
(2)	**Current Investments**				
	Valued at Lower of Cost and Fair Value				
(i)	**Investment in Equity Instruments (Unquoted)**				
	- Lanco Teesta Hydro Power Limited	**10,20,00,000 (10)**	**102.00**	10,20,00,000 (10)	102.00
	- Dinchang Transmission Limited	**50000 (10)**	**0.05**	50000 (10)	0.05
	- Ghatampur Transmission Limited	**50000 (10)**	**0.05**	-	-
	- ERSS XXI Transmission Limited	**50000 (10)**	**0.05**	-	-
	- WR-NR Power Transmission Limited	**50000 (10)**	**0.05**	-	-
	- NRSS XXXVI Transmission Limited	**-**	**-**	50000 (10)	0.05
	- North Karanpura Transco Limited	**-**	**-**	50000 (10)	0.05
	- Khargone Transmission Limited	**-**	**-**	50000 (10)	0.05
	- NER II Transmission Limited	**-**	**-**	50000 (10)	0.05
	- Nellore Transmission Limited	**-**	**-**	50000 (10)	-
	- Baira Siul Sarna Transmission Limited	**-**	**-**	50000 (10)	-
(ii)	**Investment in Government Securities (Unquoted)**				
	- 8% Government of Madhya Pradesh Power Bonds-II *	**1 (47,16,00,000)**	**47.16**	1 (47,16,00,000)	47.16
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017				
(iii)	**Investment in Inter Corporate Deposit**				
	- LIC Housing Finance Limited		**17.50**		-
	- PNB Housing Finance Limited		**17.50**		-
	Total - Current Investments (2)		**184.36**		149.41
	Total (1+2)		**2,616.93**		2,351.55

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

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12.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2017 is ₹ 10.24 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of India Energy Exchange Limited.

Name of the Company	No. of Shares	Invested Amount	Country of Incorporation	Shareholding %
India Energy Exchange Limited	12,50,000	₹ 1.25 Crores	India	4.34%

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

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%)
	2. Power Grid Corporation of India Limited (4.87%)
	3. Power Finance Corporation Limited (31.71%)

An amount of ₹ 99.00 Crores had been paid to Energy Efficiency Services Limited (EESL) on 31 March 2016 as share application money. EESL has allotted 9,90,00,000 equity shares of ₹ 10 each to the Company on 25 April 2016 and the share of the Company in the JV has accordingly increased from 28.79% to 31.71%.

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2017 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2016 (Audited) *
(i)	Total Assets	**838.77**	427.98	428.74
(ii)	Total Liabilities	**662.90**	308.16	311.84
(iii)	Total Reserves & Surplus	**29.37**	15.32	12.39
(iv)	Contingent Liabilities	**11.74**	-	10.66
(v)	Capital Commitments	**103.95**	84.24	254.63
(vi)	Total Income	**408.83**	205.87	206.04
(vii)	Total Expenses	**384.81**	191.59	192.12

* The consolidated financial statements of the Company for the FY 2015-16 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 16 September 2016. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the financial year 2016-17. Further, the change in profit after tax has been adjusted in surplus account.

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12.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	**2,447.97**	**184.36**	2,218.14	149.51
(b)	Outside India,	**0.60**	**-**	-	-
(ii)	**Provisions for Depreciation**				
(a)	In India	**16.00**	**-**	16.00	0.10
(b)	Outside India,	**-**	**-**	-	-
(iii)	**Net Value of Investments**				
(a)	In India	**2,431.97**	**184.36**	2,202.14	149.41
(b)	Outside India.	**0.60**	**-**	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	**16.00**	**0.10**	-	0.10
(ii)	Add : Provisions made during the year	**-**	**-**	16.00	-
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	**0.10**	-	-
(iv)	**Closing balance**	**16.00**	**-**	16.00	0.10
(3)	**Aggregate amount of Quoted Investments**	**1,932.08**	**-**	1,531.28	-
	Market Value of Quoted Investments	**2,125.57**	**-**	1,532.32	-
(4)	**Aggregate amount of Unquoted Investments**	**516.49**	**184.36**	686.86	149.41
(5)	**Aggregate provision for diminution in value of investments**	**16.00**	**-**	16.00	0.10

13. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Capital Advances (Unsecured, considered good)**	**40.23**	49.14
(B)	**Security Deposits (Unsecured, considered good)**	**1.55**	4.34
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	**0.37**	0.63
		0.37	0.63
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	**32.29**	36.72
	- Loan Assets	**1,77,275.24**	1,57,703.84
	- Others (Unsecured, considered good)	**1.90**	2.15
		1,77,309.43	1,57,742.71
	Total (A to D)	**1,77,351.58**	1,57,796.82

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Details of Staff Loans & Advances and Loan Assets :

13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	**0.01**	**-**	0.01	0.01
(A2)	**To Others**				
	(a) Considered Good	**3.43**	**0.68**	2.93	0.73
	Sub-total (A1+ A2)	**3.44**	**0.68**	2.94	0.74
(B)	**Unecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	**0.36**	**0.13**	0.62	0.19
(B2)	**To Others**				
	(a) Considered Good	**28.86**	**10.42**	33.79	10.24
	Sub-total (B1+ B2)	**29.22**	**10.55**	34.41	10.43
	Grand Total (A+B)	**32.66**	**11.23**	37.35	11.17

13.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	**1,25,811.34**	**11,014.90**	1,09,569.70	15,194.43
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	**24,691.95**	**3,553.12**	24,377.49	1,841.42
	(b) Classified Doubtful	**2,220.01**	**2,169.10**	2,243.97	1,569.50
	Less: Provision for bad & doubtful debts	**383.89**	**767.87**	257.65	325.52
		1,836.12	**1,401.23**	1,986.32	1,243.98
	Sub-total (A1+ A2)	**1,52,339.41**	**15,969.25**	1,35,933.51	18,279.83
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	**19,109.20**	**2,850.00**	18,092.54	22,522.84
(B2)	**Loans to State Governments**				
	(a) Considered good	**2,647.90**	**351.22**	2,467.29	886.78

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(₹ in Crores)

(B3)	**Loans - Others**				
	(a) Considered Good	**3,178.73**	**258.78**	1,210.50	99.51
	(b) Classified Doubtful	**5.18**	**478.40**	-	430.10
	Less: Provision for Bad & doubtful debts	**5.18**	**478.40**	-	430.10
		-	**-**	-	-
	Sub-total (B1+ B2+B3)	**24,935.83**	**3,460.00**	21,770.33	23,509.13
	Grand Total (A+B)	**1,77,275.24**	**19,429.25**	1,57,703.84	41,788.96

13.2.1 Loan balance confirmations for 86% of total loan assets as at 31 March 2017 have been received from the borrowers. Out of the remaining 14% loan assets amounting to ₹ 28,474 crore for which balance confirmations have not been received, 82% loans are secured by way of hypothecation of assets, 13% by way of Government Guarantee/ Loans to Government and 5% are unsecured loans.

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

13.2.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31 March 2017, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realisable sale value of Phase-I & Phase-II project assets is ₹ 1,424.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2017 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have filled winding up petition before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

13.2.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31 March 2017. The account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realizable sale value of project assets is valued at ₹ 143.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31 March 2017 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC in DRT for recovery of dues. Further, action as per SARFAESI Act is being explored by Lenders.

13.2.5 As at 31 March 2017, the dues of one of the borrowers were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. However, the borrower had obtained an ad-interim order from Hon'ble

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High Court of Madras on 18 September 2015 not to classify the account as NPA. In view of the same, the classification of the borrower has been retained as 'Standard Asset' pending final decision of the Court. Accordingly, 10% provision as applicable for sub-standard loans on the loan outstanding ₹ 2,301.99 Crores has not been created. Based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹ 426.09 crores (₹ 88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly.

However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31 March 2017, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 271.78 Crores has also not been recognized. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras.

13.2.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8 June 2015. In terms of SDR Regulations dated 8 June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24 July 2015. Accordingly, REC, on 24 September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8 June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20 October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity on 20 October 2015. As per SDR scheme, asset classification shall remain standard up to 18 months from 24 July 2015 i.e. 23 January 2017 within this timeline a suitable investor has to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. As no investor had been identified till 23 January 2017, the asset classification has now been downgraded to Doubtful Category with provision created @ 20% of the outstanding loan. Further, in view of the Management, there has been no decline in the fair value of the investment in equity shares of the Company on the basis of the latest available audited financial statements of the Company for the FY 2016-17. Accordingly, no provision is being made in respect of the investment in the equity shares.

13.2.7 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31 March 2017 - ₹ 198.16 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with IDFC as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. However, since the Company is selling its entire power under short term arrangements, lower revenue realization is causing stress on project cash flows. Lenders have invoked the implementation of Strategic Debt Restructuring (SDR)/ outside SDR with Reference Date as 5 December 2016 under the prevailing RBI norms. The process under SDR / outside SDR is in progress.

13.2.8 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender, wherein the loan outstanding as at 31 March 2017 is ₹ 416.21 Crores. The total disbursement towards IBPML by three consortium lenders was ₹ 947.71 crore. Out of this, ₹ 573.99 cr. kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The account has become NPA on 31 December 2016. As at 31 March 2017, the account of the borrower is classified as Sub-standard asset. Accordingly, 10% provision amounting to ₹ 41.62 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iii). Further, considering the physical progress in the project, an additional provision amounting to ₹ 83.24 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence. The provisioning of the account shall be reviewed during the year 2017-18 on the basis of latest valuation report and financials.

13.2.9 REC sanctioned a loan of ₹ 750 crore to M/s Lanco Vidharbha Thermal Power Limited (LVTPL), promoted by Lanco Group, for setting up of 1320 MW (2x660 MW) thermal power project at Mandwa, district Wardha, Maharashtra. The loan outstanding

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as at 31 March 2017 is ₹ 539.56 Crores. As at 31 March 2017, the account of the borrower is classified as Restructured Standard asset. Accordingly, 4.25% provision amounting to ₹ 22.93 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iv). Further, considering the physical progress in the project, an additional provision amounting to ₹ 60 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence.

13.2.10 One of the borrowers with an outstanding loan amount of ₹ 2,143.38 Crores as at 31 March 2017 has expressed his intention to prepay its loan. Further, the borrower has already prepaid more than 40% of the outstanding loan before the Balance sheet date and has further intimated his intention to prepay the balance loan within the FY 2017-18. Accordingly, the loan outstanding has been considered as 'Current' in terms of Schedule III to the Companies Act, 2013.

14. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	**7.74**	6.79
(B)	**Advance Income-tax & TDS**	**2,800.34**	6,633.82
	Less : Provision for Income Tax	**2,751.95**	6,533.48
	Advance Income-tax & TDS (Net)	**48.39**	100.34
(C)	**Forward Contract Receivables**	**143.79**	-
(D)	**Receivables in respect of Derivative Contracts**	**192.10**	-
(E)	**Term Deposits with Banks with more than 12 months maturity**	**2.05**	2.13
	Total (A to E)	**394.07**	109.26
	-Term deposits held as security/ margin money in (E) above	**2.05**	2.13

15. Inventories

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Stock-in-trade	**51.14**	49.68
(b) Work-in-progress	**0.04**	17.11
Total	**51.18**	66.79

16. Trade Receivables

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(a)	**Unsecured**		
	Outstanding for a period more than 6 months		
	- Considered Good	**213.15**	90.19
	- Considered Doubtful	**2.53**	5.87
	Less: Provision for bad & doubtful debts	**2.53**	5.87
		-	-
	Less than 6 months		
	- Considered Good	**225.25**	141.70
	Total	**438.40**	231.89

17. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	**937.97**	1,038.01
	- Cash on Hand (including postage & imprest)	**0.03**	0.01
	- Others		
	- Short Term Deposits with Scheduled Banks	**2,482.34**	778.54

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	- Short term Investment in Debt Mutual Funds	**1,160.00**	-
	Sub-total (A)	**4,580.34**	1,816.56
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**70.45**	47.52
	Sub-total (B)	**70.45**	47.52
	Total (A+B)	**4,650.79**	1,864.08

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.75	2.73
- For DDUGJY, AG&SP, NEF and other grants	0.51	34.17
- Amount set aside for grants disbursement	2.13	1.77
Further, Short-term Deposits with Scheduled Banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants and ₹ 5.64 Crores (Previous year ₹ 7.86 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 1.98 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of Court orders and ₹ 35.27 Crores (Previous year Nil) earmarked towards Swachh Vidyalaya Abhiyan (SVA) .		
- Term deposits held as security/ margin money	33.78	-
- Term Deposits with Scheduled Banks with more than twelve months original maturity	0.56	15.86

17.1 The Company makes all the payments through electronic means of payment *viz*. NEFT/ RTGS. However, for certain petty expenses incurred in the normal course of business only, payment is made in cash. The disclosure in respect of transactions in Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is provided in the Table below:

(₹ in Crores)

Particulars	Specified Bank Notes (SBNs)	Other Denomination Notes	Total
Closing Cash in hand as on 8 November 2016	0.05	0.01	0.06
Add: Permitted Receipts	-	-	-
Less: Permitted Payments	-	0.01	0.01
Less: Amount deposited in Banks	0.05	-	0.05
Closing Cash in hand as on 30 December 2016	-	-	-

18. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans & Advances to Related Parties**		
	(a) Secured, Considered Good	**-**	-
	- Unsecured		
	(a) Considered Good	**2.89**	3.35
	(b) Classified Doubtful	**0.06**	0.06
	Less: Provision for bad & doubtful debts	**0.06**	0.06
		-	-
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received**		
	(a) Secured, Considered Good	**-**	-

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(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
	(b) Unsecured		
	(a) Considered Good	**26.98**	33.80
	(b) Classified Doubtful	**5.59**	2.06
	Less: Provision for bad & doubtful debts	**5.59**	2.06
		-	-
	Total (i)	**26.98**	33.80
(ii)	**Loan Assets**		
(a)	**Secured Loans**		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	Considered Good	**740.67**	-
	Sub-total (a)	**740.67**	-
(b)	**Unsecured Loans**		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	**197.18**	672.22
	- Loans - Others		
	- Considered Good	**2,651.00**	100.00
	Sub-total (b)	**2,848.18**	772.22
	Total (ii)	**3,588.85**	772.22
	Grand Total	**3,618.72**	809.37

19. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 13.2)	**19,429.25**	41,788.96
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 13.1)	**11.23**	11.17
(C)	**Interest Accrued & Not Due on:**		
	- Long Term Investments	**14.25**	18.40
	- Term Deposits	**7.06**	3.20
	Sub-total	**21.31**	21.60
(D)	**Interest Accrued & Due on Loan Assets**	**781.26**	1,112.89
(E)	**Interest Accrued & Not Due on Loan Assets**	**288.31**	301.73
(F)	**Current Portion of Interest Accrued on Staff Advances**	**0.33**	0.30
(G)	**Recoverable from GOI**		
	- DDUGJY Expenses	**9.02**	9.71
	- NEF Expenses	**0.42**	0.37
	Sub-total	**9.44**	10.08
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	**35.53**	16.15
(I)	**Income Tax Recoverable**	**1.97**	0.18

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	Particulars	As at 31.03.2017	As at 31.03.2016
(J)	**Prepaid Financial Charges on Commercial Paper**	**-**	67.30
(K)	**Prepaid Expenditure**	**16.80**	9.90
(L)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	**-**	0.14
(M)	**Others**	**7.38**	42.63
	Total (A to M)	**20,602.81**	43,383.03

20. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	**22,479.98**		23,375.20	
	Less: Rebate for timely payments/ completion etc.	**0.26**	**22,479.72**	1.49	23,373.71
(ii)	Short term financing		**455.89**		96.95
	Sub-total (A)		**22,935.61**		**23,470.66**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		**48.49**		24.71
(ii)	Prepayment Premium		**147.44**		30.50
(iii)	Fee for DDUGJY Implementation/ others		**23.86**		32.78
	Sub-total (B)		**219.79**		87.99
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		**98.39**		68.21
(ii)	Gain on Sale of Mutual Funds		**67.13**		11.49
(iii)	Interest from CP/ ICD		**29.87**		-
	Sub-total (C)		**195.39**		79.70
(D)	**Revenue from Sale of Goods**		**326.72**		173.36
(E)	**Income from Consulting Engineer Services**		**192.96**		**170.21**
(F)	**Income from Execution of IT Implementation Project**		**74.69**		30.96
	Total (A to F)		**23,945.16**		**24,012.88**

21. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	**24.52**	43.23
	- Interest from Long Term Investments/Term Deposits/Others	**214.18**	52.05
	- Interest from Income Tax Refund	**9.03**	-
	- Interest from Staff Advances	**1.52**	2.22
	- Interest from Subsidiary Companies/SPVs	**0.51**	0.29
	- Interest on Application Money	**-**	0.19
	Sub-Total (A)	**249.76**	**97.98**
(B)	**Dividend Income**		
	- Dividend from Long-Term Investments	**63.15**	2.37
	Sub-Total (B)	**63.15**	2.37

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(C)	**Net Gain on Sale of Long Term Investments**	**79.75**	12.29
(D)	**Changes in Fair Value of Swap**	**324.77**	**-**
(E)	**Other Non-Operating Income**		
	- Provision & Liabilities no longer required written back	**2.87**	1.04
	- Miscellaneous Income	**20.54**	3.37
	Sub-Total (E)	**23.41**	**4.41**
	Total (A to E)	**740.84**	**117.05**

22. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Expense**		
	- On Govt. Loans	**-**	0.15
	- On Bonds	**11,743.83**	11,369.39
	- On Loans from Banks/ Financial Institutions	**106.47**	134.18
	- On External Commercial Borrowings	**1,423.65**	1,616.97
	- On Commercial Paper	**300.46**	285.91
	- On AREP Subsidy	**-**	0.04
	- On Advance Income Tax	**3.28**	0.46
	- Others	**0.18**	-
	Sub-Total (A)	**13,577.87**	13,407.10
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	**18.25**	19.14
	- Public Issue Expenses	**-**	0.70
	- Bonds Handling Charges	**0.80**	1.04
	- Bonds Brokerage	**15.68**	19.33
	- Stamp Duty on Bonds/ Shares	**5.59**	3.88
	- Debt Issue and Other Finance Charges	**80.88**	157.80
	Sub-Total (B)	**121.20**	201.89
(C)	**Net Translation/ Transaction Exchange Loss**	**87.29**	**673.36**
	Total (A to C)	**13,786.36**	14,282.35

23. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Salaries and Allowances	**130.39**	101.50
- Contribution to Provident Fund and Other Funds	**13.58**	12.44
- Gratuity	**15.30**	0.57
- Expenses towards Post Retirement Medical Facility	**17.21**	15.33
- Staff Welfare Expenses	**16.27**	13.35
Total	**192.75**	**143.19**

The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 14.59 crores has been created during the year towards pay revision arrears as per the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales

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24. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Direct Expenditure	**65.78**	116.81
- Overheads	**3.16**	3.48
Total	**68.94**	**120.29**

24.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

Particulars		Year ended 31.03.2017			Year ended 31.03.2016		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	**Construction/ acquisition of any asset**	**-**	**-**	**-**	-	-	-
(ii)	**On purpose other than (i) above**	**68.94**	**-**	**68.94**	99.07	21.22	120.29

* denotes amount provided for.

25. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
- Travelling and Conveyance		**13.60**		12.85
- Publicity & Promotion Expenses		**16.53**		11.70
- Repairs and Maintenance				
- Building	**2.89**		3.18	
- ERP & Data Centre	**4.85**		4.64	
- Others	**2.72**	**10.46**	1.20	9.02
- Rent & Hiring Charges		**7.04**		4.92
- Rates and Taxes		**1.27**		0.44
- Power & Fuel		**2.34**		2.30
- Insurance Charges		**0.19**		0.05
- Postage and Telephone		**2.86**		2.12
- Auditors' Remuneration		**1.24**		1.09
- Legal & Consultancy Charges		**7.72**		5.13
- Project Expenses		**96.64**		70.31
- Distribution Expense		**25.96**		13.77
- Loss on Sale of Assets		**0.52**		0.38
- Miscellaneous Expenses		**34.21**		30.31
Total		**220.58**		**164.39**

25.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Audit Fees	**0.65**	0.49
- Tax Audit Fees	**0.14**	0.09
- Limited Review Fees	**0.24**	0.21
- Payment for Other Services		
(i) Certification of Offer Document for Public Issue/ MTN Setup	**0.07**	0.12
(ii) Other Certifications	**0.04**	0.03
- Expenses Incurred	**0.05**	0.09
- Service tax component	**0.05**	0.05
Total	**1.24**	**1.08**

CONSOLIDATED NOTES TO ACCOUNTS

The figures above include ₹ 0.06 crores (Previous year Nil) of Audit Fees and ₹ 0.02 crores (Previous year Nil) of Tax Audit fees pertaining to earlier years.

25.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings	**1.27**	0.16
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	**1.17**	0.49
- Interest	**462.70**	551.84
- Finance Charges	**68.61**	130.91
- Other Expenses	**3.11**	3.11
Total	**535.59**	**686.35**

25.3 The Group Companies has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 8.39 Crores (Previous year ₹ 6.60 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.92 Crores (Previous year ₹ 2.99 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2017		As at 31.03.2016	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	**0.36**	**6.51**	0.36	5.85
Later than one year and not later than 5 years	**0.26**	**8.03**	0.62	6.71
Later than 5 years	**-**	**6.83**	-	4.73
Total	**0.62**	**21.37**	**0.98**	**17.29**

26. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Provision for bad & doubtful debts	**626.43**	651.18
Contingent Provision against Standard Loan Assets	**64.03**	52.51
Provision against Restructured Standard Loans	**419.85**	369.57
Provision for Interest due & Converted into Equity	**-**	3.96
Provision for depreciation on Investment	**-**	16.00
Provision for contigencies of project cost revision	**-**	2.96
Total	**1,110.31**	**1,096.18**

27. Changes in inventories

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Stock-in-Trade		
Opening Balance	**56.83**	-
Closing Balance	**51.14**	49.68
Changes in inventories of Stock-in-Trade	**5.69**	(49.68)
Work-in-Progress		
Opening Balance	**17.11**	-
Closing Balance	**0.04**	17.11
Changes in inventories of Work-in-Progress	**17.07**	(17.11)
Total	**22.76**	**(66.79)**

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28. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Travelling and Conveyance (Refer Note 28.1)	**(1.01)**	-
- Others	**(0.50)**	0.39
Total	**(1.51)**	**0.39**

28.1 During the year, the Company had noticed a case of over-charging of the air ticket bills by the travel agent. The excess booking of the travel expense during the earlier years has been rectified and the resultant amount being shown as Recoverable from the Travel Agent in the books of accounts.

29. Earnings per Share

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	**6,313.37**	5,691.42
Denominator		
Weighted average Number of equity shares	**1,974,918,000**	1,974,918,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**31.97**	**28.82**

Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.

30 Contingent Liabilities and Commitments :

30.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Claims against the Company not acknowledged as debts**	**97.63**	58.28
(B)	**Guarantees**	**35.32**	28.04
(C)	**Others**		
	- Letters of Comfort	**173.36**	461.56

The amount referred to in 'A' above includes ₹ 2.37 Crores (Previous year ₹ 3.86 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 95.26 Crores (Previous year ₹ 54.42 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

30.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	**376.28**	372.20
- Towards Intangible Assets	**2.60**	2.84
- Other Commitments		
- CSR Commitments	**145.99**	89.44

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31. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

32. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

33. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16 June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31 March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31 March 2017 and 31 March 2016.

34. Changes in Accounting Policies

a. Rural Electrificaiton Corporation Limited

During the year ended 31 March 2017, the Company has revised the Significant Accounting Policy No. 16 in respect of accounting for derivatives contracts in order to align it with the 'Guidance Note on Accounting for Derivative Contracts' issued by The Institute of Chartered Accountants of India which has become applicable from 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 324.77 Crores has been booked to the Statement of Profit & Loss for the year ended 31 March 2017 in accordance with the revised accounting policy.

Further, the accounting policy on treatment of foreign currency exchange differences on the hedged loans and the corresponding derivative contracts has also been revised in order to align the same with existing accounting policy for amortising the foreign exchange fluctuation loss/ (gain) on the long term foreign currency monetary items over the balance period of such items in accordance with AS-11. The impact of this change, foreign exchange fluctuation loss pertaining to the previous years ₹ 29.79 Crores and foreign exchange fluctuation gain pertaining to current year amounting to ₹ 6.69 Crores has been adjusted in the Finance Cost for the year ended 31 March 2017.

Due to these changes in accounting policies, profit before tax for the year ended 31 March 2017 is higher by ₹ 301.67 Crores.

b. Group Companies

RECPDCL, a subsidiary of REC Limited, has, during the current year, discontinued its policy of making a provision for contingencies of Project Cost Revisions @ 2% of its annual turnover. Due to this change in accounting policy, profit before tax for the FY 2016-17 is higher by ₹ 3.65 crores.

Further, RECPDCL has, during the current year, changed its existing policy of making percentage based provision for doubtful debts to actual provision on prudence basis. Due to this change in accounting policy, profit before tax for the FY 2016-17 is higher by ₹ 2.72 crores.

35. Quality of Loan Assets

35.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1 April 2016	No. of borrowers	Nil					10	4	-	-	14	10	4	-	-	14
		Amount outstanding (Restructured facility)						21,058	2,179	-	-	23,238	21,058	2,179	-	-	23,238
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						821	218	-	-	1,039	821	218	-	-	1,039
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					9	2	-	-	11	9	2	-	-	11
		Amount outstanding (Restructured facility)						3,974	(3)	-	-	3,971	3,974	(3)	-	-	3,971
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						425	-	-	-	426	425	-	-	-	426
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3	1	-	-	4	3	1	-	-	4
		Amount outstanding (Restructured facility)						3,167	9	-	-	3,176	3,167	9	-	-	3,176
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						158	1	-	-	159	158	1	-	-	159
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil					2	-	-	-	2	2	-	-	-	2
		Amount outstanding (Restructured facility)						54	-	-	-	54	54	-	-	-	54
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						3	-	-	-	3	3	-	-	-	3

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(1)	(2)	-	-	(3)	(1)	(2)	-	-	(3)
		Amount outstanding (Restructured facility)						(4,758)	(54)	-	-	(4,812)	(4,758)	(54)	-	-	(4,812)
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						(167)	(6)	-	-	(172)	(167)	(6)	-	-	(172)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil					-	(1)	1	-	-	-	(1)	1	-	-
		Amount outstanding (Restructured facility)						-	(1,345)	1,345	-	-	-	(1,345)	1,345	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	(134)	269	-	135	-	(134)	269	-	135
(7)	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
(8)	"Restructured accounts as on 31 March 2017"	No. of borrowers	Nil					14	2	1	-	17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345	-	25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						1,241	79	269	-	1,589	1,241	79	269	-	1,589

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35.2 The Classification of Loan Assets of the Company (classified in Note No. 13 and 18) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
	Asset Classification	**Loan Balance**	**Provision created against Loan Assets**	**Loan Balance**	**Provision created against Loan Assets**
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	**23,495.57**	**1,241.19**	21,058.26	821.34
(b)	Other than (a) above	**173,560.42**	**607.46**	175,976.46	543.43
	Sub-total (i)	**197,055.99**	**1,848.65**	**197,034.72**	**1,364.77**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	**1,226.75**	**205.92**	2,908.19	291.01
(b)	Doubtful Assets	**3,628.71**	**1,412.20**	1,318.16	705.04
(c)	Loss Assets	**17.22**	**17.22**	17.22	17.22
	Sub-total (ii)	**4,872.68**	**1,635.34**	4,243.57	1,013.27
	Total	**201,928.67**	**3,483.99**	**201,278.29**	**2,378.04**

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 777.00 Crores (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. B-2.3(iv).

35.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Power Sector *	**2.41%**	2.11%

* Includes 0.38% (Previous year 0.40%) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Previous period ₹ 811.33 crores).

35.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Net NPAs to Net Advances (%)**	**1.62%**	**1.61%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**4,243.57**	1,335.38
(b)	Additions during the year	**686.56**	2,910.13
(c)	Reductions during the year	**57.44**	1.94
(d)	Closing balance	**4,872.69**	4,243.57
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	**3,230.30**	969.93
(b)	Additions during the year	**56.25**	2,262.31
(c)	Reductions during the year	**49.20**	1.94
(d)	Closing balance	**3,237.35**	3,230.30
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	**1,013.27**	365.45
(b)	Provisions made during the year	**630.31**	647.82
(c)	Write-off / write-back of excess provisions	**8.24**	-
(d)	Closing balance	**1,635.34**	1,013.27

Note - The closing figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Gross) (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

CONSOLIDATED NOTES TO ACCOUNTS

36. Exposure Related Disclosures

36.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31 March 2017 (Previous year Nil).

36.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**520.05**	119.25
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**-**	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	**-**	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**-**	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**-**	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**6.15**	6.15
	Total Exposure to Capital Market	**526.20**	**125.40**

36.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31 March 2017 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

37. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	Concentration of Advances		
	Total Advances to twenty largest borrowers (₹ in Crores)	**111,916.90**	117,632.78
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**55.42%**	58.44%
(ii)	Concentration of Exposures		
	Total Exposure to twenty largest borrowers (₹ in Crores)	**197,327.07**	194,864.96
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	**60.34%**	58.54%
(iii)	Concentration of NPAs *		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	**3,444.72**	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	**3,444.72**	3,444.72

* Includes loans of ₹ 777.00 Crores (Previous year ₹ 777.00 crores) classified as NPAs due to restructuring/ non-achievement of DCCO.

CONSOLIDATED NOTES TO ACCOUNTS

38. The Company has not entered into any securitisation/ assignment transactions during the year ended 31 March 2017 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

39. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

40. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

41. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

42. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Principal amount remaining unpaid but due as at year end	**0.30**	4.21
Interest due thereon as at year end	**0.06**	0.14
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	**-**	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	**-**	0.11
Interest accrued and remaining unpaid as at year end.	**0.06**	0.14
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	**-**	-

43. Derivatives Related Disclosures

43.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	The notional principal of swap agreements	**41,664.18**	24,770.59
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**628.07**	1,529.12
(iii)	Collateral required by the NBFC upon entering into swaps	**Nil**	Nil
(iv)	Concentration of credit risk arising from the swaps	**Refer Note Below**	Refer Note Below
(v)	The fair value of the swap book	**273.61**	1,223.39

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

CONSOLIDATED NOTES TO ACCOUNTS

43.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

43.3 Disclosure on Risk Exposure in Derivatives

43.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

43.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
(i)	**Derivatives (Notional Principal Amount)**				
	For hedging	**18,482.32**	**17,876.79**	23,181.86	6,893.80
(ii)	**Marked to Market Positions**				
a)	Asset (+)	**370.75**	**1,487.63**	257.32	41.49
b)	Liability (-)	**289.24**	**131.57**	65.22	174.16
(iii)	**Credit Exposure**	**18,482.32**	**17,876.79**	23,181.86	6,893.80
(iv)	Unhedged Exposures	**2,598.22**	**4,046.93**	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

CONSOLIDATED NOTES TO ACCOUNTS

44. The outstanding position of Foreign Currency Exposure as at 31st March, 2017 is as under:

(Foriegn Currency Amounts in Millions)

Currency	Total Exposure		Hedged Portion (Currency & Interest rate)		Unhedged Exposure	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
JPY ¥	26,059.52	30,014.85	23,985.15	27,940.48	2,074.37	2,074.37
EURO €	139.74	159.15	99.35	125.02	40.39	34.13
USD $	2,885.00	2,855.00	2,530.00	2,500.00	355.00	355.00
CHF (Swiss Franc)	-	200.00	-	-	-	200.00

44.1 In terms of Accounting Policy B-14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2017	64.8386	0.5796	69.2476	-
As at 31st March, 2016	66.3329	0.5906	75.0955	68.9249

45. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P V Ramesh	Chairman & Managing Director w.e.f. 5 January 2017
Sh. B.P. Pandey	Chairman & Managing Director from 1 October 2016 to 4 January 2017
Sh. Rajeev Sharma	Chairman & Managing Director upto 30 September 2016
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 25.05.2016

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 16.07.2016

NER II Transmission Limited - Incorporated on 21.04.2015 and transferred to M/s Sterlite Grid 4 Limited (SG4L) on 31.03.2017, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and SG4L.

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015 and transferred to M/s Essel Infraprojects Limited(EIL) on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXVI Transmission Limited and EIL.

North Karanpura Transco Limited - Incorporated on 27.11.2015 and transferred to M/s Adani Transmission Limited (ATL) on 08.07.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, North Karanpura Transco Limited and ATL.

Khargone Transmission Limited - Incorporated on 28.11.2015 and transferred to M/s Sterlite Grid 4 Limited on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and Sterlite.

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017

WR-NR Power Transmission Limited - Incorporated on 12.01.2017

CONSOLIDATED NOTES TO ACCOUNTS

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Long-term Debt		
Key Managerial Personnel	**0.10**	0.10
Loans & Advances		
Key Managerial Personnel	**0.50**	0.83

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Long Term Debt - Amount Invested		
Key Managerial Personnel	**-**	0.01
Loans & Advances		
Key Managerial Personnel	**0.06**	0.53
Interest Income - Loans & Advances		
Key Managerial Personnel	**0.03**	0.04
Finance Cost		
Interest Paid to Key Managerial Personnel	**0.01**	0.01
Employee Benefits Expense - Managerial Remuneration	**2.09**	2.33

46. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

In case of RECPDCL & EESL, there is no separate trust and the Company makes Provident Fund Contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
(i)	**Provident Fund**	**8.05**	7.25
(ii)	**Defined Contribution Superannuation Scheme**	**5.46**	5.10
	Total	**13.51**	12.35

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

In case of EESL, there is no separate trust and the liability for gratuity is provided for in the books of accounts as per the provisions of the Payment of Gratuity Act, 1972 and is recognized on the basis of actuarial valuation.

CONSOLIDATED NOTES TO ACCOUNTS

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Current Service Cost	**2.25**	2.05	**1.63**	1.45	**0.06**	0.05
Interest Cost	**3.00**	3.05	**6.93**	6.21	**0.10**	0.10
Expected Return on Plan Assets	**2.97**	3.03	**0.00**	0.00	**0.00**	0.00
Actuarial (Gain)/ Loss	**11.42**	(1.50)	**8.65**	7.67	**(0.02)**	(0.03)
Expense recognized*	**13.70**	0.57	**17.21**	15.33	**0.14**	0.12

* Includes amount of ₹ 0.11 crores (Previous Year ₹0.04 crores) in respect of EESL

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the end of the year	**50.80**	37.42	**97.15**	86.62	**1.27**	1.22
Fair value of Plan Assets as at the end of the year	**35.69**	35.48	**-**	-	**-**	-
Net Assets/ (Liability) recognized*	**(14.73)**	(1.78)	**(97.15)**	(86.62)	**(1.27)**	(1.22)

* Includes amount of ₹ 0.19 crores (Previous Year ₹0.08 crores) in respect of EESL

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the beginning of the year	**37.43**	38.21	**86.62**	77.61	**1.22**	1.20
Interest Cost	**3.00**	3.05	**6.93**	6.21	**0.10**	0.10
Current Service Cost	**2.25**	2.05	**1.63**	1.45	**0.06**	0.05
Benefit Paid	**(3.30)**	(4.42)	**(6.68)**	(6.32)	**(0.09)**	(0.10)
Actuarial (Gain)/ Loss on obligation	**11.42**	(1.47)	**8.65**	7.67	**(0.02)**	(0.03)
Present Value of defined benefit obligation at the end of the year*	**50.80**	37.42	**97.15**	86.62	**1.27**	1.22

* Includes amount of ₹ 0.19 crores (Previous Year ₹0.08 crores) in respect of EESL

CONSOLIDATED NOTES TO ACCOUNTS

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fair value of Plan Assets as at the beginning of the year	**35.48**	36.25	**-**	-	**-**	-
Return on Plan Assets	**2.97**	3.03	**-**	-	**-**	-
Contributions	**0.53**	0.62	**-**	-	**-**	-
Benefit Paid	**-3.29**	-4.42	**-**	-	**-**	-
Actuarial Gain/ (Loss) on Plan Assets	**-**	-	**-**	-	**-**	-
Fair value of Plan Assets as at the end of the year	**35.69**	35.48	**-**	-	**-**	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation at year end	**50.80**	37.42	38.16	38.07	37.85
Fair value of Plan Assets at year end	**35.69**	35.48	36.25	35.94	35.14
Funded Status	**(15.11)**	**(1.94)**	**(1.91)**	**(2.13)**	**(2.71)**
Experience adjustment;					
Gain/(Loss):					
Experience adjustment on plan liabilities	**(10.26)**	1.51	1.17	0.68	(0.01)
Experience adjustment on plan assets	**-**	(0.23)	(0.40)	(0.30)	0.58

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Service & Interest Cost	**0.84**	1.25	**(1.34)**	(0.84)
PBO (Closing)	**12.14**	11.93	**(9.86)**	(8.45)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Method Used	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)
Discount Rate*	**7.50%**	8.00%	**7.50%**	8.00%	**7.50%**	8.00%
Expected Rate of Return on Plan Assets	**8.20%**	8.36%	**-**	-	**-**	-
Future Salary Increase	**6.00%**	6.00%	**6.00%**	6.00%	**6.00%**	6.00%

* In case of EESL, discount rate has been assumed to be 7.35%.

CONSOLIDATED NOTES TO ACCOUNTS

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

47. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) is yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. The final notification for giving effect to transfer of assets and liabilities to successor entities of erstwhile TNEB has been issued. The transferee entities are repaying the outstanding loan of the Company as per the provisional transfer schemes. REC shall take further steps to execute the Final Loan Transfer Agreements after the finalisation of financial statements for FY 2016-17.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

48. The Ministry of Power launched a scheme 'Ujwal DISCOM Assurance Yojana' (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30 September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

49. The Company's main business is to provide finance to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Accounting Standard-17.

CONSOLIDATED NOTES TO ACCOUNTS

50. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2017	As at / For the year ended 31.03.2016
(i)	CRAR (%)	21.18%	20.38%
(ii)	CRAR - Tier I Capital (%)	18.43%	17.48%
(iii)	CRAR - Tier II Capital (%)	2.75%	2.90%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

51. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,201	-	403	1,103	-	-
Over 1 month upto 2 months	3,244	-	366	-	-	-
Over 2 months upto 3 months	2,479	-	326	89	-	-
Over 3 month & upto 6 months	5,437	-	9,854	102	-	-
Over 6 months & upto 1 year	11,903	184	5,772	157	-	-
Over 1 year & upto 3 years	38,419	189	46,646	13,161	-	-
Over 3 years & upto 5 years	35,976	-	33,475	6,325	-	-
Over 5 years	103,270	2,260	49,826	248	-	-
Total	**201,929**	**2,633**	**146,667**	**21,184**	**-**	**-**

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,256	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,539	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,828	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,716	-	-
Over 5 years	86,720	1,920	56,100	296	-	-
Total	**201,278**	**2,352**	**147,222**	**21,989**	**-**	**-**

52. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013 (after adjustment of intergroup transactions):

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent**				
	Rural Electrification Corporation Limited	98.75%	33,251.45	99.11%	6,257.02
(2)	**Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	0.44%	146.94	0.19%	11.80
2.	REC Transmission Projects Company Limited	0.29%	96.30	0.46%	29.10
(3)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	0.52%	175.87	0.24%	15.45
	Total	**100.00%**	**33,670.56**	**100.00%**	**6,313.37**

53. Disclosures in respect of different accounting policies of Group Companies

(i) RECPDCL, during the year, has adopted different useful life for certain fixed assets item- camera, gps, other hand held wireless devices in addition to existing different useful life for certain fixed assets- mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited. Due to this change in accounting policy, profit before tax for the FY 2016-17 is lower by ₹ 0.05 crores.

(ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone is provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation charged during the year on cell phone pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements for the year 2016-17 is ₹ 0.14 crores and ₹ 0.03 crores, the impact of which is immaterial.

CONSOLIDATED NOTES TO ACCOUNTS

(iii) In case of EESL, a Joint Venture of the Company, the exchange differences arising on reporting of long-term foreign currency monetary items

(a) on account of a depreciable asset, is recognized by adjusting the cost of the depreciable asset and depreciated over the balance life of the asset.

(b) in other cases, is recognized as income or expense in the statement of profit and loss.

54. Two SPVs namely Nellore Transmission Limited and Baira Siul Sarna Transmission Limited were denotified vide notification No. 15/9/2013-Trans dtd 03.01.2014 and 100/1/EC (33)/SP&PA/2013 dtd 09.02.2015 respectively by the Ministry of Power. Consequent to the de-notification the application for dissolution were filed by the said two SPVs through "Fast Track Exit" mode. Nellore Transmission Limited and Baira Siul Sarna Transmission Limited were struck off on 25.05.2016 and 16.07.2016 respectively from the register of the Registrar of Companies (RoC), NCT of Delhi and Haryana.

55. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

56. No penalties have been levied on the Company by any regulator during the year ended 31 March 2017 (Previous year Nil).

57. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31 March 2017 (Previous year Nil).

58. Previous year figures have been reclassified/ regrouped to conform to the current classification.

59. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 59 are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in Crores)

	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
A. Cash Flow from Operating Activities:				
Net Profit before Tax	**8,972.36**		8,146.66	
Adjustments for:				
1. Profit / Loss on Sale of Fixed Assets	**0.52**		0.38	
2. Depreciation & Amortization	**39.69**		19.67	
3. Provisions and Contingencies	**1,110.31**		1,096.18	
4. Interest on Commercial Paper	**300.46**		285.91	
5. Interest Expense of Misc. Borrowings	**15.79**		3.90	
6. Excess Provision written back	**-1.42**		-0.09	
7. Gain on Changes in Fair Value of Interest Rate Swaps	**-324.77**		-	
8. Profit on sale/redemption of investments	**-79.75**		-12.29	
9. Loss/ Gain(-) on Exchange Rate fluctuation	**47.37**		666.13	
10. Dividend from Investments	**-63.15**		-2.37	
11. Interest on Long-term Investments/ Govt. Securities	**-239.22**		-95.76	
12. Provision made for Interest on Advance Income Tax	**2.82**		-	
13. Discount on Bonds written off	**0.14**		3.99	
14. Interest Accrued on Zero Coupon Bonds	**82.45**		76.17	
Operating profit before Changes in Operating Assets & Liabilities:	**9,863.60**		10,188.48	
Increase / Decrease :				
1. Loan Assets	**-650.38**		-21,733.35	
2. Other Operating Assets	**147.43**		-229.95	
3. Operating Liabilities	**13.87**		1,029.90	
Cash flow from Operations	**9,374.52**		-10,744.92	
1. Income Tax Paid (including TDS)	**-2,592.07**		-2,575.09	
2. Income Tax refund	**22.07**		42.00	
Net Cash Flow from Operating Activities		**6,804.52**		-13,278.01
B. Cash Flow from Investing Activities				
1. Sale of Fixed Assets	**0.06**		0.85	
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets underdevelopment & Capital Advances)	**-203.19**		-259.41	
3. Investment in shares of Energypro Assets Limited	**-0.60**		-	
4. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**-**		-500.00	
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**-**		-500.00	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

(₹ in Crores)

	YEAR ENDED 31.03.2017		YEAR ENDED 31.03.2016	
6. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**-**		-500.00	
7. Investment in shares of NHPC Ltd. (net of sale)	**-400.80**		-	
8. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	**94.32**		94.32	
9. Sale of Long-term Investments	**76.65**		762.53	
10. Profit on sale/redemption of investments	**79.75**		12.29	
11. Interest on Long term Investments/ Govt. Securities	**242.43**		114.96	
12. Dividend from Investments	**66.54**		3.05	
13. Investment in Shares of Fellow Subsidiary Companies	**0.05**		-0.10	
14. Investment in Tax Free Bonds/Others	**-**		-26.28	
15. Fixed Deposit made during the year	**-38.12**		-1.25	
16. Fixed Deposit matured during the year	**16.95**		43.34	
17. Investments in CP/CDs (Net)	**-35.00**		-	
Net Cash Flow from Investing Activities		**-100.96**		-755.70
C. Cash Flow from Financing Activities				
1. Issue of Shares including Share Application Money	**31.39**		-	
2. Issue of Bonds (Net of redemptions)	**5,871.66**		14,969.28	
3. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	**-881.04**		-308.65	
4. Raising of Foreign Currency Loan (Net of redemptions and inclusive of related derivative payments)	**-833.33**		-2,607.56	
5. Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	**8,027.15**		4,436.52	
6. Disbursement of grants	**-8,039.66**		-4,691.45	
7. Repayment of Govt. Loan	**-**		-3.07	
8. Payment of Final Dividend	**-506.99**		-266.61	
9. Payment of Interim Dividend	**-1,382.44**		-1,184.95	
10. Payment of Corporate Dividend Tax	**-384.66**		-295.51	
11. Interest Paid on Misc. Borrowings	**-15.73**		-3.90	
12. Premium on issue of securities	**-**		0.28	
13. Issue of Commercial Paper (Net of repayments)	**-5,833.16**		5,246.79	
Net Cash flow from Financing Activities		**-3,946.81**		15,291.17
Net Increase/Decrease in Cash & Cash Equivalents		**2,756.75**		1,257.46
Cash & Cash Equivalents as at the beginning of the year		**1,823.59**		559.10
Cash & Cash Equivalents as at the end of the year		**4,580.34**		1,816.56

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2016
- Cash in Hand (including postage & imprest)	**0.03**	0.01
- Balances with Banks in:		
- Accounts with RBI and other banks	**934.71**	1,001.11
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #	**0.51**	34.17
- Unpaid Dividend Accounts #	**2.75**	2.73
-Short Term Deposits with Scheduled Banks	**2,482.34**	778.54
-Short term Investment in Debt Mutual Funds	**1,160.00**	-
Total Cash & Cash Equivalents	**4,580.34**	**1,816.56**

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts and unpaid dividends.

Further, Balances with Banks include ₹ 2.13 Crores (Previous year ₹ 1.77 Crores) set aside for grants disbursement and Short-term Deposits with Scheduled Banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants and ₹ 5.64 Crores (Previous year ₹ 7.86 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project.

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

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place: Mumbai
Date: 30 May 2017

FORM AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES FOR THE YEAR 2016-17

PART A: SUBSIDIARIES

(₹ in Crores)

1	Sl. No.	I	II	III	IV	V	VI
2	**Name of the Subsidiary**	**REC Power Distribution Company Limited**	**REC Transmission Projects Company Limited**	**Dinchang Transmission Limited**	**Ghatampur Transmission Limited**	**ERSS-XXI Transmission Limited***	**WR-NR Power Transmission Limited***
3	The date since when the subsidiary was acquired	12-07-2007	08-01-2007	02-12-2015	02-12-2016	11-01-2017	12-01-2017
4	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
5	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
6	Share capital	0.05	0.05	0.05	0.05	0.05	0.05
7	Reserves & Surplus	157.79	157.81	-	-	-	-
8	Total assets	230.79	162.32	0.88	1.30	0.47	0.45
9	Total Liabilities	72.95	4.46	0.83	1.25	0.42	0.40
10	Investments	15.44	121.48	-	-	-	-
11	Turnover	191.57	52.38	-	-	-	-
12	Profit/ (Loss) Before Taxation	60.67	49.86	-	-	-	-
13	Provision for Taxation	20.34	15.40	-	-	-	-
14	Profit/ (Loss) After Taxation	40.33	34.46	-	-	-	-
15	Proposed Dividend	-	-	-	-	-	-
16	% Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* Based on the un-audited financial statements.

1. Name of subsidiaries which are yet to commence operations:

Four Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Dinchang Transmission Limited, Ghatampur Transmission Limited, ERSS-XXI Transmission Limited and WR-NR Power Transmission Limited are yet to commence operations as at 31st March, 2017.

2. Names of subsidiaries which have been liquidated or sold during the year

(i) The following subsidiaries are struck off/liquidated during the year

Sl. No.	Name of subsidiary	Date of Strike off
1	NELLORE TRANSMISISON LIMITED	25.05.2016
2	BAIRA SIUL SARNA TRANSMISSION LIMITED	16.07.2016

(ii) The following subsidiaries are sold during the year, as a part of business process

Sl. No.	Name of subsidiary	Date of Sale
1	NORTH KARANPURA TRANSCO LIMITED	08.07.2016
2	NRSS XXXVI TRANSMISSION LIMITED	22.08.2016

3	KHARGONE TRANSMISSION LIMITED	22.08.2016
4	NER II TRANSMISSION LIMITED	31.03.2017

PART B: ASSOCIATES AND JOINT VENTURES

	Name of Associates/Joint Ventures	Energy Efficiency Services Limited
1	Latest audited Balance Sheet Date	31-Mar-16
2	Shares of Associate/Joint Ventures held by the company on the year end, 31st March, 2017	
	Number	14,65,00,000
	Amount of Investment in Associates/Joint Venture (₹ in Crores)	146.50
	Extend of Holding (%)	31.71%
3	Description of how there is significant influence	Holding 31.71% of shares and participation in management
4	Reason why the associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	59.89
6	Profit / Loss for the year 2016-17 (₹ in Crores)	
	i. Considered in Consolidation	15.72
	ii. Not Considered in Consolidation	Nil

An amount of ₹ 99.00 Crores had been paid to Energy Efficiency Services Limited (EESL) on 31st March, 2016 as share application money. EESL has allotted 9,90,00,000 equity shares of ₹ 10 each to the Company on 25th April, 2016 and the share of the Company in the JV has accordingly increased from 28.79% to 31.71%.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P V Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

Shrey Gupta
Partner
M.No. : 522315

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Anil Gaur
Partner
M.No. : 017546

Place : Mumbai
Date : 30 May 2017

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

The Revised Report is issued in supersession of our earlier Audit Report dated 30 May 2017, at the instance of the Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory, particularly in respect of the reporting requirements of the Clause (i) of sub-section 3 of the Section 143 of the Companies Act 2013 pertaining to reporting on Internal Financial Controls. Further, we confirm that there is no change in the true & fair view of the financial statements as expressed in earlier report and also none of the figures have undergone any change in the financial statements of the Company as at 31 March 2017.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rural Electrification Corporation Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity,comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information(hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Group & its jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting an audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in theConsolidatedFinancial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the "Other Matters" 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 and its jointly controlled entity as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 391.65 crores as at 31 March 2017 (Previous year ₹ 347.67 crores), total revenues of ₹ 243.96 crores (Previous year ₹ 195.69 crores) and net cash flows amounting to ₹ -9.21 crores (Previous year ₹ -8.70 crores) for the year ended on 31 March, 2017, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the subsidiaries' share of net profit after tax of ₹ 74.78 crores (Previous Year ₹ 64.98 crores)as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of one jointly controlled entity, whose financial statements reflect total assets of ₹ 838.77 crores (Previous year ₹ 427.98 crores) as at 31 March 2017, total revenues of ₹ 408.83 crores (Previous year ₹ 205.87 crores) and net cash flows amounting to ₹ 6.11 crores (Previous year ₹ 60.51 crores) for the year ended on 31 March, 2017, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the jointly controlled entity's share of net profit after tax of ₹ 15.72 crores (Previous Year ₹ 9.47 crores) as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group & its jointly controlled entity.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

   (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013.

   (e) Vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and Jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures:

      i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity- Refer Note 30.1 to the consolidated financial statements;

      ii) The Group and its jointly controlled entity does not have any such long-term contracts including derivative contracts for which there are any material foreseeable losses;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its jointly controlled entity incorporated in India.

iv) The company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and we have relied other auditor report for subsidiary and management representation for joint venture. We report that the disclosures are in accordance with books of account maintained by the management. Refer Note 17.1 to the consolidated financial statements.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi
Date : 17th July 2017

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Rural Electrification Corporation Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its Jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation andmaintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation ofreliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its jointly controlled entity based on our audit. We conducted our audit in accordance withthe Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group and its jointly controlled entity's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group and its jointly controlled entity's internal financial control over financial reporting includes those policiesand procedures that:

(1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the Group and its jointly controlled entity;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Group and its jointly controlled entity; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group and its jointly controlled entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes inconditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group and its jointly controlled entity has, in all material aspects, an adequate internal financial controls system except (i) improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of non-performing assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of travel agent,over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the internal control over financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 Consolidated financial statements of the Group and its jointly controlled entity. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Groupand its jointly controlled entity.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating Effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The system of internal financial controls over financial reporting, with regard to its jointly controlled entity, M/s Energy Efficiency Services Ltd. which being unaudited, have not been provided to us to determine whether the company has established adequate internal financial control over financial reporting at the aforesaid jointly controlled entity and whether such internal financial controls were operating effectively as at March 31, 2017. The contribution of the, jointly controlled entity of the company, to the total assets of the group and its jointly controlled entity is not material.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group and its jointly controlled entity, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

(Shrey Gupta)
Partner
M. No. 522315

For A.R & Co.
Chartered Accountants
Firm Regn. No. 002744C

(Anil Gaur)
Partner
M. No. 017546

Place : New Delhi

Date : 17th July, 2017

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 2017

The preparation of Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 17 July 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of Rural Electrification Corporation Limited and REC Transmission Projects Company Limited, but did not conduct supplementary audit of the financial statements of REC Power Distribution Company Limited and Energy Efficiency Services Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Ritika Bhatia)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated : 03 August 2017

MANAGEMENT TEAM



Dr. Sunita Singh
Chief Vigilance Officer



Shri Ashok Awasthi
Executive Director
(Corporate Management)



Shri Sanjiv Garg
Executive Director
(Financial Management)
& CEO - RECTPCL



Shri Sunil Kumar
Executive Director
(DDUGJY - Financial Management
& Government Relations)



Shri T. S. C. Bosh
Executive Director
(DDUGJY - Monitoring,
Evaluation & Reporting)
& CEO - RECPDCL



Smt. Kalpana Kaul
Executive Director
(Human Resources)



Shri G. S. Bhati
Executive Director
(DDUGJY - Technical Services,
Quality and Field Monitoring)



Shri S. N. Gaikwad
General Manager
& Senior CPM-Panchkula



Shri C. P. Bhatia
General Manager
(CSR)



Shri Rakesh Sareen
General Manager (F&A)
Internal Audit



Shri J. S. Amitabh
General Manager
& Company Secretary



Shri S. L. Batta
General Manager
(Law / PIO-RTI)



Shri R. P. Vaishnaw
General Manager (F&A)
& CFO - RECPDCL



Shri G. V. Mahendar
General Manager
(Entity Appraisal)



Shri Ajoy Choudhary
General Manager
(Financial Concurrence & Policy)



Shri V. K. Singh
General Manager
(Generation-Private Sector)



Shri Fuzail Ahmed
General Manager
(DDUGJY)



Shri P. K. Mukhopadhyay
General Manager
(IT)



Shri Salil Kumar
General Manager &
Addl. CEO-RECPDCL



Shri P. Baburaj
General Manager
(Stressed Asset Management)



Shri P. K. Singhal
General Manager
(Estate)



Shri Rajiv Sood
General Manager
(F&A)- ALM/Risk Management/
Pay/Misc. Bills



Smt. Valli Natarajan
General Manager
(Renewable Energy)



Smt. Malathi Sundararajan
General Manager (F&A)-
Loans & Disbursement

ADDRESS OF REC OFFICES

Sl. No.	Name of Office	Span of Control	Address	Telephone Numbers	Fax / E-Mail
	Registered & Corporate Office	All India	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003	011-43091500 011-43091501	Fax : 011-24360644 E-mail : reccorp@recl.in
1	Regional Office (West)	Maharashtra, Gujarat, Goa and Daman & Diu	51-B, Mittal Tower, 5th Floor, Nariman Point, Mumbai - 400021	022-22833035 022-22830985 022-22833068 022-22833055	Fax : 022-22831004 E-mail : zmmumbai@recl.in
	State Office (Gujarat)	Gujarat	Plot No. 585, T.P. Scheme No. 2, Behind Pusti Complex, Atma Jyoti Ashram Road, Subhanpura, Vadodara - 390023	0265-2397487	Fax : 0265- 2397652 E-mail : recvadodara@gmail.com : povadodara@recl.in
2	Regional Office (North)	Punjab, Haryana & Himachal Pradesh	BAY No. 7-8, Sector-2, Panchkula - 134112	0172-2563863 0172-2563864 0172-2563822	Fax : 0172-2567692 E-mail : popanchkula@recl.in
	State Office (Himachal Pradesh)	Himachal Pradesh	Pt. Padamdev Commercial Complex, Phase- II, First Floor, The Ridge, Shimla - 171001	0177-2653411	Fax : 0177-2804077 E-mail : poshimla@recl.in
3	Regional Office (Jammu & Kashmir)	Jammu & Kashmir	157-A, Gandhi Nagar, Behind Apsara Cinema, Jammu - 180004	0191-2450800	Fax : 0191-2450868 E-mail : pojammu@recl.in
4	Regional Office (North East)	Assam, Arunachal Pradesh, Manipur, Nagaland, Meghalaya, Mizoram	"SRADDHA" M G Road – G S Road Crossing (Sohum/HDFC Point), Christian Basti, Guwahati - 781005	0361-2343713 0361-2343714	Fax : 0361-2343712 E-mail : poguwahati@gmail.com : poguwahati@recl.in
	State Office (Meghalaya)	Meghalaya	RINADEE, Old Jowai Road, Lachumier, Shillong - 793001	0364-2210190	Fax : 0364-2225687 E-mail : poshillong@recl.in
5	Regional Office (North Central)	Uttar Pradesh & Uttarakhand	19/8, Indira Nagar Extension, Ring Road, Lucknow - 226016	0522-2716324 0522-2717376	Fax : 0522-4074944 0522-2716815 E-mail : zmlucknow@recl.in : recuppo@yahoo.co.in
	State Office (Uttarakhand)	Uttarakhand	7, New Road, Opposite MKP College, Dehradun - 248001	0135-2650766	Fax : 0135-2650799 E-mail : recsoddn@gmail.com
6	Regional Office (Madhya Pradesh)	Madhya Pradesh	Metro Walk, 2nd Floor, West Hall No.-3, Bittan Market, Bhopal - 462016	0755-2460006	Fax : 0755-2460008 E-mail : reccenteralzone@yahoo.com

Sl. No.	Name of Office	Span of Control	Address	Telephone Numbers	Fax / E-Mail
7	Regional Office (Chhattisgarh)	Chhattisgarh	KH No. 185/17, Shanti Vihar Colony, (Opposite Swami Vivekananda Sr. Secondary School), Daganiya, Raipur - 492013	0771-2241055	Fax : 0771-2241055 E-mail : recraipur@yahoo.com
8	Regional Office (East)	West Bengal, Sikkim, Tripura & Andaman & Nicobar Islands	I B-186, Sector-III, Salt Lake City, Kolkata - 700106	033-23356989 033-23356994 033-40620439	Fax : 033-23356900 E-mail : zmkolkata@recl.in
9	Regional Office (Rajasthan)	Rajasthan	J-4-A, Jalana Dungari, Institutional Area, Jaipur - 302004	0141-2707840 0141-2700161	Fax : 0141-2706986 E-mail : pojaipur@recl.in : recpojpr@rediffmail.com
10	Regional Office (Kerala)	Kerala & Lakshadweep	O-5, 4th Floor, "Saphallyam" Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram - 695034	0471-2328662	Fax : 0471-2328579 E-mail : potrivandrum@recl.in
11	Regional Office (Tamil Nadu)	Tamil Nadu & Puducherry	No. 12 & 13 T.N.H.B Complex, 180, Luz Church Road, (Luz Corner) Mylapore, Chennai - 600004	044-24672376 044-24987960	Fax : 044-24670595 E-mail : pochennai@recl.in : cpmchennai@yahoo.com
12	Regional Office (Karnataka)	Karnataka	No.1/5, Ulsoor Road, Bengaluru - 560042	080-25550240 080-25598244	Fax : 080-25598243 E-mail : pobangalore@recl.in
13	Regional Office (Telangana)	Telangana	Shivrampally, Near Aramghar, National Highway No. 44, Hyderabad - 500052	040-29805034 040-29804520	Fax : 040-29804235 E-mail : zmhyderabad@recl.in : reclpohyd@yahoo.com
14	Regional Office (Odisha)	Odisha	Deen Dayal Bhawan, 5th Floor, Ashok Nagar, Janpath, Bhubaneswar - 751009	0674-2393206 0674-2536649	Fax : 0674-2536669 E-mail : repobbsr@yahoo.co.in : pobhubaneswar@recl.in
15	Regional Office (Bihar)	Bihar	'MauryaLok' Complex Block - C, 4th Floor, New Dak Bangalow Road, Patna - 800001	0612-2224596 0612-2221131	Fax : 0612-2224596 E-mail : popatna@recl.in : popatna@yahoo.com
16	Regional Office (Jharkhand)	Jharkhand	A-101 & D-104, Om Shree Enclave, Near Loyola School, Airport Road, HINOO, Ranchi - 834002	0651-2253123	Fax : 0651-2251320 E-mail : rec_ranchi@yahoo.com : soranchi@recl.in
17	Training Centre	Central Institute for Rural Electrification	Shivrampally, Near Aramghar, National Highway No. 44, Hyderabad - 500052	040-29805901 040-64584526	Fax : 040-29805896 E-mail : cire@recl.in : ciretrg@recl.in

The Company is in the process of setting up new offices at Vijaywada, Itanagar and Imphal.

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.in **Website:** www.recindia.nic.in

ATTENDANCE SLIP

48TH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, SEPTEMBER 21, 2017 AT 11:00 A.M.
At Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi, Delhi – 110010

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 48th Annual General Meeting of the Company held on Thursday, September 21, 2017 at 11:00 A.M. at **Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi – 110010.**

*Applicable in case of shares held in Physical form.

Signature of Member/ Proxy

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.**

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:	E-mail Id:

I/We, being the member (s) of …….…… shares of the above named Company, hereby appoint:

1.	Name:		
	Address:	Signature:	
	E-mail Id:		
or failing him/her			
2.	Name:		
	Address:	Signature:	
	E-mail Id:		
or failing him/her			
3.	Name:		
	Address:	Signature:	
	E-mail Id:		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 48th Annual General Meeting of the Company, to be held on Thursday, September 21, 2017 at 11:00 A.M. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi – 110010 and at any adjournment thereof in respect of such businesses as are indicated below:

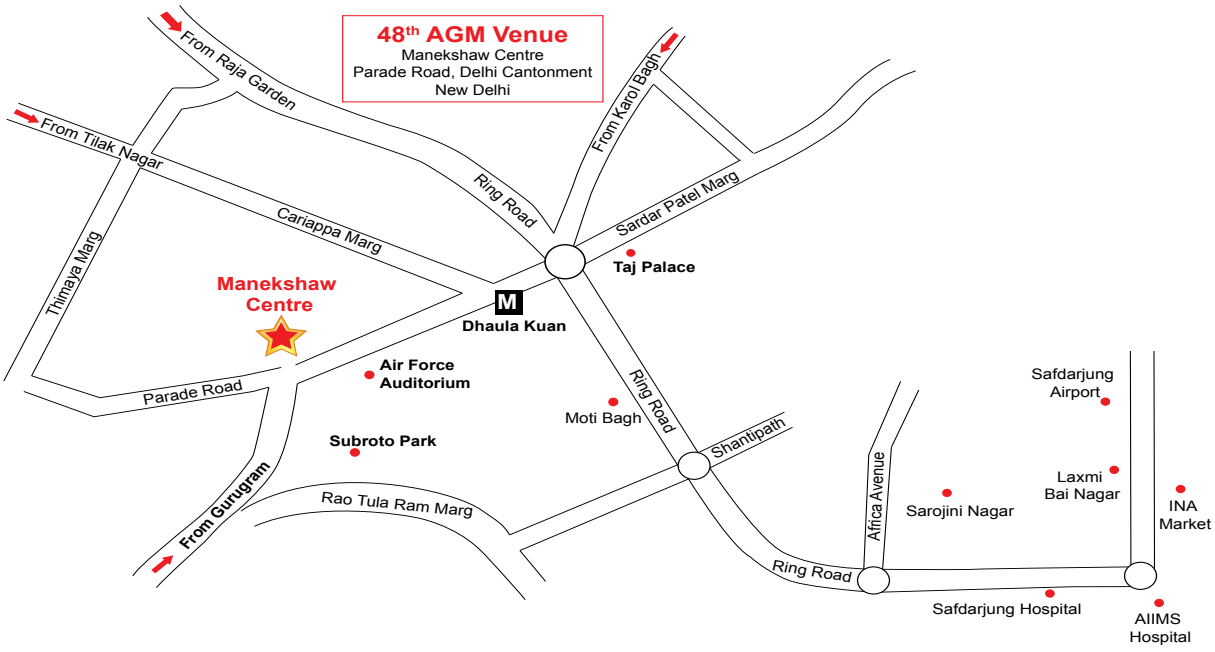
Sl. No.	Particulars
ORDINARY BUSINESS	
1.	To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2017 along with the Reports of the Board of Directors and Auditors thereon.
2.	To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2016-17.
3.	To appoint a Director in place of Dr. Arun Kumar Verma (DIN: 02190047), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Statutory Auditors for the financial year 2017-18.
SPECIAL BUSINESS	
5.	Approval for Related Party Transactions proposed to be entered by the Company.
6.	Approval for Private Placement of securities.

Signed this.....day of.....2017

Affix Revenue Stamp of ₹ 1/-

Signature of Shareholder_____ Signature of Proxy holder(s) _____

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.

Notes

Notes



असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

Rural Electrification Corporation Limited
(A Government of India Enterprise)

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110 003, Tel. : 91-11-24365161
Fax: 91-11-24360644, E-mail: complianceofficer@recl.in, Website: www.recindia.nic.in
CIN: L40101DL1969GOI005095