

NOTES TO ACCOUNTS

1. SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,200,000,000	1,200.00	1,200,000,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	987,459,000	987.46	987,459,000	987.46
Total	987,459,000	987.46	987,459,000	987.46

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

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

Name	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	648,168,218	65.64%	659,607,000	66.80 %
Life Insurance Corporation of India	59,352,864	6.01%	36,853,654	3.73 %

2. RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
Capital Reserve		105.00		105.00
Securities Premium Account (Refer Note 2.1)				
Balance as at the beginning of the year		3,222.48		3,222.43
Add: Additions during the year		1.24		0.05
Balance as at the end of the year		3,223.72		3,222.48
Debenture Redemption Reserve (Refer Note 2.2)				
Balance as at the beginning of the year		160.19		113.99
Add: Amount transferred from Surplus Account		185.79		46.20
Balance as at the end of the year		345.98		160.19
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		5,529.64		4,587.64
Add: Amount transferred from Surplus Account		1,291.00		942.00
Balance as at the end of the year		6,820.64		5,529.64
Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		980.97		754.97
Add: Amount transferred from Surplus Account		288.00		226.00
Balance as at the end of the year		1,268.97		980.97

NOTES TO ACCOUNTS

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)			
Balance as at the beginning of the year	-160.28	-181.88	
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-676.64	-56.97	
Amortisation during the year	304.27	78.57	
Balance as at the end of the year	-532.65	-160.28	
General Reserve			
Balance as at the beginning of the year	3,111.40	2,729.40	
Add: Amount transferred from Surplus Account	470.00	382.00	
Balance as at the end of the year	3,581.40	3,111.40	
Surplus Account			
Balance as at the beginning of the year	3,517.52	2,244.03	
Add: Profit during the year	4,683.70	3,817.62	
Less : Appropriations			
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,291.00	942.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viiia) of the Income Tax Act, 1961	288.00	226.00	
- Dividend			
- Interim Dividend	765.28	666.53	
- Proposed Dividend (Final)	172.81	148.12	
- Dividend Distribution Tax			
- Interim Dividend	130.06	108.11	
- Proposed Dividend (Final)	29.34	25.17	
- Transfer to Debenture Redemption Reserve	185.79	46.20	
- Transfer to General Reserve	470.00	382.00	2,544.13
Balance as at the end of the year	4,868.94	3,517.52	
Total Reserves and Surplus	19,682.00	16,466.92	

2.1 Additions in Securities Premium Account for the year ended 31st March, 2014 represent the premium of ₹ 1.24 Crores (Previous year ₹ 0.05 Crores) received on issue of Tax Free Bonds through private placement.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 117C of the Companies Act, 1956 as further clarified by Circular No. 4/2013 dated 11.02.2013 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 185.79 Crores (Previous year ₹ 46.20 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 532.65 Crores (Previous year ₹ 160.28 Crores).

NOTES TO ACCOUNTS

2.4 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	172.81	148.12
- Rate of Dividend	17.50%	15.00%
- Dividend per equity share (₹)	1.75	1.50

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 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
(A) Secured Long-Term Debt				
(a) Bonds				
- Institutional Bonds	24,974.50	2,925.88	17,297.38	3,826.32
- 54EC Capital Gain Tax Exemption Bonds	10,253.16	5,239.36	10,142.61	5,043.89
- Tax Free Bonds	11,648.41	-	5,648.41	-
(b) Term Loans				
- from Banks	-	19.40	19.40	19.40
- from Financial Institutions	2,645.00	350.00	1,800.00	2,220.00
Total Secured Long-Term Debt (a+b)	49,521.07	8,534.64	34,907.80	11,109.61
(B) Unsecured Long-Term Debt				
(a) Bonds				
- Institutional Bonds	41,979.20	4,565.80	39,695.00	2,440.00
- Infrastructure Bonds	376.32	-	376.32	-
- Zero Coupon Bonds	844.08	-	779.11	-
(b) Term Loans				
- from Banks	125.00	125.00	250.00	500.00
- from Govt. of India	3.07	4.86	7.93	7.21
(c) Other Loans & Advances				
- Foreign Currency Borrowings	17,313.56	307.59	14,944.22	293.97
Total Unsecured Long-Term Debt (a+b+c)	60,641.23	5,003.25	56,052.58	3,241.18
Total Long-Term Debt (A+B)	110,162.30	13,537.89	90,960.38	14,350.79
Total Long-Term Debt (Non-Current + Current)	123,700.19		105,311.17	

NOTES TO ACCOUNTS

Details of Long-term Debt :

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

3.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.1.1.1 Institutional Bonds				
92-II Series	945.30	-	945.30	-
8.65 % Redeemable at par on 22.01.2020				
91-II Series	995.90	-	995.90	-
8.80 % Redeemable at par on 17.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80 % Redeemable at par on 06.10.2019				
90-B-II Series	868.20	-	868.20	-
8.72 % Redeemable at par on 04.09.2019				
90th Series	2,000.00	-	2,000.00	-
8.80 % Redeemable at par on 03.08.2019				
119th Series	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	-	-	-
9.61 % Redeemable at par on 03.01.2019				
117th Series	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	-	-	-
9.24 % Redeemable at par on 17.10.2018				
87-II Series	657.40	-	657.40	-
10.85 % Redeemable at par on 30.09.2018				
86-B-III Series	432.00	-	432.00	-
10.85 % Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70 % Redeemable at par on 29.07.2018				
85th Series	500.00	-	500.00	-
9.68 % Redeemable at par on 13.06.2018				
83rd Series	685.20	-	685.20	-
9.07 % Redeemable at par on 28.02.2018				
82nd Series	883.10	-	883.10	-
9.85 % Redeemable at par on 28.09.2017				
121st Series	1,600.00	-	-	-
9.52 % Redeemable at par on 25.03.2017				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
120th Series	1,100.00	-	-	-
9.67 % Redeemable at par on 10.03.2017				
81st Series	314.80	-	314.80	-
8.85 % Redeemable at par on 20.01.2017				
116-I Series	430.00	-	-	-
9.05 % Redeemable at par on 17.10.2016				
80th Series	500.00	-	500.00	-
8.20 % Redeemable at par on 20.03.2016				
79th Series	500.00	-	500.00	-
7.85 % Redeemable at par on 14.03.2016				
78th Series	1,795.70	-	1,795.70	-
7.65 % Redeemable at par on 31.01.2016				
93-II Series	-	443.10	443.10	-
8.45 % Redeemable at par on 19.02.2015				
73rd Series	-	46.78	46.78	46.78
6.90 % Redeemable at par in equal annual instalments of ₹ 46.78 Crores, next instalment due on 08.10.2014				
75th Series	-	100.00	100.00	100.00
7.20 % Redeemable at par in equal half-yearly instalments of ₹ 50.00 Crores, next instalment due on 17.09.2014				
90-B-I Series	-	883.90	883.90	-
8.35 % Redeemable at par on 04.09.2014				
90-A-II Series	-	1,000.00	1,000.00	-
8.00 % Redeemable at par on 05.08.2014				
77th Series	197.10	197.10	394.20	197.10
7.30 % Redeemable at par in equal annual instalments of ₹ 197.10 Crores, next instalment due on 30.06.2014				
89-II Series	-	255.00	255.00	-
7.70 % Redeemable at par on 02.06.2014				
69th Series	-	-	-	133.84
6.05 % Redeemed at par on 23.01.2014.				
87-C-III Series	-	-	-	860.00
11.50 % Redeemed at par on 26.11.2013				
87-A-II Series	-	-	-	36.40
11.20 % Redeemed at par on 24.10.2013				
87-I Series	-	-	-	370.20
10.90 % Redeemed at par on 30.09.2013				
86-B-II Series	-	-	-	354.10
10.90 % Redeemed at par on 14.08.2013				
86th Series	-	-	-	727.90
10.75 % Redeemed at par on 24.07.2013				
84th Series	-	-	-	1,000.00
9.45 % Redeemed at par on 04.04.2013				
Total - Institutional Bonds	24,974.50	2,925.88	17,297.38	3,826.32

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.1.1.2 54EC Capital Gain Tax Exemption Bonds				
Series IX (2013-14)	5,349.91	-	-	-
6.00 % Redeemable at par during financial year 2016-17				
Series VIII (2012-13)	4,903.25	-	4,903.25	-
6.00 % Redeemable at par during financial year 2015-16				
Series VIII (2011-12)	-	5,239.36	5,239.36	-
6.00 % Redeemable at par during financial year 2014-15				
Series VIII (2010-11)	-	-	-	5,043.89
6.00 % Redeemed at par during financial year 2013-14				
Total - 54EC Capital Gain Tax Exemption Bonds	10,253.16	5,239.36	10,142.61	5,043.89
3.1.1.3 Tax Free Bonds				
Series 2013-14 Tranche 2	1,059.40	-	-	-
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 24.03.2024, ₹ 530.42 Crores are redeemable on 24.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19 % to 8.88 % payable annually				
Series 2013-14 Series 4A & 4B	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	-	-	-
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 24.09.2023, ₹ 2,810.26 Crores are redeemable on 24.09.2028 and ₹ 55.28 Crores are redeemable on 24.09.2033 with interest rates varying from 8.01 % to 8.77 % payable annually				
Series 2013-14 Series 3A & 3B	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 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88 % to 7.54 % payable annually				
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 19.12.2027 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 21.11.2027 with interest rates of 7.21 % and 7.38 % respectively payable annually				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
Series 2011-12	3,000.00	-	3,000.00	-
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93 % to 8.32 % payable annually				
Total - Tax Free Bonds	11,648.41	-	5,648.41	-

3.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
Term Loan from Banks				
- State Bank of Saurashtra	-	19.40	19.40	19.40
7.25 % Loan repayable in equal half-yearly instalments of ₹ 9.70 Crores, next instalment due on 24.09.2014				
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC)	1,450.00	350.00	1,800.00	350.00
The Loan of ₹ 1500 Crores (present outstanding ₹ 400 Crores @ 6.242 % and ₹ 200 Crores @ 6.231 %) & ₹ 2,000 Crores (present outstanding ₹ 1,200 Crores @ 7.35 %) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
- India Infrastructure Finance Company Ltd. (IIFCL)	1,195.00	-	-	1,870.00
10.00 % Loan repayable on 10.09.2023				
Total - Term Loans	2,645.00	369.40	1,819.40	2,239.40

3.2 Details of Unsecured long-term debt :

3.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.2.1.1 Institutional Bonds				
95-II Series	1,800.00	-	1,800.00	-
8.75 % Redeemable at par on 12.07.2025				
94th Series	1,250.00	-	1,250.00	-
8.75 % Redeemable at par on 08.06.2025				
115th Series - Subordinate Tier-II Bonds	2,500.00	-	-	-
8.06 % Redeemable at par on 31.05.2023				
114th Series	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				
105th Series	3,922.20	-	3,922.20	-
9.75 % Redeemable at par on 11.11.2021				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
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 29.11.2020				
96th Series	1,150.00	-	1,150.00	-
8.80 % Redeemable at par on 25.10.2020				
113th Series	1,542.00	-	1,542.00	-
8.87 % Redeemable at par on 08.03.2020				
111-I Series	452.80	-	452.80	-
9.02 % Redeemable at par on 19.11.2019				
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				
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 27.08.2017				
108-I Series	2,125.00	-	2,125.00	-
9.40 % Redeemable at par on 20.07.2017				
106th Series	1,500.00	-	1,500.00	-
9.28 % Redeemable at par on 15.02.2017				
103-I Series	50.00	-	-	915.00
9.35 % Redeemable at par on 19.10.2016				
102nd Series	2,216.20	-	2,216.20	-
9.38 % Redeemable at par on 06.09.2016				
101-II Series	394.60	-	394.60	-
9.45 % Redeemable at par on 10.08.2016				
74th Series	-	250.00	250.00	-
7.22 % Redeemable at par on 31.12.2014				
110th Series	-	3,475.00	3,475.00	-
8.84 % Redeemable at par on 16.10.2014				
101-I Series	-	395.60	395.60	-
9.43 % Redeemable at par on 10.08.2014				
99-II Series	-	445.20	445.20	-
9.75 % Redeemable at par on 07.06.2014				
103-II Series	-	-	-	500.00
9.35 % Redeemed on 19.10.2013				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
104th Series	-	-	-	1,025.00
9.30 % Redeemed on 03.05.2013				
Total - Institutional Bonds	41,979.20	4,565.80	39,695.00	2,440.00

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	157.59	-	157.59	-
Redeemable at par. Refer Note 3.5				
Series-I (2010-11)	218.73	-	218.73	-
Redeemable at par. Refer Note 3.5				
Total - Infrastructure Bonds	376.32	-	376.32	-
3.2.1.3 Zero Coupon Bonds				
ZCB - Series II - Redeemable on 03.02.2021	151.35	-	139.18	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I - Redeemable on 15.12.2020	692.73	-	639.93	-
(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	844.08	-	779.11	-

3.2.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.2.2.1 Term Loans from Banks				
- Bank of Maharashtra	125.00	125.00	250.00	-
8.00 % Loan repayable in equal annual instalments on 30.06.2014 and 30.06.2015				
- Central Bank of India	-	-	-	500.00
3.2.2.2 Loan from Govt. of India	3.07	4.86	7.93	7.21
Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown with interest rates varying from 6.75 % to 7.75 %				
Total - Term Loans	128.07	129.86	257.93	507.21

3.2.3 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
3.2.3.1 Foreign Currency Borrowings				
CHF Bonds - CHF 200 Mn	1,350.32	-	1,139.38	-
3.50 % Redeemable at par on 07.03.2017				

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(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
Reg S Bonds - US \$500 Mn	2,641.31	-	2,498.55	-
4.25 % Redeemable at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	735.25	203.81	921.89	192.61
0.75 % JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2014 and 0.65 % JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2014				
KfW Loan - Guaranteed by Govt. of India	195.83	50.34	246.17	47.92
3.73 % Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2014				
ECB - Syndicated Loans from Banks - II - US \$400 Mn	1,788.96	-	1,788.96	-
Repayable on 22.09.2015				
Bilateral Term Loan - Mauritius - US \$70 Mn	311.36	-	311.36	-
Repayable on 28.10.2015				
Bilateral Term Loan - Mizuho - US \$100 Mn	446.50	-	446.50	-
Repayable on 30.03.2016				
Bilateral Term Loan - BTMU - US \$100 Mn	446.50	-	446.50	-
Repayable on 30.03.2016				
Syndicated Loan- US \$300 Mn	1,367.24	-	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	320.66	53.44	374.10	53.44
2.89 % Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2014				
Syndicated Loan- ₹12.525 Bn	1,184.43	-	1,143.76	-
Repayable on 27.03.2017				
Syndicated Loan- US \$250 Mn	1,366.49	-	1,366.49	-
Loan of \$150 Mn & \$100 Mn repayable on 17.09.2015 and 19.11.2015 respectively				
KfW-III Loan - Guaranteed by Govt. of India	416.99	-	173.86	-
1.86 % Loan repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015				
Syndicated Loan- US \$250 Mn	1,488.37	-	1,359.73	-
Repayable on 05.02.2016				
Syndicated Loan- US \$250 Mn	1,473.07	-	1,359.73	-
Repayable on 21.03.2016				
Syndicated Loan- US \$285 Mn	1,780.28	-	-	-
Repayable on 02.12.2018				
Total - Foreign Currency Borrowings	17,313.56	307.59	14,944.22	293.97

3.3 Security Details of the Secured Borrowings

The Bond Series 73, 75 of Institutional Bonds are secured by a (a) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India and (b) pari passu charge on the receivables, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

NOTES TO ACCOUNTS

The Bond Series 77, 78, 79, 80, 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-II, 87 A-III, 88, 89-II, 90, 90 A-II, 90 B-I, 90 B-II, 90 C-II, 91-II, 92-II, 93-II of Institutional Bonds and Series VIII of 54EC Capital Gain Tax Exemption Bonds are secured by a charge on a (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi 110 049, India and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121 of Institutional Bonds are secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

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

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

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

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

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited.

3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 129 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.3.1.

3.5 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

(₹ in Crores)

Rate of Interest	Amount	Redemption Details
8.00 %	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20 %	151.74	
8.10 %	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20 %	3.78	
Total	218.73	

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	Amount	Redemption Details
8.95 % Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95 % Annual	32.85	
9.15 % Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15 % Annual	5.01	
8.95 % Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95 % Annual	1.38	
9.15 % Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15 % Annual	1.13	
Total	157.59	

NOTES TO ACCOUNTS

4. DEFERRED TAX LIABILITIES/ ASSETS (-) (NET)

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
Deferred Tax Liabilities on account of:			
Depreciation	5.02	5.17	
Foreign Currency Exchange Fluctuation Loss	181.04	-	
Total	186.06	5.17	
Deferred Tax Assets on account of:			
Provision for Earned Leave Liability	7.79	7.93	
Provision for Medical Leave	4.58	4.12	
Provision for Post Retirement Medical Benefits	-	2.63	
Total	12.37	14.68	
Deferred Tax Liabilities/ Assets (-) (Net)	173.69	-9.51	

- 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 AS-22 as notified under Section 211(3C) of the Companies Act, 1956. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. OTHER LONG-TERM LIABILITIES

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
- Non-Current Portion of Interest accrued but not due on borrowings	23.52	80.25	
Total	23.52	80.25	

6. LONG-TERM AND SHORT-TERM PROVISIONS

		(₹ in Crores)			
		As at 31.03.2014		As at 31.03.2013	
		Non-Current	Current	Non-Current	Current
(A)	Provisions for				
	Employee Benefits				
	Earned Leave Liability	20.19	2.73	19.54	3.78
	Post Retirement Medical Benefits	63.43	3.21	54.26	1.54
	Medical Leave Liability	12.83	1.91	11.03	2.37
	Settlement Allowance	1.02	0.14	1.03	0.13
	Economic Rehabilitation Scheme	2.58	0.07	1.95	0.28
	Long Service Award	3.02	0.36	2.44	0.62
	Sub-total (A)	103.07	8.42	90.25	8.72
(B)	Others				
	Standard Loan Assets	339.17	31.21	95.16	10.52
	Rescheduled Loan Assets	-	-	3.04	0.14
	Incentive	-	15.42	-	34.03
	Wealth Tax	-	0.37	-	0.37
	Fringe Benefit Tax	-	0.36	-	0.36
	Proposed Dividend	-	172.81	-	148.12
	Corporate Dividend Tax	-	29.37	-	25.17
	Sub-total (B)	339.17	249.54	98.20	218.71
	Total (A+B)	442.24	257.96	188.45	227.43

NOTES TO ACCOUNTS

6.1 Reserve Bank of India had permitted the Company to create provision of 0.25 % on 'Standard Assets' in a phased manner upto 31st March, 2015. During the previous year, the company had provided ₹ 105.68 Crores and balance amount of ₹ 264.70 Crores is provided in full so as to make it equal to 0.25 % of the outstanding Standard Assets in the current year 2013-14 itself.

6.2 Details of Provisions as required under AS-29 are as under :

(₹ in Crores)				
Provisions for	Opening Balance	Additions During the Year	Paid/ Adjusted during the Year	Closing Balance
Earned Leave Liability	23.32	6.17	6.57	22.92
Previous year	23.45	5.66	5.79	23.32
Post Retirement Medical Benefits	55.80	15.05	4.21	66.64
Previous year	46.82	11.75	2.77	55.80
Medical Leave Liability	13.40	2.64	1.30	14.74
Previous year	11.99	2.23	0.82	13.40
Settlement Allowance	1.16	0.10	0.10	1.16
Previous year	1.12	0.07	0.03	1.16
Economic Rehabilitation Scheme	2.23	0.89	0.47	2.65
Previous year	2.19	0.25	0.21	2.23
Long Service Award	3.06	0.94	0.62	3.38
Previous year	3.01	0.45	0.40	3.06
Standard Loan Assets	105.68	264.70	-	370.38
Previous year	-	105.68	-	105.68
Rescheduled Loan Assets	3.18	-	3.18	-
Previous year	3.18	-	-	3.18
Incentive	34.03	10.95	29.56	15.42
Previous year	25.10	41.47	32.54	34.03
Ex-gratia	-	-	-	-
Previous year	0.10	-	0.10	-
Wealth Tax	0.37	0.37	0.37	0.37
Previous year	0.38	0.36	0.37	0.37
Fringe Benefit Tax	0.36	-	-	0.36
Previous year	0.36	-	-	0.36
Interim Dividend	-	765.28	765.28	-
Previous year	-	666.53	666.53	-
Proposed Dividend	148.12	172.82	148.13	172.81
Previous year	246.86	148.12	246.86	148.12
Corporate Dividend Tax	25.17	159.40	155.20	29.37
Previous year	40.05	133.28	148.16	25.17
Income Tax	2,321.78	1,707.92	40.74	3,988.96
Previous year	1,887.74	1,347.85	913.81	2,321.78

7. SHORT-TERM BORROWINGS

(₹ in Crores)		
Particulars	As at 31.03.2014	As at 31.03.2013
(A) Loans Repayable on Demand, unsecured		
- from Banks	-	500.00
- from Financial Institutions	-	1,000.00
(B) Commercial Paper, unsecured	2,540.00	980.00
Total (A+B)	2,540.00	2,480.00

NOTES TO ACCOUNTS

8. OTHER CURRENT LIABILITIES

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(A) Current maturities of long-term debt (Refer Note 3)	13,537.89	14,350.79	
(B) Interest accrued but not due on borrowings	4,400.95	3,736.70	
(C) Interest accrued and due on borrowings	1.10	1.05	
(D) Income Received in Advance	0.01	0.01	
(E) Unpaid Dividends	2.31	1.84	
(F) Unpaid Principal & Interest on Bonds			
- Matured Bonds & Interest Accrued thereon	61.05	72.77	
- Interest on Bonds	11.38	19.82	
(G) Other payables			
- Subsidy/ Grant Received from Govt. of India	30,260.46	27,347.67	
Add: Interest on Subsidy/ Grant (Refer Note 8.3)	11.55	3.65	
Less: Disbursed to Beneficiaries	-29,760.21	-27,330.93	
Undisbursed Subsidy/Grant	511.80	20.39	
- Statutory Dues payable including PF and TDS	24.38	21.62	
- Payable towards funded staff benefits	0.82	1.35	
- Other Liabilities	32.04	890.06	
Sub-total (G)	569.04	933.42	
Total (A to G)	18,583.73	19,116.40	

8.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 3.53 Crores as on 31st March, 2014 (Previous year ₹ 5.20 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
Opening Balance of Interest Subsidy Fund	5.20	7.76	
Add: Interest earned during the year	0.22	0.26	
Less: Interest subsidy passed on to the borrower	1.89	2.82	
Closing Balance of Interest Subsidy Fund	3.53	5.20	

Further, an amount of ₹ 0.44 crores is included in 'Other Liabilities' in respect of the grant disbursed on 2nd April, 2014.

8.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyutikaran Yojna (RGGVY). 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 interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities.

During the year, interest earned of ₹ 38.00 Crores (Previous year ₹ 20.02 Crores) has been taken to RGGVY Subsidy account. Further, during the year, an amount of ₹ 29.51 crores (Previous year ₹ 98.92 Crores) has been refunded back to MoP out of the total interest on subsidy.

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

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
Opening Balance	3.65	83.14	
Add: Interest earned during the year	38.32	20.45	
Less: Amount refunded to Govt. during the year	29.51	98.92	
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.91	1.02	
Closing Balance	11.55	3.65	

NOTES TO ACCOUNTS

9. FIXED ASSETS AS AT 31ST MARCH, 2014

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK	
	As at 01.04.2013	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2014	Upto 31.03.2013	Adjustment during the year	As on 31.03.2014	As at 31.03.2013
Tangible Assets								
Freehold Land	34.75	-	-	34.75	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.20	0.01	1.24	1.25
Buildings	24.51	3.98	-	28.49	6.41	0.43	21.65	18.10
Furniture & Fixtures	7.49	0.29	1.04	6.74	4.26	0.29	2.67	3.23
Vehicles	0.51	-	0.06	0.45	0.41	0.02	0.08	0.10
EDP Equipments	15.22	1.10	0.49	15.83	8.35	1.87	5.88	6.87
Office Equipments	5.77	0.55	0.35	5.97	2.48	0.22	3.40	3.29
Total	89.70	5.92	1.94	93.68	22.11	2.84	69.67	67.59
Previous year	88.02	2.46	0.78	89.70	19.78	2.73	67.59	
Intangible Assets								
Computer Software	6.85	0.11	-	6.96	3.14	1.37	2.45	3.71
Total	6.85	0.11	-	6.96	3.14	1.37	2.45	3.71
Previous year	4.34	2.51	-	6.85	2.12	1.02	3.71	
Capital Work-in-progress	8.75	0.96	-	9.71	-	-	9.71	8.75
Previous year	7.92	0.83	-	8.75	-	-	8.75	
Intangible Assets under Development	-	-	-	-	-	-	-	-
Previous year	0.10	0.10	0.20	-	-	-	-	

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

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

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

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

NOTES TO ACCOUNTS

10. INVESTMENTS

(₹ in Crores)

Particulars	As at 31.03.2014		As at 31.03.2013	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited	50,000	0.05	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- REC Transmission Projects Company Limited	50,000	0.05	50,000	0.05
Equity shares of ₹ 10 each, fully paid up				
- Joint Ventures				
- Energy Efficiency Services Limited	22,500,000	22.50	22,500,000	22.50
Equity shares of ₹ 10 each, fully paid up				
- Others				
- India Energy Exchange Limited	1,250,000	1.25	1,250,000	1.25
Equity shares of ₹ 10 each, fully paid up				
- Universal Commodity Exchange Limited	16,000,000	16.00	16,000,000	16.00
Equity shares of ₹ 10 each, fully paid up				
(ii) Investment in Government Securities				
- 8% Government of Madhya Pradesh Power Bonds-II	10	471.60	12	565.92
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2014				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii) Investment in Venture Capital Funds				
- KSK Energy Ventures Limited				
Units of 'Small is Beautiful' Fund at face value of ₹ 10.00 per unit	7,682,816	7.68	7,682,816	7.68
NAV of ₹ 9.70 per unit (Previous year ₹ 9.77)				
(iv) Investment in Debentures	114,150	1,141.50	-	-
9.68% Bonds of UP Power Corporation Ltd.				
Bonds of Face Value of ₹ 0.01 Crores each				
Total - Non-Current Investments (1)		1,660.63		613.45
(2) Current Investments				
(A) Investment in Government Securities (Unquoted)				
- 8% Government of Madhya Pradesh Power Bonds-II	1	47.16	1	47.16
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2014				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
Total - Current Investments (2)		47.16		47.16
Total (1+2)		1,707.79		660.61

* 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.

NOTES TO ACCOUNTS

Additional disclosures required in respect of the investments :

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(i) Aggregate amount of Quoted Investments	-	-	
(ii) Aggregate amount of Unquoted Investments			
- Non-Current investments	1,660.63	613.45	
- Current investments	47.16	47.16	
(iii) Aggregate provision for diminution in value of investments	-	-	

- 10.1 Investments include ₹ 7.68 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the year, Nil units (Previous year 1,42,311 units) were redeemed.

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

- 10.2 Information in relation to the interest of the Company in Joint Ventures as required under Accounting Standard – 27:

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	25 %
Country of Incorporation	India

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2014 and income and expenses for the year in respect of joint venture based on its unaudited accounts are given below :

	(₹ in Crores)
Total Assets	31.62
Total Liabilities	4.90
Total Reserves & Surplus	4.22
Contingent Liabilities	Nil
Capital Commitments	5.52
Total Income	8.39
Total Expenses	7.13

11. LONG-TERM LOANS & ADVANCES

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(A) Capital Advances (Unsecured, considered good)	20.20	23.79	
(B) Security Deposits (Unsecured, considered good)	7.45	7.60	
(C) Loans & Advances to Related Parties			
- To Directors	0.06	0.07	
	0.06	0.07	
(D) Other Loans & Advances			
- Staff Loans & Advances (except to Directors)	15.85	13.73	
- Loan Assets	135,855.41	114,529.34	
	135,871.26	114,543.07	
Total (A+B+C+D)	135,898.97	114,574.53	

NOTES TO ACCOUNTS

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 31.03.2014		As at 31.03.2013	
	Non-Current	Current	Non-Current	Current
(A) Secured Staff Loans & Advances				
(A1) To Directors				
(a) Considered Good	0.01	-	0.01	-
(A2) To Others				
(a) Considered Good	4.13	0.69	3.78	1.01
(b) Classified Doubtful	0.02	0.05	-	-
Less: Allowance for bad & doubtful debts	0.02	0.05	-	-
	-	-	-	-
Sub-total (A1+ A2)	4.14	0.69	3.79	1.01
(B) Unsecured Staff Loans & Advances				
(B1) To Directors				
(a) Considered Good	0.05	0.03	0.06	0.04
(B2) To Others				
(a) Considered Good	11.72	4.51	9.95	5.94
Sub-total (B1+ B2)	11.77	4.54	10.01	5.98
Grand Total (A+B)	15.91	5.23	13.80	6.99

11.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)				
Particulars	As at 31.03.2014		As at 31.03.2013	
	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	82,521.17	7,670.75	66,215.52	6,781.75
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	22,027.26	1,160.66	17,716.40	734.32
(b) Classified Doubtful	308.02	182.38	353.48	136.92
Less: Allowance for bad & doubtful debts	119.64	17.22	57.02	32.52
	188.38	165.16	296.46	104.40
Sub-total (A1+ A2)	104,736.81	8,996.57	84,228.38	7,620.47
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	27,201.58	2,363.27	27,278.56	2,975.03
(B2) Loans to State Governments				
(a) Considered good	2,860.78	340.09	2,919.40	230.83
(B3) Loans - Others				
(a) Considered Good	1,056.24	572.29	103.00	1.33
Sub-total (B1+ B2+B3)	31,118.60	3,275.65	30,300.96	3,207.19
Grand Total (A+B)	135,855.41	12,272.22	114,529.34	10,827.66

NOTES TO ACCOUNTS

11.2.1 Loan balance confirmations for around 85 % of total loan assets as on 31st March, 2014 have been received from the borrowers.

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

12. OTHER NON-CURRENT ASSETS

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(A) Non-Current Portion of Interest Accrued on Staff Advances	4.03	3.00	
(B) Interest Accrued on Rescheduled Loans	2.11	118.79	
(C) Advance Income-tax & TDS	4,010.81	2,379.01	
Less : Provision for Income Tax	3,988.96	2,321.78	
Advance Income-tax & TDS (Net)	21.85	57.23	
(D) Non-current Portion of Unamortized Expenses :			
- Discount on Issue of Bonds	4.13	8.97	
Total (A to D)	32.12	187.99	

13. CASH AND BANK BALANCES

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(A) Cash & Cash Equivalents			
- Balances with Banks	117.94	366.33	
- Others			
- Short-term Deposits with Scheduled Banks	1,075.00	1,117.93	
Sub-total (A)	1,192.94	1,484.26	
(B) Others	-	-	
Total (A+B)	1,192.94	1,484.26	
Balances with Banks include:			
- Earmarked Balances with Banks in separate accounts			
- For unpaid dividends	2.31	1.84	
- For RGGVY grant	0.20	2.81	
- For AG & SP grant	3.97	6.11	
- For other grants	1.75	2.35	
- Tax Free Bonds Public Issue Account	5.96	0.63	
- Amount set aside for grants disbursement	2.38	-	

Further, Short-term Deposits with Scheduled Banks include ₹ 503.50 Crores (Previous year ₹ 10.00 Crores) earmarked towards RGGVY grant.

13.1 The Company had made public issue of Tax Free Bonds of face value of ₹ 1,000.00 each aggregating to ₹ 2,148.41 Crores in two tranches during the financial year 2012-13 in addition to a private placement issue of the Tax Free Bonds of ₹ 500 Crores. The issue proceeds of ₹ 0.63 Crores remaining unutilised as on 31st March, 2013 have since been utilised for the purposes as mentioned in the Offer document.

The Company has made a public issue of Tax Free Bonds of face value of ₹ 1,000.00 each aggregating to ₹ 4,500 Crores during the financial year 2013-14 in addition to a private placement of the Tax Free Bonds of ₹ 1,500 Crores. The bonds under public issue had been allotted in line with the prescribed guidelines and within the financial year 2013-14. The issue proceeds have been utilised for the purposes as mentioned in the Offer document except for ₹ 5.96 Crores which is kept in designated public issue account pending its utilisation.

NOTES TO ACCOUNTS

14. SHORT-TERM LOANS & ADVANCES

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
- Loans & Advances to Related Parties (Unsecured, considered good)	3.63	3.35	
- Others			
- Advances recoverable in cash or in kind or value to be received (Unsecured, considered good)	1.34	3.60	
- 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	259.94	1,759.00	
Sub-total (A)	259.94	1,759.00	
(B) Unsecured Loans			
- Loans Guaranteed by respective State Governments			
- Considered Good	116.67	150.00	
Sub-total (B)	116.67	150.00	
Total Loan Assets (A+B)	376.61	1,909.00	
Grand Total	381.58	1,915.95	

15. OTHER CURRENT ASSETS

		(₹ in Crores)	
Particulars	As at 31.03.2014	As at 31.03.2013	
(A) Current recoverable of Long-term Loan Assets (Net) (Refer Note 11.2)	12,272.22	10,827.66	
(B) Current recoverable of Staff Advances (Net) (Refer Note 11.1)	5.23	6.99	
(C) Interest Accrued & Not Due on:			
- Long Term Investments	43.06	-	
- Term Deposits	4.41	3.38	
Sub-total	47.47	3.38	
(D) Interest Accrued & Due on Loan Assets	547.49	120.26	
(E) Interest Accrued & Not Due on Loan Assets	561.70	560.89	
(F) Current Portion of Interest Accrued on Staff Advances	0.08	0.33	
(G) Recoverable from GOI			
- RGGVY Expenses	8.49	8.99	
- RGGVY/ UNDP Agency Charges	3.30	-	
Sub-total	11.79	8.99	
(H) Recoverable from SEBs/ Govt. Deptt/Others	3.29	14.61	
(I) Income Tax Recoverable	9.28	0.12	
(J) Prepaid Financial Charges on Commercial Paper	94.29	46.33	
(K) Current Portion of Unamortized Expenses			
- Discount on Issue of Bonds	4.83	4.83	
Total (A to K)	13,557.67	11,594.39	

NOTES TO ACCOUNTS

16. REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(A) Interest on Loan Assets				
(i) Long term financing	16,413.47		12,479.02	
Less: Rebate for timely payments/ completion etc.	3.18	16,410.29	4.25	12,474.77
(ii) Short term financing		396.10		816.18
Sub-total (A)		16,806.39		13,290.95
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc.		52.90		108.62
(ii) Prepayment Premium		17.19		12.50
(iii) Agency/ handling charges for RGGVY Implementation/ others		28.76		9.97
Sub-total (B)		98.85		131.09
(C) Income from Short-term Investment of Surplus Funds				
(i) Interest from Deposits		98.07		96.82
(ii) Gain on Sale of Mutual Funds		14.67		18.51
Sub-total (C)		112.74		115.33
Total (A to C)		17,017.98		13,537.37

17. OTHER INCOME

(₹ in Crores)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
(A) Interest Income (Other than Operating Income)		
- Interest from Govt. Securities	47.16	54.71
- Interest from Long Term Investments	43.06	-
- Interest from Income Tax Refund	4.56	0.67
- Interest from Staff Advances	1.25	1.35
- Interest from Subsidiary Companies	0.35	0.13
Sub-Total (A)	96.38	56.86
(B) Dividend Income		
- Dividend from Subsidiary Companies	0.15	0.15
- Dividend from Long-Term Investments	0.38	0.25
Sub-Total (B)	0.53	0.40
(C) Net Gain on Sale of Long Term Investments	-	0.34
(D) Other Non-Operating Income		
- Provision Written Back	3.18	1.69
- Miscellaneous Income	2.73	2.01
Sub-Total (D)	5.91	3.70
Total (A to D)	102.82	61.30

NOTES TO ACCOUNTS

18. FINANCE COSTS

(₹ in Crores)

	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
(A)	Interest Expense		
-	On Govt. Loans	0.90	1.53
-	On REC Bonds	7,881.47	6,554.77
-	On Loans from Banks/ Financial Institutions	415.78	414.32
-	On External Commercial Borrowings	1,064.92	790.52
-	On Commercial Paper	230.88	86.49
-	On AREP Subsidy	0.22	0.24
-	Interest on Advance Income Tax	2.96	2.06
	Sub-Total (A)	9,597.13	7,849.93
(B)	Other Borrowing Costs		
-	Guarantee Fee	18.66	27.32
-	Public Issue Expenses	30.37	10.37
-	Bonds Handling Charges	1.11	1.67
-	Bonds Brokerage	16.35	14.69
-	Stamp Duty on Bonds	3.73	0.84
-	Debt Issue and Other Finance Charges	59.08	101.43
	Sub-Total (B)	129.30	156.32
(C)	Net Translation/ Transaction Exchange Loss	312.03	77.51
	Total (A to C)	10,038.46	8,083.76

19. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
-	Salaries and Allowances	88.81	116.11
-	Contribution to Provident Fund and Other Funds	10.95	9.94
-	Gratuity	0.82	1.35
-	Expenses towards Post Retirement Medical Facility	15.05	11.75
-	Staff Welfare Expenses	14.28	12.69
	Total	129.91	151.84

NOTES TO ACCOUNTS

20. OTHER EXPENSES

(₹ in Crores)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
- Expenses towards CSR & Sustainable Development		38.40		17.50
- Travelling and Conveyance		10.12		9.01
- Publicity & Promotion Expenses		6.46		5.11
- Repairs and Maintenance				
- Building	1.64		1.68	
- ERP & Data Centre	3.95		3.04	
- Others	0.59	6.18	0.42	5.14
- Rent & Hiring Charges		3.43		2.17
- Rates and Taxes		1.04		1.46
- Power & Fuel		1.12		1.07
- Insurance Charges		0.04		0.04
- Postage and Telephone		1.81		1.10
- Auditors' Remuneration		0.66		0.58
- Consultancy Charges		2.26		1.99
- Donations & Charity		-		0.01
- Loss on Sale of Assets		0.69		0.33
- Allowance on Staff Advances		0.07		-
- Miscellaneous Expenses		33.19		19.18
Total		105.47		64.69

20.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
- Audit Fees	0.32	0.27
- Tax Audit Fees	0.06	0.05
- Limited Review Fees	0.06	0.06
- Payment for Other Services #	0.22	0.19
- Reimbursement of Expenses	-	0.01
Total	0.66	0.58

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

Inclusive of Certification Fee of ₹ 0.18 Crores (Previous year ₹ 0.15 Crores) for Certification of Prospectus for Tax Free Bonds Public Issue during the year.

20.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.21	0.39
- Interest	388.23	289.56
- Finance Charges	47.67	86.72
- Other Expenses	1.70	0.72
Total	437.81	377.39

NOTES TO ACCOUNTS

- 20.3** 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 ₹ 4.43 Crores (Previous year ₹ 2.39 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.23 Crores (Previous year ₹ 1.57 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

Future minimum lease rent payments	Year ended 31.03.2014		Year ended 31.03.2013	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.39	3.98	0.39	2.52
Later than one year and not later than 5 years	0.18	9.60	0.38	7.94
Later than 5 years	-	0.69	-	0.01
Total	0.57	14.27	0.77	10.47

(₹ in Crores)

21. EARNINGS PER SHARE

		(₹ in Crores)
Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	4,683.70	3,817.62
Denominator		
Weighted average Number of equity shares	987,459,000	987,459,000
Basic & Diluted Earnings per share of ₹ 10 each (in ₹)	47.43	38.66

22. CONTINGENT LIABILITIES AND COMMITMENTS :

22.1 Contingent Liabilities not provided for in respect of:

		(₹ in Crores)
Particulars	As at 31.03.2014	As at 31.03.2013
A - Claims against the Company not acknowledged as debts	56.16	51.28
B - Others		
- Letters of Comfort	1,273.81	1,904.17

The amount referred to in 'A' above includes ₹ 5.24 Crores (Previous year ₹ 5.17 Crores) is in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 50.92 Crores (Previous year ₹ 46.11 Crores) against various demands raised by the Income Tax Department including the cases pending in Delhi High Court.

22.2 Commitments not provided for in respect of:

		(₹ in Crores)
Particulars	As at 31.03.2014	As at 31.03.2013
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	11.69	5.82
- Towards Intangible Assets	4.75	0.33
- Other Commitments		
- Undisbursed CSR Commitments	34.42	7.41

NOTES TO ACCOUNTS

23. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. company conforming to Section 617 of the Companies Act, 1956. Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 333/03.02.001/2013-14 dated July 1, 2013, REC being a Government Company as defined under section 617 of the Companies Act 1956 continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Moreover in view of the non- applicability of the provisions of Section 45 (I) C of the RBI Act 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.

Further, 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. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %). Accordingly, the Prudential Norms were modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of our net worth, depending upon entity appraisal.

24. On December 13, 2006, our Board of Directors approved Company's Prudential Norms and amendments thereto were approved on February 21, 2009, September 25, 2010, May 28, 2013 and May 26, 2014. Some important features of these are given in the Significant Accounting Policies also. However, in order to bring all "Systemically important" government-owned NBFCs within the framework of their prudential norms, RBI had advised our Company on December 12, 2006 to submit a 'road map'.

The Company submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 had granted exemption to REC from its Prudential exposure Norms in respect of Central and State entities in the power sector, till March 31, 2012. In response to the Company's submission for further extending the exemption period till at least the end of XII plan, forwarded to RBI by Ministry of Power vide letter dated January 16, 2012, RBI, vide its letter dated April 4, 2012 had agreed to extend the exemption from adhering to RBI Prudential Norms till March 31, 2013, subject to furnishing a Roadmap upto June 30, 2012 for compliance with the RBI Prudential Norms as laid down in Non Banking Financial Companies (Non Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time, within three years beginning April 1, 2013.

Accordingly, REC submitted the roadmap for compliance of the RBI Prudential Norms in phased manner w.e.f. 2012-13, vide letter dated 22nd June, 2012 to Ministry of Power which was forwarded to RBI on 6th July, 2012. RBI, vide letter dated 25th July, 2013 has conveyed to REC that matters relating to restructuring/reschedulement/ renegotiation of assets and credit concentration norms are under consideration of the Bank and advised REC to take steps to comply with the prudential norms of RBI by 31st March, 2016. Subsequently, RBI vide letter dated April 4 2014, has exempted REC from credit concentration norms in respect of exposure to Central/ State Government entities till March 31 2016 and with regard to Restructuring of assets, REC has been advised that it may follow the instructions contained in RBI Circular DNBS.CO.PD.367/03.10.01/2013-14 dated January 23, 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 of the same date. Necessary steps would be taken by 31st March, 2016 in terms of RBI letters dated 04th April, 2012, 25th July, 2013 and 04th April, 2014. However, REC has taken up the matter with RBI and also through the Ministry of Power, for suitable directions in this regard and necessary action shall be taken in subsequent years in the manner so advised by RBI.

25. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 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.
26. There has been shortfall (gross) in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 5.86 Crores (Previous year ₹ 5.86 Crores).

27. Changes in Accounting Policy

Modifications have been made in Significant Accounting Policy No. 1(a), 2.1a, 2.1e(1), 2.2 (i), 2.2(iv), 5, 6, 7 to make it more clarificatory/ explicit. However, there is no financial impact of such modifications.

Further, the Company has changed its Significant Accounting Policy 2.3 (iv) regarding provision on Standard Assets which is now created at 0.25 % of the outstanding standard assets as against creating it in a phased manner upto 31st March, 2015. If the company had followed the earlier policy, the profit after tax for the year ended March 31, 2014 would have been higher by ₹ 105.74 crore.

28. 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.

NOTES TO ACCOUNTS

29. The Company has no outstanding liability towards Micro, Small and Medium undertakings.
30. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed rate of interest to floating rate of interest. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 7,427.80 Crores (Previous year ₹ 7,211.80 Crores).

In respect of foreign currency borrowings, the company has also executed cross currency swaps to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure on 31.03.2014 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
Previous year	40,173.98	2,258.26	26,688.37	1,479.34	13,485.61	778.92
EURO €	141.28	1,037.26	113.63	808.90	27.65	228.36
Previous year	131.43	895.49	106.43	721.63	25.00	173.86
USD \$	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
Previous year	2,220.00	10,945.06	1,470.00	6,865.87	750.00	4,079.19
CHF (Swiss Franc)	200.00	1,350.32	-	-	200.00	1,350.32
Previous year	200.00	1,139.38	-	-	200.00	1,139.38
Total		17,621.15		11,948.54		5,672.61
Previous year		15,238.19		9,066.84		6,171.35

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

30.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

Sl. No.	Exchange Rates	As at 31.03.2014	As at 31.03.2013
1	USD/INR	60.0998	54.3893
2	JPY/INR	0.5883	0.5776
3	Euro/INR	82.5765	69.5438
4	CHF/INR	67.5159	56.9689

31. RELATED PARTY DISCLOSURES :

(1) Key Management Personnel

Sh. Rajeev Sharma

Chairman & Managing Director (from 29.11.2011 A/N)

Sh. Ajeet Kumar Agarwal

Director (Finance) (from 01.08.2012 F/N)

Sh. P.J. Thakkar

Director (Technical) (from 02.05.2011 A/N)

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

NOTES TO ACCOUNTS

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Vizag Transmission Limited (VTL) - Incorporated on 30.11.2011 and transferred to Power Grid Corporation of India Limited (PGCIL) on 30.08.2013, substantially upon the terms and conditions as detailed in the Share Purchase Agreement between RECTPCL, VTL and PGCIL

Kudgi Transmission Limited (KTL) - Incorporated on 27.11.2012 and transferred to L&T Infrastructure Development Projects Limited (LTIDPL) on 30.08.2013, substantially upon the terms and conditions as detailed in the Share Purchase Agreement between RECTPCL, KTL and LTIDPL.

Unchahar Transmission Limited (UTL)- Incorporated on 17.12.2012 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.03.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, UTL and PGCIL.

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013

NRSS XXXI (A) Transmission Limited- Incorporated on 29.07.2013 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (A) Transmission Limited and PGCIL.

NRSS XXXI (B) Transmission Limited- Incorporated on 29.07.2013 and transferred to M/s Essel Infraprojects Limited (EIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (B) Transmission Limited and EIL.

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

Particulars	(₹ in Crores)	
	As at 31.03.2014	As at 31.03.2013
Long-term Debt		
RECTPCL	60.00	35.00
RECPDCL	7.00	-
Key Managerial Personnel	0.08	0.04
Loans & Advances		
RECTPCL	3.32	1.76
RECPDCL	0.31	1.59
Key Managerial Personnel	0.09	0.11
Other Current Liabilities		
RECPDCL	2.57	-

NOTES TO ACCOUNTS

Details of Transactions with the related parties :

Particulars	(₹ in Crores)	
	For the year ended 31.03.2014	For the year ended 31.03.2013
Long Term Debt - Amount Invested		
RECTPCL	25.00	35.00
RECPDCL	7.00	-
Key Managerial Personnel	0.04	0.04
Loans & Advances		
Key Managerial Personnel	0.09	0.08
Refund of Share Application Money		
EESL	-	2.50
Sale of Fixed Assets		
RECTPCL	0.05	-
Dividend from Subsidiaries		
RECTPCL	0.10	0.10
RECPDCL	0.05	0.05
Interest Income - Loans & Advances		
RECTPCL	0.34	0.13
RECPDCL	0.01	-
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	4.96	1.94
RECPDCL	3.04	2.74
Finance Cost		
Interest Paid to RECTPCL	2.95	0.04
Interest Paid to RECPDCL	0.10	-
Employee Benefits Expense - Managerial Remuneration	1.56	1.65
Other Expenses		
RECPDCL	6.47	1.04
EESL	3.98	-

32. The Company has adopted AS 15 (revised 2005) 'Employee Benefits'. Defined employee benefit schemes are as follows:

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust. As per the management estimates, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31.03.2014 is greater than the obligation under the defined contribution plan.

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. The expenditure is recognized in the Statement of Profit & Loss on the basis of defined contribution payable by the Company.

C. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

NOTES TO ACCOUNTS

D. 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.

E. Employees Family Economic Rehabilitation Scheme

The Company has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement/ death if the same takes place while the employee is in service of the Company. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

F. Scheme for Long Service Award to the Employees

The Company has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the Company. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

G. 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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Current Service Cost	1.85	1.78	1.20	1.02	0.05	0.05
Interest Cost	3.03	2.92	4.46	3.75	0.09	0.09
Expected Return on Plan Assets	3.69	3.44	-	-	-	-
Actuarial (Gain)/ Loss	(0.37)	0.09	9.39	6.98	(0.04)	(0.07)
Expense recognized	0.82	1.35	15.05	11.75	0.10	0.07

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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Present value of obligation as at the end of the year	38.07	37.85	66.64	55.80	1.16	1.16
Fair value of Plan Assets as at the end of the year	35.94	35.14	-	-	-	-
Net Assets/ (Liability) recognized	(2.13)	(2.71)	(66.64)	(55.80)	(1.16)	(1.16)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Present value of obligation as at the beginning of the period	37.85	36.47	55.80	46.82	1.16	1.12
Interest Cost	3.03	2.92	4.46	3.75	0.09	0.09
Current Service Cost	1.85	1.78	1.20	1.02	0.05	0.05
Benefit Paid	3.99	3.49	4.21	2.77	0.10	0.03
Actuarial (Gain)/ Loss on obligation	(0.67)	0.17	9.39	6.98	(0.04)	(0.07)
Present Value of defined benefit obligation at the end of the year	38.07	37.85	66.64	55.80	1.16	1.16

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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Fair value of Plan Assets as at the beginning of the year	35.14	31.24	-	-	-	-
Return on Plan Assets	3.69	3.52	-	-	-	-
Contributions	1.40	2.38	-	-	-	-
Benefit Paid	3.99	3.49	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	(0.30)	1.49	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.94	35.14	-	-	-	-

During the year, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.82 Crores (Previous year ₹ 1.35 Crores), PRMF of ₹ 15.05 Crores (Previous year ₹ 11.75 Crores) and ODRB of ₹ 0.10 Crores (Previous year ₹ 0.07 Crores).

Other Employee Benefits

During the year, provision for earned leave liability amounting to ₹ 6.17 Crores (Previous year ₹ 5.66 Crores), provision for medical leave amounting to ₹ 2.64 Crores (Previous year ₹ 2.23 Crores), provision for economic rehabilitation scheme amounting to ₹ 0.89 Crores (Previous year ₹ 0.25 Crores) and provision for long service award amounting to ₹ 0.94 Crores (Previous year ₹ 0.45 Crores) have been made on the basis of actuarial valuation and charged to Statement of Profit & Loss.

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Service & Interest Cost	1.17	0.85	(0.46)	(0.70)
PBO (Closing)	8.56	7.58	(7.21)	(6.35)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.50%	8.00 %	8.50%	8.00 %	8.50%	8.00 %
Expected Rate of Return on Plan Assets	10.50%	10.50 %	-	-	-	-
Future Salary Increase	6.50%	6.00 %	6.50%	6.00 %	6.50%	6.00 %

- The Expected Rate of Return on Assets over the accounting year is 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 accounting 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.

33. 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 and transfer agreements in the case of Punjab State Electricity Board (PSEB), Himachal Pradesh State Electricity Board (HPSEB) and Chhattisgarh State Electricity Board (CSEB) are to be executed amongst the Company, new entities and the State Governments.

NOTES TO ACCOUNTS

34. 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.
35. The Capital Adequacy Ratio of the Company as on 31.03.2014 is 19.35 % (Previous year 17.71 %).
36. The Company has no exposure to real estate sector as on 31.03.2014 (Previous year Nil).
37. Maturity Profile of Loan Assets and Borrowings as on 31.03.2014:

(₹ in Crores)

Financial Year	Recovery of Loan Assets	Repayment of Borrowings
2014-15	12,666	16,078
2015-16	14,861	18,954
2016-17	16,295	16,554
2017-18	15,690	8,839
2018-19	15,185	13,395
2019-20	14,117	9,341
2020-21	12,840	7,191
2021-22	11,531	9,441
2022-23	10,009	6,091
2023-24	8,136	9,303
2024-25	6,183	-
Beyond 2024-25	11,128	11,053
Total	148,641	126,240

38. The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per REC Prudential Norms is as under:

(₹ in Crores)

Sl. No.	Asset Classification	As at 31.03.2014		As at 31.03.2013	
		Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
1	Standard Assets	148,150.70	370.38	126,865.14	105.68
2	Sub-standard Assets	-	-	223.18	22.32
3	Doubtful Assets	473.18	119.64	250.00	50.00
4	Loss Assets	17.22	17.22	17.22	17.22
	Total	148,641.10	507.24	127,355.54	195.22

39. Previous year figures have been reclassified/ regrouped to conform to the current classification.
40. 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 40 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)

Rajeev Sharma
Chairman and Managing Director

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For P.K. Chopra & Co.
Chartered Accountants
Firm Reg. No.: 006747N

Gopal Krishan
Partner
M.No. : 081085

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

Place : New Delhi
Date : 26th May, 2014