

NOTES TO ACCOUNTS

1. SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	98,74,59,000	987.46	98,74,59,000	987.46

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

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

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

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

2. RESERVES AND SURPLUS

(₹ in Crores)

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

NOTES TO ACCOUNTS

(₹ in Crores)

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

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

2.2 Debenture Redemption Reserve (DRR)

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

2.3 Foreign Currency Monetary Item Translation Difference Account

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

NOTES TO ACCOUNTS

2.4 Draw down from Reserves

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

2.5 Proposed Dividend

The final dividend proposed for the year is as follows :

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

3. LONG-TERM DEBT

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

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

NOTES TO ACCOUNTS

Details of Long-term Debt :

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

3.1.1 Bonds

(₹ in Crores)

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

NOTES TO ACCOUNTS

(₹ in Crores)

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

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(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
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 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	-	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				
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	-	11,648.41	-
3.1.2 Term Loans				
Term Loan from Banks				
- State Bank of Saurashtra	-	-	-	19.40
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC)	1,100.00	350.00	1,450.00	350.00
The Loan of ₹1500 Crores (present outstanding ₹ 300 Crores @ 6.242 % and ₹ 150 Crores @ 6.231 %) & ₹ 2,000 Crores (present outstanding ₹ 1,000 Crores @ 7.35 %) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.				
- India Infrastructure Finance Company Ltd. (IIFCL)	-	-	1,195.00	-
Total - Term Loans	1,100.00	350.00	2,645.00	369.40

NOTES TO ACCOUNTS

3.2 Details of Unsecured long-term debt :

3.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
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				
131st Series	2,285.00	-	-	-
8.35 % Redeemable at par on 22.02.2025				
130th Series	2,325.00	-	-	-
8.27 % Redeemable at par on 06.02.2025				
129th Series	1,925.00	-	-	-
8.23 % Redeemable at par on 23.01.2025				
128th Series	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	-	-	-
8.27 % Redeemable at par on 09.03.2022				
127th Series	1,550.00	-	-	-
8.44 % Redeemable at par on 04.12.2021				
105th Series	3,922.20	-	3,922.20	-
9.75 % Redeemable at par on 11.11.2021				
101-III Series	3,171.80	-	3,171.80	-
9.48 % Redeemable at par on 10.08.2021				
100th Series	1,500.00	-	1,500.00	-
9.63 % Redeemable at par on 15.07.2021				
98th Series	3,000.00	-	3,000.00	-
9.18 % Redeemable at par on 15.03.2021				
97th Series	2,120.50	-	2,120.50	-
8.80 % Redeemable at par on 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				
126th Series	1,700.00	-	-	-
8.56 % Redeemable at par on 13.11.2019				
125th Series	3,000.00	-	-	-
9.04 % Redeemable at par on 12.10.2019				

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(₹ in Crores)

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

NOTES TO ACCOUNTS

(₹ in Crores)

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

NOTES TO ACCOUNTS

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

3.3 Security Details of the Secured Borrowings

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

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121, 122 of Institutional Bonds are secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture / Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-II, 123-IIIA, 123-IIIB, 123-IV, 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd..

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

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

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

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

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

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

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

Domestic and International Credit Rating

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

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

There has been no migration of ratings during the year.

NOTES TO ACCOUNTS

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

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

Series II (2011-12) allotted on 15.02.2012

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

4. DEFERRED TAX LIABILITIES (NET)

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

- 4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. OTHER LONG-TERM LIABILITIES

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
- Non-Current Portion of Interest accrued but not due on borrowings	36.16	23.52
Total	36.16	23.52

NOTES TO ACCOUNTS

6. LONG-TERM AND SHORT-TERM PROVISIONS

(₹ in Crores)

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

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

(₹ in Crores)

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

NOTES TO ACCOUNTS

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

7. SHORT-TERM BORROWINGS

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

8. OTHER CURRENT LIABILITIES

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

NOTES TO ACCOUNTS

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

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

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

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

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

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

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

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

NOTES TO ACCOUNTS

9. FIXED ASSETS AS AT 31ST MARCH, 2015

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

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

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

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

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

NOTES TO ACCOUNTS

10. INVESTMENTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited	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	8	377.28	10	471.60
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii) 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
(iv) Investment in Debentures	75,000	750.00	114,150	1,141.50
9.68 % Bonds of UP Power Corporation Ltd.				
Bonds of Face Value of ₹ 0.01 Crores each				
Total - Non-Current Investments (1)		1,174.81		1,660.63
(2) Current Investments				
(A) Investment in Government Securities (Quoted)				
- 8.57%-8.73% Government of Uttar Pradesh Special Bonds		391.50		-
Maturing in annual Instalments of ₹ 39.15 crores, first maturity due on 31.12.2019 **				
(B) 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 01.10.2015				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
Total - Current Investments (2)		438.66		47.16
Total (1+2)		1,613.47		1,707.79

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

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

NOTES TO ACCOUNTS

10.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

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

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

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

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

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

1. Energy Efficiency Services Ltd.

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

NOTES TO ACCOUNTS

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

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

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

11. LONG-TERM LOANS & ADVANCES

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

Details of Staff Loans & Advances and Loan Assets :

11.1 Staff Loans & Advances

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

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

NOTES TO ACCOUNTS

11.2 Loan Assets

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

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

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

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

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

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

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

NOTES TO ACCOUNTS

RBI had issued circular dated 23rd January 2014, the Norms on restructuring of advance by NBFCs, which inter-alia stated that “the unrealized income represented by FITL should have a corresponding credit in an account styled as Sundry Liabilities Account (Interest Capitalisation)”. In response to applicability of above circular, REC represented vide letter dated 28th April 2014 to RBI requesting among other that, “Hydro projects in Himalayan region and power projects affected by natural disaster may be kept outside the restructuring norms”.

In response to the above request, RBI Vide letter dated 11th June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC’s existing restructuring norms till March 31, 2017.

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

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

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

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

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

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

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

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

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

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

NOTES TO ACCOUNTS

12. OTHER NON-CURRENT ASSETS

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

13. CASH AND BANK BALANCES

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

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

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

NOTES TO ACCOUNTS

14. SHORT-TERM LOANS & ADVANCES

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

15. OTHER CURRENT ASSETS

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

NOTES TO ACCOUNTS

16. REVENUE FROM OPERATIONS

(₹ in Crores)

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

17. OTHER INCOME

(₹ in Crores)

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

NOTES TO ACCOUNTS

18. FINANCE COSTS

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

19. EMPLOYEE BENEFITS EXPENSE

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

NOTES TO ACCOUNTS

20. OTHER EXPENSES

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

20.1 Disclosure in respect of CSR Expenses:

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

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

* denotes amount provided for.

20.2 Auditors' Remuneration includes :

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

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

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

NOTES TO ACCOUNTS

20.3 Earnings and Expenditure in Foreign Currency :

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

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

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

21. PROVISIONS AND CONTINGENCIES

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

22. EARNINGS PER SHARE

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

23. CONTINGENT LIABILITIES AND COMMITMENTS :

23.1 Contingent Liabilities not provided for in respect of:

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

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

NOTES TO ACCOUNTS

23.2 Commitments not provided for in respect of:

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	16.06	11.69
- Towards Intangible Assets	4.32	4.75
- Other Commitments		
- CSR Commitments	182.73	34.42

24. DETAILS OF REGISTRATION/ LICENSE/ AUTHORISATION OBTAINED FROM FINANCIAL SECTOR REGULATORS:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011

25. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 381/03.02.001/2014-15 dated July 1, 2014, REC being a Government Company continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. However, RBI, vide its letters dated 25th July, 2013 and 4th April, 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated January 23, 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11th June, 2014 has allowed exemption to the Company from RBI restructuring norms till March 31, 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f 01st April 2015, the provisioning requirement would be 5 % and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75 % w.e.f 31st March 2015 and reaching 5 % by 31st March 2018.

26. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25 % of owned funds in case of single borrower and 40 % in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30 % and 50 % of owned funds, respectively.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2015 and 31st March 2014.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of owned funds, depending upon entity appraisal.

27. CHANGES IN ACCOUNTING POLICIES

Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.

The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1st April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.89 Crores.

Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75 % on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans (comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy, the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on these restructured loans.

NOTES TO ACCOUNTS

28. QUALITY OF LOAN ASSETS

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

(₹ in Crores)

Asset Classification	As at 31.03.2015		As at 31.03.2014	
	Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i) Standard Assets				
(a) Restructured Standard Loan Assets (Refer Note below)	16,428.15	451.77	-	-
(b) Other than (a) above	161,883.41	490.92	148,150.70	370.38
(ii) Sub-standard Assets	844.98	206.28	-	-
(iii) Doubtful Assets	473.18	141.95	473.18	119.64
(iv) Loss Assets	17.22	17.22	17.22	17.22
Total	179,646.94	1,308.14	148,641.10	507.24

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

As a matter of prudence, 100 % allowance for ₹ 86.42 Crores (Previous year Nil) has been created in respect of a standard loan asset classified under (i)(b) above as disclosed in Note No. 11.2.4. Further, an additional allowance for ₹ 121.77 Crores (Previous year Nil) has been created over and above as required under REC Prudential Norms in respect of certain borrowers classified under (ii) above.

28.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2015	As at 31.03.2014
Power Sector	0.74%	0.33%

28.3 Movement of NPAs

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
(i) Net NPAs to Net Advances (%)	0.54%	0.24%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	490.40	490.40
(b) Additions during the year	844.98	-
(c) Reductions during the year	-	-
(d) Closing balance	1,335.38	490.40
(iii) Movement of NPAs (Net)		
(a) Opening balance	353.54	400.86
(b) Additions during the year	616.39	(47.32)
(c) Reductions during the year	-	-
(d) Closing balance	969.93	353.54
(iv) Movement of provisions for NPAs		
(a) Opening balance	136.86	89.54
(b) Provisions made during the year	228.59	47.32
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	365.45	136.86

NOTES TO ACCOUNTS

29. EXPOSURE RELATED DISCLOSURES

29.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as on 31.03.2015 (Previous year Nil).

29.2 Exposure to Capital Market

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	39.85	39.85
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
Total Exposure to Capital Market	47.53	47.53

29.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as on 31st March, 2015 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

30. CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs

Particulars	As at 31.03.2015	As at 31.03.2014
(i) Concentration of Advances		
Total Advances to twenty largest borrowers (₹ in Crores)	108,066.67	94,703.76
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.16%	63.71 %
(ii) Concentration of Exposures		
Total Exposure to twenty largest borrowers (₹ in Crores)	171,024.07	156,408.59
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	57.49%	46.91 %
(iii) Concentration of NPAs		
Total Outstanding to top four NPA Accounts (₹ in Crores)	1,318.16	485.53
Total Exposure to the above four NPA Accounts (₹ in Crores)	1,318.16	485.53

31. The Company has not entered into any securitisation/ assignment transactions during the FY 2014-15. Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

32. In accordance with the provisions of AS 9 'Revenue Recognition', the commitment fee of ₹ 4.84 Crores (Previous year ₹ 3.90 Crores) is not recognised in the books of accounts on account of the uncertainty of the receipt involved due to change in the drawal schedule etc. by the borrowers.

NOTES TO ACCOUNTS

33. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 13 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.
34. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:
- Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;
 - Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers
 - Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.
- The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.
35. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
36. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

37. DERIVATIVES RELATED DISCLOSURES

37.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) The notional principal of swap agreements	24,577.20	19,376.35
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,662.28	2,638.47
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	2,173.16	2,020.52

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

37.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

37.3 Disclosure on Risk Exposure in Derivatives

37.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical) and one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

NOTES TO ACCOUNTS

Type of Risks Involved

- (i) **Credit Risk** - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.
- (ii) **Market Risk** - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volatility of these factors.
- (iii) **Liquidity Risk** - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirements or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.
- (iv) **Operational Risk** - Operational risk is the risk of loss occurring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.
- (v) **Legal Risk** - Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.
- (vi) **Regulatory Risk** - Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

37.3.2 Quantitative Disclosures

(₹ in Crores)				
Particulars	Currency Derivatives *		Interest Rate Derivatives **	
	As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
(i) Derivatives (Notional Principal Amount)				
For hedging	17,433.40	11,948.55	7,143.80	7,427.80
(ii) Marked to Market Positions				
a) Asset (+)	2,569.44	2,590.43	92.83	48.04
b) Liability (-)	294.66	119.89	194.46	498.05
(iii) Credit Exposure	17,433.40	11,948.55	7,143.80	7,427.80
(iv) Unhedged Exposures	6,594.80	5,672.61	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

38. THE OUTSTANDING POSITION OF FOREIGN CURRENCY EXPOSURE ON 31ST MARCH, 2015 IS AS UNDER:

(Foreign Currency amounts in Millions, INR amounts in Crores)						
Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
Previous year	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
EURO €	153.82	1,083.03	150.70	1,061.94	3.12	21.09
Previous year	141.28	1,037.26	113.63	808.90	27.65	228.36
USD \$	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
Previous year	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
CHF (Swiss Franc)	200.00	1,285.44	-	-	200.00	1,285.44
Previous year	200.00	1,350.32	-	-	200.00	1,350.32
Total		24,028.20		17,433.40		6,594.80
Previous year		17,621.15		11,948.54		5,672.61

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

NOTES TO ACCOUNTS

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

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31 st March, 2015	62.5908	0.5211	67.5104	64.2719
As at 31 st March, 2014	60.0998	0.5883	82.5765	67.5159

39. RELATED PARTY DISCLOSURES:

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P. J. Thakkar	Director (Technical)
Sh. J. S. Amitabh	GM & Company Secretary *

* Company Secretary has been designated as Key Managerial Personnel w.e.f. 1st April, 2014 in accordance with the provisions of the Companies Act, 2013.

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013 and transferred to Sterlite Display Technologies Private Limited (SDTPL), an investing affiliate of Sterlite Grid Limited, on 04.08.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXIX Transmission Limited and SDTPL.

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

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

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadawara (B) Transmission Limited and PGCIL.

Gadarwara (A) Transco Limited - Incorporated on 05.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadawara (A) Transco Limited and PGCIL.

Maheshwaram Transmission Limited - Incorporated on 14.08.2014

Vindhyachal Jabalpur Transmission Limited - Incorporated on 14.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 26.02.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between Vindhyachal Jabalpur Transmission Limited and PGCIL.

NOTES TO ACCOUNTS

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
Long-term Debt		
RECTPCL	60.00	60.00
RECPDCL	7.00	7.00
Key Managerial Personnel	0.17	0.08
Loans & Advances		
RECTPCL	2.04	3.32
RECPDCL	-	0.31
Key Managerial Personnel	0.29	0.09
Other Current Liabilities		
RECPDCL	2.27	2.57
RECTPCL	1.05	-

Details of Transactions with the related parties :

Particulars	(₹ in Crores)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Long Term Debt - Amount Invested		
RECTPCL	-	25.00
RECPDCL	-	7.00
Key Managerial Personnel	-	0.04
Loans & Advances		
Key Managerial Personnel	0.04	0.09
Sale of Fixed Assets		
RECTPCL	-	0.05
Dividend from Subsidiaries		
RECTPCL	0.10	0.10
RECPDCL	0.25	0.05
Interest Income - Loans & Advances		
RECTPCL	-	0.34
Key Managerial Personnel	0.06	0.01
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	2.58	4.96
RECPDCL	2.20	3.04
Finance Cost		
Interest Paid to RECTPCL	4.70	2.95
Interest Paid to RECPDCL	0.54	0.10
Interest Paid to Key Managerial Personnel	0.01	-
Employee Benefits Expense - Managerial Remuneration	1.91	1.56
CSR Expenses		
RECPDCL	19.04	0.17
EESL	1.59	3.98
Other Expenses		
RECPDCL	7.31	6.30

NOTES TO ACCOUNTS

40. DISCLOSURES FOR EMPLOYEE BENEFITS AS REQUIRED UNDER AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(i) Provident Fund	6.52	6.17
(ii) Defined Contribution Superannuation Scheme	4.77	4.68
Total	11.29	10.85

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)						
Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Expected Return on Plan Assets	3.24	3.69	-	-	-	-
Actuarial (Gain)/ Loss	(1.33)	(0.37)	9.50	9.39	0.05	(0.04)
Expense recognized	0.60	0.82	16.39	15.05	0.20	0.10

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)						
Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-
Net Assets/ (Liability) recognized	(1.91)	(2.13)	(77.61)	(66.64)	(1.20)	(1.16)

NOTES TO ACCOUNTS

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the beginning of the year	38.07	37.85	66.64	55.80	1.16	1.16
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Benefit Paid	3.89	3.99	5.42	4.21	0.16	0.10
Actuarial (Gain)/ Loss on obligation	(1.19)	(0.67)	9.50	9.39	0.05	(0.04)
Present Value of defined benefit obligation at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fair value of Plan Assets as at the beginning of the year	35.94	35.14	-	-	-	-
Return on Plan Assets	3.24	3.69	-	-	-	-
Contributions	0.82	1.40	-	-	-	-
Benefit Paid	3.89	3.99	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.14	(0.30)	-	-	-	-
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-

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

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Service & Interest Cost	0.64	1.17	(1.09)	(0.46)
PBO (Closing)	11.09	8.56	(7.81)	(7.21)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%
Expected Rate of Return on Plan Assets	9.00%	10.50%	-	-	-	-
Future Salary Increase	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

NOTES TO ACCOUNTS

41. STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
- (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
- (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
- (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

42. The Company's main business is to provide finance to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Accounting Standard-17.

43. CAPITAL TO RISK-WEIGHTED ASSETS RATIO (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %).

Particulars	As at / For the year ended 31.03.2015	As at / For the year ended 31.03.2014
(i) CRAR (%)	19.56%	19.35 %
(ii) CRAR - Tier I Capital (%)	16.52%	16.02 %
(iii) CRAR - Tier II Capital (%)	3.04%	3.33 %
(iv) Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v) Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

NOTES TO ACCOUNTS

44. ASSET LIABILITY MANAGEMENT - MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES :

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,623	-	-
Over 5 years	90,176	796	56,389	241	-	-
Total	179,647	1,613	126,996	24,028	-	-

(₹ in Crores)

As at 31.03.2014	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	630	-	319	-	-	-
Over 1 month upto 2 months	807	-	366	-	-	-
Over 2 months upto 3 months	1,248	-	1,137	52	-	-
Over 3 month & upto 6 months	2,735	-	6,256	101	-	-
Over 6 months & upto 1 year	7,246	47	7,692	155	-	-
Over 1 year & upto 3 years	31,156	189	22,021	13,487	-	-
Over 3 years & upto 5 years	30,875	189	18,616	3,619	-	-
Over 5 years	73,944	1,283	52,212	207	-	-
Total	148,641	1,708	108,619	17,621	-	-

45. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
46. No penalties have been levied on the Company by any regulator during the financial year 2014-15 (Previous year Nil).
47. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15 (Previous year Nil).
48. Previous year figures have been reclassified/ regrouped to conform to the current classification.
49. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 49 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board

J. S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

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

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

Gopal Krishan
Partner
M.No.: 081085

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

Place : New Delhi
Date : 28th May, 2015