

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

(₹ in Crores)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	987.46	987.46
(b) Reserves and Surplus	3	27,905.94	24,085.12
Sub-total (1)		28,893.40	25,072.58
(2) Non-current Liabilities			
(a) Long-term Borrowings	4	138,783.85	131,123.26
(b) Deferred Tax Liabilities (Net)	5	47.54	105.80
(c) Other Long-term Liabilities	6	10.09	36.18
(d) Long-term Provisions	7	1,295.46	1,007.39
Sub-total (2)		140,136.94	132,272.63
(3) Current Liabilities			
(a) Short-term Borrowings	8	6,460.77	734.00
(b) Trade Payables	9	118.69	30.83
(c) Other current liabilities	10	30,476.70	24,887.16
(d) Short-term Provisions	7	858.42	458.71
Sub-total (3)		37,914.58	26,110.70
Total (1+2+3)		206,944.92	183,455.91
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets	11		
(i) Tangible Assets		253.05	108.50
(ii) Intangible Assets		1.03	1.47
(iii) Capital work-in-progress		76.84	9.81
(iv) Intangible Assets under Development		1.21	-
		332.13	119.78
(b) Non-current Investments	12	2,202.14	1,157.21
(c) Long-term Loans & Advances	13	157,796.82	164,215.25
(d) Other Non-current Assets	14	109.26	85.11
Sub-total (1)		160,440.35	165,577.35
(2) Current Assets			
(a) Current Investments	12	149.41	438.81
(b) Inventories	15	66.79	-
(c) Trade Receivables	16	231.89	120.28
(d) Cash & Bank Balances	17	1,864.08	645.71
(e) Short-term Loans & Advances	18	809.24	1,100.45
(f) Other Current Assets	19	43,383.16	15,573.31
Sub-total (2)		46,504.57	17,878.56
Total (1+2)		206,944.92	183,455.91

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

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

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

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 27th May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016

(₹ in Crores)

Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I. Revenue from Operations	20	24,012.88	20,384.34
II. Other Income	21	117.05	165.55
III. Total Revenue (I+II)		24,129.93	20,549.89
IV. Expenses			
(i) Finance Costs	22	14,282.35	11,839.59
(ii) Employee Benefits Expense	23	143.19	136.75
(iii) Depreciation & Amortization	11	19.67	8.32
(iv) Corporate Social Responsibility Expenses	24	120.29	102.07
(v) Other Expenses	25	355.57	104.10
(vi) Provisions and Contingencies	26	1,096.18	806.18
(vii) Purchases of Stock-in-Trade		32.42	0.44
(viii) Changes in inventories of Stock-in-Trade & Work-in-Progress	27	-66.79	-
Total Expenses (IV)		15,982.88	12,997.45
V. Profit before Prior Period Items & Tax (III-IV)		8,147.05	7,552.44
VI. Prior Period Items	28	0.39	0.10
VII. Profit before Tax (V-VI)		8,146.66	7,552.34
VIII. Tax Expense :			
(i) Current Year		2,516.85	2,273.93
(ii) Earlier Years/ (Refunds)		(2.77)	0.75
(iii) Deferred Tax		(58.84)	(66.76)
Total Tax Expense (i+ii+iii)		2,455.24	2,207.92
IX. Profit for the year from Continuing Operations (VII-VIII)		5,691.42	5,344.42
X. Profit from Discontinuing Operations (after tax)		-	-
XI. Profit for the year (IX+X)		5,691.42	5,344.42
XII. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	29	57.64	54.12
(2) Diluted	29	57.64	54.12

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
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Director (Finance)
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CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13th September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.

(b) **Use of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before March 31, 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

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

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from consultancy services is recognized based on proportionate completion method as per AS 9 – Revenue Recognition.

f. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

- (3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

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

In view of relaxation given by RBI vide letter dated June 11, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

- (ii) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

- (a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.

The above period of two quarters shall be 5 months for the financial year ending March 31, 2016, 4 months for the financial year ending March 31, 2017 and 3 months for the financial year ending March 31, 2018 and thereafter. However, RBI vide letter dated October 5, 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before March 31, 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till March 31, 2017.

- (b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

- (i) **Sub-Standard Assets:** 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding *16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.*

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

- (ii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended March 31, 2016; 'exceeding 14 months' for the financial year ending March 31, 2017 and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.

- (iii) **Loss Assets:** Loss asset means –

- a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and
b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

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

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

2.3 Provisioning against Loans

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

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

- (ii) **Doubtful assets** –

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

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Particulars	Provisioning Requirement
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto:	In respect of the stock of outstanding loans as on 31 st March, 2015, provisioning requirement shall be as below:
(a) 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case.	• 2.75% with effect from 31 st March, 2015
(b) 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	• 3.50% with effect from 31 st March, 2016 (spread over 4 quarters of 2015-16)
	• 4.25% with effect from 31 st March, 2017 (spread over 4 quarters of 2016-17)
	• 5.00% with effect from 31 st March, 2018 (spread over 4 quarters of 2017-18)
	The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
	In respect of new projects loans restructured with effect from 1 st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31 st March, 2015, provisioning requirement is as below:
	• 0.25% by 31 st March, 2015
	• 0.30% by 31 st March, 2016
	• 0.35% by 31 st March, 2017
	• 0.40% by 31 st March, 2018.
	For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31 st March, 2018.

2.4 Treatment of Provisions held

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

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS

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

4. DEPRECIATION

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

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

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

4.4. Leasehold land is amortized over the lease period.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

5. INTANGIBLE ASSETS

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS

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

7. CURRENT TAX AND DEFERRED TAX

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

8. IMPAIRMENT OF ASSETS

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

9. PROVISIONS

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

10. BOND / DEBT ISSUE

- 10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.
- 10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-5-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

- 11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.
- 11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

- 12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.
- 12.2. Other items not exceeding ₹ 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

- 13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.
- 13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

14. TRANSACTION IN FOREIGN CURRENCY

14.1 Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are capitalized in respective fixed assets and amortized over the remaining useful life of fixed assets, by recognition as income or expense in each of such periods, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

14.2 The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

17. INVENTORIES

17.1 Stock-in-trade is valued at lower of cost and net realizable value.

17.2 Work-in-progress comprising material procured and other directly attributable overheads is valued at lower of cost and net realizable value.

17.3 Cost is determined on weighted average basis.

CONSOLIDATED NOTES TO ACCOUNTS

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	28.79%	Un-audited

* The financial statements are un-audited and certified by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

RECTPCL forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of RECTPCL (namely Dinchang Transmission Limited, NRSS XXXVI Transmission Limited, North Karanpura Transco Limited, Khargone Transmission Limited, NER II Transmission Limited, Nellore Transmission Limited and Baira Siul Sarna Transmission Limited have not been consolidated with the financial statements of the Company.

2. SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	98,74,59,000	987.46	98,74,59,000	987.46

- 2.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 and rules made thereunder (to the extent notified), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

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

Name	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	59,87,67,680	60.64%	64,81,68,218	65.64%
Life Insurance Corporation of India	8,64,90,414	8.76%	3,08,77,781	3.13%

CONSOLIDATED NOTES TO ACCOUNTS

3. RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
	Amount	Amount
Capital Reserve	105.00	105.00
Securities Premium Account (Refer Note 3.1)		
Balance as at the beginning of the year	3,223.72	3,223.72
Add: Additions during the year	0.28	-
Balance as at the end of the year	3,224.00	3,223.72
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	531.77	345.98
Add: Amount transferred from Surplus Account	196.59	185.79
Balance as at the end of the year	728.36	531.77
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	8,449.64	6,820.64
Add: Amount transferred from Surplus Account	1,900.00	1,629.00
Balance as at the end of the year	10,349.64	8,449.64
Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	1,621.97	1,268.97
Add: Amount transferred from Surplus Account	390.00	353.00
Balance as at the end of the year	2,011.97	1,621.97
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	-335.46	-532.65
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-503.08	-62.80
Amortisation during the year	666.13	259.99
Balance as at the end of the year	-172.41	-335.46
General Reserve		
Balance as at the beginning of the year	4,154.15	3,623.39
Add: Amount transferred from Surplus Account	572.89	530.76
Balance as at the end of the year	4,727.04	4,154.15
Surplus Account		
Balance as at the beginning of the year	6,334.33	4,959.99
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 3.4)	-	0.74
Add: Profit during the year	5,691.42	5,344.42
Add: Adjustments during the year (Refer Note 3.6)	0.30	-
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,900.00	1,629.00
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viiia) of the Income Tax Act, 1961	390.00	353.00
- Dividend		
- Interim Dividend	1,184.95	789.97
- Proposed Dividend (Final) (Refer Note 3.5)	503.60	266.61
- Dividend Distribution Tax		
- Interim Dividend	239.19	157.89
- Proposed Dividend (Final)	106.49	56.32
- Transfer to Debenture Redemption Reserve	196.59	185.79
- Transfer to General Reserve	572.89	530.76
Balance as at the end of the year	6,932.34	6,334.33
Total Reserves and Surplus	27,905.94	24,085.12

3.1 Additions in Securities Premium Account for the year ended 31st March, 2016 represent the premium of ₹ 0.28 Crores (Previous year Nil) received on issue of Tax Free Bonds through private placement.

CONSOLIDATED NOTES TO ACCOUNTS

3.2 DEBENTURE REDEMPTION RESERVE (DRR)

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

Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 185.79 Crores).

3.3 FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as at 31st March, 2016 is ₹ 172.41 Crores (Previous year ₹ 335.46 Crores).

3.4 DRAW DOWN FROM RESERVES

No amount has been drawn from reserves during the financial year 2015-16. However, an amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) had been adjusted in the retained earnings during the financial year 2014-15 in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1st April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

3.5 PROPOSED DIVIDEND

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	503.60	266.61
- Rate of Dividend	51.00%	27.00%
- Dividend per equity share (₹)	5.10	2.70

3.6

During the previous year, an amount of ₹ 10.36 crore was reported by Energy Efficiency Services Ltd. (EESL), a Joint Venture of the Company, as profit after tax in their un-audited accounts, considered for consolidation of REC Group. Subsequently, the audited accounts of the Company reported a profit of ₹ 9.06 crore. The consequential reduction, in proportion to the Company's share holding in the joint venture, amounting to ₹ 0.33 crore has been included in the adjustments to the Surplus account during the current year alongwith the reduction for share in dividend distribution tax amounting to ₹ 0.14 crore.

Further, during the current year, REC has made fresh investments of ₹ 25 crores which has resulted into an increase in shareholding of REC Limited from 25% to 28.78%. Due to this change, REC Limited's share of opening balance of surplus account has increased by ₹ 0.77 crore which has been included in the adjustments to the surplus account during the current year. Hence, total adjustment carried out in Surplus account during the current year is ₹ 0.30 crore.

4 LONG-TERM DEBT

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as 'Current Maturities of Long-term debt' in Note-10 'Other Current Liabilities'.

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(A) Secured Long-Term Debt				
(a) Bonds				
- Institutional Bonds	27,591.90	7,854.80	35,446.70	2,992.80
- 54EC Capital Gain Tax Exemption Bonds	11,814.48	5,349.91	10,687.69	4,903.25
- Tax Free Bonds	12,577.97	-	11,581.41	-
(b) Term Loans				
- from Financial Institutions	750.00	350.00	1,100.00	350.00
Total Secured Long-Term Debt (a+b)	52,734.35	13,554.71	58,815.80	8,246.05

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(B) Unsecured Long-Term Debt				
(a) Bonds				
- Institutional Bonds	66,184.40	7,055.80	57,714.20	-
- Infrastructure Bonds	34.90	207.49	162.98	213.34
- Zero Coupon Bonds	990.64	-	914.48	-
(b) Term Loans				
- from Banks	-	-	-	125.00
- from Govt. of India	-	-	-	3.07
(c) Other Loans & Advances				
- Foreign Currency Borrowings	18,839.56	3,149.02	13,515.80	10,534.34
Total Unsecured Long-Term Debt (a+b+c)	86,049.50	10,412.31	72,307.46	10,875.75
Total Long-Term Debt (A+B)	1,38,783.85	23,967.02	1,31,123.26	19,121.80
Total Long-Term Debt (Non-Current + Current)	1,62,750.87		1,50,245.06	

Details of Long-term Debt :

4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

4.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
4.1.1.1 Institutional Bonds				
123-IIIB Series	1,955.00	-	1,955.00	-
9.34% Redeemable at par on 23.08.2024				
123-I Series	1,515.00	-	1,515.00	-
9.40% Redeemable at par on 17.07.2021				
92-II Series	945.30	-	945.30	-
8.65% Redeemable at par on 22.01.2020				
91-II Series	995.90	-	995.90	-
8.80% Redeemable at par on 18.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80% Redeemable at par on 07.10.2019				
90-B-II Series	868.20	-	868.20	-
8.72% Redeemable at par on 04.09.2019				
90 th Series	2,000.00	-	2,000.00	-
8.80% Redeemable at par on 03.08.2019				
122 nd Series	1,700.00	-	1,700.00	-
9.02% Redeemable at par on 18.06.2019				
119 th Series	2,090.00	-	2,090.00	-
9.63% Redeemable at par on 05.02.2019				
88 th Series	1,495.00	-	1,495.00	-
8.65% Redeemable at par on 15.01.2019				
118 th Series	1,655.00	-	1,655.00	-
9.61% Redeemable at par on 03.01.2019				
117 th Series	2,878.00	-	2,878.00	-
9.38% Redeemable at par on 06.11.2018				
87-A-III Series	61.80	-	61.80	-
11.15% Redeemable at par on 24.10.2018				
116-II Series	850.00	-	850.00	-
9.24% Redeemable at par on 17.10.2018				
87-II Series	657.40	-	657.40	-
10.85% Redeemable at par on 01.10.2018				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
86-B-III Series	432.00	-	432.00	-
10.85% Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70% Redeemable at par on 30.07.2018				
85th Series	500.00	-	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	685.20	-	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	883.10	-	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	2,610.00	-	2,610.00	-
9.06% Redeemable at par on 22.09.2017				
123-III A Series	1,275.00	-	1,275.00	-
9.25% Redeemable at par on 25.08.2017				
121st Series	-	1,600.00	1,600.00	-
9.52% Redeemable at par on 24.03.2017				
120th Series	-	1,100.00	1,100.00	-
9.67% Redeemable at par on 10.03.2017				
81st Series	-	314.80	314.80	-
8.85% Redeemable at par on 20.01.2017				
116-I Series	-	430.00	430.00	-
9.05% Redeemable at par on 17.10.2016				
123-IV Series	-	2,750.00	2,750.00	-
8.97% Redeemable at par on 08.09.2016				
123-II Series	-	1,660.00	1,660.00	-
9.27% Redeemable at par on 08.08.2016				
80th Series	-	-	-	500.00
8.20% Redeemed at par on 20.03.2016				
79th Series	-	-	-	500.00
7.85% Redeemed at par on 14.03.2016				
78th Series	-	-	-	1,795.70
7.65% Redeemed at par on 31.01.2016				
77th Series	-	-	-	197.10
7.30% Redeemed at par on 30.06.2015				
Total - Institutional Bonds	27,591.90	7,854.80	35,446.70	2,992.80
4.1.1.2 54EC Capital Gain Tax Exemption Bonds				
Series X (2015-16)	6,476.70	-	-	-
6.00% Redeemable at par during financial year 2018-19				
Series IX (2014-15)	5,337.78	-	5,337.78	-
6.00% Redeemable at par during financial year 2017-18				
Series IX (2013-14)	-	5,349.91	5,349.91	-
6.00% Redeemable at par during financial year 2016-17				
Series VIII (2012-13)	-	-	-	4,903.25
6.00% Redeemed at par during financial year 2015-16				
Total - 54EC Capital Gain Tax Exemption Bonds	11,814.48	5,349.91	10,687.69	4,903.25

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
4.1.1.3 Tax Free Bonds				
Series 2015-16 Tranche 1	696.56	-	-	-
Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 417.73 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
Series 2015-16 Series 5A	300.00	-	-	-
7.17% Redeemable at par on 23.07.2025				
Series 2013-14 Tranche 2	1,057.40	-	1,057.40	-
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 528.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
Series 2013-14 Series 4A & 4B	150.00	-	150.00	-
Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
Series 2013-14 Tranche 1	3,410.60	-	3,410.60	-
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,780.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
Series 2013-14 Series 3A & 3B	1,350.00	-	1,350.00	-
Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
Series 2012-13 Tranche 2	131.06	-	131.06	-
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
Series 2012-13 Tranche 1	1,982.35	-	1,982.35	-
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				
Series 2012-13 Series 2A & 2B	500.00	-	500.00	-
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
Series 2011-12	3,000.00	-	3,000.00	-
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
Total - Tax Free Bonds	12,577.97	-	11,581.41	-

CONSOLIDATED NOTES TO ACCOUNTS

4.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC)	750.00	350.00	1,100.00	350.00
<i>The Loan of ₹1500 Crores (present outstanding ₹ 200 Crores @ 6.242% and ₹ 100 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 800 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.</i>				
Total - Term Loans	750.00	350.00	1,100.00	350.00
4.2 Details of Unsecured long-term debt :				
4.2.1 Bonds				
4.2.1.1 Institutional Bonds				
136th Series	2,585.00	-	-	-
8.11% Redeemable at par on 07.10.2025				
95-II Series	1,800.00	-	1,800.00	-
8.75% Redeemable at par on 14.07.2025				
94th Series	1,250.00	-	1,250.00	-
8.75% Redeemable at par on 09.06.2025				
133rd Series	2,396.00	-	-	-
8.30% Redeemable at par on 10.04.2025				
131st Series	2,285.00	-	2,285.00	-
8.35% Redeemable at par on 21.02.2025				
130th Series	2,325.00	-	2,325.00	-
8.27% Redeemable at par on 06.02.2025				
129th Series	1,925.00	-	1,925.00	-
8.23% Redeemable at par on 23.01.2025				
128th Series	2,250.00	-	2,250.00	-
8.57% Redeemable at par on 21.12.2024				
115th Series - Subordinate Tier-II Bonds	2,500.00	-	2,500.00	-
8.06% Redeemable at par on 31.05.2023				
114th Series	4,300.00	-	4,300.00	-
8.82% Redeemable at par on 12.04.2023				
111-II Series	2,211.20	-	2,211.20	-
9.02% Redeemable at par on 19.11.2022				
107th Series	2,378.20	-	2,378.20	-
9.35% Redeemable at par on 15.06.2022				
132nd Series	700.00	-	700.00	-
8.27% Redeemable at par on 09.03.2022				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
127th Series	1,550.00	-	1,550.00	-
8.44% Redeemable at par on 04.12.2021				
105th Series	3,922.20	-	3,922.20	-
9.75% Redeemable at par on 11.11.2021				
101-III Series	3,171.80	-	3,171.80	-
9.48% Redeemable at par on 10.08.2021				
100th Series	1,500.00	-	1,500.00	-
9.63% Redeemable at par on 15.07.2021				
98th Series	3,000.00	-	3,000.00	-
9.18% Redeemable at par on 15.03.2021				
97th Series	2,120.50	-	2,120.50	-
8.80% Redeemable at par on 30.11.2020				
96th Series	1,150.00	-	1,150.00	-
8.80% Redeemable at par on 26.10.2020				
135th Series	2,750.00	-	-	-
8.36% Redeemable at par on 22.09.2020				
134th Series	2,675.00	-	-	-
8.37% Redeemable at par on 14.08.2020				
113th Series	1,542.00	-	1,542.00	-
8.87% Redeemable at par on 09.03.2020				
111-I Series	452.80	-	452.80	-
9.02% Redeemable at par on 19.11.2019				
126th Series	1,700.00	-	1,700.00	-
8.56% Redeemable at par on 13.11.2019				
125th Series	3,000.00	-	3,000.00	-
9.04% Redeemable at par on 11.10.2019				
108-II Series	960.00	-	960.00	-
9.39% Redeemable at par on 20.07.2019				
95-I Series	200.00	-	200.00	-
8.70% Redeemable at par on 12.07.2019				
137th Series	2,225.00	-	-	-
8.05% Redeemable at par on 07.12.2018				
112th Series	1,500.00	-	1,500.00	-
8.70% Redeemable at par on 01.02.2018				
109th Series	1,734.70	-	1,734.70	-
9.25% Redeemable at par on 28.08.2017				
108-I Series	2,125.00	-	2,125.00	-
9.40% Redeemable at par on 20.07.2017				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
138th Series	-	2,895.00	-	-
8.28% Redeemable at par on 04.03.2017				
106th Series	-	1,500.00	1,500.00	-
9.28% Redeemable at par on 15.02.2017				
103-I Series	-	50.00	50.00	-
9.35% Redeemable at par on 19.10.2016				
102nd Series	-	2,216.20	2,216.20	-
9.38% Redeemable at par on 06.09.2016				
101-II Series	-	394.60	394.60	-
9.45% Redeemable at par on 10.08.2016				
Total - Institutional Bonds	66,184.40	7,055.80	57,714.20	-
4.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	29.51	128.08	157.59	-
Redeemable at par. Refer Note 4.6				
Series-I (2010-11)	5.39	79.41	5.39	213.34
Redeemable at par. Refer Note 4.6				
Total - Infrastructure Bonds	34.90	207.49	162.98	213.34
4.2.1.3 Zero Coupon Bonds				
ZCB - Series II	178.95	-	164.60	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I	811.69	-	749.88	-
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
Total - Zero Coupon Bonds	990.64	-	914.48	-
4.2.2 Term Loans				
4.2.2.1 Term Loans from Banks				
- Bank of Maharashtra	-	-	-	125.00
4.2.2.2 Loan from Govt. of India	-	-	-	3.07
Total - Term Loans	-	-	-	128.07
4.2.3 Other Loans & Advances				
4.2.3.1 Foreign Currency Borrowings				
CHF Bonds - CHF 200 Mn	-	1,378.50	1,285.44	-
3.50% Redeemable at par on 07.03.2017				
Reg S Bonds - US \$500 Mn	-	-	-	2,703.58
4.25% Redeemed at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	400.61	210.13	550.17	209.62
0.75% JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2016 and 0.65% JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2016				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
KfW Loan - Guaranteed by Govt. of India	93.33	51.10	144.43	51.40
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2016				
KfW Loan - Guaranteed by Govt. of India	64.86	-	21.94	-
1.96% Loan repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn, first instalment due on 30.06.2018. Total Loan Amount as on 31.03.2016 ₹ 226.34 Crores, REC'S share ₹ 64.86 cr)				
Syndicated Loan - US \$400 Mn	-	-	-	1,788.96
Repaid on 22.09.2015				
Bilateral Term Loan - Mauritius - US \$70 Mn	-	-	-	311.36
Repaid on 28.10.2015				
Bilateral Term Loan - Mizuho - US \$100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Bilateral Term Loan - BTMU - US \$100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Syndicated Loan- US \$300 Mn	-	1,367.24	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	213.77	53.44	267.22	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- ₹19.029 Bn	1,184.43	-	1,184.43	-
Repayable on 10.04.2017				
Syndicated Loan- US \$250 Mn	-	-	-	1,366.49
Repaid on 19.11.2015				
KfW-III Loan - Guaranteed by Govt. of India	558.76	88.61	477.36	89.18
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- US \$250 Mn	-	-	-	1,544.42
Repaid on 05.02.2016				
Syndicated Loan- US \$250 Mn	-	-	-	1,522.89
Repaid on 21.03.2016				
Syndicated Loan- US \$285 Mn	1,780.28	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US \$250 Mn	1,521.75	-	1,499.29	-
Repayable on 29.05.2019				
Syndicated Loan- US \$400 Mn	2,435.78	-	2,435.78	-
Loan of US\$ 230 Mn and US\$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US \$400 Mn	2,539.64	-	2,502.22	-
Repayable on 12.03.2020				
Syndicated Loan- US \$300 Mn	1,909.56	-	-	-
Repayable on 29.07.2020				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
Syndicated Loan- US \$250 Mn	1,653.25	-	-	-
Loan of US\$ 150 Mn and US\$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US \$300 Mn	1,997.80	-	-	-
Repayable on 01.12.2020				
Syndicated Loan- US \$250 Mn	1,688.46	-	-	-
Repayable on 05.02.2019				
Syndicated Loan- US \$120 Mn	797.28	-	-	-
Repayable on 21.03.2019				
Total - Foreign Currency Borrowings	18,839.56	3,149.02	13,515.80	10,534.34

4.3 Security Details of the Secured Borrowings

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

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

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

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

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

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

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

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

4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.3.1.

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

Domestic and International Credit Rating

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

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

There has been no migration of ratings during the year.

CONSOLIDATED NOTES TO ACCOUNTS

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	18.35	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	61.06	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	
Total	84.80	

Series II (2011-12) allotted on 15.02.2012

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

5. DEFERRED TAX LIABILITIES (NET)

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liabilities on account of:		
Depreciation	4.48	4.15
Foreign Currency Exchange Fluctuation Loss	59.67	116.10
Total	64.15	120.25
Deferred Tax Assets on account of:		
Provision for Earned Leave	8.13	7.98
Provision for Medical Leave	5.49	4.83
Provision for Gratuity	0.03	-
Provision for Doubtful Debts	2.03	0.86
Provision for Contingencies of Project Cost Revisions	0.79	0.72
Provision for Employee benefits	0.11	0.06
Operating lease liabilities	0.03	-
Total	16.61	14.45
Deferred Tax Liabilities (Net)	47.54	105.80

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

CONSOLIDATED NOTES TO ACCOUNTS

6. OTHER LONG-TERM LIABILITIES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Non-Current Portion of Interest accrued but not due on borrowings	9.50	36.16
- Others	0.59	0.02
Total	10.09	36.18

7. LONG-TERM AND SHORT-TERM PROVISIONS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(A) Provisions for				
Employee Benefits				
Earned Leave Liability	21.35	2.31	20.51	2.68
Post Retirement Medical Benefits	82.50	4.12	73.80	3.81
Medical Leave Liability	13.65	2.22	13.26	1.96
Settlement Allowance	1.06	0.16	1.04	0.16
Economic Rehabilitation Scheme	3.31	0.03	2.71	0.01
Long Service Award	2.45	0.11	2.34	0.50
Loyalty Bonus	0.08	0.07	0.09	-
Sub-total (A)	124.40	9.02	113.75	9.12
(B) Others				
Standard Loan Assets	420.35	123.08	446.13	44.79
Restructured Standard Loans	750.71	70.63	447.51	4.26
Interest on Loans Due & Converted into Equity	-	3.96	-	-
Incentive	-	18.13	-	16.71
Wealth Tax	-	-	-	0.37
Fringe Benefit Tax	-	-	-	0.36
Proposed Dividend	-	503.60	-	266.61
Corporate Dividend Tax	-	106.49	-	56.32
CSR Expenses	-	21.22	-	58.04
Contingencies of project cost revisions	-	2.29	-	2.13
Sub-total (B)	1,171.06	849.40	893.64	449.59
Total (A+B)	1,295.46	858.42	1,007.39	458.71

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

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.19	6.38	5.87	23.66
Previous year	23.00	5.70	5.51	23.19
Post Retirement Medical Benefits	77.61	15.33	6.32	86.62
Previous year	66.64	16.39	5.42	77.61
Medical Leave Liability	15.22	2.11	1.46	15.87
Previous year	14.74	1.81	1.33	15.22
Settlement Allowance	1.20	0.12	0.10	1.22
Previous year	1.16	0.20	0.16	1.20

CONSOLIDATED NOTES TO ACCOUNTS

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Economic Rehabilitation Scheme	2.72	1.26	0.64	3.34
Previous year	2.65	0.70	0.63	2.72
Long Service Award	2.84	0.02	0.30	2.56
Previous year	3.38	0.02	0.56	2.84
Loyalty Bonus	0.09	0.06	-	0.15
Previous year	-	0.09	-	0.09
Standard Loan Assets	490.92	138.93	86.42	543.43
Previous year	370.38	120.54	-	490.92
Restructured Standard Loans	451.77	369.57	-	821.34
Previous year	-	451.77	-	451.77
Interest on Loans Due & Converted into Equity	-	3.96	-	3.96
Previous year	-	-	-	-
Incentive	16.71	14.34	12.92	18.13
Previous year	15.42	13.30	12.01	16.71
CSR Expenses	58.04	125.70	162.52	21.22
Previous year	0.28	102.07	44.31	58.04
Wealth Tax	0.37	0.02	0.39	-
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	0.36	-
Previous year	0.36	-	-	0.36
Interim Dividend	-	1,184.95	1,184.95	-
Previous year	-	789.97	789.97	-
Proposed Dividend	266.61	503.60	266.61	503.60
Previous year	172.81	266.61	172.81	266.61
Corporate Dividend Tax	56.32	345.68	295.51	106.49
Previous year	29.43	214.21	187.32	56.32
Income Tax	5,322.76	2,560.78	1,351.30	6,533.48
Previous year	4,031.20	2,276.62	985.06	5,322.76
Contingencies of project cost revisions	2.13	2.96	2.80	2.29
Previous year	1.15	1.71	0.73	2.13

8. SHORT-TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Loans Repayable on Demand, unsecured		
- from Banks	749.93	734.00
(B) Commercial Paper, unsecured	5,600.00	-
(C) Other Loans and Advances		
- from Banks		
Secured *	71.97	-
Unsecured	10.08	-
- from Financial Institutions, secured *	28.79	-
Total (A+B+C)	6,460.77	734.00

*Other loans and advances from banks and financial institutions belonging to EESL, a Joint Venture of the Company are secured by pari-passu charge on book debts of EESL.

CONSOLIDATED NOTES TO ACCOUNTS

9. TRADE PAYABLES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Trade Payables	118.69	30.83
Total	118.69	30.83

10. OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Current maturities of long-term debt (Refer Note 4)	23,967.02	19,121.80
(B) Interest accrued but not due on borrowings	6,227.74	5,263.67
(C) Interest accrued and due on borrowings	-	1.10
(D) Income Received in Advance	21.50	24.17
(E) Unpaid Dividends	2.73	2.62
(F) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	44.83	57.64
- Interest on Bonds	12.57	14.33
(G) Other payables		
- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	38,111.60	33,641.80
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	18.10	51.38
Less: Disbursed to Beneficiaries	-38,091.35	-33,399.90
<i>Undisbursed Funds to be disbursed as Subsidy/Grant</i>	38.35	293.28
- Overdraft in Current Account	-	0.38
- Statutory Dues payable including PF and TDS	36.37	28.65
- Payable towards funded staff benefits	0.53	0.62
- Other Liabilities	125.06	78.90
Sub-total (G)	200.31	401.83
Total (A to G)	30,476.70	24,887.16

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Net amount of ₹ 1.26 Crores as at 31st March, 2016 (Previous year ₹ 2.22 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance of Interest Subsidy Fund	2.22	3.53
Add: Interest earned during the year	0.07	0.13
Less: Interest subsidy passed on the borrower	1.03	1.44
Closing Balance of Interest Subsidy Fund	1.26	2.22

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

During the year, interest earned of ₹ 39.15 Crore (Previous year ₹ 61.78 Crore) has been taken to DDUGJY Subsidy account. Further, during the year, an account of ₹ 71.66 crore (Previous year ₹ 22.07 crore) has been refund back to MoP out of the total interest on subsidy.

- 10.3** The movement in Interest on Subsidy/Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance	51.38	11.55
Add: Interest earned during the year	41.49	62.93
Less: Amount refunded to Govt. during the year	74.19	22.34
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.58	0.76
Closing Balance	18.10	51.38

CONSOLIDATED NOTES TO ACCOUNTS

11. FIXED ASSETS AS AT 31ST MARCH 2016

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2015	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2016	Upto 31.03.2015	During the year	Adjustment during the year	As on 31.03.2016	As at 31.03.2015
Tangible Assets									
Freehold Land	34.75	45.92	0.05	80.62	-	-	-	80.62	34.75
Leasehold Land	1.45	0.08	-0.40	1.93	0.22	0.05	-0.01	0.28	1.23
Buildings	33.71	0.04	0.58	33.17	7.29	0.47	-	7.76	26.42
Furniture & Fixtures	7.30	0.50	-0.32	8.12	4.60	0.70	0.18	5.12	2.70
Vehicles	0.46	-	0.03	0.43	0.22	0.04	0.02	0.24	0.24
EDP Equipments	17.41	2.20	0.80	18.81	11.62	2.77	0.60	13.79	5.79
Office Equipments	43.36	110.26	-4.67	158.29	6.00	15.06	-0.07	21.13	37.37
Total	138.44	159.00	-3.93	301.37	29.95	19.09	0.72	48.32	108.50
Previous year	95.21	46.53	3.31	138.43	24.56	7.28	1.91	29.93	108.50
Intangible Assets									
Computer Software	7.06	0.12	-	7.18	5.59	0.58	0.02	6.15	1.47
Total	7.06	0.12	-	7.18	5.59	0.58	0.02	6.15	1.47
Previous year	6.99	0.06	-	7.05	4.54	1.04	-	5.58	1.47
Capital Work-in-progress	9.81	195.23	128.20	76.84	-	-	-	-	9.81
Previous year	10.53	4.50	5.22	9.81	-	-	-	-	9.81

11.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 4.59 Crores) are yet to be executed.

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

11.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :
Amortisation Rate - 20%, 100% in case the total cost of the asset is ₹ 5,000 or less

CONSOLIDATED NOTES TO ACCOUNTS

12. INVESTMENTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Quoted)				
(i) Investment in Tax Free Bonds				
8.76% Bonds of HUDCO Ltd.	50,000	5.00	50,000	5.00
Bonds of Face Value of ₹ 1,000 each				
7.39% Bonds of HUDCO Ltd.	86,798	8.68	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of NHAI	42,855	4.29	-	-
Bonds of Face Value of ₹ 1,000 each				
7.39% Bonds of NHAI	35,463	3.55	-	-
Bonds of Face Value of ₹ 1,000 each				
7.49% Bonds of IREDA Ltd.	61,308	6.13	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of IRFC Ltd.	22,338	2.23	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of NABARD	14,028	1.40	-	-
Bonds of Face Value of ₹ 1,000 each				
(B) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- REC Transmission Projects Company Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- Joint Ventures				
- Energy Efficiency Services Limited	4,75,00,000	-	2,25,00,000	-
Equity shares of ₹10 each, fully paid up				
- Others				
- India Energy Exchange Limited	12,50,000	1.25	12,50,000	1.25
Equity shares of ₹10 each, fully paid up				
- Universal Commodity Exchange Limited	1,60,00,000	16.00	1,60,00,000	16.00
Equity shares of ₹10 each, fully paid up				
<i>Less: Provision for Diminution in Investment</i>		(16.00)		-
		-		16.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
(ii) Investment in Government Securities				
- 8% Government of Madhya Pradesh Power Bonds-II	6	282.96	8	377.28
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii) Investment in Venture Capital Funds				
- 'Small is Beautiful' Fund	61,52,200	6.15	76,82,816	7.68
Units at face value of ₹ 10.00 per unit				
(iv) Investment in Debentures				
- 9.68% Bonds of UP Power Corporation Ltd.	38,050	380.50	75,000	750.00
Bonds of Face Value of ₹ 0.01 Crores each				
- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	5,000	500.00	-	-
Bonds of Face Value of ₹ 0.10 Crores each				
- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	5,000	500.00	-	-
Bonds of Face Value of ₹ 0.10 Crores each				
- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	5,000	500.00	-	-
Bonds of Face Value of ₹ 0.10 Crores each				
Total - Non-Current Investments (1)		2,202.14		1,157.21
(2) Current Investments				
Valued at Lower of Cost and Fair Value				
(A) Investment in Equity Instruments (Unquoted)				
- Lanco Teesta Hydro Power Limited	10,20,00,000	102.00	-	-
Equity shares of ₹10 each, fully paid up				
- Dinchang Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- NRSS XXXVI Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- North Karanpura Transco Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- Khargone Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- NER II Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- Nellore Transmission Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- Baira Siul Sarna Transmission Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
- Gadarwara A Transco Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- Gadarwara B Transmission Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- Maheshwaram Transmission Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
(B) Investment in Government Securities (Unquoted)				
- 8.57%-8.73% Government of Uttar Pradesh Special Bonds	-	-	-	391.50
- 8% Government of Madhya Pradesh Power Bonds-II				
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016	1	47.16	1	47.16
(Bonds of Face Value of ₹ 47.16 Crores each)*				
Total - Current Investments (2)		149.41		438.81
Total (1+2)		2,351.55		1,596.02

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

12.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(1) Value of Investments				
(i) Gross Value of Investments				
(a) In India	2,218.14	149.51	1,157.21	438.91
(b) Outside India,	-	-	-	-
(ii) Provisions for Depreciation				
(a) In India	16.00	0.10	-	0.10
(b) Outside India,	-	-	-	-
(iii) Net Value of Investments				
(a) In India	2,202.14	149.41	1,157.21	438.81
(b) Outside India.	-	-	-	-
(2) Movement of provisions held towards depreciation on investments.				
(i) Opening balance	-	0.10	-	-
(ii) Add : Provisions made during the year	16.00	-	-	0.10
(iii) Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv) Closing balance	16.00	0.10	-	0.10
(3) Aggregate amount of Quoted Investments	1,531.28	-	72.00	391.50
Market Value of Quoted Investments	1,532.32	-	6.00	405.63
(4) Aggregate amount of Unquoted Investments	686.86	149.41	1,152.21	47.31
(5) Aggregate provision for diminution in value of investments	16.00	0.10	-	0.10

12.2 Investments include ₹ 6.15 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2016 is ₹ 10.24 per unit (Previous year ₹ 9.70 per unit).

CONSOLIDATED NOTES TO ACCOUNTS

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

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	28.79%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (28.79%)
	2. Power Grid Corporation of India Limited (13.63%)
	3. Power Finance Corporation Limited (28.79%)

Further, an amount of ₹ 99.00 Crores has been paid to Energy Efficiency Services Limited (EESL) on 31st March, 2016 as share application money. EESL has allotted 9,90,00,000 equity shares of ₹ 10 each to the Company on 25th April, 2016 and the share of the Company in the JV has accordingly increased to 31.71%.

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2016 and income and expenses for the period in respect of joint venture are given below :

(₹ in Crores)			
Particulars	As at / For the period ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the period ended 31.03.2015 (Audited) *
(i) Total Assets	434.53	78.94	78.97
(ii) Total Liabilities	371.71	50.21	51.39
(iii) Total Reserves & Surplus	15.32	6.23	5.08
(iv) Contingent Liabilities	Nil	Nil	Nil
(v) Capital Commitments	84.24	Nil	14.99
(vi) Total Income	205.68	17.57	17.78
(vii) Total Expenses	191.40	14.37	14.38

* The consolidated financial statements of the Company for the FY 2014-15 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 3rd July, 2015. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the financial year 2015-16. Further, the change in profit after tax has been adjusted in surplus account.

13. LONG-TERM LOANS & ADVANCES

(₹ in Crores)		
Particulars	As at 31.03.2016	As at 31.03.2015
(A) Capital Advances (Unsecured, considered good)	49.14	20.20
(B) Security Deposits (Unsecured, considered good)	4.34	1.31
(C) Loans & Advances to Related Parties		
- To Key Managerial Personnel (KMP)	0.63	0.21
	0.63	0.21
(D) Other Loans & Advances		
- Staff Loans & Advances (except to KMP)	36.72	40.40
- Loan Assets	1,57,703.84	1,64,152.03
- Others (Unsecured, considered good)	2.15	1.10
	1,57,742.71	1,64,193.53
Total (A to D)	1,57,796.82	1,64,215.25

CONSOLIDATED NOTES TO ACCOUNTS

Details of Staff Loans & Advances and Loan Assets :

13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

Particular	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(A) Secured Staff Loans & Advances				
(A1) To Key Managerial Personnel				
(a) Considered Good	0.01	0.01	0.04	0.02
(A2) To Others				
(a) Considered Good	2.93	0.73	2.82	1.08
(b) Classified Doubtful	-	-	-	0.07
Less: Provision for bad & doubtful debts	-	-	-	0.07
	-	-	-	-
Sub-total (A1+ A2)	2.94	0.74	2.86	1.10
(B) Unecured Staff Loans & Advances				
(B1) To Key Managerial Personnel				
(a) Considered Good	0.62	0.19	0.17	0.06
(B2) To Others				
(a) Considered Good	33.79	10.24	37.58	9.56
Sub-total (B1+ B2)	34.41	10.43	37.75	9.62
Grand Total (A+B)	37.35	11.17	40.61	10.72

13.2 Loan Assets

Non-current portion of the long-term loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the long-term loan assets has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(A) Secured Loans				
(A1) Loans to State Power Utilities/ State Electricity Boards/ Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)				
(a) Considered Good	1,09,569.70	15,194.43	95,970.62	8,981.75
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	24,377.49	1,841.42	28,393.85	1,201.89
(b) Classified Doubtful	2,243.97	1,569.50	849.53	429.66
Less: Provision for bad & doubtful debts	257.65	325.52	208.67	100.59
	1,986.32	1,243.98	640.86	329.07
Sub-total (A1+ A2)	1,35,933.51	18,279.83	1,25,005.33	10,512.71

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	18,092.54	22,522.84	35,334.41	2,651.53
(B2) Loans to State Governments				
(a) Considered good	2,467.29	886.78	2,878.29	377.24
(B3) Loans - Others				
(a) Considered Good	1,210.50	99.51	934.00	490.99
(b) Classified Doubtful	-	430.10	56.19	-
Less: Provision for Bad & doubtful debts	-	430.10	56.19	-
	-	-	-	-
Sub-total (B1+ B2+B3)	21,770.33	23,509.13	39,146.70	3,519.76
Grand Total (A+B)	1,57,703.84	41,788.96	1,64,152.03	14,032.47

13.2.1 Loan balance confirmations for 92.95% of total loan assets as at 31st March, 2016 have been received from the borrowers. Out of the remaining 7.05% loan assets amounting to ₹ 14,188 crore for which balance confirmations have not been received, 72.94% loans are secured by way of hypothecation of assets, 23.37% by way of Government Guarantee/ Loans to Government and 3.69% are unsecured loans.

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

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

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

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

Hence, the Management was of the view that the above project of AHPCL, being a Hydro project in Himalayan region and affected by natural disaster is outside the preview of circular dated 23rd January 2014 and shall continue to be governed by the existing REC's existing prudential norms, which states, "In case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for." As AHPCL is a standard asset in the books of REC, as such no provision on funded interest is required to be created.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), during the year ended 31st March, 2015, 100% provision was created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores.

In response to the request, RBI, vide its letter No. DNBR.PD.CO.No. 123/03.10.001/2015-16 dated 17th July, 2015 has advised that FITL sanctioned to the said borrower will be exempted from provisions of RBI Restructuring Norms. Accordingly, the provision of ₹ 86.42 crores has been reversed and accounted for during the year ended 31st March, 2016.

13.2.4 M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 96.59%

The issues regarding infusion of equity into the project was resolved amongst the promoters and subsequently, the Share Purchase Agreement was executed on 6th August, 2015 amongst the shareholders of TUL to enable Sikkim Power Investment Corporation Limited (wholly owned company of Govt. of Sikkim) to increase its stake to 51% in TUL by way of infusion of equity and purchase of shares from other shareholders. Accordingly, the current shareholding of Sikkim Power Investment Corporation Limited in TUL is 51% and TUL has been recognised as Govt. of Sikkim undertaking.

CONSOLIDATED NOTES TO ACCOUNTS

During the year ended 31st March 2015, some of the lenders including REC, adjusted their outstanding interest due on the basis of bilateral agreement with the company, against the loan sanctioned towards 2nd cost overrun to TUL. Accordingly, pending documentation, as on 31st March 2015, an amount of ₹ 202.15 Crores was classified as unsecured loan. The disbursement made under 2nd cost overrun have since been secured by extending the charge on movable assets. The joint documentation between the lenders have concluded on 29th June, 2015 excluding PNB and Canara Bank, who are yet to join the documentation by deed of accession. Accordingly as on 31st March 2016, the loan disbursements under 2nd cost overrun to the borrower has been classified as secured loan.

- 13.2.5** REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31st March, 2016, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the fair market value of Phase-I project assets is ₹ 1,401.94 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 399.08 Crores and for the balance loan amount of ₹ 412.66 Crores, 20% provision amounting to ₹ 82.53 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2016 is ₹ 481.61 Crores.

Further, recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. Further, action as per SARFAESI Act has also been initiated. Lenders are in the process of filing Original Application (OA) in Debt Recovery Tribunal (DRT) for recovery of dues.

- 13.2.6** REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crore till 31st March, 2016. As project has been delayed considerably, lenders are discussing the future strategy and exploring the various options for the implementation of the project.

The account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the fair market value of project assets is valued at ₹ 180.17 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.02 crore and for the balance loan amount of ₹ 2.22 crores, 20% provision amounting to ₹ 0.44 crore is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as on 31st March 2016 is ₹ 31.46 Crore on total loan outstanding of ₹ 33.24 crore.

Further, recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Joint application for recovery of their dues is being filed by the lenders in DRT.

- 13.2.7** As at 31st March 2016, the dues of one of the borrowers amounting to ₹ 366.30 Crores were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. However, the borrower had obtained an ad-interim order from Hon'ble High Court of Madras on 18th September, 2015 not to classify the account as NPA and the classification of the borrower has been retained as 'Standard Asset' pending final decision of the Court. Accordingly, 10% provision as applicable for sub-standard loans on the loan outstanding ₹ 1,875.71 Crores has not been created and interest income of ₹ 366.30 Crores has also been recognized on accrual basis in accordance with the accounting policy of the Company for recognition of income on standard assets. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 93.79 Crores has been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy B-2.3(iv).

- 13.2.8** REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May'12. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8th June, 2015. In terms of SDR Regulations dated 8th June, 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24th July, 2015. Accordingly, REC, on 24th September, 2015, has approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated June 08, 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20th October, 2015, necessary documentation has been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction has been converted into equity on 20th October, 2015.

A provision of ₹ 3.96 crores has been made against the interest due that was converted into equity in terms of RBI guidelines. Further, as a matter of prudence, an additional provision amounting to ₹ 15.50 Crores on the residual loan outstanding of ₹ 236.80 Crores as at 31st March, 2016 has been made in terms of RBI Circular dated 25th February, 2016. Income accrued & remaining unpaid as at 31st March, 2016 amounting to ₹ 32.27 crores on the outstanding loan amount has not been recognised due to uncertainty in view of SDR implementation.

CONSOLIDATED NOTES TO ACCOUNTS**14. OTHER NON-CURRENT ASSETS**

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(A) Non-Current Portion of Interest Accrued on Staff Advances	6.79	5.01	
(B) Advance Income-tax & TDS	6,633.82	5,399.62	
Less : Provision for Income Tax	6,533.48	5,322.76	
Advance Income-tax & TDS (Net)	100.34	76.86	
(C) Non-current Portion of Unamortized Expenses :			
- Discount on Issue of Bonds	-	0.14	
(D) Term Deposits with Banks with more than 12 months maturity	2.13	3.10	
Total (A to D)	109.26	85.11	
- Of the above			
Term deposits held as security/ margin money	2.13	3.10	

15. INVENTORIES

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(a) Stock-in-trade *	49.68	-	
(b) Work-in-progress	17.11	-	
Total	66.79	-	

* Stock-in-trade includes goods-in-transit amounting to ₹ 3.32 crores.

16. TRADE RECEIVABLES

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(a) Unsecured			
Outstanding for a period more than 6 months			
- Considered Good	90.19	50.53	
- Considered Doubtful	5.87	2.53	
Less: Provision for bad & doubtful debts	5.87	2.53	
	-	-	
Less than 6 months			
- Considered Good	141.70	69.75	
Total	231.89	120.28	

17. CASH AND BANK BALANCES

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(A) Cash & Cash Equivalents			
- Balances with Banks	1,038.01	202.35	
- Cash on Hand (including postage & imprest)	0.01	-	
- Others			
- Short Term Deposits with Scheduled Banks	778.54	356.57	
Sub-total (A)	1,816.56	558.92	

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(B) Others		
- Term Deposits with Scheduled Banks	47.52	86.79
Sub-total (B)	47.52	86.79
Total (A+B)	1,864.08	645.71
<i>Balances with Banks include:</i>		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.73	2.62
- For DDUGJY, AG&SP, NEF and other grants	34.17	54.94
- For Unutilised CSR Fund	-	-
- Amount set aside for grants disbursement	1.77	2.15
<i>Further, Short-term Deposits with Scheduled Banks include ₹ 2.41 Crores (Previous year ₹ 236.19 Crores) earmarked towards DDUGJY and other grants and ₹ 7.86 Crores (Previous year Nil) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of a Court order.</i>		
- Term deposits held as security/ margin money	0.49	-
- Term Deposits with Scheduled Banks with more than twelve months original maturity	15.86	16.20

- 17.1** The Company has made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 700 Crores during the financial year 2015-16 in addition to private placement of the Tax Free Bonds of ₹ 300 Crores. The bonds had been allotted in line with the prescribed guidelines and the issue proceeds have been utilised for the purposes as mentioned in the Offer document.

18. SHORT-TERM LOANS & ADVANCES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Loans & Advances to Related Parties		
- Unsecured		
(a) Considered Good	3.35	2.09
(b) Classified Doubtful	0.06	0.06
Less: Provision for bad & doubtful debts	0.06	0.06
	-	-
(B) Others		
(i) Advances recoverable in cash or in kind or value to be received		
(a) Secured, Considered Good	-	0.02
(b) Unsecured		
(a) Considered Good	33.67	1.35
(b) Classified Doubtful	2.06	2.06
Less: Provision for bad & doubtful debts	2.06	2.06
	-	-
Total (i)	33.67	1.37

CONSOLIDATED NOTES TO ACCOUNTS

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(ii) Loan Assets			
(a) Secured Loans			
- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)			
Considered Good	-	485.88	
Sub-total (a)	-	485.88	
(b) Unsecured Loans			
- Loans Guaranteed by respective State Governments			
- Considered Good	672.22	500.00	
- Loans - Others			
- Considered Good	100.00	111.11	
Sub-total (b)	772.22	611.11	
Total (ii)	772.22	1,096.99	
Grand Total	809.24	1,100.45	

19. OTHER CURRENT ASSETS

		(₹ in Crores)	
Particulars	As at 31.03.2016	As at 31.03.2015	
(A) Current recoverable of Long-term Loan Assets (Net) (Refer Note 13.2)	41,788.96	14,032.47	
(B) Current recoverable of Staff Advances (Net) (Refer Note 13.1)	11.17	10.72	
(C) Interest Accrued & Not Due on:			
- Govt. Securities	-	7.89	
- Long Term Investments	18.40	30.78	
- Term Deposits	3.20	4.30	
Sub-total	21.60	42.97	
(D) Interest Accrued & Due on Loan Assets	1,112.89	1,019.94	
(E) Interest Accrued & Not Due on Loan Assets	301.73	444.30	
(F) Current Portion of Interest Accrued on Staff Advances	0.30	0.28	
(G) Recoverable from GOI			
- RGGVY/ DDUGJY Expenses	9.71	8.49	
- NEF Expenses	0.37	0.29	
Sub-total	10.08	8.78	
(H) Recoverable from SEBs/ Govt. Deptt/Others	16.28	9.35	
(I) Income Tax Recoverable	0.18	0.39	
(J) Prepaid Financial Charges on Commercial Paper	67.30	-	
(K) Prepaid Expenditure	9.90	0.11	
(L) Current Portion of Unamortized Expenses			
- Discount on Issue of Bonds	0.14	3.99	
(M) Others	42.63	0.01	
Total (A to M)	43,383.16	15,573.31	

CONSOLIDATED NOTES TO ACCOUNTS

20. REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
(A) Interest on Loan Assets				
(i) Long term financing	23,375.20		19,904.21	
Less: Rebate for timely payments/ completion etc.	1.49	23,373.71	2.70	19,901.51
(ii) Short term financing		96.95		170.57
Sub-total (A)		23,470.66		20,072.08
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc.		24.71		51.93
(ii) Prepayment Premium		30.50		11.23
(iii) Fee for RGGVY/ DDUGJY Implementation/ others		32.78		15.29
Sub-total (B)		87.99		78.45
(C) Income from Short-term Investment of Surplus Funds				
(i) Interest from Deposits		68.21		69.46
(ii) Gain on Sale of Mutual Funds		11.49		9.54
Sub-total (C)		79.70		79.00
(D) Income from Consulting Engineer Services		374.53		154.81
Total (A to D)		24,012.88		20,384.34

21. OTHER INCOME

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(A) Interest Income (Other than Operating Income)		
- Interest from Govt. Securities	43.23	47.51
- Interest from Long Term Investments/Term Deposits/Others	52.05	106.87
- Interest from Staff Advances	2.22	1.72
- Interest from Subsidiary Companies/SPVs	0.29	0.09
- Interest on Application Money	0.19	-
Sub-Total (A)	97.98	156.19
(B) Dividend Income		
- Dividend from Long-Term Investments	2.37	3.63
Sub-Total (B)	2.37	3.63
(C) Net Gain on Sale of Long Term Investments	12.29	-
(D) Other Non-Operating Income		
- Profit on sale of assets	-	0.02
- Provision Written Back	1.04	0.78
- Miscellaneous Income	3.37	4.93
Sub-Total (D)	4.41	5.73
Total (A to D)	117.05	165.55

CONSOLIDATED NOTES TO ACCOUNTS

22. FINANCE COSTS

(₹ in Crores)		
	Year ended 31.03.2016	Year ended 31.03.2015
(A) Interest Expense		
- On Govt. Loans	0.15	0.43
- On REC Bonds	11,369.39	9,503.41
- On Loans from Banks/ Financial Institutions	134.18	207.43
- On External Commercial Borrowings	1,616.97	1,358.86
- On Commercial Paper	285.91	300.03
- On AREP Subsidy	0.04	0.08
- Interest on Advance Income Tax	0.46	1.38
Sub-Total (A)	13,407.10	11,371.62
(B) Other Borrowing Costs		
- Guarantee Fee	19.14	18.31
- Public Issue Expenses	0.70	-
- Bonds Handling Charges	1.04	1.05
- Bonds Brokerage	19.33	20.48
- Stamp Duty on Bonds	3.88	4.03
- Debt Issue and Other Finance Charges	157.80	168.75
Sub-Total (B)	201.89	212.62
(C) Net Translation/ Transaction Exchange Loss	673.36	255.35
Total (A to C)	14,282.35	11,839.59

23. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)		
	Year ended 31.03.2016	Year ended 31.03.2015
- Salaries and Allowances	101.50	94.76
- Contribution to Provident Fund and Other Funds	12.44	11.48
- Gratuity	0.57	0.60
- Expenses towards Post Retirement Medical Facility	15.33	16.39
- Staff Welfare Expenses	13.35	13.52
Total	143.19	136.75

24. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

(₹ in Crores)		
	Year ended 31.03.2016	Year ended 31.03.2015
- Direct Expenditure	116.81	99.77
- Overheads	3.48	2.30
Total	120.29	102.07

CONSOLIDATED NOTES TO ACCOUNTS

24.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

Particulars	Year ended 31 st March, 2016			Year ended 31 st March, 2015		
	In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	99.07	21.22	120.29	44.31	57.76	102.07

* denotes amount provided for.

25. OTHER EXPENSES

(₹ in Crores)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
- Travelling and Conveyance		12.85		10.97
- Publicity & Promotion Expenses		7.51		6.29
- Repairs and Maintenance				
- Building	3.18		2.97	
- ERP & Data Centre	4.64		3.75	
- Others	1.20	9.02	0.73	7.45
- Rent & Hiring Charges		4.92		4.91
- Rates and Taxes		0.44		0.90
- Power & Fuel		2.30		1.43
- Insurance Charges		0.05		0.04
- Postage and Telephone		2.12		2.36
- Auditors' Remuneration		1.09		0.67
- Consultancy Charges		5.13		1.78
- Project Expenses		279.45		37.12
- Loss on Sale of Assets		0.38		0.12
- Loss on SPVs written off		-		1.77
- Miscellaneous Expenses		30.31		28.29
Total		355.57		104.10

25.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Audit Fees	0.50	0.41
- Tax Audit Fees	0.09	0.09
- Limited Review Fees	0.21	0.08
- Payment for Other Services #		
(i) Certification of Prospectus for Tax Free Bonds Public Issue	0.12	0.01
(ii) Other Certifications	0.03	0.02
- Expenses Incurred	0.09	0.03
- Service tax component	0.05	0.03
Total	1.09	0.67

CONSOLIDATED NOTES TO ACCOUNTS

25.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.49	-
- Interest	550.96	455.29
- Finance Charges	130.91	149.36
- Other Expenses	3.11	3.21
Total	685.47	607.86

25.3 The Group Companies has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 6.60 Crores (Previous year ₹ 5.07 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.99 Crores (Previous year ₹ 2.50 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2016		As at 31.03.2015	
	Data Centre	Office & Accommodations	Data Centre	Office & Accommodations
Not later than one year	0.36	4.85	0.29	3.53
Later than one year and not later than 5 years	0.62	6.53	-	6.52
Later than 5 years	-	4.73	-	0.66
Total	0.98	16.11	0.29	10.71

26. PROVISIONS AND CONTINGENCIES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for bad & doubtful debts	651.18	232.06
Contingent Provision against Standard Loan Assets	52.51	120.54
Provision against Restructured Standard Loans	369.57	451.77
Provision for Interest due & Converted into Equity	3.96	-
Provision for depreciation on Investment	16.00	0.10
Provision for contingencies of project cost revision	2.96	1.71
Total	1,096.18	806.18

27. CHANGES IN INVENTORIES

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Stock-in-Trade		
Opening Balance	-	-
Closing Balance	49.68	-
Changes in inventories of Stock-in-Trade	(49.68)	-
Work-in-Progress		
Opening Balance	-	-
Closing Balance	17.11	-
Changes in inventories of Work-in-Progress	(17.11)	-
Total	(66.79)	-

CONSOLIDATED NOTES TO ACCOUNTS

28. PRIOR PERIOD ITEMS

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Others	0.39	0.10
Total	0.39	0.10

29. EARNINGS PER SHARE

Particulars	As at 31.03.2016	As at 31.03.2015
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,691.42	5,344.42
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	57.64	54.12

30. CONTINGENT LIABILITIES AND COMMITMENTS :

30.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Claims against the Company not acknowledged as debts	58.28	56.54
(B) Guarantees	28.04	40.36
(C) Others		
- Letters of Comfort	461.56	260.84

The amount referred to in 'A' above includes ₹ 3.86 Crores (Previous year ₹ 3.75 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 53.59 Crores (Previous year ₹ 51.96 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

30.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	372.20	16.06
- Towards Intangible Asset	2.84	4.32
- Other Commitments		
- CSR Commitments	89.44	182.73

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

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

CONSOLIDATED NOTES TO ACCOUNTS

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

Further, as per Para No. 1(3)(ii) of RBI's Master Circular No. DNBR (PD) CC. No.043/03.10.119/2015-16 dated July 1, 2015, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25th July, 2013 and 4th April, 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated January 23, 2014 issued vide Notification No. DNBS (PD) No. 271/CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11th June, 2014 has allowed exemption to the Company from RBI restructuring norms till March 31, 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f 01st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March 2018.

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

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. The Company has again represented to RBI for extension of above exemption till 31st March, 2022. The matter is under active consideration and the communication from RBI is expected to be received shortly. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2016 and 31st March, 2015.

34. CHANGES IN ACCOUNTING POLICIES OF RURAL ELECTRIFICATION CORPORATION LIMITED

During the year ended 31st March, 2016, the Company had revised the accounting policy in respect of asset classification in line with RBI Guidelines. Further, the accounting policy for creation of allowance against Standard Loan assets has been modified to align it with the revised provisioning requirements for Standard Loans as per RBI Notification dated 10th November, 2014. Due to these changes in accounting policy, profit before tax for the year ended 31st March, 2016 is lower by ₹ 87.87 Crores.

Further, minor modifications have been made in the Accounting Policy in respect of basis of preparation of financial statements, revenue recognition, intangible assets and cash flow statements. However, there is no financial impact of such modifications.

35. QUALITY OF LOAN ASSETS

35.1 The Classification of Loan Assets of the Company (classified in Note No. 13 and 18) as per RBI Prudential Norms is as under:

(₹ in Crores)

Asset Classification	As at 31.03.2016		As at 31.03.2015	
	Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i) Standard Assets				
(a) Restructured Standard Loan Assets (Refer Note below)	21,058.26	821.34	16,428.15	451.77
(b) Other than (a) above	1,75,976.46	543.43	1,61,883.41	490.92
Sub-total (i)	1,97,034.72	1,364.77	1,78,311.56	942.69
(ii) Non Performing Assets				
(a) Sub-standard Assets *	2,908.19	291.01	844.98	206.28
(b) Doubtful Assets	1,318.16	705.04	473.18	141.95

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Asset Classification	As at 31.03.2016		As at 31.03.2015	
	Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(c) Loss Assets	17.22	17.22	17.22	17.22
Sub-total (ii)	4,243.57	1,013.27	1,335.38	365.45
Total	2,01,278.29	3,742.81	3,57,958.50	2,250.83

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 811.33 Crores (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

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

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

Particulars	As at 31.03.2016	As at 31.03.2015
- Power Sector *	2.11%	0.74%

* Includes 0.40% (Previous year Nil) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Previous year Nil).

35.3 Movement of NPAs

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Net NPAs to Net Advances (%)	1.61%	0.54%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,335.38	490.40
(b) Additions during the year	2,910.13	844.98
(c) Reductions during the year	1.94	-
(d) Closing balance	4,243.57	1,335.38
(iii) Movement of NPAs (Net)		
(a) Opening balance	969.93	353.54
(b) Additions during the year	2,262.31	616.39
(c) Reductions during the year	1.94	-
(d) Closing balance	3,230.30	969.33
(iv) Movement of provisions for NPAs		
(a) Opening balance	365.45	136.86
(b) Provisions made during the year	647.82	228.59
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	1,013.27	365.45

Note - The figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Gross) (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

36. EXPOSURE RELATED DISCLOSURES
36.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March, 2016 (Previous year Nil).

CONSOLIDATED NOTES TO ACCOUNTS

36.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	119.25	17.25
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	6.15	7.68
Total Exposure to Capital Market	125.40	24.93

36.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March, 2016 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

37. Concentration of Advances, Exposures and NPAs

Particulars	As at 31.03.2016	As at 31.03.2015
(i) Concentration of Advances		
Total Advances to twenty largest borrowers (₹ in Crores)	1,17,632.78	1,08,066.67
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	58.44%	60.16%
(ii) Concentration of Exposures		
Total Exposure to twenty largest borrowers (₹ in Crores)	1,94,864.96	1,71,024.07
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	58.54%	57.49%
(iii) Concentration of NPAs *		
Total Outstanding to top four NPA Accounts (₹ in Crores)	3,444.72	1,318.16
Total Exposure to the above four NPA Accounts (₹ in Crores)	3,444.72	1,318.16

* Includes loans of ₹ 777.00 Crores (Previous year Nil) classified as NPAs due to restructuring/ non-achievement of DCCO.

38. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March, 2016 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

CONSOLIDATED NOTES TO ACCOUNTS

39. Considering the practical problems being faced by the borrowers in submission and adherence to the drawl schedule, the Company has revised the loan policy by waiving off the clause for requirement of Commitment Charges/ upfront fees for all ongoing as well as future projects of State Sector Generation and T&D projects including waiver of outstanding commitment charges of ₹ 8.83 Crores.
40. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.
41. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:
- Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;
 - Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers
 - Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.
- The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.
42. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
43. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Principal amount remaining unpaid but due as at year end	4.21	0.11
Interest due thereon as at year end	0.14	0.03
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	0.13
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	0.11	-
Interest accrued and remaining unpaid as at year end.	0.14	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	0.03

44. DERIVATIVES RELATED DISCLOSURES

44.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(i) The notional principal of swap agreements	24,770.59	24,577.20
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,529.12	2,662.28
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	1,223.39	2,173.16

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

CONSOLIDATED NOTES TO ACCOUNTS

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

44.3 DISCLOSURE ON RISK EXPOSURE IN DERIVATIVES

44.3.1 Qualitative Disclosures

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

Risk Management Structure

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

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

Type of Risks Involved

- (i) Credit Risk - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.
- (ii) Market Risk - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures 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.

44.3.2 QUANTITATIVE DISCLOSURES

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **	
	As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
(i) Derivatives (Notional Principal Amount)				
For hedging	17,876.79	17,433.40	6,893.80	7,143.80
(ii) Marked to Market Positions				
a) Asset (+)	1,487.63	2,569.44	41.49	92.83
b) Liability (-)	131.57	294.66	174.16	194.46
(iii) Credit Exposure	17,876.79	17,433.40	6,893.80	7,143.80
(iv) Unhedged Exposures	4,111.79	6,616.74	N.A.	N.A.

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

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

CONSOLIDATED NOTES TO ACCOUNTS

45. THE OUTSTANDING POSITION OF FOREIGN CURRENCY EXPOSURE AS AT 31ST MARCH, 2016 IS AS UNDER:

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

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	30,014.85	1,795.17	27,940.48	1,672.66	2,074.37	122.51
<i>Previous year</i>	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
EURO €	159.15	1,123.87	125.02	867.91	34.13	255.96
<i>Previous year</i>	157.07	1,104.97	150.70	1,061.94	6.37	43.03
USD €	2,855.00	17,691.04	2,500.00	15,336.22	355.00	2,354.82
<i>Previous year</i>	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
CHF (Swiss Franc)	200.00	1,378.50	-	-	200.00	1,378.50
<i>Previous year</i>	200.00	1,285.44	-	-	200.00	1,285.44
Total		21,988.58		17,876.79		4,111.79
<i>Previous year</i>		24,050.14		17,433.40		6,616.74

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

45.1 In terms of Accounting Policy B-14.1, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31 st March, 2016	66.3329	0.5906	75.0955	68.9249
As at 31 st March, 2015	62.5908	0.5211	67.5104	64.2719

46. RELATED PARTY DISCLOSURES :

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P.J. Thakkar	Director (Technical) (ceased w.e.f. 12.10.2015)
Sh. Sanjeev Kumar Gupta	Director (Technical) (appointed w.e.f. 16.10.2015)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

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

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

Maheshwaram Transmission Limited - Incorporated on 14.08.2014 and transferred to Sterlite Grid 3 Limited (SGL) on 20.08.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Maheshwaram Transmission Limited and SGL.

Vemagiri II Transmission Limited - Incorporated on 06.04.2015 and transferred to Power Grid Corporation of India Limited (PGCIL) on 04.12.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Vemagiri II Transmission Limited and PGCIL.

Alipurduar Transmission Limited - Incorporated on 13.04.2015 and transferred to Kalpataru Power Transmission Limited (KPTL) on 06.01.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Alipurduar Transmission Limited and KPTL.

NER II Transmission Limited - Incorporated on 21.04.2015

CONSOLIDATED NOTES TO ACCOUNTS

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015

North Karanpura Transco Limited - Incorporated on 27.11.2015

Khargone Transmission Limited - Incorporated on 28.11.2015

Dinchang Transmission Limited - Incorporated on 02.12.2015

Details of amount due from/ to the related parties :

(₹ in Crores)		
Particulars	As at 31.03.2016	As at 31.03.2015
Long-term Debt		
Key Managerial Personnel	0.10	0.17
Loans & Advances		
Key Managerial Personnel	0.83	0.29

DETAILS OF TRANSACTIONS WITH THE RELATED PARTIES :

(₹ in Crores)		
Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Long Term Debt - Amount Invested		
Key Managerial Personnel	0.01	-
Loans & Advances		
Key Managerial Personnel	0.53	0.04
Interest Income - Loans & Advances		
Key Managerial Personnel	0.04	0.06
Finance Cost		
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.33	1.91

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

(1) Defined Contribution Plans

A. Provident Fund

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

B. Defined Contribution Superannuation Scheme

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

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)		
Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
(i) Provident Fund	7.15	6.60
(ii) Defined Contribution Superannuation Scheme	5.10	4.77
Total	12.25	11.37

CONSOLIDATED NOTES TO ACCOUNTS

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

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

In case of EESL, there is no separate trust and the liability for gratuity is provided for in the books of accounts as per the provisions of the Payment of Gratuity Act, 1972 and is recognized on the basis of actuarial valuation

B. Post Retirement Medical Facility (PRMF)

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

C. Other Defined Retirement Benefit (ODRB)

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

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

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Current Service Cost	2.05	1.93	1.45	1.23	0.05	0.05
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Expected Return on Plan Assets	3.03	3.24	-	-	-	-
Actuarial (Gain)/ Loss	(1.50)	(1.33)	7.67	9.50	(0.03)	0.05
Expense recognized	0.57	0.60	15.33	16.39	0.12	0.20

Amounts recognised in Balance Sheet:

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

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the end of the year	37.42	38.16	86.62	77.61	1.22	1.20
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-
Net Assets/ (Liability) recognized	(1.78)	(1.91)	(86.62)	(77.61)	(1.22)	(1.20)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the beginning of the year	38.21	38.07	77.61	66.64	1.20	1.16
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Current Service Cost	2.05	1.93	1.45	1.23	0.05	0.05
Benefit Paid	4.42	3.89	6.32	5.42	0.10	0.16
Actuarial (Gain)/ Loss on obligation	(1.47)	(1.19)	7.67	9.50	(0.03)	0.05
Present Value of defined benefit obligation at the end of the year	37.42	38.16	86.62	77.61	1.22	1.20

CONSOLIDATED NOTES TO ACCOUNTS

Changes in the Fair Value of Plan Assets:

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

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Fair value of Plan Assets as at the beginning of the year	36.25	35.94	-	-	-	-
Return on Plan Assets	3.03	3.24	-	-	-	-
Contributions	0.62	0.82	-	-	-	-
Benefit Paid	4.42	3.89	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	-	0.14	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation at year end	37.42	38.16	38.07	37.85	36.46
Fair value of Plan Assets at year end	35.48	36.25	35.94	35.14	31.24
Funded Status	(1.94)	(1.91)	(2.13)	(2.71)	(5.22)
Experience adjustment;					
Gain/(Loss):					
Experience adjustment on plan liabilities	(0.76)	(0.01)	0.68	1.17	1.51
Experience adjustment on plan assets	0.14	0.58	(0.30)	(0.40)	(0.23)

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

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Service & Interest Cost	1.25	0.64	(0.84)	(1.09)
PBO (Closing)	11.93	11.09	(8.45)	(7.81)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.36%	9.00%	-	-	-	-
Future Salary Increase *	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* In case of EESL, the future salary increase rate has been assumed to be 5.5%.

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

CONSOLIDATED NOTES TO ACCOUNTS

48. STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

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

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

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

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

Status of Documentation is as under:

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

49. The Ministry of Power launched a scheme 'Ujwal DISCOM Assurance Yojana' (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20th November, 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30th September, 2015 over 2 years - 50% to be taken over in FY 2015-16 and 25% in FY 2016-17.

The States of Uttar Pradesh, Rajasthan, Punjab, Haryana, Bihar and Chhattisgarh have signed MoU with MoP for participation in the scheme. The DISCOMs of Punjab, Uttar Pradesh and Chhattisgarh have pre-paid their outstanding loan amounting to ₹ 10,003.69 Crores out of which ₹ 1,214.14 crore was received in April 2016, as a result of takeover of their debt by the respective States under the scheme. An amount of ₹ 19,640.22 Crores is further expected to be prepaid by the DISCOMs during the financial year 2016-17.

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

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

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

Particulars	As at / For the year ended 31.03.2016	As at / For the year ended 31.03.2015
(i) CRAR (%)	20.38%	19.56%
(ii) CRAR - Tier I Capital (%)	17.48%	16.52%
(iii) CRAR - Tier II Capital (%)	2.90%	3.04%
(iv) Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v) Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

CONSOLIDATED NOTES TO ACCOUNTS

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

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,256	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,539	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,828	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,716	-	-
Over 5 years	86,720	1,920	56,100	296	-	-
Total	2,01,278	2,352	1,47,222	21,989	-	-

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,643	-	-
Over 5 years	90,176	779	56,322	243	-	-
Total	1,79,647	1,596	1,26,929	24,050	-	-

53. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	Parent Subsidiaries - Indian				
1.	REC Power Distribution Company Limited	0.41%	117.51	0.64%	36.17
2.	REC Transmission Projects Company Limited	0.43%	123.41	0.51%	28.81
(2)	Joint Venture - Indian				
1.	Energy Efficiency Services Limited	0.22%	62.82	0.17%	9.47
	Total	1.06%	303.74	1.31%	74.45

54. Disclosures in respect of different accounting policies of Group Companies

- (i) RECPDCL, during the year, has adopted different useful life for certain fixed assets item- mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited. Accordingly, depreciation on each such asset recomputed from the beginning resulted into an additional depreciation of ₹ 0.22 crores being charged during the year 2015-16.

CONSOLIDATED NOTES TO ACCOUNTS

- (ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone is provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation on cell phone pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements for the year 2015-16 is ₹ 0.05 crores and ₹ 0.01 crores, the impact of which is immaterial.
- (iii) One of the group companies follows First-in-First-Out (FIFO) basis for determining the cost instead of weighted average method. The inventories, as specified in the Note 15, include ₹ 17.11 crores valued on FIFO basis.
55. Two projects namely Nellore Transmission Limited (NTL) and Baira Siul Sarna Transmission Limited (BSTL), which are subsidiary companies (SPVs) of REC Transmission Projects Company Limited (REC TPCL), were denotified vide notification No. 15/9/2013-Trans dated 03.01.2014 and 100/1/EC(33)/SP&PA/2013 dated 09.02.2015 respectively by the Ministry of Power (MoP). Consequent to the de-notification the management has submitted the application for dissolution of the said two SPVs through "fast track mode of exit" and as on 31st March 2016 the status as shown in the website of the Registrar of Companies is "under process of striking off".
56. RECPDCL, a subsidiary of REC Limited, has made, based on past experience, a provision for contingencies of Project Cost Revisions @ 2% of its annual turnover to mitigate the likely income reversal on account of revision in project cost. Accordingly, a provision has been made during the year for ₹ 2.96 crores (Previous year ₹ 1.71 crores).
Further, RECPDCL's major dues are from State Sovereign Power Utilities and same are considered good. However, realisation generally takes longer time. A Provision for Doubtful Debts has been made by RECPDCL during the year on the basis of aging of its Trade Receivables amounting to ₹ 3.37 crores (Previous year ₹ 1.41 crores).
- 56.1 There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
57. No penalties have been levied on the Company by any regulator during the year ended 31st March, 2016 (Previous year Nil).
However, the Company has received a notice from National Stock Exchange of India Ltd. (NSE) vide its letter No. Fines/2015-16/45075 dated 5th October, 2015 and from BSE Ltd. (BSE) vide its letter No. LIST/COMP/49-Woman Dir/126/2015-16 dated 6th October, 2015 in pursuance of SEBI Circular No. CIR/CFD/CMD/1/2015 dated April 8, 2015 for payment of fine of ₹ 1,42,000 and ₹ 1,47,000 (inclusive of service tax) respectively for non-compliance of Clause 49(II)(A)(1) of the listing agreement regarding non-appointment of woman director on the Board as on 30th September, 2015.
The Company has requested the Stock Exchanges to waive the fine amounts since the power to appoint Woman Director/ Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Woman Director/Independent Directors on the Board of the Company and there is no violation on the part of the Company in the appointment of Woman Director/ Independent Directors. The reply of the Stock Exchanges is still awaited.
58. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March, 2016 (Previous year Nil).
59. Previous year figures have been reclassified/ regrouped to conform to the current classification.
60. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

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

Gopal Krishan
Partner
M.No. : 081085

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

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 27th May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Crores)

Particulars	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
A. Cash Flow from Operating Activities :				
Net Profit Before Tax	8,146.66		7,552.34	
Adjustments for:				
1. Profit / Loss on Sale of Fixed Assets	0.38		0.10	
2. Depreciation & Amortization	19.67		8.32	
3. Provisions and Contingencies	1,096.18		806.08	
4. Interest on Commercial Paper	285.91		300.03	
5. Interest Expense of Misc. Borrowings	3.90		0.19	
6. Excess Provision written back	-0.05		0.03	
7. Profit on sale/redemption of investments	-12.29		-	
8. Loss/ Gain(-) on Exchange Rate fluctuation	666.13		259.99	
9. Dividend from Investments	-2.37		-3.63	
10. Interest on Long-term Investments/ Govt. Securities	-95.76		-154.47	
11. Provision made for Interest on Advance Income Tax	-		1.38	
12. Discount on Bonds written off	3.99		4.83	
13. Interest Accrued on Zero Coupon Bonds	76.17		70.39	
14. Provision for Diminution in value of Investment	-		0.10	
Operating profit before Changes in Operating Assets & Liabilities:	10,188.52		8,845.68	
Increase / Decrease :				
1. Loan Assets	-21,733.35		-31,005.84	
2. Other Operating Assets	-229.97		-435.35	
3. Operating Liabilities	1,029.88		1,027.56	
Cash flow from Operations	-10,744.92		-21,567.95	
1. Income Tax Paid (including TDS)	-2,575.09		-2,330.28	
2. Income Tax refund	42.00		-	
Net Cash Flow from Operating Activities		-13,278.01		-23,898.23
B. Cash Flow from Investing Activities				
1. Sale of Fixed Assets	0.85		0.18	
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	-259.41		-45.34	
3. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-500.00		-	
4. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-500.00		-	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Crores)

Particulars	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-500.00		-	
6. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32		94.32	
7. Sale of Long-term Investments	762.53		-	
8. Profit on sale/redemption of investments	12.29		-	
9. Interest on Long term Investments/ Govt. Securities	114.96		158.41	
10.Dividend from Investments	3.05		3.63	
11.Investment in Shares of Fellow Subsidiary Companies	-0.10		-	
12.Investment in Tax Free Bonds/Others	-26.28		-	
13.Fixed Deposit made during the year	-1.25		-84.49	
14.Fixed Deposit matured during the year	43.34		24.38	
Net Cash Flow from Investing Activities		-755.70		151.09
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	14,969.28		21,806.74	
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-308.65		-955.40	
3. Raising of Foreign Currency Loan (Net of redemptions)	-2,607.56		6,366.18	
4. Funds received from GOI for further disbursement as Subsidy/Grant including interest (Net of refund)	4,436.52		3,421.17	
5. Disbursement of grants	-4,691.45		-3,639.69	
6. Repayment of Govt. Loan	-3.07		-4.86	
7. Payment of Final Dividend	-266.61		-172.81	
8. Payment of Interim Dividend	-1,184.95		-789.97	
9. Payment of Corporate Dividend Tax	-295.51		-187.32	
10.Interst Paid on Misc. Borrowings	-3.90		-0.19	
11.Premium on issue of securities	0.28		-	
12.Issue of Commercial Paper (Net of repayments)	5,246.79		-2,745.74	
Net Cash flow from Financing Activities		15,291.17		23,098.11
Net Increase/Decrease in Cash & Cash Equivalents		1,257.46		-649.03
Cash & Cash Equivalents as at the beginning of the year		559.10		1,207.95
Cash & Cash Equivalents as at the end of the year		1,816.56		558.92

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

Particulars	AS AT 31.03.2016		AS AT 31.03.2015	
- Cash in Hand (including postage & imprest)		0.01		-
- Balances with Banks in:				
- Accounts with RBI and other banks		1,001.11		144.79
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #		34.17		54.94
- Unpaid Dividend Accounts #		2.73		2.62
- Short Term Deposits with Scheduled Banks		778.54		356.57
Total Cash & Cash Equivalents		1,816.56		558.92

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts and unpaid dividends.

Further, Balances with Banks include ₹ 1.77 Crores (Previous year ₹ 2.15 Crores) set aside for grants disbursement. Short-term Deposits with Scheduled Banks include ₹ 2.41 Crores (Previous year ₹ 236.19 Crores) earmarked towards DDUGJY and other grants and ₹ 7.86 Crores (Previous year Nil) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project.

Note : Previous year figures have been rearranged and regrouped wherever necessary.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing
DIN - 00973413

In terms of our Report of even date

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

Gopal Krishan
Partner
M.No. : 081085

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

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 27th May, 2016

FORM AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES FOR THE YEAR 2015-16

PART A: SUBSIDIARIES

(₹ in Crores)

1	Sl. No.	I	II	III	IV	V	VI	VII	VIII	IX
2	Name of the Subsidiary	REC Power Distribution Company Limited	REC Transmission Projects Company Limited	Nellore Transmission Limited	Baira Siul Sarna Transmission Limited	NER-II Transmission Limited	NRSS XXXVI Transmission Limited	North Karanpura Transco Limited	Khargone Transmission Limited	Dinchang Transmission Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Share Capital	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
6	Reserves & Surplus	117.45	123.35	(0.05)	(0.05)	-	-	-	-	-
7	Total Assets	216.23	134.69	-	-	1.49	0.73	0.45	0.42	0.52
8	Total Liabilities	98.73	11.28	-	-	1.44	0.69	0.41	0.37	0.47
9	Investments	15.44	86.53	-	-	-	-	-	-	-
10	Turnover	151.54	44.15	-	-	-	-	-	-	-
11	Profit Before Taxation	55.44	42.42	-	-	-	-	-	-	-
12	Provision for Taxation	19.27	13.61	-	-	-	-	-	-	-
13	Profit After Taxation	36.17	28.80	-	-	-	-	-	-	-
14	Proposed Dividend	10.85	8.65	-	-	-	-	-	-	-
15	% Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

1. Name of subsidiaries which are yet to commence operations:

Five Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely NER-II Transmission Limited, NRSS XXXVI Transmission Limited, North Karanpura Transco Limited, Khargone Transmission Limited and Dinchang Transmission Limited are yet to commence operations as at 31st March, 2016.

Two subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Nellore Transmission Limited and Baira Siul Sarna Transmission Limited, were denotified vide notification No. 15/9/2013-Trans dated 03.01.2014 and 100/1/EC(33)/SP&PA/2013 dated 09.02.2015, respectively by the Ministry of Power (MoP). Consequent to the de-notification the management has submitted the application for dissolution of the said two SPVs through "fast track mode of exit" and as on 31st March 2016 the status as shown in the website of the Registrar of Companies is "under process of striking off".

2. Name of subsidiaries which have been liquidated or sold during the year:

Five Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Gadawara (A) Transco Limited, Gadawara (B) Transmission Limited, Maheshwaram Transmission Limited, Vemagiri II Transmission Limited and Alipurduar Transmission Limited have been sold during the year.

PART B: ASSOCIATES AND JOINT VENTURES

Name of Associates/Joint Ventures		Energy Efficiency Services Limited
1	Latest audited Balance Sheet Date	31 st March, 2015
2	Shares of Associate/Joint Ventures held by the company on the year end	
	Number	4,75,00,000
	Amount of Investment in Associates/Joint Venture (₹ in Crores)	47.50
	Extend of Holding (%)	28.79%
3	Description of how there is significant influence	Holding 28.79% of shares and participation in management
4	Reason why the associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Crores)	27.58
6	Profit / Loss for the year (₹ in Crores)	
	i. Considered in Consolidation	9.47
	ii. Not Considered in Consolidation	Nil

Further, an amount of ₹ 99.00 Crores has been paid to Energy Efficiency Services Limited (EESL) on 31st March, 2016 as share application money. EESL has allotted 9,90,00,000 Equity shares of ₹ 10 each to the Company on 25th April, 2016 and the share of the Company in the JV has accordingly increased to 31.71%.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

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

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

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262