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

रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड
Rural Electrification Corporation Limited
(भारत सरकार का उद्यम) / (A Government of India Enterprise)
Regd. Office: Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi 110 003
Tel: +91-11-4102 0101 Fax: +91.11.2436 0644 E-mail: reccorp@recl.nic.in
CIN : L40101DL1969GOI005095 Website: www.recindia.nic.in

स्वच्छ भारत
एक कदम स्वच्छता की ओर

SEC-1/187(2)/2018/ 2892 **Dated: August 30, 2018**

Listing Department, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), **Mumbai – 400 051.**	**Corporate Relationship Department** BSE Limited 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort, **Mumbai – 400 001.**
Scrip Code-- RECLTD	**Scrip Code—532955**

Sub: Annual Report of Rural Electrification Corporation Limited for the Financial Year 2017-18.

Dear Sir(s),

In continuation of our letter dated August 20, 2018 regarding convening of 49th Annual General Meeting of the Company, please find attached the soft copy of Annual Report of Rural Electrification Corporation Limited for the Financial Year 2017-18, *inter-alia* containing the Notice of 49th AGM of the Company.

This is for your kind information and dissemination.

Thanking you,

Yours faithfully,

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

Encl: As above

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

Funding
Powering
Transforming
Empowering



49th Annual Report 2017-18

MISSION/VISION & OBJECTIVES

MISSION/VISION

(i) To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.

(ii) To act as a competitive, client-friendly and development oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

OBJECTIVES

In furtherance of the Mission, the main objectives to be achieved by the Corporation are:

1. To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pumpset energisation, implementation of Deendayal Upadhyaya Gram Jyoti Yojana, a Government of India scheme.

2. To expand and diversify into other related areas and activities like financing of decentralized power generation projects, use of new and renewable energy sources, consultancy services, transmission, sub-transmission and distribution systems, renovation, modernization & maintenance etc. for optimization of reliability of power supply to rural and urban areas including remote, hill, desert, tribal, riverine and other difficult/remote areas.

3. To mobilize funds from various sources including raising of funds from domestic and international agencies and sanction loans to the State Electricity Boards, Power Utilities, State Governments, Rural Electric Cooperatives, Non-Government Organizations (NGOs) and private power developers.

4. To optimize the rate of economic and financial returns for its operations while fulfilling the corporate goals viz. (i) laying of power infrastructure; (ii) power load development; (iii) rapid socio-economic development of rural and urban areas; and (iv) technology up-gradation.

5. To ensure client satisfaction and safeguard customers' interests through mutual trust and self respect within the organization as well as with business partners by effecting continuous improvement in operations and providing the requisite services.

6. To assist State Electricity Boards/Power Utilities/State Governments, Rural Electric Cooperatives and other loanees by providing technical guidance, consultancy services and training facilities for formulation of economically and financially viable schemes and for accelerating the growth of rural and urban India.

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COMPANY INFORMATION

Board of Directors

Dr. P V Ramesh
Chairman & Managing Director

Dr. Arun Kumar Verma
Government Nominee Director

Smt. Asha Swarup
Part time Non-Official Independent Director

Shri Ajeet Kumar Agarwal
Director (Finance)

Shri Aravamudan Krishna Kumar
Part time Non-Official Independent Director

Dr. Bhagvat Kisanrao Karad
Part time Non-Official Independent Director

Shri Sanjeev Kumar Gupta
Director (Technical)

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

Chief Vigilance officer

Dr. Sunita Singh

Company Secretary

Shri J. S. Amitabh

Registered & Corporate Office

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

Shares listed at

National Stock Exchange of India Limited
BSE Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Statutory Auditors

G.S. Mathur & Co., Chartered Accountants
A.R. & Co., Chartered Accountants

Secretarial Auditor

Chandrasekaran Associates,
Company Secretaries

Wholly Owned Subsidiaries of REC

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

Wholly Owned Subsidiaries of RECTPCL

Dinchang Transmission Limited
Koderma Transmission Limited
Mandar Transmission Limited
Chandil Transmission Limited
Dumka Transmission Limited
Jawaharpur Firozabad Transmission Limited

Bankers

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

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

Karvy Computershare Private Limited,
Karvy Selenium Tower-B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad-500032, India.
Tel : 040-67161500, 040-67161586, 040-67161635
Fax : 040-2340814
E-mail : einward.ris@karvy.com
Website : www.karvycomputershare.com

Registrar & Share Transfer Agent (for Debt Securities)

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

BOARD OF DIRECTORS



DR. P V RAMESH
Chairman & Managing Director



SHRI AJEET KUMAR AGARWAL
Director (Finance)



SHRI SANJEEV KUMAR GUPTA
Director (Technical)



DR. ARUN KUMAR VERMA
Government Nominee Director



SHRI ARAVAMUDAN KRISHNA KUMAR
Part time Non Official Independent Director



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



SMT. ASHA SWARUP
Part time Non Official Independent Director



DR. BHAGVAT KISANRAO KARAD
Part time Non Official Independent Director

PERFORMANCE HIGHLIGHTS

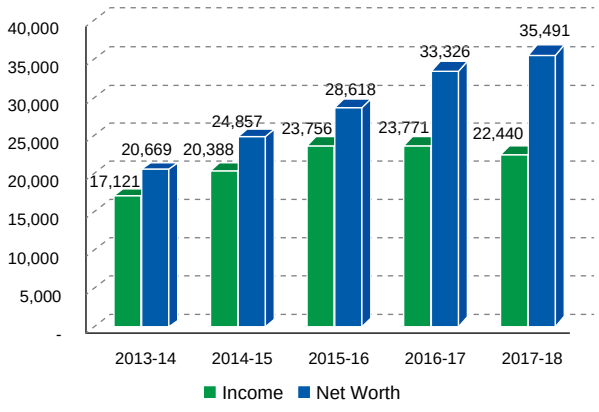
CONSISTENT GROWTH OVER 10 YEARS

Particulars	**2017-18**	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
SHAREHOLDERS' FUND										
(at the end of the year) (₹ in crore)										
Equity Share Capital	**1974.92**	1974.92	987.46	987.46	987.46	987.46	987.46	987.46	987.46	858.66
Reserves & Surplus	**33515.59**	31350.67	27630.30	23869.57	19682.00	16466.92	13575.58	11801.16	10092.88	5331.42
Net Worth	**35490.51**	33325.59	28617.76	24857.03	20669.46	17454.38	14563.04	12788.62	11080.34	6190.08
BORROWINGS (₹ in crore)										
From Government of India	**-**	-	-	3.07	7.93	15.14	24.64	36.13	49.42	64.74
Bonds/Debentures	**165334.89**	145686.84	139732.73	124683.85	102806.71	85249.04	71372.20	51208.53	40857.14	32631.48
Term Loans from Financial Institutions	**400**	750	1100	1450	2995	4020	4370	4720	4070	3350
Foreign Currency Borrowings	**27530.08**	21080.55	21923.72	24028.20	17621.15	15238.19	10698.09	7605.90	2076.37	1493.67
Term Loans from Banks	**-**	-	-	125.00	269.40	788.80	1091.54	6469.14	5811.43	4801.05
Commercial Papers	**3250.00**	-	5600.00	-	2540.00	980.00	-	-	2450.00	1295.00
Short-Term/Demand Loans	**-**	-	749.93	734.00	-	1500.00	2500.00	-	630.00	1300.00
FCNR (B) Loans	**2276.54**	-	-	-	-	-	-	-	-	-
Total	**198791.51**	167517.39	169106.38	151024.12	126240.19	107791.17	90056.47	70039.70	55944.36	44935.94
Fund Mobilization	**51164.89**	28495.18	31254.92	41189.82	36934.37	30759.16	29709.36	25855.35	24028.24	14895.00
FINANCING OPERATIONS (During the year) (₹ in crore)										
Number of projects approved	**895**	997	625	609	1035	1031	1091	658	492	506
Financial assistance sanctioned	**107534.05**	83870.82	65471.10	*61421.37	*70739.48	*79470.49	*51296.77	*66419.98	*45357.36	*40745.84
Disbursements	**72281.19**	66076.15	50630.81	46446.82	37969.99	40183.06	30593.30	28517.11	27127.14	22277.86
Repayments by borrowers	**24191.82**	57388.24	24394.48	11812.63	14260.45	13345.92	8119.69	8772.58	5806.54	5119.36
Outstanding at the end of the year	**239449.34**	201928.68	201278.29	179646.94	148641.10	127355.52	101426.26	81725.45	65978.75	50652.81
ACHIEVEMENTS (in Nos.)										
Electrification of un-electrified villages										
During the year	**3736**	6015	7108	1405	1197	2587	7934	18306	18374	12056
Upto end of the year	**125895**	122159	116144	109524	108280	107083	104496	96562	78256	59882
Release of free Electricity Connections to BPL Households										
During the year	**5041996**	2242763	1439144	759377	961730	1296541	3444902	5883355	4718468	3084788
Upto end of the year	**30510196**	25468200	23225437	21833995	21683554	20721824	19425283	15980381	10097026	5378558
WORKING RESULTS (₹ in crore)										
Total Income	**22440.31**	23770.58	23756.28	20388.05	17120.80	13598.67	10509.07	8495.26	6707.60	4931.28
Finance Costs	**13829.52**	13450.35	14283.12	11844.61	10038.46	8083.76	6431.35	4851.01	3912.85	2898.70
Provisions and Contingencies	**1415.55**	1109.47	1089.85	802.96	312.02	130.68	52.27	0.22	0.22	2.37
Other Expenses	**337.54**	345.02	332.65	306.68	234.99	216.53	229.32	164.72	145.27	112.17
Depreciation	**5.61**	5.04	5.45	6.76	4.21	3.75	3.27	3.03	2.15	1.36
Profit Before Tax	**6852.09**	8860.70	8045.21	7427.04	6531.12	5163.95	3792.86	3476.28	2647.11	1916.68
Provision for Taxation	**2205.09**	2614.94	2417.55	2167.17	1847.42	1346.33	975.83	906.35	645.69	644.60
Profit After Tax	**4647.00**	6245.76	5627.66	5259.87	4683.70	3817.62	2817.03	2569.93	2001.42	1272.08
Dividend for the year	**1807.05**	1905.80	1688.55	1056.58	938.09	814.65	740.59	740.59	603.21	386.40

Notes: (i) Previous year figures are regrouped, wherever required; (ii) *Excluding Sanctions under DDUGJY-RE and DDG.

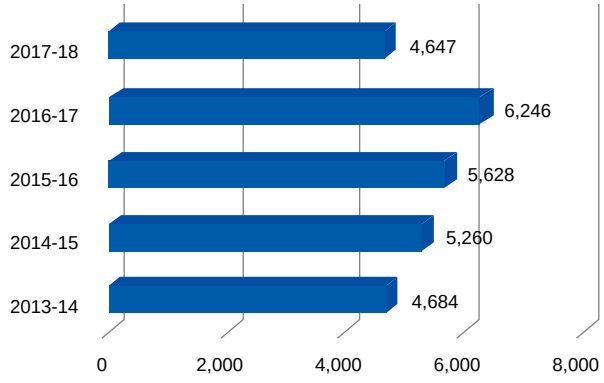
PERFORMANCE GROWTH

(₹ in crore)



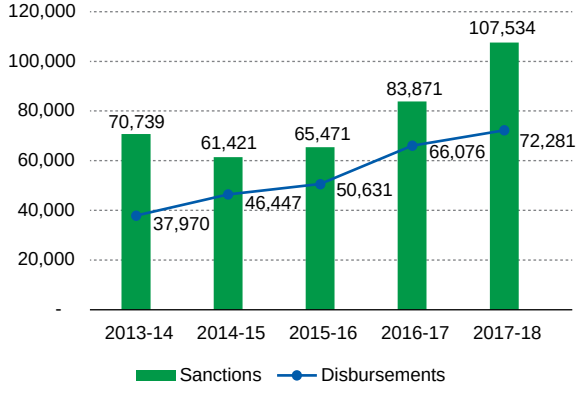
PROFIT AFTER TAX

(₹ in crore)

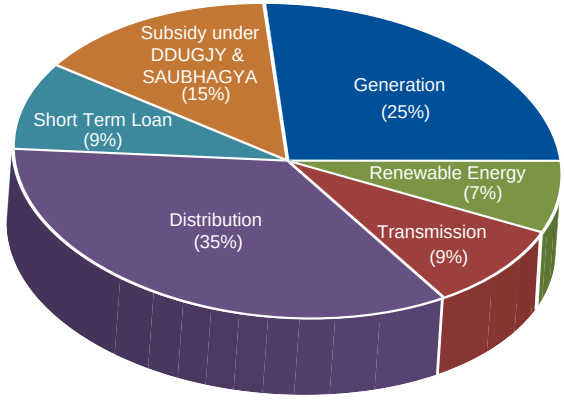


GROWTH IN SANCTIONS & DISBURSEMENTS

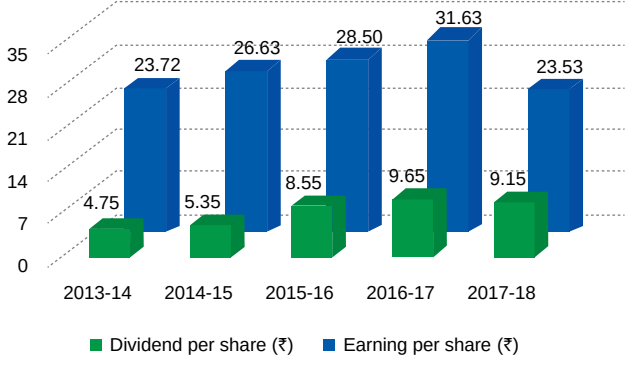
(₹ in crore)



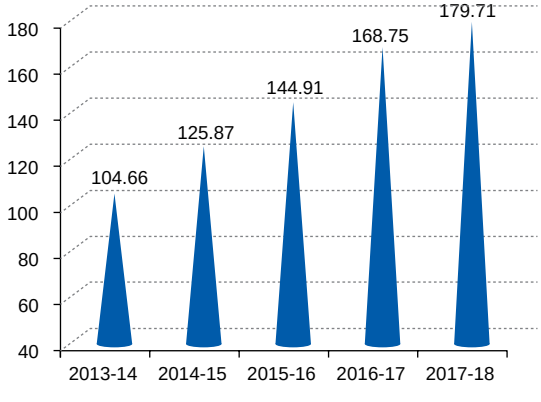
SECTOR-WISE DISBURSEMENTS DURING FY 2017-18



EPS vs. DIVIDEND



BOOK VALUE PER SHARE (₹)



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

CHAIRMAN'S MESSAGE



Dear Shareholders,

It is my privilege to present the 49th Annual Report of REC. I am delighted to share the happy news that our Company has entered the 50th year of service in the nation's development and continues its march as the leading public financial and development institution of India, playing a key role in holistic development of the power sector across the nation. Having contributed successfully to the green revolution through energization of irrigation systems during early decades of its existence, REC has grown from strength to greater strength as the major financier and accelerator of power sector development in the country. We have the unique distinction of having made significant contribution to the historical landmark of electrification of all villages in our country on April 28, 2018. We continue to consolidate and strengthen our unique positioning in the Indian power sector not only as a financier but also as the facilitator and enabler of access to quality power for all citizens of India and work closely with the national and state governments, power utilities and the private sector.

The past financial year has been a challenging but historic for the economy with the roll-out of the much-awaited Goods and Services Tax (GST), implementation of Insolvency and Bankruptcy Code (IBC) and launch of the Pradhan Mantri Sahaj Bijli Har Ghar Yojana- Saubhagya - that seeks to electrify all households of the country. The second half of the 2017-18 financial year witnessed overall improvement in macro-economic parameters with the economic growth gathering momentum along with credit uptake. Major step-up in government spending played an important role in boosting the overall growth and demand. The turnaround in industrial production and the capital goods sector has set in motion a virtuous cycle. Introduction of GST has dispensed multiple and varied levies and ushered in a uniform tax regime across the nation, thus heralding the creation of a giant national market.

The economic outlook for the Asia and the Pacific region remains strong, with the region being the most dynamic in the global economy, accounting for nearly two-thirds of the global growth. The economic growth for Asia in 2018 and 2019 is expected to be robust, around 5.6 per cent. The World Bank, IMF and the Reserve Bank of India have reposed confidence in India's growth prospects and have predicted a higher growth trajectory in the years ahead, which could be around 7.5% in the 2018-19 financial year in the backdrop of improved global demand, prospects of good monsoon, credit uptick and continued reforms by the Government. This makes India the fastest growing economy amongst the emerging economies. At the same time, rise of oil prices could have implications for inflation, current account deficit and external sector parameters. Hardening of interest rates also represents reversal of the declining interest rate environment of recent years. The power sector growth, however, should remain robust in the coming years.

POWER SECTOR SCENARIO

The power sector has witnessed transformational momentum during the past four years on account of a series of decisive steps taken by the government across the power value chain that have contributed to surplus power availability, improved fiscal discipline, greater operational efficiency of the state utilities and unprecedented growth in the clean energy market.

Further, proactive action has been initiated to effect transition from a fossil fuel centric system to energy efficient and renewable centric paradigm on an accelerated mode. Government of India has affirmed its commitment to rapid implementation of the

covenants of Paris Agreement and has set a target of 175 GW of additional power from renewable energy sources by 2022 and increase the share of green energy to 40% of the total installed capacity by the year 2030, apart from rapid transition to Electric Mobility (EVs), energy saving devices and adoption of new & emerging energy technologies.

In addition, the government has launched a series of programmes – Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya), etc. – to transform its vision of Power for All (PFA) into reality well ahead of the schedule. Recognising that DISCOMs continue to be the Achilles heel of the power sector, Government has launched Ujwal DISCOM Assurance Yojana (UDAY) to reform and revitalise the DISCOMs across the nation, which has brought the central and state governments and the DISCOMs on the same platform with a commitment to transform the operational efficiency and effectiveness of the DISCOMs. In addition, government is vigorously promoting energy efficiency systems through the joint venture of our Company, the Energy Efficiency Services Limited (EESL). It is a matter of pride that our Company has been integral part of several important government initiatives to engineer accelerated transformation of the power sector. We have played a major role in electrification of all villages in the country, a landmark achievement in the history of independent India.

On March 31, 2018, the total installed power generating capacity in the country was 344 GW. Of this, thermal power accounted for 65%, followed by renewable, hydro and nuclear at 20%, 13% and 2%, respectively. In tune with the Government's 'One Nation One Grid' initiative, the total length of transmission lines in the country aggregated to about 3.90 Lakh circuit kilometres. The aggregate substation transformation capacity at 765 kV, 400 kV and 220 kV has reached 8.25 Lakh MVA, at the end of the FY 2017-18.

The aggregate Power Supply Deficit for FY 2017-18 was 0.7%. In order to address the issues of shortage of coal supply, the Government undertook a slew of proactive efforts and initiatives, such as allocation of coal mines through transparent auction route, augmenting indigenous coal production, domestic supply of gas to gas-based stranded projects and efforts to improve the operational efficiency of State generation utilities. Government of India has launched a Scheme for Harnessing and Allocating Koyala (coal) Transparently in India (SHAKTI) for allocation of coal in a transparent manner for power sector. This policy is an important initiative in alleviating one key challenge in the power sector, *viz.* lack of coal linkage. This initiative has contributed positively to the revitalisation of some stressed power assets.

Overall, your Company has been playing a central role in facilitating, supporting, trouble shooting and building the capacity of the power sector across the country and throughout the value-chain by financing and providing value-added services through its subsidiaries, REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL); and the training institute, REC-Institute of Power Management and Training (REC-IPMAT).

PERFORMANCE HIGHLIGHTS

Year after year, our Company has played an important role in the development of the power sector across the value chain. It has financed the development of power generation projects, in conventional as well as the renewable energy space. The Company has played active role in modernisation and creation of additional capacity of Transmission & Distribution (T & D) infrastructure across the country. In addition, we have financed the development of energy efficient and solar-based irrigation systems and such other value-added activities. As the nodal agency for the DDUGJY scheme of the Government of India, your Company has facilitated accelerated electrification of the entire country and improved capacity and performance of the distribution system. With the electrification of the last village living in darkness, 'Leisang' in Manipur State on April 28, 2018, we have contributed to a historical landmark, electrification of all villages in our country. As the nodal agency for Saubhagya, we are proactively facilitating electrification of all households in the country ahead of the scheduled deadline of December 31, 2018.

During the financial year 2017-18, your Company became the first Indian PSU to launch Green Bonds denominated in US Dollars and raised USD 450 million for a tenor of ten years, which attracted overwhelming response from investors across the globe, with the issue getting oversubscribed 6.7 times. These Bonds are listed on the International Securities Market (ISM) segment of London Stock Exchange and Singapore Stock Exchange. It was affirmation of our commitment to promotion of green energy and a step towards realization of the national goal of harnessing the enormous green energy potential in the country to achieve the targeted capacity of 175 GW by 2022.

The domestic debt instruments of REC continued to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA. The Company enjoys international credit rating from International Agencies i.e. Moody's and FITCH of "Baa3" and "BBB-", respectively.

We have further refined and diversified the range of products to finance the emerging needs of the power sector across the value-chain in the state and central as well as the private sector domain. During the FY 2017-18, the Company sanctioned a total loan assistance of ₹107,534 crore, which included ₹53,224 crore for Generation projects; ₹36,326 crore towards Transmission and Distribution (T&D) sector strengthening; ₹7,034 crore for renewable energy projects i.e. solar, small hydro and wind energy; and ₹10,950 crore for other investments. Your Company is poised for a major leap in financing renewable projects in the coming days.

Further, during the 2017-18 financial year, the Company disbursed a total loan amount of ₹61,712 crore, which included ₹26,676 crore for T&D projects, ₹18,086 crore towards generation projects, ₹5,403 crore towards renewable energy projects, ₹10,860 crore towards other loans and ₹687 crore as counterpart financing for DDUGJY. In addition, we administered a grant of ₹10,569 crore provided by Government of India, under DDUGJY and Saubhagya schemes, that was disbursed to different states/implementing agencies.

During the FY 2017-18, the operating income of REC on a standalone basis was ₹22,358 crore. The Profit Before Tax and Profit After Tax for the reporting year was ₹6,852 crore and ₹4,647 crore, respectively. REC's Net Worth on March 31, 2018 was ₹35,491 crore, which was 6.50% higher than the net worth of ₹33,326 crore, a year earlier.

ASSET QUALITY

After addition of loan assets of ₹37,520 crore during the financial year 2017-18, gross Loan book of your Company stood at ₹2,39,449 crore on March 31, 2018. Of this, State Sector accounted for 78%, 8% towards Joint Sector, followed by 14% to the Private Sector.

It is pertinent to mention that the Reserve Bank of India (RBI) notified 'Revised Framework for Resolution of Stressed Assets', which *per se* was not applicable to REC, being a Non-Banking Financial Company (NBFC). However, as a matter of abundant prudence, loans amounting to ₹9,591 crore were classified as non-performing assets during the year, in line with the above circular. Accordingly, as on March 31, 2018, the Gross NPAs stood at ₹17,128 crore (7.15% of Loan Assets) and the Net NPAs were ₹13,612 crore (5.68% of Loan Assets). It is important to note that without the impact of the above circular, the Gross NPAs were ₹7,537 crore (3.14% of Loan Assets) and the Net NPAs were ₹4,980 crore (2.07% of Loan Assets). The Company did not reschedule any doubtful loans during the FY 2017-18.

We have initiated several measures to ensure high quality of project assets that include, *inter-alia*, robust entity and project appraisal, diligent administration of loan, effective monitoring of the project implementation through Lenders' Engineers and Project Management Consultants. Consequently, your Company continues to own high quality assets and has the lowest Non-Performing Assets (NPAs) in the league.

CAPITAL STRUCTURE

Being an Infrastructure Finance Company, your Company is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15%, with a minimum Tier I Capital of 10%. Notwithstanding the higher provisioning that has been made as a matter of abundant prudence and reduction in the net interest margin, the Company was able to maintain CRAR of 19.39%, which is well above the regulatory requirements.

During the year under review, the President of India acting through the Ministry of Power divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company. Accordingly, as on March 31, 2018, the President of India held 58.32% of the paid-up equity share capital of the Company. Further, 64,73,244 equity shares i.e. 0.33% of total paid up capital of the Company were divested/sold in June, 2018 and as on date, the President of India holds 57.99% of the paid-up equity share capital of the Company.

DIVIDEND

The Board of Directors of your Company has recommended final dividend of ₹1.75 per share for the financial year 2017-18, subject to approval of the Shareholders in this annual general meeting, which is in addition to the interim dividend of ₹7.40 per share paid in February, 2018. Total dividend for the financial year 2017-18 will work out to ₹9.15 per share, representing 91.50% of the paid-up equity share capital.

POLICY INITIATIVES

During the financial year 2017-18, your Company has adopted / amended various policies and guidelines, such as policy for advancing Short Term Loans to private sector borrowers; updation of Appraisal Guidelines in respect of Private Sector Conventional & Renewable projects; rationalization of Post-COD interest rate and modification of interest rate reset period for Renewable Energy projects; Comprehensive Risk Management Policy along with project and other risk categorization frameworks; REC policy for investment of Short Term Surplus funds; Succession Planning for key positions; Modification of REC Long Term Investment Policy; New Grading Model and Exposure Norms for State Power Utilities; etc. The new/modified guidelines shall make the Company more competitive and provide a thrust for the business.

Considering that 'REC' has become a Brand that is recognized by public at large in India and abroad, your Company has initiated the process for aligning its name to reflect its current mandate and activities. Accordingly, we have initiated the process for changing the name of our Company from "Rural Electrification Corporation Limited" to "REC Limited", subject to the requisite approvals. Your Company is also in the process of widening the scope of its Objects, for harnessing new business opportunities emerging in the Power sector.

Further, in order to secure improved operational efficiency and to reap the benefits of higher capital base and pooled resources, we have initiated the process to effect merger of REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL), wholly owned subsidiary companies of your Company.

FLAGSHIP GOVERNMENT PROGRAMMES

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya): During the financial year 2017-18, the Government of India notified Saubhagya with the objective of achieving universal household electrification in the country by providing last mile distribution network and electricity connections to all households. On the date of launching the scheme, October 11, 2017, around 3.50 crore households that had remained un-electrified, are targeted for providing electricity connections by December 31, 2018. The Government of India has designated our Company as the Nodal Agency for the Saubhagya scheme. In this context, our Company is supporting the Ministry of Power, State Governments and the implementing agencies with planning, facilitation, coordination, capacity development, monitoring and reporting to ensure timely completion of the programme.

To expedite and monitor the electrification of households under Saubhagya, a dedicated web portal (www.saubhagya.gov.in) has been developed, which disseminates information about the status of household electrification across the country in real-time. With the active support and cooperation of State governments, Power Utilities and other stakeholders, 40.45 Lakh households were electrified upto March 31, 2018, which have crossed the figure of 1.00 crore on August 5, 2018 and the remaining will be electrified by December 31, 2018. During the year under review, grant/subsidy provided by Government of India amounting to ₹1,541 crore was disbursed to the States/ Implementing Agencies under the scheme.

Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY): is the flagship scheme of Government of India covering all aspects of rural power distribution, supplementing the overall management of rural power distribution for achieving '24x7 Power for All' in the country through defined project components that include *inter-alia* distribution infrastructure strengthening, feeder separation, village and habitation electrification. REC has been the nodal agency for operationalization of the scheme. During the year under review, grant/ subsidy provided by Government of India of ₹9,028 crore was disbursed to the States/ Implementing Agencies under the scheme.

Village Electrification: The Hon'ble Prime Minister in his address on Independence Day – August 15, 2015, announced that the remaining 18,452 Un-Electrified (UE) villages, however, remote and inaccessible they might be, would be electrified within 1,000 days. Accordingly, the Ministry of Power had taken up the task of electrification of all un-electrified villages and assigned the task of coordination and monitoring of electrification work to REC.

Your Company has devised rigorous intensive monitoring mechanism under which the entire village electrification process was divided into 12 milestones and an online web-portal (www.garv.gov.in) *viz.* 'GARV App' was developed for transparent and accountable monitoring of the progress of village electrification. For the successful and fast completion of assigned task electrical engineers *viz.* 'Gram Vidyut Abhiyantas' (GVA) were appointed at block/district level.

During the financial year, 3,736 un-electrified villages were electrified and free electricity connections were provided to 50.41 Lakh households. Further, April 28, 2018 has been marked as a historic day in the Indian Power Sector on achieving electrification of all inhabited census villages in the country.

Ujwal DISCOM Assurance Yojana (UDAY): The Government of India, in financial year 2015-16, announced 'Ujwal DISCOM Assurance Yojana' that aims at financial turnaround and revival of Power Distribution Companies and to ensure sustainable solution to the financial constraints of DISCOMs, through defined initiatives *viz.* improving operational efficiencies of DISCOMs; reduction of cost of power; reduction in interest cost of DISCOMs; and enforcing financial discipline on DISCOMs through alignment with state finances.

Your Company has been supporting the Ministry of Power (MoP) for effective monitoring of UDAY scheme and has established a state-of-the-art web-portal and an online App for monitoring the performance of State DISCOMs. This has resulted in transparency and accountability leading to improvement in the operational efficiency and cost-effectiveness of DISCOMs.

As on March 31, 2018, 16 comprehensive and 16 operational MoUs have been signed amongst Power Utilities, States/UTs and the Ministry of Power, Government of India. Under the scheme, the States/DISCOMs have issued bonds for ₹2.32 Lakh crore and DISCOMs have saved more than ₹20,000 crore of interest cost. The other significant positive results are declining gap between ACS and ARR and reduction in average AT&C losses of UDAY States.

HUMAN RESOURCES MANAGEMENT

Our Company has been according highest importance to capacity building and well-being of its employees. It is well equipped with high-value human resources that is *sine qua non* for meeting the emerging challenges and harness the opportunities. During the year, there was no loss of man-days because of industrial unrest. Further, there have been regular interactions and open-house

sessions between the management and the employees, which has helped in building an atmosphere of trust and cooperation, thereby contributing to a motivated work force and consistent growth in organizational performance. REC also endeavours to recruit fresh talent with requisite skills and competencies as may be required for future.

INFORMATION TECHNOLOGY INITIATIVES

During the financial year 2017-18, your Company has implemented digital office solution across all offices of the Company since January 2018. Further, your Company has also migrated to the latest version of Business ERP in July 2018. Your Company is fully compliant with the RBI Master Directions - IT Framework for NBFC sector and also facilitates & promotes the IT initiatives of Government of India like MyGov, e-Governance, DPE guidelines on digital mode of payments, etc., within the Company. Other initiatives of your Company during the year include revamping of the entire network and communication infrastructure, corporate website and development of various in-house applications including for effective monitoring of implementation of DDUGJY, Saubhagya and other schemes. In addition, information technology based management information system is being implemented in REC Foundation.

REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

REC Institute of Power Management and Training (REC-IPMAT) continues to cater to the training and development needs of engineers and managers of Power Sector. It has conducted numerous training programmes on Power Generation, Transmission, Distribution, Renewable energy and other industry relevant subjects. Further, the National Institute of Solar Energy (NISE) has empanelled REC-IPMAT as the partner-training institute for conducting Solar Energy Programmes. REC-IPMAT has been training power sector professionals from the Africa and Middle East regions in the spirit of south-south co-operation.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

As a responsible corporate citizen, REC has been actively pursuing various initiatives on the CSR front for Sustainable Development of the regions and communities in need of economic and financial support. During the financial year 2017-18, the Company has sanctioned total financial assistance of ₹167 crore towards CSR activities/projects in the fields of skill development, education, environmental sustainability, health care (including persons of old age and persons with disabilities), drinking water and sanitation facilities, etc., against allocated CSR budget of ₹162 crore and total amount of ₹49 crore was disbursed.

Our Company has established REC Foundation to channel CSR funds and has strengthened the human resources capacity of the Foundation for effective management of the social and economic development initiatives. The Foundation has collaborated with the United Nations Population Fund (UNFPA), North East Council (NEC) and International Fund for Agricultural Development (IFAD) financed North East Resource Management Project to leverage their knowledge, capacity and presence in the community to maximise development impact. The Foundation has stepped up its efforts to promote holistic sustainable development in the North East India and the Aspirational Districts of other States. REC Foundation has been in discussions with other national and international development agencies like Global Innovation Fund (GIF), WISH Foundation, etc., for supporting innovation in social and economic development arena.

Besides, your Company has organized various programmes to spread awareness among the general public about Swachh Bharat and socio-economic development. All employees of REC have been participating with great enthusiasm and zeal in various social development activities and have taken proactive action in promoting cleanliness drive. Your Company has organized *Nukkad Nataks* in different locations across Delhi to spread awareness about hygiene and sanitation and waste management by encouraging people to participate in *'Swachhta Hi Seva'* campaign.

CORPORATE GOVERNANCE

Your Company is committed to the highest standards of Corporate Governance and believes in adopting and adhering to the best corporate governance practices. All measures are taken to conduct the business in an ethical and responsible manner, with the sole objective of sustainable value creation for all Stakeholders within the prevalent regulatory framework. As a listed Public-Sector Enterprise, your Company has been complying with all the applicable provisions related to Corporate Governance as stipulated under Companies Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines and other applicable laws.

MoU RATING AND AWARDS

REC's performance has been rated "Excellent" against the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India, for the FY 2016-17. This is the 24th year in succession that REC has received "Excellent" rating.

During the year under review, the Company has been conferred with the 'Certificate of Recognition for Excellence in Corporate Governance' by the Institute of Company Secretaries of India (ICSI), at the '17th ICSI National Awards for Excellence in Corporate

Governance', in recognition of its continuous efforts and innovative practices in promoting good corporate governance. Further, REC has also received the 'Governance Now 5th PSU Award', 'CBIP Award for Best Power Financing Company' and 'SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management' for the year 2016-17.

SUBSIDIARY COMPANIES AND JOINT VENTURES

The Company has the following two wholly owned subsidiaries for consultancy services in the areas of transmission, distribution, bid process transaction advisory services, project management, project implementation, quality assurance, project monitoring, etc.:

- ⇨ REC Transmission Projects Company Limited (RECTPCL); and
- ⇨ REC Power Distribution Company Limited (RECPDCL).

RECTPCL acts as the "Bid Process Coordinator" for selection of Transmission Service Provider(s), through Tariff Based Competitive Bidding (TBCB) process for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments and has established six Project Specific Special Purpose Vehicles (SPVs) for such transmission projects, by the end of the year. During the financial year 2017-18, RECTPCL generated an income of ₹53 crore and earned a Net Profit of ₹35 crore. It's Net worth on March 31, 2018 was ₹177 crore.

RECPDCL's core business includes preparation of detailed project reports, third party inspection, material inspection and project management consultancy services, technical assistance, technology transfer, capacity development, etc. RECPDCL is also monitoring the village electrification works under DDUGJY. During the financial year 2017-18, RECPDCL achieved a total revenue of ₹207 crore and earned net profit of ₹37 crore. Further, it's Net worth as on March 31, 2018 was ₹180 crore.

Your Company, along with three other power sector PSUs, as partners, has a Joint Venture Company by the name Energy Efficiency Services Limited (EESL), Super Energy Service Company (ESCO). EESL acts as the resource centre for capacity building for State DISCOMs, Energy Regulatory Commissions, State Development Authorities, upcoming ESCOs, financial institutions, etc. and to create and sustain market access to energy efficient technologies, particularly in the public facilities like municipalities, buildings, agriculture, industry, etc. and to implement several schemes of Bureau of Energy Efficiency.

As on date, REC holds 21.70% of the paid-up equity share capital of Energy Efficiency Services Limited. Presently, EESL is implementing world's largest non-subsidy-based LED lighting programme i.e. UJALA for distribution of LED bulbs, LED tube lights and energy-efficient fans to domestic consumers, besides many other programmes/initiatives. The performance of EESL during the financial year 2017-18 is on the growth path, as the company has generated total revenue from operations of ₹1,411 crore and earned Net Profit of ₹39 crore.

FUTURE STRATEGY

The Power sector scenario in the country is poised for a paradigm shift with increased focus on renewable energy power generation, energy conservation, energy efficiency, efficiency in transmission and strengthening of the distribution sector and overall reform of the power sector management in order to make it more responsive and responsible to the consumer demand. As a result, newer business opportunities are emerging in the Power sector, albeit with increased competition from banks, financial institutions and other NBFCs. With a view to effectively meet the challenges/ competition and to harness the opportunities in India and abroad, your Company is actively scouting for viable participatory avenues.

Retiring the old thermal generation plants, tailoring the existing thermal plants in compliance with the new environmental regulations, massive expansion in the renewable energy space, harnessing hydropower potential in the North East and Himalayan regions, investment in strengthening transmission and distribution infrastructure, automation of the distribution network through establishment of smart distribution management systems will provide further business opportunities to your Company. The state/ power utilities being one of the major stakeholders of REC's business are also taking new initiatives in developing renewable energy sector like solar roof top programmes, electric vehicles, charging infrastructure, smart city projects, energy efficiency devices, etc. Your Company is closely working with all the stakeholders to harness these investment opportunities. Further, our Company also intends to partner with various other power sector participants to diversify and achieve synergies in business operations.

THE PATH AHEAD

The Indian Power Sector is poised for major transformation with notification of National Electricity Policy, National Tariff Policy, Renewable Energy Policy, National Hydro Policy, implementation of SHAKTI, rationalization of coal linkages, etc. To translate its vision of Power for All (PFA), the Government has launched major flagship programmes – Deen Dayal Upadhyay Gram Jyoti Yojana, Integrated Power Development Scheme, Pradhan Mantri Sahaj Bijli Har Ghar Yojana, etc. These programmes are under vigorous implementation in mission mode to ensure access to affordable quality power to all citizens.

In addition, the Government has undertaken a slew of reforms such as emphasis on village and household electrification, promotion of renewable sources of energy, specific measures for grid stability and scheduling, establishment of green corridors, operational and financial turnaround of DISCOMs through UDAY, specific measures for scheduling and grid stability and digital interventions through various apps such as URJA MITRA, GARV, TARANG etc. Rationalization of tariffs under GST and restructuring of stressed assets under Insolvency and Bankruptcy Code, setting up of dedicated freight corridors and increased public investment in infrastructure hold great potential for future of power sector in the country.

Besides, a plethora of newer business opportunities are also coming up in the power sector with emerging role of new technologies such as electric vehicles, energy saving devices, power storage devices, smart metering, smart T&D systems, smart city projects and/or other projects involving integration of Information and Communication Technology (ICT) and Internet of Things (IoT) technology. Further, the focus on renewable energy and massive investment in the strengthening of transmission and distribution infrastructure are likely to increase the penetration of electricity in the country, thereby driving the demand upwards.

With the increasing emphasis of the Government to ensure affordable and quality power for all citizens of the country, there is a vast potential for increase in power consumption not only in the domestic segment but also because of expansion in rural enterprise development, employment creation and overall dynamism in the economy. Further, REC plans to collaborate with all stakeholders to diversify its business and foray into newer and related avenues across the segment.

However, there has been some stress in the conventional power generation capacity in the country due to various reasons such as lack of Power Purchase Agreements/Fuel Supply Arrangements/ transmission connectivity, regulatory issues, promoter inefficiencies and weak financial health of DISCOMs. Due to sectoral issues of power sector, the resolution plans under IBC framework are likely to be sub-optimal. Accordingly, your Company has finalised advanced action plan to collaborate with other power sector players to warehouse such assets, set up an Asset Management and Revitalization Company (PARIWARTAN) to takeover and revive such assets, in order to optimize the value for the lenders.

With the magnitude of funds being provided to the States under the ongoing Central Government schemes for strengthening their power infrastructure and the proactive steps taken to remove the bottlenecks, the scenario for the Power Sector looks highly optimistic. REC plans to enter the newer avenues not just as a funding partner but would also like to play a larger role as an implementing agency and provider of products/services. REC is closely following the market to identify and analyse the ongoing and upcoming challenges in order to launch appropriate measures to maximize its shareholders' value. Our Company is also exploring financing and development opportunities in the overseas market.

ACKNOWLEDGEMENTS

I take this opportunity to thank the Hon'ble Minister of State (Independent Charge) for Power and New & Renewable Energy, the Secretary, Additional Secretary, Joint Secretaries and other Officials of the Ministry of Power, for their support and guidance to the Company. I would also like to thank the officials of the NITI Aayog, Ministry of Finance, Ministry of Corporate Affairs, DIPAM, DPE, RBI, SEBI, Stock Exchanges and Depositories for their continued cooperation. Further, I am also grateful to the Comptroller and Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company. Above all, I wish to thank our investors, lenders and borrowers, especially the State Governments, power utilities and the private entrepreneurs, for reposing their trust in REC.

Last but not the least, I am grateful to my esteemed colleagues on the Board and to all employees of REC, for their untiring efforts. I am confident that with your cooperation and with the dedicated efforts of Team REC, we will grow from strength to strength, in the times ahead.

With warm wishes,



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

August 23, 2018

NOTICE

Notice is hereby given that the Forty Ninth (49th) Annual General Meeting (AGM) of Rural Electrification Corporation Limited ("REC" or "the Company") (CIN: L40101DL1969GOI005095) will be held on **Tuesday, September 25, 2018** at 11.00 A.M. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010, India to transact the following businesses:-

ORDINARY BUSINESS

Item No. 1: To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2018 along with the Reports of the Board of Directors and Auditors thereon.

Item No. 2: To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2017-18.

Item No. 3: To appoint a Director in place of Shri Sanjeev Kumar Gupta (DIN: 03464342), who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 4: To fix the remuneration of Statutory Auditors for the financial year 2018-19.

SPECIAL BUSINESS

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

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

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to the approval/consent of such appropriate authorities, consent of the Company be and is hereby accorded for entering into contract(s) or arrangement(s) or transaction(s) to be entered by Rural Electrification Corporation Limited (REC) with Energy Efficiency Services Limited (EESL) or any other associate company(ies) (present or future) of REC, during a period of one year from the date of passing of this Resolution, in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year, i.e. financial year 2017-18.''

''RESOLVED FURTHER THAT the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board be and is hereby authorized to approve the individual contract(s) or arrangement(s) or transaction(s) with EESL or any other associate company(ies) (present or future) of REC within the overall limit of two percent (2%) of the turnover of REC for the financial year 2017-18, including therein the name of the related party and nature of relationship, nature, duration and particulars of the contract or arrangement to be entered with EESL or any other associate company(ies) of REC, material terms of such contract or arrangement *inter-alia* including the value of the contract, advance payment to be made/received, if any, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract and/or any other matter to be decided in this regard.''

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

Item No. 6: To change the name of the Company from "Rural Electrification Corporation Limited" to "REC Limited".

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

"RESOLVED THAT pursuant to Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to such other approvals, permissions and sanctions of such appropriate authorities, as may be necessary, consent of the Company be and is hereby accorded to change the name of the Company from "Rural Electrification Corporation Limited" to "REC Limited" or such other name as may be approved by Registrar of Companies, NCT of Delhi and Haryana and accordingly, Clause I of the Memorandum of Association of the Company being the Name Clause, be and is hereby altered and substituted by the following clause:

I. The Name of the company is REC Limited."

"RESOLVED FURTHER THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to such other approvals, permissions and sanctions

of such appropriate authorities, as may be necessary, consent of the Company be and is hereby accorded that the existing name of the Company *viz.* Rural Electrification Corporation Limited, wherever appearing in the Articles of Association of the Company, be substituted by the new name i.e. 'REC Limited' or such other name as may be approved by Registrar of Companies, NCT of Delhi and Haryana."

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

Item No. 7: To increase the overall Borrowing Limit of the Company.

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

"RESOLVED THAT in supersession of earlier resolution passed by the Company through Postal Ballot on June 10, 2014 and pursuant to Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) & any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to borrow such moneys or sum of moneys, from time to time, at its discretion, with or without security, and upon such terms and conditions as the Board may think fit, for the purpose of business of the Company, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed aggregate of the paid up capital of the Company and its free reserves, provided that the total amount borrowed and outstanding at any point of time shall not exceed a sum of ₹3,50,000 crore (Rupees Three Lakh Fifty Thousand Crore Only) in Indian Rupees and in any foreign currency equivalent to USD 8 billion (USD Eight Billion only)."

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

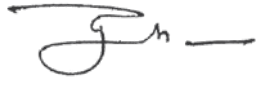
Item No. 8: To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.

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

"RESOLVED THAT in supersession of earlier resolution passed by the Company through Postal Ballot on June 10, 2014 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to create charge, hypothecation, mortgage on any movable and/or immovable properties of the Company wheresoever situated, both present and future and on the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of any banks, financial institutions, hire purchase/lease companies, body corporate or any other persons on such terms and conditions as the Board may think fit, for the benefit of the Company and as agreed between Board and lender(s) towards security for borrowing of funds from time to time, not exceeding ₹3,50,000 crore (Rupees Three Lakh Fifty Thousand Crore Only) in Indian Rupees and in any foreign currency equivalent to USD 8 Billion (USD Eight Billion only) for the purpose of business of the Company or otherwise as per the requirements of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014 and any other statutory and procedural formalities to be complied with in this regard."

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

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



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

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

Date : August 23, 2018

NOTES:-

1. **A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll, if any, instead of himself/herself and such proxy need not be a member of the company. The Proxy Form duly completed and signed must be received at the registered office of the Company, not less than forty eight (48) hours before the commencement of the AGM. Blank Attendance Slip, Proxy Form and Route Map of the venue of the meeting is attached and also available on the Company's website i.e. www.recindia.com.**

   A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the company. A member holding more than ten percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. A Statement setting out the material facts concerning each item of Special Business, pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto.

3. Brief Resume of the Director seeking re-appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} is annexed hereto and forms part of Notice.

4. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, September 19, 2018 to Tuesday, September 25, 2018 (both days inclusive).**

5. The Final Dividend @ ₹1.75 per equity share, as recommended by the Board of Directors in its Meeting held on May 28, 2018, subject to the provisions of Section 123 of the Companies Act, 2013, if approved, by the Members at this Annual General Meeting, will be paid on **Monday, October 15, 2018** to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company or M/s Karvy Computershare Private Limited, Registrar and Share Transfer Agent (R&TA), on or before **Tuesday, September 18, 2018**, in respect of physical shares. In respect of dematerialized shares, the final dividend shall be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on **Tuesday, September 18, 2018**.

   In addition, the Board of Directors in its Meeting held on February 6, 2018 had declared an interim dividend of ₹7.40 per equity share on the paid-up equity share capital of the Company, which was paid on February 27, 2018. The Shareholders are also requested to confirm the same.

6. Members who hold shares in physical form are requested to send all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other shares related matter and / or change in address or bank account, to R&TA of the Company and in case of shares held in electronic mode, to their respective Depository Participants.

7. Members who have not received/encashed their dividend warrants within its validity period may write to the Company at its Registered Office or R&TA of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.

   Pursuant to the provisions of the Companies Act, 2013, the dividend amount which remains unpaid/unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. Further, pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has already uploaded details of unpaid and unclaimed amounts lying with the Company as on September 21, 2017 (date of last Annual General Meeting) on the website of the Company (www.recindia.com) and also on the website of the Ministry of Corporate Affairs. Further, the investor-wise details of amounts transferred to IEPF during the financial year 2017-18 are available on the website of the Company i.e. www.recindia.com.

8. Corporate Members are requested to send/attach a duly certified copy of the Board Resolution/Authority Letter authorizing their representative to attend and vote on their behalf at the AGM, along with the Proxy Form/ Attendance Slip.

9. **Members are requested to:-**

   a) note that copies of Annual Report will not be distributed at the AGM and they will have to bring their copies of Annual Report;

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

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

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

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

10. As SEBI has made usage of electronic payment modes for making cash payments to the investors mandatory, therefore members are advised to submit their National Electronic Clearing System (NECS)/National Electronic Fund Transfer (NEFT)/ Direct Credit mandates or changes therein, to enable the Company to make payment of dividend by means of NECS/ NEFT/Direct Credit/Warrants. Shareholders holding shares in physical form may obtain and send the NECS/NEFT/ Direct Credit mandate form to R&TA of the Company at the address i.e. **Karvy Computershare Private Limited, Unit : Rural Electrification Corporation Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India.** Shareholders holding shares in electronic form may obtain and send the NECS/NEFT/Direct Credit Mandate Form directly to their Depository Participant (DP). Those who have already furnished the NECS/NEFT/Direct Credit Mandate Form to the Company/ R&TA / DP with complete details, need not send it again.

11. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members who do not wish to opt for NECS/ NEFT/Direct Credit facility are advised to submit particulars of their bank account *viz.* name and address of the branch of the Bank, Bank Account Number, 9-digit MICR code of the Branch, IFS Code, type of account etc. latest by September 18, 2018 to R&TA to enable them to print these details on the Dividend Warrant.

12. **Pursuant to SEBI circular dated April 20, 2018, the Company is required to update the PAN and Bank details of shareholders holding shares in physical form, in case their folios do not have or are having incomplete details with regard to PAN and Bank particulars. Accordingly, the Company has sent reminder letters to such shareholders, requesting them to furnish their PAN and Bank details to the Company for updation. A specimen letter and proforma for updation of PAN, Bank and contact details, forms part of this Annual Report and is also available on the website of the Company. Shareholders holding shares in physical form are requested to update the same in the said proforma along with requisite supporting documents.**

13. **SEBI encourages all shareholders to hold their shares in dematerialized form as this eliminates the possibility of damage/loss of physical share certificate(s) & cases of forgery and facilitates the ease and convenience of paperless trading of shares. Further, no stamp duty is payable on transfer of shares held in Demat form. It is also pertinent to mention that SEBI Circular dated June 8, 2018 has prescribed that with effect from December 5, 2018, requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we request you to convert your shareholdings from physical form to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant.**

14. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its R&TA along with relevant Share Certificates. In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

15. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the company in a General Meeting or in such manner as the company in a General Meeting may determine.

    In the 48th AGM of the Company held on September 21, 2017, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2017-18, on the recommendation of the Audit Committee. Accordingly, the Board of Directors approved the payment of remuneration of ₹40,00,000/- (Rupees Forty Lakh only) plus taxes as applicable to be shared equally by the Statutory Auditors, M/s G.S. Mathur & Co., Chartered Accountants and M/s A.R. & Co., Chartered Accountants, for the financial year 2017-18. The Board also approved that in addition to the above remuneration, the Statutory Auditors may be paid such actual reasonable traveling allowance and out-of-pocket expenses for outstation audit work, as may be decided by the CMD/Director (Finance).

    Further, M/s G.S. Mathur & Co., Chartered Accountants (Firm Reg. No.: 008744N) and M/s A R & Co., Chartered Accountants (Firm Reg. No.: 002744C) have been appointed as Statutory Auditors of the Company for the financial year 2018-19 by the C&AG of India. Accordingly, the Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2018-19.

16. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to the R&TA of the Company in Form SH-13 as prescribed in the Companies (Share Capital and Debentures) Rules, 2014. Blank Nomination form is available on Company's website i.e. www.recindia.com. In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective Depository Participant (DP).

17. Members desirous of getting any information on any item(s) of business of this meeting are requested to address their queries to the Company Secretary at the Registered Office of the Company at least ten days prior to the date of the Annual General Meeting, so that the information required can be made available at the time of the meeting.

18. The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses besides sending the same in physical form. Accordingly, the Company proposes to send all documents *viz.* Notice, Audited Financial Statements, Board's Report and Auditors' Report etc. in electronic form to the shareholders whose e-mail IDs are registered with the Company / R&TA. These documents will also be available on the website of the Company. Please note that as a Member of the Company, you are entitled to receive above mentioned and all other documents required under the law, free of cost, in physical form on receipt of your request in this regard.

    Members who have not registered their e-mail addresses so far, are requested to register their e-mail address with the R&TA of the Company / Depository Participant (DP) of respective Member and take part in the 'Think Green Go Green' Initiative of the Company.

19. The Register of Directors and Key Managerial Personnel (KMP) and their Shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice, will be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and at the time of AGM of the Company at the venue of the Meeting.

20. Non-Resident Indian Members are requested to inform R&TA, immediately in respect of (a) Change in their residential status on return to India for permanent settlement and (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code, if not furnished earlier.

21. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI, the Company is offering e-voting facility to the shareholders to enable them to cast their votes electronically on the items mentioned in the Notice. For this purpose, the Company has engaged the services of M/s Karvy Computershare Private Limited for providing e-voting facility to enable the Shareholders to exercise their right to vote through electronic means in respect of businesses to be transacted in the AGM. Those Shareholders who do not opt to cast their vote through e-voting, may cast their vote through ballot process (*Insta Poll*) at the AGM.

    The Company has appointed Dr. S. Chandrasekaran, Senior Partner or failing him, Shri Rupesh Agarwal, Managing Partner of Chandrasekaran Associates, Company Secretaries, New Delhi as the Scrutinizer to scrutinize the votes cast by the shareholders, both on the e-voting platform and through ballot process *(Insta Poll)* at the Meeting, in a fair and transparent manner.

    Further, the Company has fixed **Tuesday, September 18, 2018** as the Cut-off date for determining the eligibility to vote by electronic means or in the general meeting. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

    The e-voting portal will be open for voting from **Friday, September 21, 2018 (1000 hours) to Monday, September 24, 2018 (1700 hours)**. At the end of the said e-voting period, the e-voting portal shall forthwith be blocked.

    Members whose e-mail IDs are registered with the Company / R&TA, will receive an e-mail from R&TA informing user ID and Password. For other Members, the unique Password is printed on the Proxy Form. All members are requested to read the following instructions and other information carefully before casting their vote electronically:

    i. Log on to https://evoting.karvy.com or click on the link provided in the e-mail in case a Member receives an e-mail from Karvy. If you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

    ii. Otherwise enter the login credentials (i.e. User-ID & password) mentioned at the bottom of the Proxy Form attached to this Notice or in the e-mail received from R&TA. Your folio / DP ID and Client ID will be your User-ID.

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

iii. After entering these details appropriately, click on "LOGIN".

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

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

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

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

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

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

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

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

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

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

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

22. Once the vote on a resolution is cast by a Shareholder, he / she shall not be allowed to change it subsequently or cast the vote again.

23. Once discussion on all the agenda items is completed in the Meeting, every Resolution will be put to vote through a ballot process (*Insta Poll*) at the Meeting. Those Shareholders who have cast their vote electronically, may also attend the meeting but shall not be allowed to vote again through the ballot process (*Insta Poll*) at the Meeting.

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

25. The results of the voting indicating the number of votes cast in favour or against each of the Resolutions, invalid votes and whether the Resolution(s) has been carried out or not, together with the Scrutinizer's Report, will be displayed on the Notice Board of the Company at its Registered Office and will also be uploaded on the website of the Company (www.recindia.com) and on Karvy's website (https://evoting.karvy.com) and will also be submitted to BSE Limited and National Stock Exchange of India Limited within the prescribed time. Further, the resolutions, if passed by requisite majority, shall be deemed to be passed on the date of Annual General Meeting.

26. The Company is not providing Video Conferencing facility for this meeting.

27. The entire Annual Report is also available on the Company's website www.recindia.com.

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

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

Item No. 5

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

REC may be required to enter into contracts/arrangements/transactions with EESL or any other associate company(ies) (present or future) of REC, from time to time, in excess of the limits prescribed under the Companies Act, 2013 and Rules made thereunder. Therefore, it is proposed to seek approval of the shareholders for any contract(s) or arrangement(s) or transaction(s) to be entered by REC during a period of one year from the date of passing of this Resolution, with EESL or any other associate company(ies) (present or future) of REC in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year, i.e. financial year 2017-18.

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

Further, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board shall be authorized to finalize and approve the nature, duration, material terms, monetary value and particulars of the contract(s) or arrangement(s) or transaction(s) to be entered with EESL or any other associate company(ies) (present or future) of REC, within the overall limit of two percent (2%) of the turnover of REC for the financial year 2017-18.

The Board of Directors of the Company in its Meeting held on July 25, 2018 has approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at Item No. 5 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

Item No. 6

Rural Electrification Corporation Limited (REC) is a Public Financial Institution under Section 4A of the Companies Act, 1956 [corresponding Section 2(72) of the Companies Act, 2013] since 1992 and registered as a Non-Banking Financial Company (NBFC)

under Section 45 IA of the RBI Act, 1934, since 1998. REC has also been categorized as an Infrastructure Finance Company (IFC) by Reserve Bank of India (RBI) in September, 2010. As nodal agency, REC is also channelizing the subsidy under various schemes launched by the Government of India, in the Power Sector.

In day to day interactions, discussions, correspondence with statutory bodies, borrowers, lenders, investors and other stakeholders, the Company is normally using abbreviated names "REC" & "RECL" and these names are well recognized across the industry and market. Further, logo of the Company registered with the Trade Marks Registry, Government of India under Trade Marks Act, 1999 is also containing the word "REC". Further, the name of Company "Rural Electrification Corporation Limited" gives an impression that the company is mainly into the business of rural electrification whereas, the Company is having remarkable presence in the financing of all segments of Indian Power Sector *viz.* generation, transmission, distribution, renewable energy, etc.

Considering that 'REC' has become a brand name and is recognized by public at large in India and abroad, it is proposed to change the name of the company from "Rural Electrification Corporation Limited" to "REC Limited" subject to such approvals, permissions and sanctions of such appropriate authorities, as may be necessary.

The Board of Directors of the Company in its Meeting held on May 28, 2018 has approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by Members of the Company. Further, Ministry of Power, Government of India vide letter dated August 9, 2018, has also accorded approval for the same.

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No. 6 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

Item No. 7

As per Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Board of Directors of the Company shall, with the consent of the Company by passing a Special Resolution, borrow moneys, which together with the moneys already borrowed by the Company, is in excess of the paid-up capital and free reserves of the Company.

In this regard, the Members of the Company, by passing Special Resolution through Postal Ballot on June 10, 2014, had granted powers to the Board of Directors of the Company to borrow moneys upto a total amount of ₹2,00,000 crore in Indian Rupees and in any foreign currency equivalent to USD 6 billion.

The net amount of borrowings of the Company as on March 31, 2018 was ₹1,98,791 crore and a sum of ₹60,000 crore is likely to be borrowed during the Financial Year 2018-19 for lending activities, from the market by way of issue of bonds to investors and availing long term loans from banks and financial institutions, foreign currency borrowings etc.

The projected level of borrowings during the Financial Year 2018-19 is likely to exceed the presently approved limit. Therefore, the consent of the Members is sought under Section 180(1)(c) of the Companies Act, 2013, for increasing the borrowing limit from ₹200,000 crore to ₹3,50,000 crore in Indian Rupees and in any foreign currency equivalent from USD 6 billion to USD 8 billion, to cover the further requirement of borrowings.

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

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No. 7 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

Item No. 8

In terms of the provisions of Section 180(1)(a) read with Section 110 of the Companies Act, 2013 and Rules made thereunder, a company cannot sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or undertakings of the company without the consent of the Shareholders of the Company by way of a Special Resolution through Postal Ballot. However, MCA vide Notification dated February 9, 2018 *inter-alia* amended Section 110 of the Act and prescribed that any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means.

In terms of the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, REC is providing the facility to its members to enable them to vote on resolutions at the general meeting, by electronic means. Accordingly, the Special Resolution for creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company, is proposed to be passed in this AGM.

The operations of the Company have increased substantially and in order to meet the growing fund requirements of the Company, additional funds are required to be raised by creation of security on the immovable/movable properties of the Company. Since the creation of charge / mortgage tantamount to otherwise disposing of the undertakings of the Company, it shall be necessary to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013.

Therefore, it is proposed to authorize the Board of Directors of the Company to mortgage/create charge on immovable and/or movable properties of the Company, both present and future, for securing loan up to ₹3,50,000 crore in Indian Rupees and in any foreign currency equivalent to USD 8 Billion or otherwise as per the requirements of Section 180(1)(a) of the Companies Act, 2013, Rules made there under and any other statutory and procedural formalities to be complied with in this regard.

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

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No. 8 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

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



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

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

Date : August 23, 2018

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT 49TH ANNUAL GENERAL MEETING TO BE HELD ON SEPTEMBER 25, 2018.

Name	**Shri Sanjeev Kumar Gupta, Director (Technical)** **(DIN 03464342)**
Date of Birth	October 4, 1961
Date of Appointment	October 16, 2015
Qualifications	Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand.
Expertise in specific Functional area	Shri S.K. Gupta has 36 years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Project Management of large EHV & UHV Transmission projects, financing of Generation, Transmission, Distribution and Renewable Projects, etc. in various power CPSUs such as REC, PGCIL and NHPC. He has been working in the Company since March 16, 2010 at Senior Management positions including as the CEO of REC Transmission Projects Company Limited, a wholly owned subsidiary of REC, as well as the nodal officer for the National Electricity Fund (NEF). He is responsible for all Technical functions and Business Development of the Company.
Directorship held in other Companies	REC Power Distribution Company Limited. REC Transmission Projects Company Limited.
Membership/ Chairmanship of Committees across all Public Companies other than REC	--
Number of shares held in the Company	Nil
Relationships with other Directors, Manager and other Key Managerial Personnel	None of the Directors have inter-se relationship with any Director, Manager and other Key Managerial Personnel of the Company.
Details of remuneration paid / sought to be paid	The details of remuneration paid and number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2017-18.
Number of meetings of the Board attended during the year	

DIRECTOR'S PROFILE



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

Ramesh V Penumaka has been the Chairman and Managing Director (CMD) on the Board of REC since January 5, 2017. He is 1985-batch Indian Administrative Service (IAS) officer of Andhra Pradesh Cadre. Prior to joining REC, Dr. Ramesh was the Special Chief Secretary and State Development Commissioner of Andhra Pradesh Government, apart from being the Ex-Officio Special Chief Secretary to Andhra Pradesh Chief Minister. Dr. Ramesh has graduated as Physician from the Christian Medical College and Hospital, Vellore.

During his thirty-three years of public service - as national and international civil servant - he held important positions with international development organisations and Government of Andhra Pradesh. He was the Principal Finance Secretary to Government of Andhra Pradesh for nearly five years and prior to that, held the posts of Principal Secretary Department of Health, Medical and Family Welfare and Commissioner of Industries. He was the Principal Secretary of the State Reorganization Department during reorganisation of the state of Andhra Pradesh.

Between 1996 and 2009, Dr. Ramesh worked for the United Nations Office for Project Services (UNOPS), United Nations Population Fund (UNFPA), International Fund for Agricultural Development (IFAD) the World Bank. He worked in several countries across Asia Pacific, West Asia, Arab States and Africa regions and assisted the national and sub-national governments with formulation of economic development strategies; design of plans, policies and programmes for integrated development; strengthening of institutional capacity; and effective management of programme and project execution. Working in the UNOPS, UNFPA and IFAD headquarters and as global chairman of the UNOPS Staff-Management Forum (SMF), he was a member of the senior management team and contributed to the organisational change management, strategic planning and performance monitoring, resource mobilisation, etc. As international civil servant, Dr. Ramesh held high profile positions of the Country Programme Manager for Asia Pacific Division of IFAD/ UNOPS; Senior Portfolio Manager for West Asia, Europe and Arab States; Acting Director of UNOPS Regional Office for Southern and Eastern Africa; Country Representative of UNFPA to Afghanistan; UNOPS / World Bank Senior Advisor to the Finance Minister of Afghanistan, to mention a few.

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

As on March, 31 2018, Dr. Ramesh was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

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



Shri Ajeet Kumar Agarwal is Director (Finance) on the Board of REC since August 1, 2012. He has done B.Com (Hons.) from Shri Ram College of Commerce, University of Delhi. He is also a Fellow Member of the Institute of Chartered Accountants of India. Shri Agarwal has 35 years experience in Public Sector Undertakings. He is responsible for formulating financial strategies and plans to enable REC in achieving its vision. He provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.

He is Nominee Director on the Board of two wholly owned subsidiary companies of REC i.e. REC Transmission Projects Company Limited & REC Power Distribution Company Limited and since August 22, 2012, he is also Nominee Director on the Board of Indian Energy Exchange Limited (IEX), a listed company.

During his tenure in REC as General Manager/ Executive Director (Finance), he had handled various finance functions including Resource Mobilisation, Loan Disbursement and Corporate Accounts & Taxation.

As on March 31, 2018, Shri Ajeet Kumar Agarwal was holding 484 Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



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

Shri Sanjeev Kumar Gupta is the Director (Technical) on the Board of REC since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand. He has 36 Years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Project Management of large EHV & UHV Transmission projects, Financing of Generation, Transmission, Distribution and Renewable Projects, etc. in various power CPSU's, REC, PGCIL and NHPC.

He is also Nominee Director on the Board of two wholly owned subsidiary companies of REC i.e. REC Power Distribution Company Limited, since October 12, 2015 and REC Transmission Projects Company Limited, since October 26, 2015.

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

As on March 31, 2018, Shri Sanjeev Kumar Gupta was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

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



Dr. Arun Kumar Verma is Government Nominee Director on the Board of REC since October 6, 2015. He is an Indian Forest Service Officer of 1986 Gujarat Cadre and is a Joint Secretary in Ministry of Power. He holds a Master's degree in Physics and is an Associate Member of Indira Gandhi National Forest Academy (AIGNFA) from FRI & C, Dehradun. He has done Ph.D in Tribal Development Policy. He has also done Post Graduate Programme in Public Policy & Management (PGPPM) from Indian Institute of Management, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA. He has over 32 years of administrative and management experience. He has served the Power Sector earlier as Managing Director, Uttar Gujarat Vij Company Limited. Before joining Ministry of Power, Government of India, he was posted as Member Secretary of Gujarat Ecology Commission, Gandhinagar and Project Director of the World Bank Funded Integrated Coastal Zone Management from July 29, 2011 to November 14, 2014. He is also a Government Nominee Director on the Board of Power Finance Corporation Limited and PTC India Limited.

As on March 31, 2018, Dr. Arun Kumar Verma was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



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

Shri Aravamudan Krishna Kumar is an Independent Director on the Board of REC since November 13, 2015. He holds a Bachelor's degree in Arts (Economics) from University of Delhi and is also a qualified Certified Associate of Indian Institute of Bankers. He has around 41 years of rich experience in all facets of banking sector. He served State Bank of India for over 39 years, where he joined as a Probationary Officer in 1975 and elevated as the Managing Director & Group Executive in April 2011. During his long & distinguished career with SBI, he has handled various critical & important assignments, including retail business of SBI spread over 16000 branches and international operation of SBI covering 190 offices in 36 countries. He was one of the key persons in policy making and formulating the strategies for the Bank till his superannuation at the end of November, 2014. He was also on the Boards of SBICAP Securities, SBI Life Insurance, SBI General Insurance and SBI Credit Cards and subsidiaries of State Bank of India, during which period he gained valuable insights into the Securities, Insurance and Credit Card Industries. He is also a Director on the Board of Andhra Bank, Sathguru Catalyser Advisors Private Limited, Suraksha Asset Reconstruction Private Limited and TVS Wealth Private Limited. He is also a Public Interest Director on the Board of Central Depository Services (India) Limited.

As on March 31, 2018, Shri Aravamudan Krishna Kumar was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



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

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

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

As on March 31, 2018, Prof. T.T. Ram Mohan was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

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



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

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

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

As on March 31, 2018, Smt. Asha Swarup was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



Dr. Bhagvat Kisanrao Karad, *Part time Non Official Independent Director (DIN: 000998839)*

Dr. Bhagvat Kisanrao Karad is an Independent Director on the Board of REC since July 17, 2018. Dr. Karad is a Pediatric Surgeon (M.B.B.S, M.S in General Surgery and F.C.P.S. M.Ch. in Pediatric Surgery). He has been a medical practitioner for the past 25 years. He has been on the advisory Board of Wockhardt Foundation & Aurangabad Airport Authority and advisory member for the Government Medical College and Hospital, Aurangabad. In addition to this, he is treasurer of Bhagwan Shikshak Prasarak Mandal, an Educational trust; member of the Board of Directors of YSK Multispecialty Hospital and Honorary Surgeon at the Indira Gandhi Memorial Hospital, Aurangabad.

Dr. Bhagvat Karad has been the Mayor of Aurangabad Municipal Corporation twice in the year 2000 and 2006. Due to his business acumen to run commercial organizations and experience to handle various social responsibilities, especially in Rural Maharashtra, he has gained knack in addressing socio-economic issues and writing as well as recommending policies to the concerned departments in the State Government especially for projects related to rural India.

At present, he is serving as the acting Chairman of Marathwada Statutory Development Board (MSDB), a Board responsible to address issues related to financial & physical backlog in the Marathwada Region, Maharashtra for all State Government Portfolios.

As on date, Dr. Karad was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

BOARD'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Forty Ninth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2018.

1. PERFORMANCE HIGHLIGHTS

1.1 The highlights of performance of the Company for the financial year 2017-18 were as under with comparative position of previous year's performance:

(₹ in crore)

Parameter	FY 2017-18	FY 2016-17
Loans Sanctioned	**1,07,534.05**	83,870.82
Disbursements	**61,712.47**	58,038.61
Subsidy under DDUGJY (including DDG) & Saubhagya	**10,568.72**	8,037.54
Total Recoveries (including interest)	**46,351.13**	46,747.17
Total Operating Income	**22,358.27**	23,587.30
Profit Before Tax	**6,852.09**	8,860.70
Profit After Tax	**4,647.00**	6,245.76

1.2 Financial Performance

The total operating income of your Company for the financial year 2017-18 was ₹22,358.27 crore as compared to ₹23,587.30 crore during the financial year 2016-17. The profit after tax for financial year 2017-18 was ₹4,647 crore as compared to ₹6,245.76 crore for the financial year 2016-17.

Gross Loan asset book of your Company as on March 31, 2018 was ₹2,39,449.34 crore as compared to ₹2,01,928.67 crore in the previous year. The outstanding borrowings as on March 31, 2018 was ₹1,98,791.51 crore.

Earnings Per Share (EPS) for the financial year ended March 31, 2018 was ₹23.53 per share of ₹10/- each. Net worth of the Company as on March 31, 2018 has increased by 6% to ₹35,491 crore from ₹33,326 crore.

1.3 Dividend

The Board of Directors of your Company has recommended final dividend of ₹1.75 per share for the financial year 2017-18, which is subject to approval of the Shareholders in the 49th Annual General Meeting. This is in addition to the interim dividend of ₹7.40 per share for the financial year 2017-18, paid in February, 2018. The total dividend for the financial year 2017-18 will work out to ₹9.15 per equity share, representing 91.50% of the paid-up share capital of the Company as against ₹9.65 per share, representing 96.50% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2017-18 will amount to ₹1,807.05 crore (excluding dividend distribution tax).

1.4 Share Capital

As on March 31, 2018, the Authorized Share Capital of the Company was ₹5,000 crore consisting of 500 crore equity shares of ₹10/- each and the issued & paid up share capital of the Company was ₹1,974.92 crore consisting of 197,49,18,000 equity shares of ₹10/- each.

The President of India acting through Ministry of Power, Government of India divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company on November 23, 2017 through off market sale of shares under 'Bharat 22 Exchange Traded Fund'. Accordingly, as on March 31, 2018, the President of India held 1,15,16,78,783 equity shares i.e. 58.32% of the paid up equity share capital of the Company.

Further, during the financial year 2018-19, the President of India acting through Ministry of Power, Government of India divested/sold 64,73,244 equity shares i.e. 0.33% of total paid up capital of the Company on June 18, 2018 through off market sale of shares under 'Bharat 22 Exchange Traded Fund'. Accordingly, as on date, the President of India holds 1,14,52,05,539 equity shares i.e. 57.99% of the paid up equity share capital of the Company.

1.5 Change of Name of the Company

Considering that 'REC' has become a brand name and is recognized by public at large in India & abroad and to correctly display the remarkable presence of your Company in financing all segments of Indian Power Sector *viz.* generation, transmission, distribution, renewable energy, etc. and to remove the myth that the Company is mainly into the business of rural electrification, the Board of Directors of the Company in its meeting held on May 28, 2018, had proposed change of the name of the Company from "Rural Electrification Corporation Limited" to "REC Limited", subject to the approval of shareholders and other approvals as may be required.

Further, Ministry of Power, Government of India vide letter dated August 9, 2018, has accorded approval for change of name of the Company to "REC Limited".

2. LOANS SANCTIONED

The Company sanctioned loans worth ₹1,07,534.05 crore during the financial year 2017-18, as against ₹83,870.82 crore in the previous year. The state-wise and category-wise break-up of loans sanctioned during the financial year are given in **Table-1** and **Table-2**, respectively. The cumulative sanctions upto March 31, 2018 made by your Company since its inception was ₹8,72,884.10 crore, as detailed in **Table-3**.

3. DISBURSEMENTS

A total sum of ₹61,712.47 crore was disbursed during the financial year 2017-18 as against ₹58,038.61 crore in the previous year. In addition to that, grant/subsidy of ₹10,568.72 crore {₹9,028.09 crore (including ₹262.60 crore under DDG) under DDUGJY and ₹1,540.63 crore under Saubhagya scheme} provided by Government of India, was disbursed to the States/ Implementing Agencies. The cumulative amount disbursed since inception up to March 31, 2018 was ₹4,49,289.49 crore excluding subsidy under Government programmes. The state-wise disbursements and repayment of loan by borrowers during the financial year 2017-18 together with cumulative figures and outstanding as on March 31, 2018 are given in **Table-4**.

4. RECOVERIES

4.1 The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for performing assets during the financial year 2017-18 was ₹46,236 crore as compared to ₹46,298 crore during the previous year. The Company recovered a total sum of ₹45,566 crore towards performing assets during the financial year 2017-18 as against ₹45,169 crore during the previous year. The Company achieved recovery rate of 98.55% for the financial year 2017-18. The overdues from defaulting borrowers pertaining to performing assets as on March 31, 2018 was ₹1,762 crore. Further, an amount of ₹785.13 crore has been recovered from non-performing assets during financial year 2017-18 as against ₹1,578 crore recovered during financial year 2016-17.

4.2 During the year under review, RBI vide its circular dated February 12, 2018 has notified Revised Framework for Resolution of Stressed Assets, which *per se* was not applicable to REC, being an NBFC. However, as a matter of prudence, loans amounting to ₹9,591 crore have been classified as Non-performing Assets (NPAs) during the year, in line with the above circular.

Accordingly, as on March 31, 2018, the Gross NPAs were ₹17,128 crore (7.15% of Loan Assets) and the Net NPAs were ₹13,612 crore (5.68% of Loan Assets). However, the Gross NPAs were ₹7,537 crore (3.14% of Loan Assets) and the Net NPAs were ₹4,980 crore (2.07% of Loan Assets), without considering the impact of the above RBI circular. Further, no doubtful loans have been rescheduled by the Company, during the financial year 2017-18.

The details of loans rescheduled during the financial year 2017-18 and their position as on March 31, 2018, are as under:

(₹ in crore)

Particulars		**FY 2017-18**	FY 2016-17
Standard Loans	No. of Borrowers	**8**	19
	Amount Outstanding	**12,677.10**	27,784.80
Sub-Standard Loans	No. of Borrowers	**1**	0
	Amount Outstanding	**1,970.18**	0
Total	**No. of Borrowers**	**9**	19
	Amount Outstanding	**14,647.28**	27,784.80

5. FINANCIAL REVIEW

5.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year 2017-18 vis-à-vis 2016-17 is given as under:

(₹ in crore)

Particulars	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	**FY 2017-18**	FY 2016-17
Revenue from Operations	**22,358.27**	23,587.30	**23,054.42**	24,194.92
Other Income	**82.04**	183.28	**46.98**	166.31
Total Income	**22,440.31**	23,770.58	**23,101.40**	24,361.23
Finance Costs	**13,829.52**	13,450.35	**13,859.59**	13,461.59
Other Operating Expenses	**343.15**	350.06	**879.51**	816.97
Provisions and Contingencies	**1,415.55**	1,109.47	**1,421.06**	1,110.31
Total Expenses	**15,588.22**	14,909.88	**16,160.16**	15,388.87
Profit Before Tax	**6,852.09**	8,860.70	**6,941.24**	8,972.36
Provision for Taxation	**2,205.09**	2,614.94	**2,251.78**	2,658.99
Profit After Tax	**4,647.00**	6,245.76	**4,689.46**	6,313.37
Add: Opening Balance of Surplus account	**8,714.47**	6,706.34	**9,001.69**	6,932.34
Less: Adjustment of MTM in respect of Interest Rate Swaps	**-**	86.75	**-**	86.75
Add: Other Adjustments during the year	**-**	-	**2.26**	1.72
Amount available for appropriation	**13,361.47**	12,865.35	**13,693.41**	13,160.68
Less : Appropriations				
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,582.49**	1,881.06	**1,582.49**	1,881.06
Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**335.80**	413.33	**335.80**	413.33
Dividend	**1,984.79**	1,382.44	**1,984.79**	1,382.44
Dividend Distribution Tax	**397.88**	277.46	**405.78**	277.46
Transfer to Debenture Redemption Reserve	**196.59**	196.59	**212.64**	201.20
Transfer to General Reserve	**500.00**	-	**500.00**	3.50
Surplus carried over to Balance Sheet	**8,363.92**	8,714.47	**8,671.91**	9,001.69

The figures of dividend and dividend distribution tax does not include the respective amounts pertaining to Final Dividend for the financial year 2017-18 (as detailed in para 1.3 above) considering that the Company is not required to make any provision in this regard in terms of Revised Accounting Standard 4.

5.2 Contribution to National Exchequer

During the financial year 2017-18, your Company contributed an amount of ₹3,764.93 crore as compared to ₹4,097.79 crore in the previous year to National Exchequer in the form of payment of Dividend to the Government of India against its shareholding in the Company, Dividend Distribution Tax, Direct Taxes, IGST & CGST and Service Tax paid including CENVAT credit, as detailed below:

(₹ in crore)

Particulars	FY 2017-18	FY 2016-17
Dividend paid to the Government of India	**1,160.30**	1,126.05
Dividend Distribution Tax	**397.88**	379.98
Direct Taxes	**2,166.70**	2,546.34
IGST and CGST	**23.50**	-
Service Tax paid including CENVAT credit	**16.55**	45.42
Total	**3,764.93**	4,097.79

5.3 Ratio Analysis

A comparative statement of important ratios of the Company for the financial year 2017-18 vis-à-vis 2016-17 is as below:

Particulars	FY 2017-18	FY 2016-17
Earnings Per Share (₹)	**23.53**	31.63
Return on Average Net Worth (%)	**13.51**	20.17
Book Value per Share (₹)	**179.71**	168.75
Debt Equity Ratio (times)	**5.60**	5.03
Price Earnings Ratio (times)*	**5.30**	5.72
Interest Coverage Ratio (times)	**1.50**	1.64

*PE Ratio has been calculated on the basis of Closing Price of equity share of REC at NSE as on March 28, 2018 & March 31, 2017, respectively.

5.4 Resource Mobilization

The Company mobilized ₹51,164.89 crore from the market during the financial year 2017-18. This comprised of ₹9,565.50 crore (includes ₹1,469.23 crore towards Bonds Application money) by way of Capital Gain Tax Exemption Bonds and ₹26,145 crore by way of Institutional Bonds. The Company also mobilized funds of ₹15,454.39 crore equivalent to USD 2,293.37 million [USD 1,807.50 million from external commercial borrowing and USD 485.87 million from FCNR(B)] during the financial year 2017-18. Further, in addition to above, an amount of ₹12,114.85 crore was also raised through Commercial Paper.

Further, for meeting Government of India's funding requirement of DDUGJY Scheme, the Company, during the year, has also raised an aggregate amount of ₹4,000 crore through Institutional Bonds on private placement basis. The repayment of principal and interest of these bonds shall be made by Government of India by making suitable budget provisions in the demand of Ministry of Power.

Disclosure of Green Bonds issued by REC

During the financial year 2017-18, REC became the first PSU to raise USD 450 million Green Bond for a tenor of ten years which witnessed a phenomenal response from investors across Asia and Europe with oversubscription of 6.7 times ($3.01 Billion offer for a book of $450 Million). These bonds are a step towards realization of the Hon'ble Prime Minister's vision of harnessing green energy's enormous potential in the country and to achieve the targeted capacity of 175 GW by 2022. The Green Bonds are listed on the International Securities Market (ISM) segment of London Stock Exchange and also on Singapore Stock Exchange.

KPMG, India has provided its post-verification Independent Assurance Report based on the Green bond framework of REC and the same has also been certified by the Climate Bonds Standard Board of Climate Bond Initiative on July 17, 2018.

Use of Proceeds: The proceeds have been utilized to finance Solar, Wind and Renewal Purchase Obligations including refinancing of eligible projects as defined in the Green Bond framework of REC, contributing to positive environmental impact and also strengthening India's energy security by reducing fossil fuel dependency.

REC has created a 'Green Portfolio' which was managed through a well laid internal tracking system, updated on regular basis, to monitor, establish and account for the allocation of the proceeds for such Green Portfolio.

Management of Proceeds: Pending the full allocation to Eligible Green Projects, balance of the proceeds during intervening period were invested in instruments permitted as per the Green Bond Framework.The net proceeds from the Bonds amounting to ₹2,894 crore were allocated against the following projects as on March 31, 2018:

(₹ in crore)

Sl. No.	Location	Capacity (in MW)	Loan sanction date	Loan sanction Amount	Outstanding Amount on March 31, 2018
Solar					
1.	Telangana	45	September 9, 2016	269.50	267.22
2.	Telangana	30	September 9, 2016	179.62	177.42
3.	Karimnagar, Telangana	15	November 11, 2016	89.84	88.80
4.	Chitradurga, Karnataka	10	January 27, 2016	53.81	50.22

(₹ in crore)

Sl. No.	Location	Capacity (in MW)	Loan sanction date	Loan sanction Amount	Outstanding Amount on March 31, 2018
5.	Warangal, Telangana	15	November 11, 2016	89.84	89.05
6.	Andhra Pradesh	500	February 24, 2016	2,480.00	240.66
7.	Karimnagar, Telangana	15	November 11, 2016	89.84	88.77
8.	Anantpur, Andhra Pradesh	5	February 9, 2015	24.45	22.28
9.	Telangana	30	September 21, 2016	179.62	177.03
10.	Kadapa, Andhra Pradesh	50	April 12, 2017	277.50	225.00
11.	Randa Reddy, Telangana	5	January 27, 2016	26.90	26.90
12.	Mansa,Punjab	50	September 22, 2016	242.84	236.44
13.	Medak, Telangana	7	November 26, 2015	39.90	38.57
14.	Nizamabad, Telangana	15	November 11, 2016	89.84	88.43
15.	Andhra Pradesh	23	February 24, 2016	140.00	57.15
16.	Kadapa, Andhra Pradesh	50	April 12, 2017	277.50	224.01
17.	Karimnagar, Telangana	15	November 11, 2016	89.84	88.79
18.	Nirudanagar, Tamil Nadu	5	July 14, 2015	26.13	24.50
19.	Chitradurga, Karnataka	30	April 17, 2017	150.39	150.39
20.	Kadapa, Andhra Pradesh	50	April 12, 2017	277.50	225.00
21.	Mansa and Sangrur, Punjab	50	May 21, 2016	169.69	157.57
	SUB-TOTAL (A)			**5,264.55**	**2,744.20**
Wind					
1.	Sangli, Maharashtra	10	February 24, 2015	47.09	44.79
2.	Mandasaur, Madhya Pradesh	20	January 28, 2016	86.63	76.41
3.	Tirpur, Tamil Nadu	6.8	June 6, 2012	26.16	21.15
	SUB-TOTAL (B)			**159.88**	**142.35**
Renewable Energy Obligation (RPO)					
1.	Maharashtra	RPO	July 24, 2017	500.00	500.00
2.	Maharashtra	RPO	September 21, 2017	1,000.00	1,000.00
	SUB-TOTAL (C)			**1,500.00**	**1,500.00**
	GRAND TOTAL (A+B+C)			**6,924.43**	**4,386.55**

Cash Credit Facilities

The Company has an approved cash credit/WCDL/OD limit of ₹9,590 crore for availment from various banks for its day-to-day operations.

5.5 Domestic and International Credit Rating

Domestic

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

International

REC enjoys international credit rating of “Baa3” and “BBB-” respectively from Moody’s and FITCH, International Credit Rating Agencies.

5.6 Cost of Borrowing

The overall weighted average annualized interest rate of borrowing for the funds raised during the financial year 2017-18 was 6.17% p.a. and for the borrowings outstanding as on March 31, 2018 is 7.53% p.a. As a result, your Company was able to deliver debt financing at competitive rates.

5.7 Redemption and Pre-Payment

During the year, the Company repaid a sum of ₹23,210.86 crore. This includes repayment amounting to ₹10,813 crore to Institutional bondholders, ₹5,337.78 crore worth of Capital Gain Tax Exemption Bonds, ₹1.175 crore towards Infrastructure Bonds, ₹6,720.78 crore of external commercial borrowings and ₹338.12 crore of Official Development Assistance (ODA) loan. The Company has also redeemed long term loan of ₹350 crore and Commercial Papers of ₹9,100 crore.

5.8 Financial status at the close of the year

At the close of the financial year 2017-18, the total resources of your Company stood at ₹2,46,484.46 crore. Out of this, Equity Share Capital contributed ₹1,974.92 crore, Reserves and Surplus stood at ₹33,515.59 crore, Loans from Financial Institutions, Commercial Banks and market borrowings through Bonds and Commercial Papers accounted for ₹1,98,791.51 crore, Deferred Tax Liabilities of ₹66.96 crore and other liabilities & provisions stood at ₹12,135.48 crore. These funds were deployed as Long / Short Term Loans of ₹2,35,933.05 crore (net of provisions of ₹3,516.27 crore) fixed assets (net of depreciation) of ₹247.88 crore (including Capital Work in progress), Investments of ₹2,574.80 crore, Cash & Bank Balances of ₹1,773.53 crore (includes ₹1,469.23 crore towards Bonds Application money) and other assets of ₹5,955.20 crore.

5.9 Policy Initiatives

The Company constantly reviews its policies/ procedures from time to time, to suitably align with market requirements and also with its corporate objectives and applicable statutory requirements. During the year, your Company has adopted / amended various policies and guidelines, such as policy for advancing Short Term Loans to private sector borrowers; updation of Appraisal Guidelines in respect of Private Sector Conventional & Renewable projects; rationalization of Post-COD interest rate and modification of interest rate reset period for Renewable Energy projects; Comprehensive Risk Management Policy along with project and other risk categorization frameworks; REC policy for investment of Short Term Surplus funds; Succession Planning for key positions; Modification of REC Long Term Investment Policy; New Grading Model and Exposure Norms for State Power Utilities; etc. The new/modified guidelines shall make the Company more competitive and provide a thrust for the business.

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

6. PRESENT TRANSMISSION & DISTRIBUTION SCENARIO

Transmission and Distribution (T&D) industry is poised at the cusp keeping in view the ongoing policy initiatives to make the sector reliable, healthy, affordable and capable of absorbing the envisaged future growth vis-a -vis capacity addition and reaching the last mile across the Country. The Policy framework has been able to increase the resolve of State Governments to provide reliable power supply to consumers and integration of upcoming Renewable Energy Sources with the Electricity grid.

The installed generation capacity of Central, State as well as Private utilities of the country is now a high of 344 GW, as on March 31, 2018, as per Central Electricity Authority. Further, enormous capacities are planned to be added through renewable sources of energy, with the ambitious goal of 175 GW by 2022. This itself seems fraught with many risks emanating from increasingly lower tariffs from each subsequent bidding, low cost financing tie-ups etc. However, the setting up of dedicated Solar Parks along with making available



Bus Bar Arrangement of 400 kV Suryapet Sub-station in Telangana State, financed by REC

all major clearances like land, transmission connectivity, raising the Limit of Renewable Purchase Obligation (RPO) etc. by the respective Central / State Government agencies has mitigated these risks to a great extent. The above shall pose requirement for planning in line with upcoming renewable energy capacity developments and creation of infrastructure to ensure system availability with relatively shorter gestation period. Accordingly, dedicated Green Transmission Corridors are being planned along with strengthening / augmenting the transmission system to take care of such supply / loading pattern.

Transmission & Distribution system basically consists of Transmission lines (inter-state and intra-state), Sub-stations, Switching Stations, Transformers and Distribution lines etc. at various voltage levels. Distribution is the weakest but central part of the entire power value chain and most difficult to deal with due to various reasons. As the only interface between utilities and consumers, it is the cash register for the entire sector. Therefore, the ever-increasing demand for affordable, reliable and quality power by various classes of consumers makes Distribution Sector all the more challenging task to manage. Proper planning for further transmission and distribution system development in this light and that the energy from different sources, some of which may have a largely intermittent nature *viz.* energy from Renewable Sources - Solar, Wind, Tidal and biomass etc. has become even more pertinent.



400/230/110 kV substation at Kanarpatty, Tamil Nadu, financed by REC.

Further, providing unconstrained inter-regional power transfer, open access availability and maintaining the grid discipline reliably are the primary requirements. The task of regulating and reliably maintaining it is taken care of by five RLDCs and NLDC through state-of-the-art unified load dispatch & communication facilities.

As a part of Government of India plan to connect 2,50,000 Gram Panchayats (GP) in the country, BharatNet project has been taken up with the task of development and maintenance of the National Optical Fibre Network in States, namely Andhra Pradesh, Telangana, Himachal Pradesh, Jharkhand and Odisha.

Accordingly, the TRANSCOs and DISCOMs need to create the infrastructure and enhance their capital expenditure during forthcoming years to be able to provide reliable, robust & efficient system for transfer of power from generation facilities to sub-stations and up to the consumer end.

Smart technology interventions have been taken up for making the System sturdier such as implementing Synchrophasor Technology in its Wide Area Measurement System (WAMS) Project through installation of PMUs (Phasor Measurement Units) at different locations in all regions across the country for facilitating better visualization and situational awareness of the grid events such as grid robustness, oscillations, angle/voltage instability, system margin as well as decision support tools. The ultimate aim is to build a robust integrated grid network that will allow large transfers of power from one part of the country to another.

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

Distribution sector today faces major challenges like high level of accumulated losses & depleted net worth. The two together have affected the financial health of the DISCOMs adversely over the years. High AT&C losses, limited capability to implement capital expenditure plans, delay in tariff order resulting in creation of regulatory assets, carrying cost of these regulatory assets, lack of tariff rationalisation leading to cross subsidy, open access issues, delay in release of subsidy by State Government, delayed revenue collection cycle, etc. have caused a dent in their cash flows. The overall performance of the State Distribution Utilities has been an issue of concern due to the above factors. In the environment where Utilities are facing difficulty to keep themselves afloat and meet the consumer expectations at the same time, your Company today finances entire gamut of Distribution Projects broadly with the objectives of System Improvement & Augmentation, loss

reduction measures, IT-enabling, consumer satisfaction etc. Your Company is always ready to consider special dispensation/ requirements of DISCOMs based on the prudence/merit and sound appraisal mechanism. A dedicated Strategic Business Group has been set up in the Company for this purpose.

Your Company is playing a pivotal role in partnering with Ministry of Power, Government of India in all major initiatives and is committed to improve & turn around the Power Distribution sector in the country by its involvement in programmes like DDUGJY & SAUBHAGYA, NEF and other programmes *viz.* IPDS, Ujwal DISCOM Assurance Yojana, Financial Restructuring Plan (FRP), Smart Grid Task Force, etc. Your Company, in light of all these major interventions is optimistic that overall Distribution scenario would improve and turnaround in times to come when the impact and outcomes of the above programmes in conjunction with the reform measures taken up by the respective States start trickling in and transform the entire landscape of Distribution.

Increased demand of quality power to the end consumer needs a robust Transmission and Distribution Infrastructure. Therefore, there is a requirement for huge investment in the Transmission and Distribution sector for development of new infrastructure in line with new capacity addition to meet out additional demand and augmentation works including use of IT enabled systems to develop SMART grids.

Technological advancement in mobility including hybrid vehicles, electric vehicles, charging stations with incentivized support of Central Government is also expected to open an entirely new investment opportunity in the area.

6.1 Major reforms in Distribution Sector

Government of India, from time to time, has made all efforts to ensure the overall development of the Sector by way of Electricity Act, 2003 and various other policy measures such as National Tariff Policy, National Electricity Policy, Rural Electrification Policy, etc., to provide a comprehensive framework and also the blueprint for Power Sector reforms. The Green shoots of operational and financial performance are an indication that the Distribution sector is headed in the right direction. The process of un-bundling, corporatization, instituting regulatory commission etc., has already been completed in most of the States, thus increasing their accountability and also providing more autonomy to the DISCOMs. Further, to spruce up the operational efficiency, Distribution Franchisees have been engaged in particular areas by some DISCOMs on case to case basis. In the past decade, Government of India has launched programmes to extend the benefits to the ailing DISCOMs such as R-APDRP with an objective to strengthen the infrastructure and to reduce the losses, efforts for last mile connectivity and to release service connections to BPL, R-APDRP for undertaking improvements in urban pockets and to introduce IT enabling of distribution systems and recently DDUGJY and IPDS. Moreover, Ujwal DISCOM Assurance Yojana implemented by Government of India has come as an enabler for Operational and Financial Turnaround of DISCOMs which would in long run help them improve the quality & reliability of power supply. Further, NEF - an Interest Subsidy Scheme is also under implementation with objective to promote capital investment & expedite the reform process in Distribution sector. The financial outlay of DDUGJY and IPDS should provide considerable fillip to the pace of capital investments in distribution sector and strengthen the distribution backbone for absorbing the future growth pattern of electricity consumption both in rural and urban areas without putting additional strain on already stressed balance sheets of DISCOMs. REC is the Nodal Agency for implementation of DDUGJY & NEF scheme and is playing a key role in assisting the efforts of Government of India in implementation of UDAY also.

REC has been providing counterpart funding for a large number of R-APDRP projects which aim to reduce the Aggregate Technical and Commercial (AT&C) losses considerably in urban areas. Also, REC supports the funding requirement of the loan component under DDUGJY and IPDS programmes.

'Power for All' document signed by all States reflects the commitment across length and breadth of the country to work towards achieving the very objective, which seemed impossible until recently. PFA document has enabled having projections of all the capital expenditure required by respective States in order to achieve 24x7 power for all, including the Generation (Conventional / Non-Conventional), Transmission, Distribution etc. and has thus brought forth the efforts required to achieve the same.

Your Company has been instrumental in development of 'Power for All' web-portal and is engaged in assisting Ministry of Power (MoP) in this endeavor. Your Company is also supporting these efforts by partnering with respective State Utilities in terms of making available requisite financing as well as working with Central Government & State Governments to resolve issues, if any, for achievement of the objective.

MoP has devised Integrated Rating System for all the State DISCOMs in the country which facilitates realistic assessment of performance based on key defining parameters. The rating methodology enables the DISCOMs analyze their strengths & weaknesses and facilitate a focused approach for improving upon their operational and financial performance. It also aids in adoption of consistent approach by Banks/FIs while considering funding proposals of Distribution Companies.

The introduction of Information & Communication Technology (ICT) in Power Distribution sector shall enable the power system to become "SMART" & Near-real-time information would allow Utilities to manage the entire system as an integrated framework, actively sensing and responding to changes in power demand, supply, costs, quality of power, etc. MoP is also working towards ensuring technological interventions through introduction of Smart Grid and has already extended financial assistance to several pilot projects. Further, to evolve a road map for implementation of smart grids in India, MoP has constituted India Smart Grid Task Force (ISGTF), an inter-ministerial group. 14 Nos. Smart Grid Pilot Projects had been approved by MoP with 50% Government of India funding to test various functionalities in Indian environment. The objectives of these Pilot projects cover - Power Quality Management (PQM), providing Advanced Metering Infrastructure (AMI), Outage Management (OM), Peak Load Management (PLM) and also DG (Distributed Generation) & Micro Grid functionalities. Various Projects have been undertaken for installation of smart meters in different cities under the National Smart Grid Mission (NSGM). Consumers equipped with smart and updated information would be able to manage their consumption pattern according to their requirement. On the other hand, meters having feature of real time communication with the Data Centre, would add to revenue as the power used earlier as theft would not go unnoticed. Further, utilities would be able to map the individual consumers data based on important parameters *viz.* time of the day, quality and quantum of consumption, nature of Load, Seasonal load pattern etc. for better Demand side management. The initiative would aid in moving towards a Smarter Grid.

These projects are under various stages of implementation in the country. The Government of India is promoting development of 100 smart cities, which shall further throw new financing opportunities in further adoption of technology and best practices in the Distribution segment.

The two pronged mission of Government of India of facilitating power to all and improving operational & financial performance of the utilities have already started showing results in terms of timely notification of tariffs by Regulator in many States, filing of MYT petitions, claiming of Return on Equity in the ARR, release of revenue subsidy by State Government, etc.

6.2 Ujwal DISCOM Assurance Yojana

Financially stressed DISCOMs were incapable of supplying adequate power at affordable rates, which has for long hampered the quality of life, overall economic growth and development in the country. Efforts towards 100% village electrification and then 100% household electrification, 24x7 power supply and clean energy cannot be achieved without undertaking adequate capacity building of DISCOMs. Moreover, the issues of frequent power outages need earnest resolution for meeting national priorities like "Make in India" and "Digital India". Unresolved legacy issues with DISCOMs have however kept them trapped in vicious cycle with operational losses being funded by debt. Outstanding debt of DISCOMs had increased from about ₹2.4 lakh crore at the end of 2011-12 to about ₹4.3 lakh crore in 2014-15. To ensure permanent resolution of all these long standing as well as potential future issues, the highly ambitious initiative of Ministry of Power, Government of India through Ujwal DISCOM Assurance Yojana (UDAY), launched in November 2015, is a path breaking reform for realizing the Hon'ble Prime Minister's vision of affordable and accessible 24x7 power for all.

UDAY scheme empowers DISCOMs with the opportunity to break even in the next 2-3 years, through initiatives *viz.* (i) improving operational efficiencies of DISCOMs; (ii) reduction of cost of power; (iii) reduction in interest cost of DISCOMs; and (iv) enforcing financial discipline on DISCOMs through alignment with State finances. This is another decisive step furthering the landmark strides made in the Power sector over the past two years, with the sector witnessing a series of historic improvements across the entire value chain, from improved domestic fuel supply situation, to significant growth in generation capacity, to substantial improvement in transmission capacity/reliability and consumption.

The programme has already witnessed significant traction from various State Governments/DISCOMs and 32 States/UTs are now part of UDAY fold, with 16 States (Jharkhand, Chhattisgarh, Rajasthan, Uttar Pradesh, Punjab, Bihar, Haryana, Jammu & Kashmir, Andhra Pradesh, Madhya Pradesh, Maharashtra, Himachal Pradesh, Telangana, Assam, Tamil Nadu & Meghalaya) joining for comprehensive improvement and another 11 States & 5 UTs joining for operational turnaround. UDAY scheme is showing encouraging results as liabilities of DISCOMs of ₹2.09 Lakh crore have been taken over by respective State Governments and additionally ₹0.24 Lakh crore have been restructured/re-priced through issuance of bonds; thus cleaning the balance sheets of DISCOMs and enabling them to restart the capital expenditure cycle while also enabling financially viable operations of all power sector stakeholders i.e. DISCOMs, TRANSCOs, GENCOs, IPPs, Banks / FIs etc.

Your Company has been instrumental in development of UDAY Web Portal (www.uday.gov.in) and UDAY Mobile App, which is a key enabler in achieving the major objectives outlined under the programme. Through Web Portal / Mobile App, all the details with respect to performance of DISCOMs are readily available *vis-à-vis* the planned trajectory under the scheme. Accordingly, any deviations in the performance get suitably highlighted for all stakeholders, thus enabling DISCOMs to take corrective actions and others to appropriately access their condition. Also, earlier the information about performance of DISCOMs used to be very outdated and with UDAY Web Portal & Mobile App now, the performance of latest quarter is available largely within a gap of 1 to 3 months.

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

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

6.3 National Electricity Fund

REC is Nodal Agency for National Electricity Fund (NEF) - this is an interest subsidy scheme having provision of ₹8,466 crore (against interest subsidy) to be provided over 14 years on loan disbursements amounting to ₹25,000 crore, for distribution schemes sanctioned during 2 financial years *viz.* 2012-13 and 2013-14. Ministry of Power, Government of India provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies both in public and private sector, to improve the infrastructure in Distribution Sector. The Scheme is reform linked and interest subsidy of 3% to 7% is payable to the DISCOMs on achievement of reform based parameters outlined in NEF Guidelines. During the financial year 2012-13 & 2013-14, NEF Steering Committee has already approved projects of ₹25,000 crore to 25 DISCOMs in 15 States for taking benefits under NEF. The utilities from the states of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Telangana, Uttarakhand and West Bengal have already benefitted from the interest subsidy of ₹84.92 crore, approved under the scheme, till March 31, 2018.

6.4 Urja Mitra

Urja Mitra is a distribution sector initiative of Ministry of Power, Government of India, being implemented through your Company's subsidiary i.e. RECTPCL. Urja Mitra is first of its kind application which provides a central platform (web-portal www.urjamitra.com as well as mobile app) for State Power Distribution utilities to disseminate Power Outage information to urban/rural power consumers across India through SMS/email/push notifications. Power Consumers across the nation shall have prior intimation of expected duration and cause of scheduled power outages and post fault intimation of unscheduled power outages duration. It also provides a platform to view real time power outages in any part of the country, lodge a complaint on power outages etc. Stakeholder connect is ensured by providing for vernacular mobile apps, which can be used by field staff to trigger power outage information/view ongoing outages/ take corrective action on outage complaints, etc.

As on June 30, 2018, data of around 16.30 crore Rural/Urban/Mixed feeder consumers of 51 DISCOMs already linked on web portal and application live in 46 DISCOMs with consumer base of approximately 14.10 crore. Further, 53.97 crore power outage SMS were sent to the consumers by June 30, 2018.

6.5 11 kV Rural Feeder Monitoring Scheme

11kV Rural Feeder Monitoring is a distribution sector initiative of Ministry of Power, Government of India, being implemented through your Company's subsidiary i.e. RECTPCL. To get complete picture of the entire distribution network in the country and to ensure achievement of '24x7 Power for All', it has been felt essential to capture real time supply parameters of rural India and this can be achieved by monitoring the availability/quality of power supply in rural areas of the country by capturing actual distribution parameters i.e. Power supply, outages and conducting feeder wise Energy audit and AT&C losses calculation. In order to meet this objective, '11kV Rural Feeder Monitoring Scheme' has been introduced. Under the scheme, rural feeders meter data shall be acquired through modem and shall be sent to National Power Portal (NPP) to make it available for use of all stakeholders. This scheme targets to develop a self-sustained independent web based automated system for approx. 1.2 Lakh rural and agricultural feeders across the country by acquiring various essential parameters of all the outgoing 11kV rural feeders & such 66/33 kV incoming feeders from where 11kV rural feeders are emanating and making the information available online for all on public portal on real time basis, for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit.

The system would help in monitoring power supply, proper planning, decision support and taking corrective actions on the business activities in addition to transparently disseminating power supply status. It would further facilitate consolidation of various parameters downloaded from the meters installed on the feeders into a common database thus enabling generation of various MIS reports for analysis and action. As on June 30, 2018, almost 53,000 Nos. of Modems in different DISCOMs have been installed. This is in addition to the already integrated 29,000 Nos. of Rural Feeders to National Power Portal.

6.6 TARANG

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

TARANG also shows the prospective upcoming Intra-State as well as Inter-State Projects along with NITs being floated by different Transmission Utilities Pan-India. Tarang provides advance information of upcoming transmission projects approved by Empowered Committee on Transmission helping bidders to gear up future transmission projects.

7. FINANCING ACTIVITIES

Your Company has been providing funding assistance for power generation, transmission & distribution projects including for the electrification of villages. Details of major financing activities during the financial year 2017-18 are as under:

7.1 Generation

During the financial year 2017-18, your Company sanctioned 83 Nos. of Generation/R&M loans including 6 Nos. of additional loan assistance with total financial outlay of ₹53,223.55 crore including consortium financing with other financial institutions, as details mentioned below:

(₹ in crore)

Particulars	No. of Loans	Loan Amount
State Sector		
Fresh Loan	77	45,334.28
Additional Loan	6	7,242.28
Private Sector		
Additional loan	0	646.99
Total	**83**	**53,223.55**

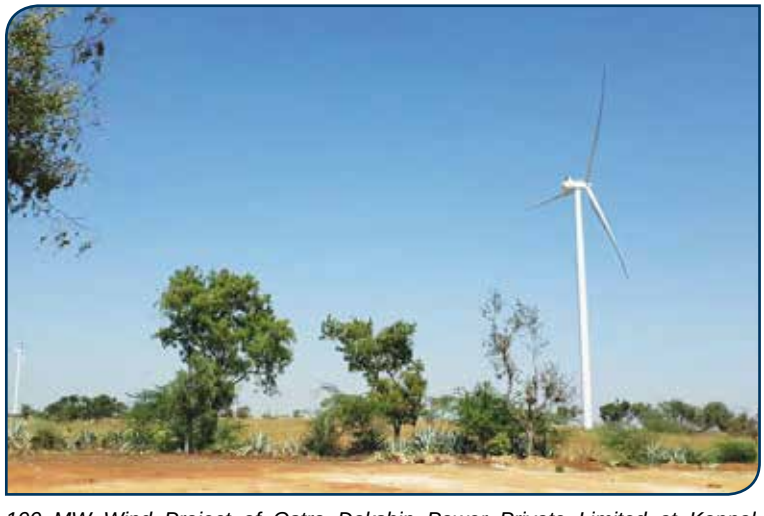


Director (Technical), REC receiving the CBIP award for 'Best Power Financing Company'.

7.2 Renewable Energy

During the year, REC sanctioned loan assistance of ₹7,034.24 crore to 28 Renewable Energy projects with installed generation capacity aggregating 704 MW, out of which 17 are new grid connected projects, 4 projects are under micro grid under decentralized distributed generation projects, 1 solar pump set project and 6 projects for meeting renewable purchase obligations to state DISCOMs.

Out of new 17 grid connected projects, 7 solar photo-voltaic projects aggregating 235 MW, 3 SHP Project of 64 MW, 2 Wind projects of 352 MW and 5 Bagasse/Municipal Solid Waste to Energy projects of 53 MW have been sanctioned. The total cost of all the projects sanctioned during 2017-18 aggregates to ₹9,453.42 crore. The sanctions and disbursement under renewable energy category recorded a growth over 300% *vis-à-vis* the previous year.



100 MW Wind Project of Ostro Dakshin Power Private Limited at Koppal, Karnataka, financed by REC.

The disbursement achieved during the year was ₹5,403.27 crore as detailed below:

Particulars	Unit	FY 2017-18	FY 2016-17
Projects Sanctioned	Nos.	**28**	16
Capacity of Sanctioned Projects	MW	**704**	367
Cost of Projects	₹ in crore	**9,453.42**	3,035.53
Loan Sanctioned		**7,034.24**	2,089.77
Loan Disbursed		**5,403.27**	1,617.68

7.3 Transmission & Distribution

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

During the financial year 2017-18, your Company sanctioned 734 Nos. of Transmission and Distribution schemes involving a total loan assistance of ₹36,326.27 crore. This includes primary power evacuation schemes associated with generating plants, system improvement schemes, schemes for Procurement & Installation of equipment/materials like meters, transformers, conductors, tower material, cables, etc. Government approved schemes like DDUGJY & IPDS schemes and Infrastructure schemes for providing electricity access to various categories of consumers including Agriculture.



400 kV Line from Suryapet to Kamavarapukota, Telangana State, financed by REC.

7.4 Short / Medium Term Loans and other Loan assistance

During the financial year 2017-18, your Company has also sanctioned 50 loan assistance of ₹10,950 crore to various power utilities, in the form of short / medium term loans & other loan assistance, to meet their funds requirement of short/ medium term & working capital, etc.

7.5 Financing Activities in North Eastern States

During the financial year 2017-18, a total sum of ₹368.01 crore was sanctioned and an amount of ₹378.42 crore was disbursed against the various projects relating to Transmission & Distribution, Generation including Renewable projects, etc., in North Eastern states, as detailed in the attached tables.

7.6 Appraisal System for financing Private Sector Projects

REC has its own guidelines for appraisal of Private Sector Conventional & Renewable Power Generation Projects. The appraisal is carried out on the basis of the financial performance, creditworthiness, management proficiency & sectoral experience of the promoter entities. REC's interest rates & security structure are linked to the grades assigned to the private sector projects.

7.7 Grading of State Power Utilities

The Company has well defined policy/guidelines for grading of State Power Utilities. The guidelines for grading of State Power Utilities (Generation/Transmission and Trading Utilities) are reviewed periodically in view of significant changes in the power sector. During the year, the State Grading Guidelines were reviewed and modified incorporating suitable parameters in line with the changing scenario.

For the purpose of funding, the Company has classified State Power Generation and Transmission utilities into A++, A+, B and C categories. The categorization (bi-annually) of State Power Generation and Transmission utilities is arrived based on the evaluation of utility's performance against specific parameters covering operational & financial performance including regulatory environment, Audited Financial Statements, etc. With regard to State Power Distribution utilities (including SEBs/ utilities with integrated operations), the Company adopts Ministry of Power's Integrated Ratings by aligning such ratings/ grading with REC standard categories of A+, A, B and C. The categorization enables your Company to determine credit exposure limits and interest rates to the state power utilities.

7.8 Investments made during the financial year 2017-18

The Company has subscribed to 3,47,429 fully paid equity shares of Housing & Urban Development Corporation Limited (HUDCO) under Initial Public Offer at a cost of ₹60/- per equity share of face value of ₹10/- each, with aggregate investment amounting to ₹2.08 crore in May, 2017.

8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has three lines of ODA credit with KfW, Germany. All of them have been fully drawn as on March 31, 2018. KfW-I and KfW-II ODA loan are of EUR 70 million each (approx. ₹454.02 crore & ₹480.97 crore, respectively) and KfW-III is of EUR 100 million (approx. ₹753.73 crore). Apart from above, REC has two lines of ODA credit with JICA, Japan. Both of them have also been fully drawn. Under JICA-I & II ODA loans, cumulative amount of JPY 16,949.38 million (approx. ₹820.12 crore) and JPY 11,809.48 million (approx. ₹640.64 crore) respectively, has been drawn as on March 31, 2018.

9. DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme, 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones and all unelectrified villages/habitations irrespective of population criteria are covered for electrification in accordance with the guidelines of the Scheme. All erstwhile RE schemes have been subsumed in DDUGJY. REC is the Nodal agency for operationalization of DDUGJY.

Further, DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

a) Separation of agriculture and non-agriculture feeders facilitating continuous quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers in the rural areas;

b) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas;

c) Micro-grid and Off-grid distribution network;

d) Metering of distribution transformers/feeders/consumers; and

e) Rural Electrification works (including the erstwhile RE projects).

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

9.1 Village Electrification

India's rural electrification programme passed through several stages of improvement with appropriate intervention at Government of India level. In spite of various programmes of Government of India, as on April 1, 2015; there were 18,452 villages which still remained un-electrified.

In the Independence Day address to the nation on August 15, 2015, Hon'ble Prime Minister pledged that all remaining Un-Electrified (UE) villages in the country would be electrified within 1,000 days with the help of States and local bodies. Accordingly, Ministry of Power had fast tracked electrification of all 18,452 villages on priority mode. As these remaining un-electrified villages are located in inaccessible areas (thickly forested, mountainous regions, etc.) involving tough terrain, inclement weather, areas facing Right of Way (RoW) issues, areas plagued by insurgency and Leftwing extremism, intensive

monitoring mechanism strategized to get regular progress of each village. Towards this direction, entire process of village electrification was categorized into 12 milestones. Electrical engineers *viz.*, 'Gram Vidyut Abhiyantas (GVAs)' were deployed at Block/District level in order to shoulder this mission at field level. Further, a dedicated web-portal namely 'GARV App' (www.garv.gov.in), well acknowledged for its transparent and accountable mechanism was developed for meticulous monitoring of the progress of electrification of all un-electrified villages through an online system along with the milestones of village electrification progress.

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

During the course of village electrification process, States reported an additional 1,227 villages as un-electrified. Accordingly, REC made all concerted efforts in facilitation and made available adequate funds for village electrification. To those inaccessible difficult to approach villages, air lifting of material had been resorted through choppers of Indian Air Force to the States of Jammu & Kashmir and Arunachal Pradesh. Further, assistance of Railways had been availed for transporting voluminous materials to Arunachal Pradesh. To such remotest areas where neither of the options of sophisticated transportation was available, material were transported through manual head loading for days together.

With the above initiatives and collective efforts of States and other stakeholders, 16,859 villages have been electrified as on March 31, 2018. Further, April 28, 2018 had been made as a historic day in the Power Sector by achieving electrification of all un-electrified census inhabited villages in the country totaling to 18,374 villages excluding the 1,305 uninhabited villages.

9.2 Performance during financial year 2017-18:

a. Sanction:

Under DDUGJY, Decentralized Distributed Generation (DDG) projects have also been sanctioned, for providing electricity access to the un-electrified villages/habitations where grid connectivity is neither technically feasible nor cost effective. During the financial year, an amount of ₹17.05 crore (including capital subsidy of ₹15.34 crore) was sanctioned for Manipur state.

b. Fund release:

The subsidy of Government of India is channelized through REC and the matching contribution is infused by the respective State Govt. /Implementing Agencies through Loan or their own sources.

Under the scheme, grant/subsidy of ₹9,028.09 crore (including ₹262.60 crore under DDG) provided by Government of India and a loan of ₹687.58 crore, was disbursed to the States/Implementing Agencies, by the Company, during the financial year 2017-18.

c. Progress of electrification:

During the financial year, under DDUGJY, 3,736 un-electrified villages have been electrified and free electricity connections to 50.42 Lakh BPL households have been provided. Further, segregation of feeders and new 11 kV lines totaling to 1,01,054 Kms have been laid and 1,571 sub-stations (New & Augmentation) have been commissioned.

The State-wise details of sanctions, fund releases & progress of electrification during the financial year are given in **Table- 5**.

9.3 Cumulative Performance upto March 31, 2018:

Under DDUGJY, cumulatively up to March 31, 2018; 6,287 projects for ₹1,08,496.85 crore have been sanctioned and a sum of ₹59,075.87 crore (including Government of India grant of ₹54,150.55 crore) have been disbursed to the Implementing agencies.

As regards physical progress, cumulatively upto March 31, 2018, 1,25,895 un-electrified villages have been electrified and free electricity connections to 305.10 Lakh BPL households have been provided. Further, 3,063 Sub-stations (including 1,979 Augmentation Sub-stations) have been commissioned and 21,811 cKm of 11 KV feeders have been segregated.

The State-wise details of cumulative sanction, fund release & achievements are furnished at **Table- 6**.

9.4 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Hon'ble Prime Minister launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya on September 25, 2017 to achieve Universal Household electrification in the country through electrification of all households in both rural and urban areas. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme as well.

The capital outlay of Saubhagya Scheme is ₹16,320 crore including Gross Budgetary Support of ₹12,320 crore. Estimated 3.5 crore households in the country are targeted for electrification through creation access and last mile connectivity in rural and urban areas. Wherever Grid connectivity is technically not feasible and financially unviable, electrification is resorted through Solar based off-grid systems.

Major Initiatives taken by REC for successful completion of Saubhagya Schemes are as under:

- Guidelines issued to all States/Power Utilities;
- Dedicated Saubhagya web-portal developed for monitoring;
- Gram Vidyut Abhiyantas (GVAs) have been deployed across the districts in States where major un-electrified households remain;
- As on March 31, 2018, Government subsidy of ₹1,540.63 crore released to States;
- Nodal Officers at State level have been nominated; and
- States have been asked to upload DPRs in web-portal and to freeze the un-electrified Household figures.

With the active support and cooperation of States/Power Utilities and other stakeholders, 40.45 Lakh households were electrified upto March 31, 2018, which have crossed the figure of 1.00 crore on August 5, 2018. Under the scheme, grant/ subsidy of ₹1,540.63 crore provided by Government of India, was disbursed to the States/Implementing Agencies, by the Company, during the financial year 2017-18. The State-wise details of households electrified and subsidy disbursed under Saubhagya during the financial year 2017-18 are furnished at **Table-7.**

10. STANDARDIZATION, QUALITY CONTROL & MONITORING

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

In line with the Three-Tier Quality Control Mechanism for ensuring proper quality of materials and works in implementation of RE component of DDUGJY XI & XII five-year plan schemes, REC Quality Monitors (RQM) under Tier-II have been appointed covering 413 projects in 25 states under XI plan (Phase-I&II) and 273 projects in 15 states under XII Plan. During the financial year 2017-18, RQMs have undertaken inspection of 75 villages under XI Plan Phase-I projects; 2,033 villages under XI Plan Phase-II projects and 9,194 villages under XII Plan Projects. Further, 405 Nos. of material inspections were carried out in XII Plan projects at manufacturer premises for ensuring quality of materials.

REC Quality Monitors (RQM) for DDUGJY New Projects were also appointed. During the financial year 2017-18, 1,229 Nos. of material inspections were carried out by RQMs under DDUGJY new projects at manufacturer premises for ensuring quality of materials.

11. RISK MANAGEMENT

As a Lending entity, the Company is exposed to various risks such as credit risk, operational risk, market risk, interest rate risk, liquidity risk and foreign currency risk. The Company is conscious of such risks and has put in place a comprehensive Risk Management Policy to address the same.

11.1 Risk Management Committee

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

The main function of RMC is to monitor various risks and also to suggest action for mitigation of risk arising in the operation and other related matters of the Company. The Company has identified its various risks and has taken various steps to mitigate them.

The brief description of the risks is as below:

(i) Credit Risk:

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. To mitigate the same, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis, the project risks and are reviewed and categorized as High/ Moderate/Low on the basis of different risk parameters and exposure of the project as per Project Risk categorization frameworks.

(ii) Operational Risk:

The operational risk arises from inadequate or failed internal processes, people and systems or external events. The Company has an Organization-wide risk categorization framework through which all the operational risks are measured and categorized as High/ Moderate/ Low. Further the operational Risks of the Company are studied in eight functional areas such as Business, Compliance, Finance, Human Resource, Information Technology, Legal, Operational and Strategic.

(iii) Market Risk:

Market Risk comprises the Interest Rate Risk, Liquidity Risk and Foreign Currency Risk which is dealt by Asset Liability Management Policy and Hedging Policy.

11.2 ALCO Committee

To manage the market risks, the Company has constituted an Asset Liability Management Committee (ALCO) which is functioning under the chairmanship of CMD and comprises of Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members.

ALCO monitors risks related to interest rates, liquidity and currency rates. The brief description of the risks is as below:

(i) Interest Rate Risk:

Interest rate risk is the potential loss arising from fluctuations in market interest rates. In order to mitigate the interest rate risk, Company periodically review its lending rates and the weighted average cost of borrowing based on prevailing market rates.

(ii) Liquidity Risk:

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

(iii) Foreign Currency Risk:

Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency denominated assets, liabilities and off-balance sheet arrangements. The Company manages foreign currency risk associated with exchange rate and interest rate through various derivative instruments.

12. PREFERRED CUSTOMER POLICY

As a part of business promotion strategy, a Preferred Customer Policy was formulated with the basic purpose of offering an enhanced level of services to the Company's customers and to have a long term mutually beneficial relationship with them. The Policy lays down the eligibility criterion which takes into account various factors such as amount of loan outstanding, duration of loan relationship, repayment track record of the borrower etc. for determining preferred customers and sponsoring them for capacity building/ domestic/ international seminars/ training programmes organized by various external agencies as well as REC-IPMAT, Hyderabad.

13. INFORMATION TECHNOLOGY INITIATIVES

(i) **Implementation of latest version of Business ERP:** ERP is in place since July, 2009. REC has now initiated a process of migration of existing e-Business ERP (Oracle e-Biz suite) 11i (launched on July, 24 2009) to the latest version R12.2.7 and replacement of ERP hardware. The new ERP system will have:

- Advanced features which will further facilitate automation of business operation of the Company;
- Integration to other systems like e-Office, etc; and
- GST and Ind-AS compliant.

Live operations in new upgraded version of Business ERP started since July, 2018.

(ii) **Implementation of e-Office across all Offices:** Digital office solution has been implemented across all offices of the Company w.e.f. January, 2018. Training has been imparted to all users across all offices of the Company. As a continuous improvement, several additional features have been incorporated.

(iii) **Up-gradation of REC WAN Network with enhanced Bandwidth:** Organization wide MPLS VPN network infrastructure (operational since 2008) along with Video Conferencing facility has been completely revamped with latest network devices, enhancement of Bandwidth, high availability features, etc., to meet the demanding requirement of operation.

(iv) **Implementation of IT Framework as per RBI Master Direction:** REC has initiated steps to comply with Master Direction of IT Framework issued by RBI for NBFC sector. This activity is completed and now REC is compliant with IT framework as per RBI Master Directions since May, 2018.

(v) **Development of GST module and integration with Business ERP:** With the new tax regime of GST, REC is GST compliant and integrated with GSP solution as per statutory requirement.

(vi) **Development of REC Corporate Intranet / Internet Website:** REC Corporate Website & Intranet portal have been completely revamped to make it user friendly, interactive, dynamic & informative and accessible from mobile devices from public network in secured environment.

(vii) **Migration of entire existing REC network from IPv4 to IPv6:** As per directive of Government of India (Ministry of Information Technology), REC has become IPv6 compliant in September, 2017. This activity has been completed and reported to the Ministry of Power.

(viii) **Primary Data Centre (PDC) and Disaster Recovery Center (DRC):** Both PDC and DRC of REC are ISO/IEC 27001:2013 certified and also comply to National Cyber Security Policy of Government of India. REC has also implemented Data Leakage & Prevention (DLP) system at DC & DR for preventing sharing of confidential and critical information outside the corporate network

(ix) **Promoting Government of India initiatives:** REC facilitates and promotes the IT initiatives of Government of India like My Gov, e-Governance, DPE guidelines on digital mode of payments etc., within the Company.

(x) **Providing training and computing facility to Employees:** Computer to Employee population ratio is 100%. IT Division also organizes and impart various training programmes on IT & IS to upgrade Computer skills of the employees of the Company.

14. REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

REC-Institute of Power Management and Training (REC-IPMAT), earlier known as Central Institute for Rural Electrification was established at Hyderabad in 1979 under the aegis of Rural Electrification Corporation Limited to cater to the training and development needs of engineers and managers of Power Sector organizations. REC-IPMAT has conducted various programmes on the state-of-art subjects of Power Generation, Transmission, Distribution and Renewable energy sources and other related issues/topics.

14.1 National Training Programmes (NTP) under DDUGJY

REC/REC-IPMAT is the Nodal Agency for coordination and implementation of National Training Programmes for employees of C&D category, under DDUGJY, sponsored by Ministry of Power, Government of India. During the year 2017-18, as against the target of 25,000 employees of C&D category, 28,235 were trained. Since starting of the National Training Programmes in 2009, total 2,33,030 employees of C&D category were trained upto March 31, 2018.

REC-IPMAT on the request of power utilities has conducted 103 programmes for the employees of C&D category with 2,566 participants for HPSEBL, JdVVNL, SOUTHCO, JKPDD, TSNPDCL, Lakshadweep Electricity Department (LED), MPPaKVVCL, DVVNL & APDCL at various locations under its banner and 3 Nos. of Training of Trainers (ToT) programmes for LED, MPPaKVVCL and MeECL and trained 45 participants.

14.2 International Programmes

REC-IPMAT is empanelled by Ministry of External Affairs, Government of India to organise training programmes in the area of power sector under ITEC/SCAAP. During the year, REC-IPMAT has organized 9 International programmes with 174 participants, on the topics *viz.* Solar Power Generation - Grid Enabling (4 weeks); Rural Electrification and Power Management (8 weeks); Design, Erection, O&M of EHV Sub-Stations (4 weeks); Planning and Management of Power Transmission and Distribution System (8 weeks); Best Practices in Power Distribution (4 weeks); Management of Power Utilities using IT/ Automated Solutions (5 weeks); Certificate Course in Electric Power Management (12 Weeks) and Latest Trends in Thermal Power Generation (4 weeks).The participants from countries *viz.* Afghanistan, Bangladesh, Bhutan, Cambodia, Cameroon, Côte d'Ivoire, Egypt, Ethiopia, Gambia, Ghana, Guatemala, Haiti, Iran, Iraq, Kenya, Lebanon, Madagascar, Malawi, Mauritius, Nigeria, Oman, Peru, Philippines, Seychelles, South Sudan, Sri Lanka, Sudan, Suriname, Syria, Tanzania, Tunisia, Vietnam and Zimbabwe have attended the programmes.

14.3 Regular National Programmes

REC-IPMAT has organised 25 Regular Training Programmes for the personnel of various Power Utilities on different topics such as Earthing Practices & Safety Measures in Electrical Installations; Power Transformer - Testing, Commissioning, Protection & Maintenance; Concept to Commissioning of Solar Power Plants; Latest Trends in O&M of Distribution Transformers; Power Trading & Exchange; Operation, Maintenance and Protection aspects of Distribution Sub-stations and Lines; Labour Laws - Workmen Compensation and Contract Labour Act-Procedures in dealing Court cases; Underground Cables - Design, Laying, Monitoring and Fault Detection; Technical Specifications and Construction Standards for Distribution System; Power Purchase Agreement; Gas Insulated Sub-stations; Tariff Policy and Submission of ARRs - Regulatory Compliance; Power System Protection; Open Access, Trading and Availability Based Tariff (ABT); Advanced Technologies in Metering, Billing and Collection; Zero-Breakdown in Power Transformers; Power Factor Improvement and Reactive Power Management; Distribution Loss Reduction - Issues, Challenges and Remedial Measures; Implementation of Goods & Service Tax (GST); Ind AS (IFRS) adoption in Power Sector; Competitive Bidding-Economical Procurement; Power Transmission Lines - Design, Construction & O&M, and Energy Management & Auditing. A total number of 318 participants attended the above programmes.

14.4 IPDS Programmes

REC-IPMAT as partner training institute organized IPDS programmes sponsored by Ministry of Power. During the year, 19 IPDS programmes were conducted for employees of A&B category, on the themes *viz.* Communication & Customer Relations; Efficiency Improvement Measures in Distribution System; Revenue Management & Distribution Loss Reduction and Best Practices in Distribution Operation & Management System. In total, 351 participants were trained under these programmes.

14.5 Customized Programmes

14 customised programmes were designed and organised, suitable to the utility requirements. The programmes conducted are on "Power Distribution Management" for JKPDD at REC-IPMAT campus and for the freshly recruited Junior Engineers of HPSEBL, at Dharamshala, Sundernagar & Shimla (8 batches). The programme on "Finance for Non-Finance Executives" for MPPTCL at Jabalpur and Safety Programme for MPPKVVCL at Indore. The 3 programmes on "Finance for Non-Finance Executives", "Power Transformer-Testing, Commissioning, Protection & Maintenance" and "Power Management & Energy losses" for JBVNL at Ranchi. In total, 383 participants were trained under customized programmes.

14.6 In-house Training Programmes

REC-IPMAT also organised 3 in-house programmes for the employees of REC and 33 employees have taken part in these programmes. The topics covered are Solar Power - Design and Development; Smart Grid & Smart Meters and Managing Change in Power Sector for Senior CPMs/ CPMs.

14.7 Solar Energy Programmes

REC-IPMAT has been empanelled by National Institute of Solar Energy (NISE) as partner training institute for conduct of Solar Energy Programmes and organised 13 programmes on "Solar Roof Top" for Distribution Engineers of MSEDCL at various locations of Maharastra state including one ToT programme at REC-IPMAT Campus, Hyderabad. In total, 504 participants were trained under these programmes.

14.8 In all, during the financial year 2017-18, in addition to coordinating and monitoring the National Training Programmes for employees of C&D category, sponsored by Ministry of Power, Government of India, REC-IPMAT has conducted 189 programmes on various themes/subjects and trained 4,374 personnel with 21,639 man-days of training.

15. ISO 9001:2008 QUALITY ASSURANCE CERTIFICATION

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

16. HUMAN RESOURCE MANAGEMENT

As on March 31, 2018, the Company's total manpower was 528 employees, including 414 employees in the executive cadre and 114 employees in the non-executive cadre. The Company gives utmost importance to the capacity-building and well-being of its employees. During the year under review, the Company sponsored 190 of its employees to various training programmes/workshops within the country and abroad. The Industrial Relations continued to be on a cordial note in the Company. During the year, there was no loss of man-days on account of industrial unrest. Further, there are regular interactions and open-house sessions between the management and the employees, which helps in building an atmosphere of trust and cooperation, thereby leading to a motivated work force and consistent growth in organizational performance.

16.1 Reservation in Employment

The directives issued by the Government of India regarding reservations for SC/ST, etc. in appointment and promotion to various posts were complied with. The group wise details of SC and ST employees out of total strength as on March 31, 2018 are given below:

Group	Number of Employees					
	Total		SC		ST	
	FY 2017-18	FY 2016-17	**FY 2017-18**	FY 2016-17	**FY 2017-18**	FY 2016-17
A	**363**	377	**35**	36	**13**	14
B	**87**	84	**15**	12	**2**	2
C	**16**	35	**1**	6	**0**	0
D	**62**	70	**17**	21	**1**	2
Total	**528**	**566**	**68**	**75**	**16**	**18**

16.2 Training & Human Resource Development

As a measure of capacity building including overall development of employees and to ensure high delivery of performance, Training and HRD continued to receive priority during the financial year. Training and Human Resource Policy of the Company aims at sharpening business skills and competencies required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training was also provided to promote better understanding of professional requirements as well as to sensitize employees to socio-economic environment in which business of the Company is carried out. Training which helped employees benefit in spiritual health and attitudinal change process was also imparted.



'Transformational Leadership Programme' organised for Senior officials of REC at Indian Institute of Management, Bengaluru, during March, 2018.

In order to equip the employees professionally, the Company sponsored 190 employees to various training programmes, workshops etc., within the country and abroad. In addition, four training programmes were conducted in-house which were attended by 71 employees. Taken together, these initiatives enabled the Company to achieve 723 training man days. Further, 17 Executives were deputed for programmes in countries like Germany, France, Japan, Morocco, Malaysia, Norway, USA, etc.

16.3 Employee Welfare

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

Sports Activities

During the financial year 2017-18, REC hosted an Inter-CPSU Cricket Tournament at New Delhi and also sponsored its employees for various Inter-CPSU sports tournaments such as Badminton, Table Tennis, Volley Ball, Kabaddi, Chess, etc., organized by various power sector CPSUs under the aegis of Power Sports Control Board (PSCB). Further, employees were encouraged to participate in various quizzes, paper presentations and simulation competitions conducted by reputed institutions.

16.4 Representation of Women Employees

As on March 31, 2018, the Company had 89 permanent women employees, which represent 16.86% of the total work force. There is no discrimination of employees on the basis of caste, creed and religion, etc. A Women Cell has been in operation in the Company to look after welfare and all round development of women employees. International Women's Day was celebrated by REC Women's Cell.

16.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2017-18. There was no loss of man days on account of industrial unrest. Regular interactions were held with REC Employees Union and REC Officers Association on issues of employee welfare. This has helped to build an atmosphere of trust and cooperation resulting in a motivated workforce and continued improvement in business performance. In compliance with the provisions of "The Rights of Persons with Disabilities Act, 2016", Company has appointed the Executive Director (Admin. & Estate) as the Grievance Redressal Officer for the Persons with Disabilities (PwD).

16.6 Public Grievance Redressal Machinery

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

Further, in compliance of RBI Guidelines, the Company has put in place a Grievance Redressal mechanism to resolve disputes between the company and its customers and appointed a senior official as the Grievance Redressal Officer. Further, in accordance with the guidelines issued by the Government of India, the Company has constituted a Grievance Redressal Committee to redress the grievances of employees.

17. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

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

During the financial year 2017-18, the Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives of the Company were continued with a view to integrate REC's business operations with social processes while recognizing



CMD, REC and District Magistrate, Ghaziabad exchanging MoU for extending support for infrastructure development in Government schools of Ghaziabad.

the interests of its stakeholders. CSR & SD projects were linked with the principle of sustainable development. The strategic focus was aimed at CSR & SD initiative towards fulfilling the National Plan goals and objectives including Sustainable Development Goals ensuring gender sensitivity, skill enhancement, entrepreneurship and employment generation by co-creating value with local institutions/people.

While identifying such initiatives, the Company has adopted an integrated approach to address the community, societal and environmental concerns measured in terms of triple bottom line approach. During the year, the Company has undertaken various CSR initiatives in the fields of skill development programme, education, environmental sustainability, health care including for old age and persons with disabilities, drinking water and sanitation facilities, etc. The CSR strategy has been developed with action plan in project-based accountability approach. The CSR activities have been implemented in project-mode, with baseline survey, specified time-frame, identified milestones, periodic monitoring and impact assessment. Disbursement of allocated funds under CSR was linked with achievement of the milestones and deliverables. During the financial year 2017-18, financial assistance aggregating to ₹167.24 crore was sanctioned for various projects under Corporate Social Responsibility and ₹49.45 crore was disbursed. A detailed Report on Corporate Social Responsibility and Sustainability Activities is annexed to this Report.

18. VIGILANCE ACTIVITIES

REC constantly endeavors to optimize probity and integrity among employees and to promote transparency, fairness and accountability in all operational areas. Vigilance Division mainly aims at “Preventive Vigilance” by reviewing of policies, rotation/transfers of employees holding sensitive posts, review of Audit Reports, review of projects/tenders/contracts awarded, inspections of Regional Offices/State Offices, review of Annual Property Returns (APRs), etc. Streamlining of systems and procedures in matters relating to administrative, financial and human resources functions was also accorded priority. The thrust on leveraging of technology was continued, with the result that information relating to loans, schemes, tenders, third party bills, recruitment etc. are online as well as invigorated online vigilance clearance system. Further, it was ensured that information/policies like tenders, requisite forms, status of loan applications/third party payments, Fair Practices Code, Policy for Prevention of Fraud, CSR guidelines, Whistle Blower Policy, etc. are available on the website of the Company.

With effect from April, 2016, almost all tenders above ₹2 lakh were processed through E-Procurement mode and E-Reverse Auction has also started in cases where estimated value of procurement is more than ₹1 crore and lowest quoted price are more than 20% of estimated value. Regular/surprise inspections of field offices were carried out and employees were sensitized about the importance of Vigilance. Regular review meetings were taken up with operating Divisions on the existing systems and procedures to make these more transparent and accountable. Agreed List and List of Officers of Doubtful Integrity were finalized. Prescribed periodical statistical returns were also being sent to Central Vigilance Commission (CVC) and MoP on time.

Vigilance Awareness Week was observed from October 30, 2017 to November 4, 2017, where all employees were sensitized to ensure that REC’s CDA rules are followed scrupulously and highest standard of ethics and integrity are maintained by everyone at all times. During the week, REC has administered Integrity Pledge, conducted Just a Minute, Essay Writing, Painting and Slogan Writing Competitions for employees and their family members and organized one day workshop on “Financial Frauds: Investigation, Controls and Risk Management Strategy”. Banners/standees/posters were displayed at different locations of all offices of the Company across country as well as various schools and colleges. Inter-College Debate Competition was organized wherein 39 colleges have participated and Inter-School Debate Competition was organized among 18 Schools. Apart from these, all India level Inter School Poster Competition has also been organized. Further, REC has setup Integrity Clubs in 25 schools all over India, the first of its kind in India, to encourage children to collectively participate in fight against corruption.

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

19. IMPLEMENTATION OF OFFICIAL LANGUAGE

In compliance with the Official Language Act, 1963, Official Language Rules, 1976 and orders issued by the Government of India from time to time, efforts were continued during the year for increasing the progressive use of Hindi in official work. To ensure the implementation of Official Language effectively and to review the progress of implementation of the Official Language policy, Committees(s) are constituted in all offices. The Committees chalks out strategies to implement the constitutional provisions of the Official Language Policy of the Union with a view to achieve the targets prescribed in the Annual Programme issued by the Department of Official Language, Ministry of Home Affairs.

During the year, Hindi fortnight was organized in Corporate Office from September 1, 2017 to September 15, 2017, under which various competitions/activities like Hindi debate competition on the topic 'Vision New India: Challenges and opportunities' and 'India Business Quiz' were organized. The participation of employees in all the events/competitions was encouraging and cash prizes were also awarded to winners in different categories to encourage larger participation and to motivate employees to increase use of Hindi in their day to day working.

Further, to give hands-on exposure to participants in various facets of use of Hindi in discharge of their official duties and to impart practical knowledge about the Official Language Policy and related subjects, Hindi workshops were organised where a number of Executives/Non-Executives participated.

Inspections of different divisions and ROs/SOs were carried out by REC Rajbhasha Division to assess the progressive use of Hindi in official work. A team of officials of Ministry of Power also reviewed the status of Official Language implementation in REC Corporate Office.

Rajbhasha Division has come out with two editions (Half yearly) of In-house Hindi Journal 'Urjayan' containing interesting and useful articles as well as literary writings of the employees. In order to motivate Hindi write ups, articles, poems, etc. for the magazine, the Company has a policy to award cash incentives to the participants.

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

20.1 Conservation of Energy

There are no significant particulars, relating to conservation of energy and technology absorption as your Company does not own any manufacturing facility. Further, the Registered Office of the Company is located at 'SCOPE Complex' where all civil, electrical installation & maintenance is carried out by SCOPE. Effective monitoring, controlling & scheduling the operation of AC chilling units, elevators & by putting other energy efficient equipments, replacement of conventional light fittings, CFL, etc. with LED light fittings and maintaining power factor nearest to unity, SCOPE has saved around 10.31 lakh units consumption during the financial year 2017-18, resulting saving in terms of amount of around ₹1.10 crore.

20.2 Foreign Exchange Earnings & Outgo

During the financial year 2017-18, an interest income of ₹0.16 crore was earned on unutilised foreign currency. Further, the foreign exchange outflow aggregating ₹553.87 crore was made during the financial year on account of foreign travelling, training expenses, interest, principal repayment, finance charges and other expenses.

21. SUBSIDIARY COMPANIES

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

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

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

In order to initiate development of each independent Interstate and Intrastate transmission project allocated by Ministry of Power, Government of India and State Governments, RECTPCL incorporates Project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after selection of successful bidder through a two stage Bidding process featuring separate Request for Qualification (RfQ) and Request for Proposal (RfP) in accordance with Tariff Based Competitive Bidding guidelines for transmission projects as notified by Ministry of Power, Government of India, the respective Project Specific SPV along with its all assets and liabilities is transferred to the selected bidder.

21.1 REC Power Distribution Company Limited

During the financial year 2017-18, the performance of RECPDCL has been consistent in its core business *viz.* Preparation of Detailed Project Reports (DPR), Third Party Inspection (TPI), Material Inspection & Project Management Consultancy (PMC) and Project Management Agency/Project Management Consultant under DDUGJY and IPDS.

At the end of the financial year 2017-18, RECPDCL has been working on about 80 on-going projects with project cost of ₹83,237 crore and expected consultancy fee of ₹1,032 crore, for 43 Nos. of DISCOMs/RE Cooperative Societies and other agencies/Government bodies, spread in 27 States and 4 Union Territories.

Major assignments/on-going projects

The major assignments/on-going projects undertaken by RECPDCL during the financial year 2017-18 includes -

(i) PMA/PMC work under DDUGJY and IPDS for the 25 DISCOMs and 5 Co-Operative Societies in 16 States on Pan India basis;

(ii) PIA work in J&K region under IPDS/R-APDRP Part-B/PMDP scheme for urban electrification works and also as PMA for Urban and Rural Electrification works under DDUGJY/PMDP schemes;

(iii) PMC & AMC work of EESL LED street light project in Chandigarh, Chhattisgarh, Punjab & Jharkhand and AMC work of EESL LED street light project in Rajasthan & Tripura;

(iv) Preparation of DPRs under 24x7 Power for All & Survey in 4 DISCOMs of Uttar Pradesh covering all 75 districts;

(v) PMA for designing of Power Management Software tool for Haryana Power Purchase Center and to provide Operation Support for a period of 3 years after Go-Live of software and PMA works for turnkey execution of deposit work of 66kV line for Chandigarh Electricity Department;

(vi) PIA work for turnkey execution of AMI and SCADA for Smart Grid Pilot Project in Chandigarh for Chandigarh Electricity Department (CED);

(vii) Management & Technical Consultancy Services for all 5 DISCOMs of Uttar Pradesh for conducting Energy Audit of all feeders of UPPCL;

(viii) Preparation of Cost Data Book and Asset verification of Capex of 2 DISCOMs (BRPL & BYPL) for Delhi Electricity Regulatory Commission (DERC); and

(ix) PMA/PMC for electrification of Un-electrified Off Grid villages in the state of Jammu & Kashmir and Arunachal Pradesh.

Financial Performance

During the financial year 2017-18, RECPDCL has achieved a total revenue of ₹207.03 crore against ₹191.57 crore in the previous year and the Profit After Tax of ₹36.80 crore as against ₹40.33 crore in the previous year.

As on March 31, 2018, the Net Worth of the Company has increased by 14.08% to ₹180.07 crore as compared to ₹157.84 crore in the previous year. For the financial year 2017-18, the Board of Directors of the company has recommended a dividend of ₹2,210/- (Rupees Two Thousand Two Hundred Ten only) per equity share (on the face value of ₹10/- each) subject to the approval of Shareholders in the ensuing Annual General Meeting of the company.

21.2 REC Transmission Projects Company Limited

During the financial year 2017-18, four project specific SPVs have been incorporated *viz.* Chandil Transmission Limited, Dumka Transmission Limited, Mandar Transmission Limited and Koderma Transmission Limited in respect of Transmission System Strengthening in Jharkhand State (Package 1 to 4) with aggregate estimated cost of ₹4,605 crore allocated to the Company by Government of Jharkhand to work as Bid Process coordinator for selecting of successful Bidder(s). Further, a project specific SPV *viz.* Jawaharpur Firozabad Transmission Limited has been incorporated on August 20, 2018 in respect of Transmission Project allocated by UP Power Transmission Corporation Limited.

After completion of bidding process, the following project specific SPV has been transferred to the successful bidder during the financial year 2017-18:-

Sl. No.	Name of Transmission Project	Name of Project Specific SPV	Name of Selected Bidder	Date of Transfer of project specific SPV
1.	Eastern Region Strengthening Scheme - XXI (ERSS-XXI)	ERSS XXI Transmission Limited	M/s Power Grid Corporation of India Limited	January 12, 2018
2.	New WR-NR 765 kV Inter-regional corridor	WR - NR Power Transmission Limited	M/s Power Grid Corporation of India Limited	March 27, 2018

As on March 31, 2018 the status of following Inter-state and Intra-state transmission projects is as under:-

Sl. No.	Name of Transmission Project	Name of Project Specific SPV	Date of Incorporation of SPV	Status as on date
1.	Transmission system for Phase-I Generation Projects in Arunachal Pradesh	Dinchang Transmission Limited	December 2, 2015	Project on hold as per instruction of CEA & Empowered Committee on transmission.
2.	Evacuation of power from 3 x 660 MW Ghatampur Thermal Project	Ghatampur Transmission Limited	December 2, 2016	SPV transferred on June 19, 2018 to Adani Transmission Limited.
3.	Transmission System Strengthening in Jharkhand State (Package-1)	Chandil Transmission Limited	March 14, 2018	The Bidding process is expected to complete during the financial year 2018-19.
4.	Transmission System Strengthening in Jharkhand State (Package-2)	Dumka Transmission Limited	March 23, 2018	
5.	Transmission System Strengthening in Jharkhand State (Package-3)	Mandar Transmission Limited	March 26, 2018	
6.	Transmission System Strengthening in Jharkhand State (Package-4)	Koderma Transmission Limited	March 19, 2018	

Besides the above, during the financial year 2017-18, RECTPCL has also bagged the following assignments:

1. Bid Process Coordinator work for KSEB Transmission works;
2. Preparation of DPR for feeder separation work of MSEDCL;
3. Bid process coordinator & PMC services for design, supply, erection, testing & commissioning of 220 kV GIS S/s & Transmission work of Saligaon by GED.

Financial Performance

During the financial year ended March 31, 2018, RECTPCL has recorded an income of ₹53.30 crore as compared to ₹52.38 crore in the previous financial year. The Profit before tax and Profit after tax for the financial year 2017-18 is ₹47.22 crore and ₹35.29 crore, respectively. The Net worth of the Company as on March 31, 2018 was ₹176.54 crore against initial Capital of ₹0.05 crore injected by Rural Electrification Corporation Limited (holding company) in the year 2007. Further, the Board of Directors of the company have recommended a dividend of ₹7,058/- per equity share i.e. 70,580% on the paid up equity share of ₹10/- each for the financial year 2017-18, subject to approval of shareholders in the ensuing Annual General Meeting.

Scheme of Arrangement for amalgamation of RECTPCL with RECPDCL

In order to have better operational efficiency and to reap the benefits of higher capital base & pooled resources, it was proposed to merge two unlisted wholly owned subsidiary companies of Rural Electrification Corporation Limited i.e. RECPDCL and RECTPCL into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder and after the approval of Board of Directors, shareholders, creditors of respective companies and approval of holding company i.e. REC, an application was filed with the Ministry of Corporate Affairs (MCA) on March 27, 2018, by both subsidiary companies for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and the approval of the same is awaited.

22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited and Power Finance Corporation Limited as partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. EESL is a Super Energy Service Company (ESCO). It acts as the resource center for capacity building for State Distribution Companies (DISCOMs), Energy Regulatory Commissions (ERCs), State Development Authorities (SDAs), upcoming ESCOs, financial institutions, etc. REC has contributed ₹146.50 crore (being 31.71% of paid-up capital of EESL) upto March 31, 2018. However, after infusion of additional equity by other promoters, as on date, REC holds 21.70% of the paid up share capital of the Company.

EESL is formed to create & sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry, etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, MNRE, Government of India. EESL is also leading the market-related activities of the National Mission for Enhanced

Energy Efficiency (NMEEE), one of the 8 national missions under National Action Plan on Climate Change. EESL today is implementing the largest energy efficiency portfolio in the world. EESL's energy efficient appliances and technologies have saved India over 40 billion kWh estimated energy annually.

Currently, EESL is implementing world's largest non-subsidy based LED lighting programme: Unnat Jyoti by Affordable LED for ALL (UJALA) Programme for distribution of LED bulbs, LED tube lights and Energy Efficient fans to domestic consumers, world's largest street light replacement programme: Street Lighting National Programme (SLNP) to replace conventional street lights with smart and energy efficient LED street lights in municipalities, National E-Mobility Programme to provide electric vehicles for Government entities on lease/outright purchase basis to replace the existing petrol and diesel vehicles taken on lease by various Government organizations, world's largest Agricultural Demand Side Management programme: AgDSM Programme for replacement of inefficient Agricultural Pump sets in agriculture sector, Building Energy Efficiency Programme (BEEP) to retrofit energy efficient appliances in buildings to make them energy efficient, Smart Meter National Programme (SMNP) to replace conventional meters with smart meters, Municipal Energy Efficiency Programme (MEEP) under AMRUT for implementation of energy efficient pump sets in public water works and sewage systems after approval of the ULB/ State Government, Solar Programme for implementing solar roof top and decentralized small solar power plant, Atal Jyoti Yojna (AJAY) for installation of solar LED street lights in rural, semi-urban areas which don't enjoy adequate coverage of power, Solar Urja Lamps (SoUL) for distribution of solar study lamps to school going children.

The performance of EESL during the year has improved and the financial performance of the company is on the growth path. The turnover of the company has grown from ₹5 crore in financial year 2012-13 to ₹1,411 crore in the financial year 2017-18. During the financial year, Profit Before Tax (PBT) is ₹61.50 crore and the Profit After Tax (PAT) is ₹39.46 crore.

23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Accounting Standard-21 & Accounting Standard-27, the Company has prepared Consolidated Financial Statements including that of its Subsidiary Companies i.e. RECTPCL & RECPDCL (Audited) and Joint Venture Company i.e. EESL (Un-audited), which shall be laid before the ensuing 49th Annual General Meeting along with the Standalone Financial Statements of the Company. However, those wholly owned subsidiary companies which are incorporated by RECTPCL & are subsidiary of REC in terms of provisions of Section 2(87) of Companies Act, 2013, for the purpose of subsequent disposal have not been consolidated in the financial statements of the Company.

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

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

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Being a Government Company, the power of appointment of Directors on the Board of the Company is vested with the President of India acting through the Ministry of Power (MoP), Government of India. The remuneration of Directors and employees of the Company is fixed as per extant Guidelines issued by Department of Public Enterprises (DPE), from time to time. Further, the Part time Non Official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time (within the limits prescribed under the Companies Act, 2013) for attending the meetings of Board and Committees thereof. As per the norms of Government of India, the Government Nominee Director is not entitled to receive any remuneration/sitting fee from the Company. The details of remuneration/sitting fees paid to Directors are given in Corporate Governance Report annexed to this report.



Directors and Key Managerial Personnel at 48th AGM of the Company.

As per the provisions of the Companies Act, 2013, the Board of Directors of the Company has designated the Chairman and Managing Director (CMD), Director (Finance), Director (Technical)

and Company Secretary as Key Managerial Personnels (KMPs) of the Company. The role of CEO and CFO is being performed by the CMD and Director (Finance) of the Company, respectively.

During the financial year 2017-18, Shri Arun Singh (DIN: 00891728), Independent Director of REC, resigned from the Board of the Company due to personal reasons and ceased to be a Director w.e.f. March 8, 2018.

In terms of order dated May 17, 2012 issued by the Ministry of Power, Government of India, Shri Ajeet Kumar Agarwal (DIN: 02231613) had assumed charge as Director (Finance) of the Company with effect from August 1, 2012 and his tenure of five years came to an end on July 31, 2017. However, Ministry of Power vide its order dated July 19, 2017, extended his tenure as Director (Finance) of the Company from August 1, 2017 to May 31, 2020 i.e. the date of his superannuation, or until further orders, whichever is earlier.

The Ministry of Power, Government of India vide its Order No. 20/6/2017-Coord. dated July 17, 2018, has appointed Dr. Bhagvat Kisanrao Karad (DIN: 00998839) as Non-official Independent Director on the Board of REC for a period of three years from the date of notification of his appointment or till further orders, whichever is earlier.

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

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Sanjeev Kumar Gupta (DIN: 03464342), Director (Technical) shall retire by rotation at the 49th Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment as a Director. His brief resume is annexed to the Notice of the AGM.

25. EVALUATION OF BOARD OF DIRECTORS/INDEPENDENT DIRECTORS

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

However, Ministry of Corporate Affairs vide its notification dated June 5, 2015 has *inter-alia* exempted the Government Companies from the above requirement in case the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company, as per its own evaluation methodology. Further, MCA vide Notification dated July 5, 2017, also prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, prescribed in Schedule IV of the Companies Act, 2013, is not applicable to Government Companies.

Accordingly, REC being a Government company is exempted in terms of above notifications as the evaluation of performance of all the members of the Board of the Company is being done by the administrative Ministry i.e. Ministry of Power and the Department of Public Enterprises (DPE).

Further, your Company also enters into Memorandum of Understanding (MoU) with Ministry of Power, Government of India each year, demarcating key performance parameters for the Company and the performance of the Company is evaluated vis-à-vis MoU parameters.

26. MoU RATING AND AWARDS

The performance of the Company in terms of MoU signed with the Ministry of Power, Government of India for the financial year 2016-17 has been rated as "Excellent". This is the 24th year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MoU was signed with the Government. The rating for financial year 2017-18 is still awaited.

During the financial year 2017-18, the Company has been conferred with the 'Certificate of Recognition for Excellence in Corporate Governance' by the Institute of Company Secretaries of India (ICSI), at



CMD & Director (Finance) receiving 'SCOPE Excellence Award' for outstanding contribution to the Public Sector Management and 'SCOPE Meritorious Award' for Best Managed Bank - Financial Institution Category from Shri Pranab Mukherjee, the then President of India.

the '17th ICSI National Awards for Excellence in Corporate Governance', in recognition of its continuous efforts and innovative practices in promoting good corporate governance.

Further, REC has also received the Governance Now 5th PSU Award, 2017, CBIP Award for Best Power Financing Company and "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management" for the year 2016-17 under Special Institutional Category, Digitalization, during the year under review.

27. DIRECTORS' RESPONSIBILITY STATEMENT

With reference to Section 134(5) of the Companies Act, 2013, it is confirmed that:

(i) in the preparation of the annual accounts for the year ended March 31, 2018, the applicable Accounting Standards have been followed and no material departures have been made from the same;

(ii) such accounting policies have been selected and applied consistently (except for changes in Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis;

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

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

28. 'THINK GREEN, GO GREEN' INITIATIVE

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

As a responsible Corporate Citizen, the Company has actively supported the implementation of 'Green Initiative' of Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notices and Annual Reports since 2010-11 to those share holders whose email ids were already registered with the respective Depository Participants (DPs) and who have not opted for receiving such documents in physical form. The intimation of dividends (interim/final) is also being sent electronically to those shareholders whose email ids are registered.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar and Share Transfer Agent (R&TA) of the Company/Depository Participant (DP) of respective member and take part in the Green Initiative of the Company, for receiving electronic communications and support the "THINK GREEN, GO GREEN" initiative.

It is reiterated that upon receipt of requisition from the member including the members who have exercised the option of electronic delivery of these documents, every member of the Company is entitled to receive free of cost, a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto, including the Statement of Profit and Loss and Auditors' Report, etc.

Further, pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility to all members to enable them to cast their votes electronically in respect of resolutions set forth in the Notice of Annual General Meeting (AGM). The detailed instructions for e-voting are provided in the Notice of AGM.

The Company has also sent reminder letters to such shareholders, whose folios do not have or are having incomplete details with regard to PAN and Bank particulars, requesting them to furnish their PAN and Bank details to the Company for updation. A specimen letter and proforma for updation of PAN, Bank and contact details, forms part of this Annual Report and is also available on the website of the Company.

29. SWACHH BHARAT ABHIYAN

REC organized various cleanliness programmes during the "Swachh Bharat Pakhwada" from September 15, 2017 to October 2, 2017 at Corporate Office of the Company. During the cleanliness programmes, banners & posters were fixed in and around

office premises to spread awareness among employees and general public. All employees of REC participated with great enthusiasm and zeal & undertook special cleanliness drive of their respective office premises, toilets, stairs, lifts & other surrounding areas. REC organized 10 Nukkad Nataks in different locations across Delhi to spread awareness about hygiene & sanitation and waste management by encouraging people to participate in 'Swachhta Hi Seva' campaign. Old and unwanted records were weeded out as per Record Retention Schedule. In this process official papers, magazines, periodicals, draft reports, etc. were disposed off. A new paper-less software has also been developed for completely discontinuing the use of paper for official work. Cleanliness is continuous process and it will continue in REC.

30. RIGHT TO INFORMATION ACT, 2005

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

The status of RTI applications and appeals during the financial year 2017-18 is as follows:

Sl. No.	Particulars	Nos.
1.	Applications received	341
2.	Applications disposed off	335
3.	Applications disposed off subsequently	06
4.	Appeals received by First Appellate Authority, REC	16
5.	Appeals disposed off by First Appellate Authority, REC	16
6.	Second Appeal notice received from Central Information Commission (CIC)	02
7.	Second Appeal disposed off by Central Information Commission (CIC)	02

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

REC encourages participation by Micro, Small and Medium Enterprises (MSMEs) including Micro and Small Enterprises owned by SC/ST and for the guidelines for MSMEs as defined in the purchase procedure, is being followed in the Company.

REC being financial institution, is not executing any project. Hence, only procurement of office equipment like computers, printers and petty purchase i.e. consumables & stationery items, other miscellaneous items & services, etc. from market are being made. Accordingly, the Company has requested the Ministry of Micro, Small & Medium Enterprises, to grant exemption to REC from compliance of MSE procurement target of 20%, including minimum of 4% from MSEs owned by SC/ST Entrepreneurs. However, during the financial year 2017-18, procurement amounting to ₹1.64 crore were made from MSEs.

REC Public Procurement Policy for MSME is available on the website of the Company.

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

In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) relating to sexual harassment of women employees. The committee is headed by a senior woman official of the Company and includes a representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.

During the financial year 2017-18, the Company did not receive any complaint of sexual harassment.

33. EXTRACT OF ANNUAL RETURN

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

34. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

35. AUDITORS

STATUTORY AUDITORS

M/s G.S. Mathur & Co., Chartered Accountants (Firm Reg. No.: 008744N), New Delhi and M/s A.R. & Co., Chartered Accountants (Firm Reg. No.: 002744C), New Delhi, were appointed as Statutory Auditors of your Company for the financial year 2017-18 by the Comptroller and Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2018.

Further, the Comptroller and Auditor General (C&AG) of India, in exercise of powers conferred under Section 139 of the Companies Act, 2013 has appointed M/s G.S. Mathur & Co., Chartered Accountants (Firm Reg. No.: 008744N) and M/s A.R. & Co., Chartered Accountants (Firm Reg. No. :002744C), New Delhi as the Statutory Auditors of the Company for the financial year 2018-19 and the Statutory Auditors have also accepted their appointment. Approval of the Members of the Company will be obtained in ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Auditors for the financial year 2018-19.

SECRETARIAL AUDITORS

M/s Chandrasekaran Associates, Practicing Company Secretaries (Certificate of Practice No.3850), New Delhi were appointed as Secretarial Auditors of the Company for carrying out Secretarial Audit for the financial year 2017-18. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2017-18 and the same is annexed to this Report.

35.1 Management's Comments on the Auditors' Report

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

Observation of Statutory Auditors	Management's Reply
Annexure to the Independent Auditors' Report referred under 'Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")' of Independent Auditors' Report on Standalone Financial Statements (Annexure-C) & Consolidated Financial Statements (Annexure-A) In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to determination of non-performing assets, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of service providers, (iv) rotation of duties amongst staff as per HR Policy to be implemented in letter and spirit, over financial reporting.	Continuous efforts are being made to further strengthen the internal control in the said areas.

The Secretarial Auditors of the Company have given an unqualified report for the financial year 2017-18. However, they have one observation relating to composition of Board of Directors. The Management's Reply to the observation is as under:

Observation of Secretarial Auditors	Management's Reply
During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, including the provisions of Section 149 of the Companies Act, 2013 and read with regulation 17 of SEBI (Listing Obligation & Disclosure Requirements), Regulation, 2015, with respect to the composition of Board of Directors till March 7, 2018. Thereafter, vacancy of One Independent Director exists in the Company.	During the financial year 2017-18, the composition of Board of Directors was in compliance with all the applicable provisions till March 7, 2018. However, Shri Arun Singh, Independent Director of the Company, resigned from the Board due to personal reasons and ceased to be a Director w.e.f. March 8, 2018. Further, Ministry of Power vide its Order dated July 17, 2018 has appointed Dr. Bhagvat Kisanrao Karad as Part Time Non Official Independent Director on the Board of REC. Accordingly, after the above appointment, the composition of Board of the Company is in compliance with the provisions of the Companies Act 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs.

36. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, vide letter dated August 2, 2018 has given 'Nil' Comments on the Audited Financial Statements of the Company for the year ended March 31, 2018 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2017-18, have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

37. DEBENTURE TRUSTEES

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

38. STATUTORY DISCLOSURES

a) There was no change in the nature of business of the Company during the financial year 2017-18.

b) The Company has not accepted any public deposits during the financial year 2017-18.

c) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

d) The Company maintains an adequate system of Internal Controls including suitable monitoring procedures, which ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For details, please refer to the 'Management Discussion and Analysis' Report annexed to this report.

e) Information on composition, terms of reference and number of meetings of the Board & its Committees held during the year, establishment of vigil mechanism/whistle blower policy and web-links for familiarization/training policy of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions and Policy for determining Material Subsidiaries, Compensation to Key Managerial Personnel, Sitting fees to Independent Directors, etc. have been provided in the Report on Corporate Governance, prepared in compliance of provisions of SEBI (LODR) Regulations, 2015, which forms part of the Annual Report.

f) Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided by a company engaged in the business of financing of companies or of providing infrastructural facilities in the ordinary course of its business are not applicable to the Company, hence no disclosure is required to be made. Further, the details of investments are given at Note No.8 of Notes to Accounts to Standalone Financial Statements.

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

h) There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2018 and the date of this report.

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

j) The details related to vigilance cases, replies to audit objections and RTI matters, etc. are duly incorporated in this report, as required vide OM dated January 24, 2018 of the Ministry of Parliament Affairs, Government of India.

k) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, Cost Accounts and Records are not required to be maintained by the Company.

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

The construction of REC state of art office building at Sector-29, Gurugram is being executed in full swing. RCC works of this G+5 storey building is almost completed except auditorium roof. Services work like installation of HVAC duct, firefighting pipe, electrical work, installation of fresh air & ventilation fans, flooring and block masonry work are almost completed in all three basements. Interior work and allied services works in superstructure are also taken up in parallel to civil works. Façade glass envelope and roof top solar pergola structure works are also in progress. Efforts are being made to complete the building by December, 2018.

During the financial year 2017-18, the building project has been declared winner in two categories (i) Integrated Water Management and (ii) Energy Management by GRIHA Council (Authority giving green building certification) during 9th GRIHA Summit, which will further help REC in achieving GRIHA 5 Star rating on completion of project.

40. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and other applicable statutory provisions is annexed to this report as under:

Particulars	Annexure
Management Discussion & Analysis Report	I
Report on Corporate Governance	II
Auditor's Certificate on Corporate Governance	III
Business Responsibility Report	IV
Secretarial Audit Report	V
Annual Report on CSR Activities	VI
Extract of Annual Return	VII
Particulars of Contracts or Arrangements with Related Parties	VIII
Details of Debenture Trustees appointed by the Company for different series of Bonds	IX

41. ACKNOWLEDGEMENTS

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

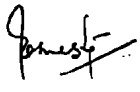
The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers for their continued support and trust in the Company.

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

The Directors also thank M/s G.S.Mathur & Co. and M/s A.R & Co., Statutory Auditors, M/s Chandrasekaran Associates, Secretarial Auditors and the Comptroller & Auditor General of India for their valued contribution.

The Directors also sincerely appreciate and thank all the employees of the Company for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

For and on behalf of the Board of Directors



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

Place: New Delhi
Date : August 23, 2018

TABLE - 1: DETAILS OF SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2017-18

(₹ in Lakh)

Sl. No.	Particulars/ State	Generation		Renewable Energy		Transmission & Distribution		STL, MTL & Other Loans		State-wise Total	
		Nos. of Projects/ Schemes	Loan Amount	Nos. of Projects/ Schemes	Loan Amount	Nos. of Projects/ Schemes	Loan Amount	Nos. of Projects/ Schemes	Loan Amount	Nos. of Projects/ Schemes	Loan Amount
1	Andhra Pradesh	3	3,85,000.00	9	2,06,770.00	46	4,89,181.14	0	0	58	10,80,951.14
2	Assam	0	0	2	2,545.00	27	12,677.40	0	0	29	15,222.40
3	Bihar	1	1,81,717.00	0	0	0	0	5	1,43,500.00	6	3,25,217.00
4	Chhattisgarh	0	0	1	2,452.00	35	52,024.42	1	15,000.00	37	69,476.42
5	Haryana	0	0	0	0	71	2,24,619.57	3	60,000.00	74	2,84,619.57
6	Himachal Pradesh	0	0	2	33,277.00	31	14,742.49	0	0	33	48,019.49
7	Jammu & Kashmir	1	3,17,848.00	0	0	0	* 64.86	0	0	1	3,17,912.86
8	Jharkhand	2	16,89,689.00	1	3,146.00	24	1,10,334.90	0	0	27	18,03,169.90
9	Karnataka	0	0	5	85,890.00	75	1,50,891.93	8	1,72,500.00	88	4,09,281.93
10	Kerala	0	0	0	0	14	14,488.94	1	50,000.00	15	64,488.94
11	Madhya Pradesh	0	0	0	0	21	4,31,698.13	6	90,000.00	27	5,21,698.13
12	Maharashtra	67	5,05,306.00	2	1,50,000.00	42	2,00,551.32	4	48,000.00	115	9,03,857.32
13	Manipur	0	0	0	0	5	15,578.93	0	0	5	15,578.93
14	Meghalaya	1	6,000.00	0	0	0	0	0	0	1	6,000.00
15	Punjab	0	0	0	0	28	63,963.92	4	55,000.00	32	1,18,963.92
16	Rajasthan	3	5,10,605.00	0	0	59	2,50,150.27	2	30,000.00	64	7,90,755.27
17	Tamil Nadu	1	10,45,300.00	2	1,02,466.00	59	6,52,498.78	3	1,64,000.00	65	19,64,264.78
18	Telangana	0	0	2	98,000.00	65	2,16,931.70	4	1,28,000.00	71	4,42,931.70
19	Uttar Pradesh	3	5,94,591.00	0	0	103	4,93,726.47	7	1,09,000.00	113	11,97,317.47
20	Uttarakhand	1	21,600.00	2	18,878.00	21	49,518.25	0	0	24	89,996.25
21	West Bengal	0	0	0	0	8	1,83,066.41	2	30,000.00	10	2,13,066.41
22	Private Sector *	0	64,699.00	0	0	0	5,917.00	0	0	0	70,616.00
	Total	**83**	**53,22,355.00**	**28**	**7,03,424.00**	**734**	**36,32,626.83**	**50**	**10,95,000.00**	**895**	**1,07,53,405.83**

* The Loan Amount represents addtional loan sanctioned against earlier sanctioned schemes/projects.

TABLE - 2 :STATEMENT SHOWING DETAILS OF CATEGORY-WISE SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2017-18

(₹ in Lakh)

Sl. No.	Category	Category Code	No. of Schemes/ Projects	Loan Amount
A	**Generation**			
1	Thermal	Thermal	76	43,81,907.00
2	Hydro	Hydro	3	3,45,448.00
3	Other Loans	-	4	5,95,000.00
	Sub- Total (A)		**83**	**53,22,355.00**
B	**Renewable Energy Projects**			
1	Solar PV	SPV	7	1,24,140.00
2	Wind	Wind	2	1,15,000.00
3	SHP	SHP	3	65,743.00
4	Bagasse/MSW to Energy	-	5	33,794.00
5	Others	-	11	3,64,747.00
	Sub- Total (B)		**28**	**7,03,424.00**
C	**Transmission & Distribution**			
	Distribution			
1	System Improvement	SI	86	11,22,074.15
2	Procurement & Installation of equipment/material	Bulk	77	3,14,006.70
3	Infrastructure for providing electricity access to various categories of Consumers including Agriculture	IE	52	1,68,117.05
4	R-APDRP/IPDS	R-APDRP/IPDS	26	42,051.43
5	DDUGJY	DDUGJY	295	5,43,929.03
	Transmission			
1	System Improvement	SI	195	10,11,948.47
2	Other Loans	-	3	4,30,500.00
	Sub- Total (C)		**734**	**36,32,626.83**
D	**STL, MTL & Other loan assistance**	**-**	**50**	**10,95,000.00**
	Grand Total (A+B+C+D)		**895**	**1,07,53,405.83**

TABLE-3: STATEMENT SHOWING DETAILS OF CUMULATIVE STATE-WISE SANCTIONS BY REC TILL THE FINANCIAL YEAR 2017-18

(₹ in Lakh)

Sl.No.	Particulars/ State	Upto XI Plan		Upto XII Plan		During FY 2017-18		Cumulative Upto 2017-18	
		No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount	No.of Projects	Sanctioned amount
1	Andhra Pradesh	6,472	29,50,749.60	476	39,97,771.16	58	10,80,951.14	7,006	80,29,471.90
2	Arunachal Pradesh	229	2,07,922.64	0	0	0	0	229	2,07,922.64
3	Assam	446	2,13,585.16	1	8,433.00	29	15,222.40	476	2,37,240.56
4	Bihar	1,815	19,16,710.03	42	7,68,317.98	6	3,25,217.00	1,863	30,10,245.01
5	Chhattisgarh	85	10,03,071.28	120	6,05,285.31	37	69,476.42	242	16,77,833.01
6	Delhi	9	4,11,847.00	16	86,506.24	0	0	25	4,98,353.24
7	Goa	16	2,007.00	4	69,273.58	0	0	20	71,280.58
8	Gujarat	1,950	15,08,268.25	5	9,29,532.00	0	0	1,955	24,37,800.25
9	Haryana	1,610	14,70,088.39	406	11,62,521.72	74	2,84,619.57	2,090	29,17,229.68
10	Himachal Pradesh	581	3,83,905.99	124	1,51,066.51	33	48,019.49	738	5,82,991.99
11	Jammu & Kashmir	603	3,23,091.49	43	1,04,416.77	1	3,17,912.86	647	7,45,421.12
12	Jharkhand	39	4,03,183.31	1	15,000.00	27	18,03,169.90	67	22,21,353.21
13	Karnataka	3,069	19,72,725.88	312	17,16,134.67	88	4,09,281.93	3,469	40,98,142.48
14	Kerala	1,771	5,89,522.34	91	5,78,880.25	15	64,488.94	1,877	12,32,891.53
15	Madhya Pradesh	5,499	14,43,675.30	103	6,46,937.93	27	5,21,698.13	5,629	26,12,311.36
16	Maharashtra	5,853	47,10,671.95	554	25,67,439.67	115	9,03,857.32	6,522	81,81,968.94
17	Manipur	151	39,327.86	15	22,488.00	5	15,578.93	171	77,394.79
18	Meghalaya	119	95,567.36	5	46,268.10	1	6,000.00	125	1,47,835.46
19	Mizoram	77	42,582.10	0	0	0	0	77	42,582.10
20	Nagaland	130	41,547.14	11	1,037.77	0	0	141	42,584.91
21	Odisha	1,700	6,06,516.94	26	7,25,154.20	0	0	1,726	13,31,671.14
22	Puducherry	2	12,506.79	3	11,627.15	0	0	5	24,133.94
23	Punjab	1,644	20,78,347.40	228	15,68,709.24	32	1,18,963.92	1,904	37,66,020.56
24	Rajasthan	4,058	38,41,487.31	203	28,95,420.69	64	7,90,755.27	4,325	75,27,663.27
25	Sikkim	42	11,636.90	0	1,887.00	0	0	42	13,523.90
26	Tamil Nadu	3,964	31,60,435.62	192	26,42,184.54	65	19,64,264.78	4,221	77,66,884.94
27	Telangana	0	0	203	30,85,903.69	71	4,42,931.70	274	35,28,835.39
28	Tripura	181	63,294.76	0	0	0	0	181	63,294.76
29	Uttarakhand	104	4,79,676.33	87	5,50,944.63	24	89,996.25	215	11,20,617.21
30	Uttar Pradesh	3,686	30,40,496.98	795	59,22,864.75	113	11,97,317.47	4,594	1,01,60,679.20
31	West Bengal	1,532	16,29,160.85	162	17,45,682.44	10	2,13,066.41	1,704	35,87,909.70
32	Private T&D	19	1,12,039.96	7	3,57,861.54	0	5,917.00	26	4,75,818.50
33	Private Generation	89	56,72,029.57	19	27,27,511.00	0	64,699.00	108	84,64,239.57
34	Private Renewable	0	0	41	3,09,263.99	0	0	41	3,09,263.99
35	Private STL	0	0	2	75,000.00	0	0	2	75,000.00
	Total	**47,545**	**4,04,37,679.48**	**4,297**	**3,60,97,325.52**	**895**	**1,07,53,405.83**	**52,737**	**8,72,88,410.83**

TABLE - 4: STATEMENT SHOWING DETAILS OF STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING THE FINANCIAL YEAR 2017-18 AND OUTSTANDINGS AS ON MARCH 31, 2018

(₹ in Lakh)

Sl. No	Particulars/State	Transmis-sion	Distribution	Generation-Coventional	Generation-Renewable Energy	DDUGJY- RE (including DDG)	STL	Others (MTL and TFL)	Total Disbursement for the year 2017-18	Disbursed upto the end of the year	Repayments		Outstanding at the end of the year 2017-18
											During the year	Upto the end of year	
1	Andhra Pradesh	88,334	2,33,277	5,74,763	1,28,592	81	-	-	10,25,047	36,57,659	2,49,461	18,02,014	18,55,645
2	Arunachal Pradesh	-	-	-	-	-	-	-	-	24,394	663	22,513	1,881
3	Assam	-	-	-	-	6,176	-	-	6,176	66,111	3,001	37,487	28,624
4	Bihar	30,499	28,010	1,04,120	-	9,325	43,500	90,000	3,05,454	14,46,185	95,263	2,32,317	12,13,868
5	Chhattisgarh	11,676	30,855	-	-	-	15,000	-	57,531	5,09,623	53,418	3,36,032	1,73,591
6	Delhi	-	-	-	-	-	-	-	-	1,093	-	1,093	-
7	Goa	-	-	-	-	-	-	-	-	1,479	-	1,479	-
8	Gujarat	10,185	-	-	-	-	-	-	10,185	9,19,008	16,100	6,57,541	2,61,467
9	Haryana	13,508	58,314	381	-	-	50,000	10,000	1,32,203	16,72,988	94,980	10,70,217	6,02,771
10	Himachal Pradesh	4,870	15,069	67	-	-	-	-	20,006	2,94,670	6,672	2,26,341	68,329
11	Jammu & Kashmir	-	1,620	-	1,766	176	-	-	3,562	1,40,562	8,408	1,09,323	31,239
12	Jharkhand	807	-	8,000	-	2,168	-	-	10,975	1,64,125	8,154	1,19,475	44,650
13	Karnataka	-	1,01,744	90,448	-	119	1,10,000	62,500	3,64,811	17,97,672	94,520	7,00,049	10,97,623
14	Kerala	433	34,441	-	-	-	50,000	-	84,874	8,16,074	8,500	4,72,810	3,43,264
15	Madhya Pradesh	-	76,644	-	-	19,210	-	90,000	1,85,854	10,61,173	98,292	8,27,889	2,33,284
16	Maharashtra	57,139	3,17,897	37,896	1,50,000	164	38,000	-	6,01,096	49,50,189	2,82,477	19,02,878	30,47,311
17	Manipur	-	-	-	-	61	-	-	61	38,602	6,269	15,128	23,474
18	Meghalaya	634	-	7,009	-	256	-	-	7,899	98,799	10,914	47,072	51,727
19	Mizoram	-	-	-	-	391	-	-	391	27,723	372	25,281	2,442
20	Nagaland	-	550	-	130	546	-	-	1,226	27,068	1,811	17,199	9,869
21	Odisha	-	-	1,11,343	-	2,094	-	-	1,13,437	4,58,398	4,108	1,38,266	3,20,132
22	Puducherry	1,073	-	-	-	-	-	-	1,073	7,197	357	714	6,483
23	Punjab	25,821	49,469	3,588	-	-	70,000	-	1,48,878	26,38,060	1,53,508	18,48,873	7,89,187
24	Rajasthan	35,258	4,27,949	2,62,315	-	3,365	15,000	15,000	7,58,887	53,23,233	1,99,923	28,82,369	24,40,864
25	Sikkim	5,917	-	15,962	-	210	-	-	22,089	5,36,750	221	4,237	5,32,513
26	Tamil Nadu	2,07,622	64,876	76,497	-	14	1,14,000	61,004	5,24,013	42,08,924	1,92,638	20,31,796	21,77,128
27	Telangana	43,433	60,107	76,114	98,000	-	98,000	30,000	4,05,654	22,89,513	1,80,674	5,28,206	17,61,307
28	Tripura	-	-	-	-	-	-	-	-	12,843	218	11,754	1,089
29	Uttar Pradesh	59,957	3,50,413	65,181	-	24,026	45,000	49,000	5,93,577	49,79,432	2,17,556	25,82,744	23,96,688
30	Uttarakhand	5,067	10,489	19,123	-	-	-	-	34,679	5,21,116	27,813	2,91,029	2,30,087
31	West Bengal	38,116	1,39,010	2,53,000	-	376	15,000	15,000	4,60,502	17,30,458	1,03,888	8,35,941	8,94,517
32	Private	26,503	-	1,02,765	1,61,839	-	-	-	2,91,107	45,07,828	2,99,003	12,03,948	33,03,880
	Total	**6,66,852**	**20,00,734**	**18,08,572**	**5,40,327**	**68,758**	**6,63,500**	**4,22,504**	**61,71,247**	**4,49,28,949**	**24,19,182**	**2,09,84,015**	**2,39,44,934**
	SUBSIDY												
	-DDUGJY	-	-	-	-	-	-	-	8,76,549	-	-	-	-
	-Saubhagya	-	-	-	-	-	-	-	1,54,063	-	-	-	-
	-DDG	-	-	-	-	-	-	-	26,260	-	-	-	-
	Grand Total	**6,66,852**	**20,00,734**	**18,08,572**	**5,40,327**	**68,758**	**6,63,500**	**4,22,504**	**72,28,119**	**4,49,28,949**	**24,19,182**	**2,09,84,015**	**2,39,44,934**

TABLE - 5: STATEMENT SHOWING DETAILS OF FINANCIAL & PHYSICAL ACHIEVEMENTS DURING THE FINANCIAL YEAR 2017-18 UNDER DDUGJY (INCLUDING X,XI, XII PROJECTS & NEW DDUGJY)

(As on March 31, 2018)

Sl. No	State	Financial Parameters (₹ in crore)						Physical Parameters (Nos.)				
		Sanctions			Release (Including Grant)			Electrification of Un-electrified villages	Intensive Electrification of villages	Electricity connection to BPL Households	Feeder Segregation 11KV (Including 11KV lines) (In CKm)	Commissioning of Substations (Including Augmentation) (In Nos.)
		Grid projects	Off-Grid projects	Total	Grid projects	Off-Grid projects	Total					
1	Andaman & Nicobar	0	0	0	1.26	0	1.26	0	0	0	0	0
2	Andhra Pradesh	0	0	0	157.08	7.70	164.78	0	9,322	3,25,869	2,084	111
3	Arunachal Pradesh	0	0	0	56.65	24.14	80.79	854	99	1,892	460	0
4	Assam	0	0	0	378.27	37.43	415.70	571	6,077	3,49,635	5,920	27
5	Bihar	0	0	0	859.59	0	859.59	332	7,815	10,45,091	2,757	326
6	Chhattisgarh	0	0	0	510.76	41.48	552.23	348	1,819	1,75,003	2,380	77
7	Goa	0	0	0	0	0	0	0	0	0	0	0
8	Gujarat	0	0	0	143.43	0	143.43	0	1,505	9,272	6,324	7
9	Haryana	0	0	0	48.58	0	48.58	0	0	61	560	0
10	Himachal Pradesh	0	0	0	0.46	0	0.46	0	701	4	0	0
11	Jammu & Kashmir	0	0	0	66.66	0	66.66	35	1	97	0	0
12	Jharkhand	0	0	0	831.86	52.07	883.93	592	7,414	2,29,447	2,897	4
13	Karnataka	0	0	0	199.84	5.40	205.24	25	3,202	87,018	4,274	1
14	Kerala	0	0	0	86.93	0	86.93	0	1,315	1,08,327	1,360	3
15	Madhya Pradesh	0	0	0	623.20	1.84	625.04	44	9,094	8,45,562	4,386	110
16	Maharashtra	0	0	0	139.01	0	139.01	0	0	8,785	1,830	70
17	Manipur	0	17.05	17.05	24.18	10.87	35.05	77	8	2,784	0	0
18	Meghalaya	0	0	0	45.50	14.44	59.94	218	0	2,544	0	0
19	Mizoram	0	0	0	46.01	0	46.01	14	0	285	102	0
20	Nagaland	0	0	0	25.31	0	25.31	2	190	5,696	310	0
21	Odisha	0	0	0	340.67	46.16	386.82	544	7,446	2,38,800	7,351	127
22	Punjab	0	0	0	15.17	0	15.17	0	0	0	0	0
23	Puducherry	0	0	0	0	0	0	0	0	0	0	0
24	Rajasthan	0	0	0	794.59	19.75	814.34	1	9,733	1,99,210	1,952	18
25	Sikkim	0	0	0	20.02	0	20.02	0	0	0	0	0
26	Tamil Nadu	0	0	0	2.00	0	2.00	0	1,679	22,297	66	25
27	Telangana	0	0	0	57.94	1.98	59.92	0	0	24,397	248	28
28	Tripura	0	0	0	61.64	0	61.64	0	242	32,738	1,249	0
29	Uttar Pradesh	0	0	0	3,388.82	0	3,388.82	9	21,563	12,87,441	53,760	561
30	Uttarakhand	0	0	0	36.59	0	36.59	43	0	1,617	0	0
31	West Bengal	0	0	0	245.18	0	245.18	5	856	38,124	783	76
	Sub Total	**0**	**17.05**	**17.05**	**9,207.20**	**263.26**	**9,470.46**	**3,714**	**90,081**	**50,41,996**	**1,01,054**	**1,571**
	Others * (Under State Plan)	0	0	0	0	0	0	22	0	0	0	0
	Grand Total	**0**	**17.05**	**17.05**	**9,207.20**	**263.26**	**9,470.46**	**3,736**	**90,081**	**50,41,996**	**1,01,054**	**1,571**

* Under State Plan 22 villages have been electrified by the States of Assam (1) & Jharkhand (21)

TABLE - 6: STATEMENT SHOWING DETAILS OF CUMULATIVE ACHIEVEMENT UPTO MARCH 31, 2018 UNDER DDUGJY (including X, XI, XII & new DDUGJY)

Sl. No.	State	Financial (₹ in crore)		Physical					
		Fund Sanctioned	Fund Released	Electrification of villages (Nos.)	Intensive electrification of villages (Nos.)	BPL HH connections (Nos.)	New Substation (Nos.)	Aug Substation (Nos.)	Feeder Segregation (Excluding 11 KV Lines) CKm
1	Andaman & Nicobar	20.96	1.26	0	0	0	0	0	0
2	Andhra Pradesh	1,563.09	889.27	0	30,936	27,40,424	119	16	11.30
3	Arunachal Pradesh	1,456.34	1,072.50	3,281	1,404	53,513	22	1	0
4	Assam	5,809.23	4,001.46	11,058	18,916	15,59,846	34	27	0
5	Bihar	18,302.69	9,507.83	25,926	32,030	50,46,943	208	320	2,575.64
6	Chhattisgarh	3,190.16	1,963.87	2,344	20,109	13,24,270	49	124	500.80
7	Dadra & Nagar Haveli	5.00	0	0	0	0	0	0	0
8	Goa	20.00	0	0	0	0	0	0	0
9	Gujarat	1,239.88	624.54	0	17,649	8,52,217	7	0	700.94
10	Haryana	489.09	204.84	0	5,137	1,98,641	0	0	89.80
11	Himachal Pradesh	484.54	323.86	118	8,597	15,767	1	8	0
12	Jammu & Kashmir#	1,644.59	1,004.06	287	2,908	69,245	19	16	0
13	Jharkhand	8,521.55	4,323.37	20,257	13,048	15,05,851	106	29	0
14	Karnataka	2,807.93	1,250.58	94	27,982	10,68,712	0	6	1,532.74
15	Kerala	703.21	386.33	0	2,402	2,58,632	2	8	0
16	Madhya Pradesh	7,264.92	3,854.26	1,201	60,780	25,89,691	41	274	1,565.54
17	Maharashtra	2,872.20	1,035.17	0	36,154	12,30,135	25	62	1,188.85
18	Manipur	710.18	510.37	1,081	1,330	72,971	13	3	0
19	Meghalaya	757.19	484.52	2,741	2,947	1,07,001	3	0	0
20	Mizoram	420.22	365.83	208	517	29,995	5	12	0
21	Nagaland	443.17	340.85	180	1,342	60,180	10	12	0
22	Odisha	8,926.10	5,452.64	17,280	37,393	30,51,421	42	184	191.40
23	Puduchhery	20.15	1.20	0	0	0	0	0	0
24	Punjab	289.87	75.08	0	6,131	92,988	0	0	0
25	Rajasthan	5,477.87	2,547.45	4,583	53,474	13,89,927	20	0	226.30
26	Sikkim	262.14	211.05	25	412	13,601	0	0	0
27	Tamil Nadu	1,306.77	526.91	0	11,352	5,24,691	16	9	2.88
28	Telangana	782.34	396.62	0	9,176	7,33,262	31	0	0
29	Tripura	566.36	413.09	167	1,160	1,76,706	6	1	0
30	Uttar Pradesh	22,841.36	13,157.15	29,284	61,087	32,56,179	267	783	12,862.54
31	Uttarakhand	1,638.56	814.51	1,575	10,042	2,39,538	6	13	0
32	West Bengal	7,659.19	3,335.38	4,205	30,229	22,47,849	32	71	362.00
	Sub Total	**1,08,496.85**	**59,075.87**	**1,25,895**	**5,04,644**	**3,05,10,196**	**1,084**	**1,979**	**21,811.00**
	Others (under DDUGJY)	0	0	1,182	0	0	0	0	0
	Others (under Stateplan)*	0	0	784	0	0	0	0	0
	Grand Total	**1,08,496.85**	**59,075.87**	**1,27,861**	**5,04,644**	**3,05,10,196**	**1,084**	**1,979**	**21,811.00**

*Under State plan 784 villages have been electrified by the State of {Assam(114), Chhattisgarh(10), Jharkhand(636) & Rajasthan(24)}.

Cumulative release of Jammu & Kashmir State includes ₹104.09 crore released under PMDP rural projects.

TABLE - 7: STATEMENT SHOWING DETAILS OF HOUSEHOLDS ELECTRIFIED AND SUBSIDY DISBURSED UNDER SAUBHAGYA DURING THE FINANCIAL YEAR 2017-18.

Sl. No.	State	Total Households (Nos.)	Electrified Households (as on October 10, 2017) (Nos.)	Balance Unelectrified Households (as on October 10, 2017) (Nos.)	Electrified Households (w.e.f October 11, 2017 till March 31, 2018) (Nos.)	Balance unelectrified Households (as on March 31, 2018) (Nos.)	Disbursement of Subsidy (₹ in Lakh)
1	Andhra Pradesh	1,13,97,174	1,12,81,072	1,16,102	81,949	34,153	0
2	Arunachal Pradesh	3,22,008	2,41,467	80,541	0	80,541	0
3	Assam	66,12,982	42,27,014	23,85,968	1,10,836	22,75,132	4,199.49
4	Bihar	1,40,22,556	1,07,01,589	33,20,967	4,49,016	28,71,951	11,539.86
5	Chhattisgarh	58,87,733	49,55,758	9,31,975	1,55,490	7,76,485	4,280.97
6	Goa	1,28,208	1,28,208	0	0	0	0
7	Gujarat	1,14,10,602	1,13,73,215	37,387	15,748	21,639	0
8	Haryana	34,33,049	34,08,052	24,997	3,497	21,500	0
9	Himachal Pradesh	18,46,263	18,26,398	19,865	1,943	17,922	0
10	Jammu & Kashmir	15,41,534	12,91,630	2,49,904	0	2,49,904	181.05
11	Jharkhand	64,43,060	40,12,401	24,30,659	1,25,389	23,05,270	6,971.08
12	Karnataka	1,02,12,069	96,50,199	5,61,870	59,709	5,02,161	0
13	Kerala	98,13,032	98,13,032	0	0	0	1,520.00
14	Madhya Pradesh	1,27,13,742	1,06,55,295	20,58,447	11,49,748	9,08,699	26,037.32
15	Maharashtra	2,45,30,304	2,38,08,483	7,21,821	1,82,896	5,38,925	1,516.65
16	Manipur	4,26,829	3,17,628	1,09,201	746	1,08,455	585.22
17	Meghalaya	5,31,024	3,27,966	2,03,058	0	2,03,058	0
18	Mizoram	2,30,619	2,11,302	19,317	0	19,317	0
19	Nagaland	4,21,939	3,15,239	1,06,700	473	1,06,227	493.19
20	Odisha	96,62,816	69,82,075	26,80,741	1,35,348	25,45,393	7,636.18
21	Puducherry	95,616	94,704	912	0	912	0
22	Punjab	36,89,970	36,89,584	386	0	386	0
23	Rajasthan	1,06,22,208	88,01,906	18,20,302	2,12,555	16,07,747	0
24	Sikkim	56,423	48,019	8,404	0	8,404	0
25	Tamil Nadu	1,02,85,848	1,02,83,678	2,170	2,170	0	0
26	Telangana	68,20,350	63,73,764	4,46,586	23,803	4,22,783	0
27	Tripura	7,83,699	6,10,652	1,73,047	1,882	1,71,165	0
28	Uttar Pradesh	3,77,07,846	2,24,87,200	1,52,20,646	11,33,002	1,40,87,644	86,401.10
29	Uttarakhand	22,42,760	18,35,744	4,07,016	4,960	4,02,056	1,330.00
30	West Bengal	1,51,57,401	1,43,25,592	8,31,809	1,94,153	6,37,656	1,370.89
	Total	**21,90,49,664**	**18,40,78,866**	**3,49,70,798**	**40,45,313**	**3,09,25,485**	**1,54,063.00**

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present its report on the Industry Scenario including on the Company's performance during the financial year 2017-18.

1. BUSINESS ENVIRONMENT

Global Business Environment

The world economy continues to perform well, aided by a strong rebound in investment and trade, rising but still muted inflation, accommodative financial conditions, improved confidence and the dissipating impact of the earlier commodity price collapse, notwithstanding some increased financial market volatility in early 2018. Global economic activity has continued to strengthen and is becoming increasingly synchronized across regions. Global trade is outpacing demand after lagging behind for two years and is expected to be sustained over the next couple of years. A broad based cyclical global recovery is underway and economic activity is expected to accelerate with the strengthening of investment activity, supported by consumption demand and robust credit growth. As per IMF estimates, global growth at 3.8% in 2017 was the fastest since 2011 and is expected to tick up to a 3.9% rate in both 2018 and 2019. The economic outlook for Asia and the Pacific too remains strong, and the region continues to be the most dynamic of the global economy, accounting for nearly two-thirds of global growth. Growth in Asia is forecasted at 5.6% in 2018 and 2019.

Nonetheless, there remain important downside risks. Disorderly financial market movements, such as an abrupt tightening of global financing conditions or a sudden rise in financial market volatility, or rising borrowing costs, renewed fears of protectionism, rising geopolitical risk and trade wars could trigger financial turbulence and potentially derail the expansion, particularly for emerging market economies including India, that are participating in open international trade and relying on foreign capital flows to realize their developmental aspirations. This argues strongly for the urgency of implementing structural policies, such as improvements in education and health systems, high-quality investment, labor market governance, information and communication technology and business climate reforms, which will become critical to boost long term growth prospects, alleviate poverty and help reduce global inequality.

On the energy front, global electricity demand witnessed a 3.1 per cent jump in 2017 with major contribution of over 70% coming from China and India. The world continues on a transition mode with stronger commitment to adopt green energy, enhanced focus on energy efficiency and increasing demand from developing economies. In light of climate change needs, the world energy mix is rapidly shifting towards cleaner and lower carbon fuels such as solar power, wind power and hydro power. The governments all over the world are making it a key focus area to promote the use of renewable energy, in order to provide affordable, reliable and cleaner energy to their citizens and also to safeguard the planet for the years to come. In 2017, renewables accounted for 70 percent of net additions to global generating capacity as compared to all fossil fuels taken together. As the cost of wind and solar became even more competitive with fossil fuels, a record 157 Gigawatts (GW) of renewable power capacity was installed worldwide in 2017, far out-stripping the 70 GW of net fossil fuel generating capacity addition. The proportion of world electricity generated by wind, solar, biomass and waste-to-energy, geothermal, marine and small hydro rose from 11% in 2016 to 12.1% in 2017.

In addition to the above, in the evolving transition scenario, the penetration of electricity in the car market deepened. While the number of electric cars grew to around 15% of the global car population, because of the much higher intensity with which they are used, electric vehicles accounted for nearly 30% of passenger vehicle kilometers. The number of electric cars on roads are expected to reach 190 million by year 2035 and 320 million by year 2040, split more or less equally between plug-in hybrids and battery electric vehicles. This growth is expected to give a quantum jump to the consumption of electricity worldwide, thereby contributing further to the development of power sector across the world.

Indian Business Environment

India continues to be the fastest growing emerging market economies in the world, driven by key structural reforms, normal monsoons and reduced external vulnerabilities. The current account deficit has remained manageable, fiscal deficits are improving and foreign exchange reserves are at comfortable levels. The Government has retained its focus on fiscal consolidation and implementing structural reforms. Both Wholesale Price Index (WPI) and Consumer Price Index (CPI) inflation have softened and remain much below the target inflation rate of 5%.

Major economic and structural reforms were undertaken over the last year. The transformational Goods and Services Tax (GST) regime was introduced on July 1, 2017; the long-festering Twin Balance Sheet (TBS) problem addressed by sending the major stressed companies for resolution under the new Indian Bankruptcy Code and implementing a major recapitalization package was announced to strengthen the public sector banks. As a result of these measures and the export uplift from the global recovery, the economy began to accelerate in the second half of the last financial year.

The performance of the banking & financial sector, however, continues to be subdued in general. The asset quality of scheduled commercial banks has deteriorated with rising non-performing assets. Credit growth to industrial sector has also remained dismal. The Government has given a strong policy push for the sector in the form of bringing the Insolvency and Bankruptcy Code. Nevertheless, the rise of stressed assets, mounting losses and capital erosion in the banking system and its likely ripple effects on the economy, continue to pose a considerable problem.

Notwithstanding the above, after slowing down to a four-year low of 6.7% in 2017-18, the economic growth in India is expected to gather pace in 2018-19, benefitting from a host of conducive domestic and global environment; expectations of a record food-grains output; receding effects of the teething troubles relating to implementation of GST; strong sales growth by corporations; depleting finished goods inventories; restart of investment in fixed assets by corporations pointing to renewal of the capex cycle, improved and broad based credit off-take; expected large resource mobilization from the primary market; resilience shown by several services sectors, including the information technology sector in terms of its international competitiveness; re-monetization; improvement in business and investment environment through the process of recapitalization of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code; acceleration of global trade growth and the expected rejuvenation of rural demand on the back of the thrust on rural and infrastructure sectors in the Union Budget. With the monsoons expected to be normal in this year, India's agriculture production is also expected to be robust and slower rate of inflation is also likely to keep the interest rates in check.

The World Bank, IMF and the Reserve Bank of India have all reposed confidence in India's growth prospects and have predicted a higher growth trajectory in the years ahead, which is in the range of 7-7.5% in the financial year 2018-19, making it the fastest growing country amongst the emerging economies.

Reflecting the cumulative actions to improve the business climate, India jumped 30 spots on the World Bank's Ease of Doing Business rankings, while similar actions to liberalize the Foreign Direct Investment (FDI) regime helped increase flows by 20%. India's sovereign rating local and foreign currency issuer ratings was upgraded to Baa2 from Baa3 and short-term local currency rating to P-2 from P-3 by Moody's' in November 2017.

On the Energy front, India is the third largest producer and fourth largest consumer of electricity in the world, with the fifth largest installed capacity in the world reaching 344 GW as of March 2018. India has significant potential of electricity generation from renewable energy sources. The Renewable Energy potential in India is estimated at 8,96,602 Megawatts (MW) comprising of 7,48,991 MW of Solar Power, 1,02,772 MW of Wind Power, 19,749 MW of Small Hydro Power and 25,090 MW of Bio-Energy. The Government of India, in pursuit of energy security and for minimizing impact on environment, has been prioritizing the development of the renewable energy sector through its policies and programs. India has the largest government-mandated renewable energy program, with a target of 175 GW renewable energy capacity by 2022 and it has announced plans to shift completely to electric vehicles by 2030.

Indian Energy policy seeks a balance between meeting rising energy demand from increased industrialization and widening middle-class, mitigating the environmental impacts of energy generation and consumption and improving energy security. India has taken bold measures to improve energy access, energy efficiency and to improve the deployment of renewable sources of energy; and as a result, has recently been ranked 78th among 114 countries on the World Economic Forum's Energy Transition Index. Going forward, energy transition in the country will require large investments, an enabling environment and robust regulatory frameworks to support the transition.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Industry Overview

Power is one of the most important drivers of growth in an economy. The power sector in the country has seen transformational growth in the last four years, in terms of both addition of generation capacity and increasing consumption levels, on the back of several initiatives of the Government, massive investments towards modernization of transmission capacity and distribution networks, electrifying villages/households and extending power to all households. Decisive steps have been taken by the Government across the other sectors as well, which have resulted in surplus power, fiscal discipline in utilities, sufficient coal availability and unprecedented growth in the clean energy market. The Government has also been working on turning around debt-ridden DISCOMs and lowering the operational costs of conventional power plants, while trying to achieve the country's climate change goal of becoming a low carbon economy.

Huge strides have been made towards energy efficiency and solving the issues of stranded thermal power assets. The transmission capacity in the country has seen a historic growth. Further, operational and financial restructuring of DISCOMs under the UDAY scheme have started to show results. Also, the costs of solar and wind power have fallen to unprecedented lows of ₹2.44 per unit and ₹3.46 per unit, respectively. With an all-round policy push and a surge in investment, India's power sector has emerged from a recent scenario marred by shortages and lack of quality supply, to surplus power being available in real time at affordable rates on the power exchange. India has turned a net exporter of electricity for the first time in financial year 2017-18 with 7,203 Million Units (MU) supplied to Nepal, Bangladesh and Myanmar.

A total of 99,209 MW of conventional power was added during the XII five year plan, against the targeted capacity addition of 88,537 MW. Initiatives of the Government of India aimed at improving energy efficiency, coupled with ambitious renewable energy targets and the downward trajectory of solar costs, have had an impact on the existing coal fired power plants and those proposed in future as well. Solar power has become more cost effective than coal generated power. It is in this backdrop, that Central Electricity Authority (CEA) has estimated that no coal based capacity addition is required in the period of 2017-22. Moreover, nearly 13.5 GW of planned coal fired power plants in India were cancelled in May 2017. The proactive steps taken in the last four years to overhaul the whole system of coal allocation and supply has led to sufficient spinning reserve availability, thereby allaying the fears of grid breakdown for want of coal stock with the power plants. The country could also make huge savings on account of foreign exchange outflow, which otherwise would have been incurred in importing coal for running the existing coal-based power plants.

Industry Structure

Generation

The installed power generating capacity in the country as on March 31, 2018 was 344 GW, with 1,03,975 MW (30.23%) in the State Sector, 84,517 MW (24.57%) in the Central Sector and 1,55,510 MW (45.21%) in the Private Sector. The average Plant Load Factor (PLF) in the financial year 2017-18 for thermal power plants across the country was 60.67% and for private sector plants it was 55.32%. In terms of type of installed capacity as on March 31, 2018, the installed thermal capacity was 2,22,907 MW (64.8%), hydro capacity was 45,293 MW (13.2%), renewable energy capacity was 69,022 MW (20.1%) and nuclear capacity stood at 6,780 MW (1.97%). The conventional power generation in the country grew at an overall growth rate of 3.95% during the financial year 2017-18 and the actual electric energy generation was 1,206.31 Billion Units (BUs), as against 1,160.14 BUs in the previous fiscal. The aggregate Power Supply Deficit for financial year 2017-18 remained at 0.7%. However, Peak Power Deficit increased to 2%. In order to address the issues of shortage of coal supply, the Government undertook a slew of proactive efforts and initiatives in the last few years, such as allocation of coal mines through transparent auction route, domestic supply of gas to gas-based stranded projects operating at less than 30% PLF through subsidized imported gas supply supported by Power System Development Fund (PSDF), efforts to takeover sick units under operation of State utilities and steps for augmenting indigenous coal production.

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

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

As on May 31, 2018, the share of renewable energy capacity has grown to over 69 GW, contributing to over 20% of the total installed power capacity in the country. The Government has set an ambitious target of adding 175 GW of renewable energy capacity by 2022, towards achieving clean power capacity of 225 GW and increasing the share of renewable in total installed capacity to over 40% by year 2022.

Hybrid wind-solar plants would expedite the process of attaining 175 GW of renewable capacity by 2022, as there are large areas in the country where both wind and solar have high potential. Though the share of renewable capacity in the country, at 69 GW, is more than 20% of the total installed generation capacity in the country, the actual electricity they produced in financial year 2017-18 was less than 8% of the total electricity produced.

Transmission and Distribution

Transmission

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

five regional grids, configured on a geographical contiguity basis, enable transfer of power from a power-surplus State to a power-deficit State. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between power plants. The regional grids operate as an integrated unit of the National Grid, whereby surplus power from a region can be redirected to another region facing power deficits, thus allowing an optimal utilization of the national generating capacity. The inter-regional grid connectivity has lent flexibility and brought resilience to the system. The National Grid in the country is now one of the largest operating synchronous grids in the world. The National Grid is also synchronously interconnected to Bhutan and Nepal and asynchronously linked to Bangladesh.

The analysis and studies of CEA, based on present estimates of load growth and generation capacity addition, indicate that the major high capacity transmission corridors (under implementation) would be sufficient to meet the import/export of power among various regions in year 2021-22; and that further high capacity transmission system would be needed for high capacity generation projects, if any, as and when they are planned. Major smart technology interventions have been taken up in the country for making the system sturdier, with the aim of building and operating a robust integrated grid network, that will allow large transfers of power from one part of the country to another.

As on March 31, 2018, the total length of transmission lines in the country aggregated to about 3.90 Lakh circuit kilometres, as compared to about 3.67 Lakh circuit kilometres at the end of the previous fiscal. A total of 23,119 circuit kilometres were added to the transmission capacity during the financial year 2017-18. In line with Government's 'One Nation One Grid' initiative, the aggregated substation transformation capacity at 765 kV, 400 kV and 220 kV level saw an increase of 11.64% during financial year 2017-18 to reach 8.25 Lakh MVA.

Distribution

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

The Government of India introduced the Ujwal DISCOM Assurance Yojana in November 2015 to make DISCOMs/Utilities credit worthy, wherein the respective State Government shall take over the debts of DISCOMs/Utilities, so that they could take up their future capex programs. The Company, in coordination with the Ministry of Power, has taken up major initiatives to improve and turn around the power distribution sector in the country, by partnering in programmes like SAUBHAGYA, DDUGJY, NEF, UDAY, etc.

During the year 2017-18, government unveiled the ambitious ₹16,320 crore Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) to provide electricity connections to around 3.5 crore households in rural and urban areas of the country, by December 2018.

Technical interventions such as implementation of Feeder Separation Scheme, High Voltage Distribution Systems (HVDS) in the distribution network, installation of Smart Energy Meters/Automatic Meter Readings (AMRs) with 100% coverage having two-way real-time digital communication and facility of remote metering, usage of information technology in operation and maintenance coupled with harnessing best management practices, would ensure safe and reliable delivery of power with minimal losses at reduced costs. Deployment of Smart-grid technologies for providing two way communications between the consumer and the utility would completely change the way electricity is used and delivered. These initiatives would go a long way in the Government of India's resolve of providing 'Power for All'. Further, these steps would help in overcoming major challenges like high transmission and distribution losses, suboptimal internal functioning of regulatory institutions, tariffs mismatch, etc., thereby paving way for turnaround of distribution sector. The Company is therefore optimistic of a better and improved distribution scenario, once the outcomes of these reforms start trickling in and transform the entire landscape of the distribution sector.

It is also expected that augmenting the Distribution system would require huge capital investments, coupled with investments directed towards Demand Side Management (DSM), energy efficiency for the sector and the expected influx of electric vehicles on the country's roads coupled with enabling charging infrastructure required for the same. The Company is well poised to meet the upcoming financing needs of this sector.

Power Sector Policy Environment

In the past years, the Government of India has taken significant policy measures to restructure the power sector, increase capacity and improve the transmission, sub-transmission & distribution network. The Electricity Act, 2003 brought sweeping changes to the legal framework governing the sector, enabling capital arrangement, thereby making it possible to set up large power projects. The Act replaced various earlier legislations and introduced a multi-buyer and multi-seller system. Furthermore, it enhanced autonomy of the regulatory regime in determination of tariffs, without being constrained by rate-of-return regulations. This was followed by the notification of National Electricity Policy, National Tariff Policy, Renewable Energy Policy, National Hydro Policy and Mega Power Policy. The Government has taken several measures in the last few years to improve the working & performance of thermal power plants, which included streamlining the process of coal block allocation, improvement in coal availability & supply, quality checks of coal at mine-end and plant-end, beneficiation of coal at coal washeries, redefining of coal linkages and swapping of coal mines, to name a few.

On the hydro power front, the Government introduced the Policy on Hydro Power Development in year 2008 for accelerated development of hydro power sector in India, particularly in the Himalayan States. Despite being the cheapest source of power, hydro power has not been exploited to its full potential as many hydro projects are facing environmental issues and court rulings, causing long delays and stoppage of work. The traction in this sector has also been low due to problems like higher capital costs, long gestation periods, R&R issues and geological bottlenecks. In order to address these problems, the Government of India has taken many steps in the last four years, notably, exempting hydro projects from competitive bidding till 2022, allowing flexibility to developers in depreciation rates and Time of Day Tariff and allowing distribution licensees to extend long term PPAs by additional 15 years beyond the normally allowed 35 years.

Renewable Energy Sources

The Government of India has set a target of 175 GW capacity addition through renewable energy sources by the year 2022. This includes the shares of Solar energy (100 GW), Wind energy (60 GW), Biomass energy (10 GW) and Small Hydro projects (5 GW). The focus is clearly on cleaner energy, in the light of depleting fossil fuels and environmental hazards of thermal power plants. The Government is taking several initiatives and policy measures to encourage the renewable energy sector, such as suitable amendments to the Electricity Act and Tariff Policy for stronger enforcement of Renewable Purchase Obligations (RPO) and providing Renewable Generation Obligations (RGO), setting up of exclusive Solar Parks, development of power transmission network through Green Energy Corridor, identification of large government complexes / buildings for roof-top solar power projects, making roof-top solar and 10% renewable energy mandatory under the Mission Statement and Guidelines for development of Smart Cities, amendments in building bye-laws for mandating the provision of roof-top solar in new construction or higher FAR, granting infrastructure status to solar power projects, raising tax free solar bonds, providing longer tenor loans in the segment, making roof-top solar a part of housing loans by banks and raising of funds from bilateral and international agencies, promoting new schemes like offshore wind, floating solar power projects, etc. as also the Green Climate Fund to achieve the renewable energy targets. The Green Energy Corridor would strengthen the transmission of renewable energy and enable grid stability by evacuating renewable power from generation points to load centers, with creation of additional and adequate transmission capacity.

National Solar Mission

Mechanisms are being devised for harnessing renewable energy resources, with special thrust on development of solar energy. The renewed thrust on solar capacity enhancement is reflected in the National Solar Mission, which aims to scale up the solar capacity to 100 GW by year 2022. The target will principally comprise of 40 GW through roof-top solar power projects and 60 GW through large and medium scale grid connected solar power projects. With this target, the country would become one of the largest Green Energy producers in the world. The total investment for setting up 100 GW solar power capacity is expected to be ₹6 Lakh crore, which provides an excellent funding opportunity to our Company. Efforts are on, to establish an investor-friendly mechanism and to provide an attractive, predictable and adequate tariff for growth of solar power projects in the country. Installation of roof-top solar power projects is being propagated in a big way. Large Government Installations *viz.*, Railways, Defence etc. are being encouraged to harness their land for dedicated use of solar energy, which could also reduce their dependence on the grid.

Another notable effort is the development of 34 Solar Parks in the country of over 500 MW each, with infrastructural support from the Government of India. Further, 60 'Solar City' projects have been planned under the "Development of Solar Cities Programme". In-principle approval has been given for 34 Solar Parks in 21 States and for 48 solar city projects. Sanctions have been given to 31 cities which have received in-principle approvals and they have engaged consultants for preparation of master plan. These parks alone will accommodate over 40 GW of solar power. E-reverse auction mode was adopted to

discover the best tariff and today, the solar power tariff has come down to a historic low of ₹2.44 per unit. The creation of an intra-state transmission system will facilitate evacuation of renewable power from the generation stations to load centers. The Ministry of New & Renewable Energy (MNRE) is providing a capital subsidy of 30% to the farmers for installation of Solar Pumps. In addition to the above initiatives, the solar power sector will benefit from the mandatory solar component in RPO of States. Further, the "Off Grid and Decentralized Solar Applications" is also seen as a huge area towards self-reliance.

Kisan Urja Suraksha Evam Utthaan Mahabhiyan (KUSUM)

The Government of India is also in the process of formulating a Scheme 'Kisan Urja Suraksha Evam Utthaan Mahabhiyan (KUSUM)' with a central financial assistance of ₹48,000 crore, which *inter-alia*, provides for installation of grid-connected solar power plants each of capacity up to 2 MW in the rural areas, installation of standalone off-grid solar water pumps to fulfill irrigation needs of farmers not connected to grid, solarization of existing grid-connected agriculture pumps to make farmers independent of grid supply and also enable them to sell surplus solar power generated to DISCOM and get extra income and solarization of tube-wells and lift irrigation projects of Government sector. To improve efficiency and reduce losses, the Union and the state governments will also be leveraging technology for 100% metering and doing away with any human interface in consumer-facing functions such as metering, billing and collection.

National Wind-Solar Hybrid Policy

The Government of India has recently announced the National Wind-Solar Hybrid Policy on May 18, 2018, with the objective of providing a framework for promotion of large grid connected wind-solar PV hybrid system for optimal and efficient utilization of transmission infrastructure and land, reducing the variability in renewable power generation and achieving better grid stability. The policy also aims to encourage new technologies, methods and ways out involving combined operation of wind and solar PV plants. A wind-solar plant will be recognized as hybrid plant if the rated power capacity of one resource is at least 25% of the rated power capacity of other resource.

Hybrid plants would expedite the process of attaining 175 GW of renewable capacity by year 2022, as there are large areas in the country where both wind and solar power have high potential.

Rural Electrification Policy

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

Deendayal Upadhyaya Gram Jyoti Yojana

The Ministry of Power, vide OM dated December 3, 2014, had launched "Deendayal Upadhyaya Gram Jyoti Yojana" (DDUGJY scheme), an integrated scheme covering all aspects of rural power distribution. Under the DDUGJY scheme, 60% of the project cost (85% for special States) is provided as grant by the Government of India; and additional grant up to 15% (5% for special States) is provided by the Government of India upon achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e. RGGVY) have been subsumed in DDUGJY. REC is the Nodal agency for implementation of DDUGJY scheme. DDUGJY is the flagship programme of Government of India supplementing overall rural development and facilitating towards "24x7 Power for All" in the country through defined project components.

On August 15, 2015, the Hon'ble Prime Minister had announced that all remaining 18,452 Un-Electrified (UE) villages in the country would be electrified within 1,000 days. The Ministry of Power took up the electrification of all UE villages on mission mode and assigned the work of monitoring of electrification works of UE villages to REC. These UE villages are located in highly inaccessible areas with tough terrain, extreme temperatures, areas facing Right of Way issues or areas plagued by insurgency and extremism. A new monitoring mechanism was set up to get regular progress of each village, under which the entire village electrification process was divided into 12 milestones. Further, 'Gram Vidyut Abhiyantas' (GVAs) i.e. young electrical engineers, were appointed at block/district level; and an online application 'GARV App' was developed for transparent and accountable monitoring of the progress of village electrification. Further, April 28, 2018 has been marked as a historic day in the Indian Power Sector on achieving electrification of 100% inhabited census villages in the country.

SAUBHAGYA

In addition to village electrification, the emphasis has now been laid on household electrification. The Government of India launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana ("SAUBHAGYA") or Saubhagya on October 11, 2017 at a total cost of ₹16,320 crore including a Gross Budgetary support of ₹12,320 crore with the objective of achieving universal household electrification in the country by providing last mile connectivity and electricity connections to all households in rural and urban areas; with free electricity connections to all households (both APL and poor families) in rural areas and poor families in urban

areas. REC has been designated as nodal agency for operationalization of the Saubhagya scheme. All DISCOMs, including private sector DISCOMs, state power departments and rural electric co-operative societies shall be eligible for financial assistance under the scheme, comprising grant of 60% from Government of India (85% for special category states), loan from FIs/Banks comprising 30% (10% for special category states) and utility contribution of 10%/5%. Further, 50% of the loan component would be converted as additional grant from GoI on achievement of prescribed milestones, subject to a maximum grant of 75% (90% for special category states) by Government of India . The works of household electrification have to be completed by December 31, 2018.

Around 3.50 crore households in the country remaining un-electrified as on October 10, 2017 are targeted for providing electricity connections under the scheme. To expedite and monitor the electrification of households under Saubhagya, a dedicated web portal (www.saubhagya.gov.in) has been developed, which disseminates information about household electrification status across the country with features of drilling down upto village level. With the active support and cooperation of States/Power Utilities and other stakeholders, 40.45 Lakh households were electrified upto March 31, 2018, which have crossed the figure of 1.00 crore on August 5, 2018. During the year under review, grant/subsidy provided by Government of India amounting to ₹1,541 crore was disbursed to the States/Implementing Agencies, under the scheme.

Integrated Power Development Scheme

The Government of India had approved the "Integrated Power Development Scheme" (IPDS scheme) vide Office Memorandum dated December 3, 2014, for improvement in sub-distribution and distribution networks of urban areas, comprising (i) strengthening of sub-transmission and distribution networks; (ii) metering of Distribution Transformers / Feeders / Consumers; and (iii) IT enablement of distribution sector and strengthening of distribution network for completion of the targets laid down under R-APDRP (Restructured Accelerated Power Development and Reforms Programme) for the XII and XIII plans by carrying forward the approved outlay for R-APDRP to IPDS programme as a separate component. For this purpose, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS. The financing pattern of the scheme is similar to that of DDUGJY scheme. Over the last 4 years, 1,376 towns have become IT enabled and 1,156 towns reported reduction in AT&C losses.

National Electricity Fund

The National Electricity Fund (NEF) was launched in financial year 2012-13 with an outlay of ₹8,466 crore to promote capital investment in distribution infrastructure for reducing distribution losses in the country. Under the scheme, interest subsidy would be provided to the DISCOMs over 14 years on the loans availed from banks & FIs for distribution projects sanctioned during years 2012-13 and 2013-14. Under this scheme, the utilities/DISCOMs, both in public and private sectors, are eligible for subsidy on interest rates based on the progress achieved in reforms linked parameters. REC is the Nodal agency for operationalization of the scheme. Distribution projects for an aggregate amount of ₹26,406 crore of 25 DISCOMs in 15 states sanctioned during financial year 2012-13 and 2013-14 have been approved, works have commenced on around 895 projects, with total loan disbursement of ₹14,790 crore as on December 31, 2017; and Interest subsidy amounting to ₹84.92 crore has been released till March 31, 2018.

Ujwal DISCOM Assurance Yojana

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

(i) Improving operational efficiencies of DISCOMs

(ii) Reduction of cost of power

(iii) Reduction in interest cost of DISCOMs

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

REC is assisting the Ministry of Power for UDAY scheme. REC has developed a state-of-the-art web portal and an online App for monitoring of performance of State DISCOMs. This has resulted in transparency as well as accountability of operations of DISCOMs and an effective tool for monitoring & taking corrective actions by States, etc. REC has also been coordinating all the activities for review/focused meeting with each State/DISCOM. As on March 31, 2018, 16 comprehensive and 16 operational MoUs have been signed amongst Power utilities, States/UTs and Ministry of Power, Government of India and Bonds to the tune of ₹2.32 Lakh crore have been issued by the States and DISCOMs. As an outcome of this, DISCOMs have saved more than ₹20,000 crore on account of interest cost.

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

Unnat Jyoti by Affordable LEDs for All

"Unnat Jyoti by Affordable LEDs for All" (UJALA) is a scheme launched by the Government in May 2015 for replacement of 77 crore incandescent lamps with Light-Emitting Diode (LED) bulbs, in order to promote energy efficiency in the country. Under the said scheme, Energy Efficiency Services Limited, a joint venture of REC and three other power sector PSUs, provides LED bulbs to domestic consumers at a low price. LEDs have a relatively longer life and are highly energy efficient as compared to incandescent bulbs and CFLs (Compact Fluorescent Lamps), thus saving both energy and costs in the medium term. Nearly 30 crore LED bulbs, 65 Lakh tube lights and 19 Lakh fans have so far been distributed by the Government and an additional 78 crore LED bulbs have been distributed by private companies, a move that resulted in savings of over ₹15,500 crore per year in the electricity bills of consumers, leading to reduction of over 320 Lakh tonnes of Carbon Dioxide per year.

Transparency and online Apps

Transparency has been given key focus in all major power-sector reform initiatives taken in the recent past. The Ministry of Power has launched various Mobile Apps and Websites to empower the stakeholders to track the working and performance of the Ministry and various reform initiatives taken by it. These include the 'GARV App', which provides updates on the electrification works in un-electrified villages & households; 'UDAY App', which gives updates on the progress of UDAY scheme; 'UJALA App', which provides updates on the LED bulb distribution; 'Vidyut Pravah App', which gives real-time information on electricity price & availability; 'Urja Mitra App', which helps in enhancing consumer connect by showing DISCOM performance in cities and gives data of IPDS; 'TARANG App', which monitors the progress of transmission system in India; 'Merit App' which provides information pertaining to marginal variable cost and source wise purchase of electricity; 'PRAAPTI App' (Payment Ratification and Analysis in Power procurement for bringing Transparency in Invoicing of generators) to bring transparency in power purchase transactions between Generators and DISCOMS; and 'Urja Mitra App', which enables the citizens to access real time and historic outage information of DISCOMs, to name a few.

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

3. OPPORTUNITIES

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

The Government's energy outlook is reflected in ongoing measures like revamp of the primary fuel sector with auction of coal mines, addressing energy efficiency needs in sectors across lighting to transport. With the increasing thrust on clean energy, Renewable Power projects would be one of the foremost growth drivers in coming times. The Green Energy Corridor planned exclusively for such projects will also offer a significant business opportunity to the Company. Besides, there are big opportunities envisaged for financing in the areas of evacuation of power, renovation and modernization of old thermal power plants and emerging areas like storage technology, e-mobility etc. Further, Smart Cities, i.e., cities run on the robust framework of smart systems and their associated ancillary services, are also expected to throw a whole gamut of new investment opportunities. On the socio-economic front, after having achieved the historic landmark of reaching electricity to each village in the country during April 2018, REC continues to contribute to the responsibility of rural electrification through the 'Saubhagya' scheme of the Government of India. As Nodal agency for monitoring and channelizing the 'Saubhagya' funds, REC is assisting the Government of India to achieve the mission of 100% household electrification.

Renewable energy sector is now poised for a quantum jump as India has reset its renewable energy capacity addition target so as to have an installed capacity of 175 GW by 2022, in view of the significant renewable energy potential in the country and commitment made by the investors/stakeholders. The substantial higher capacity target of renewables will ensure greater energy security, improved energy access and enhanced employment opportunities. With the accomplishment of these ambitious targets, India will become one of the largest Green Energy producers in the world, surpassing several developed countries. Contribution of Renewable Energy Sources will be around 20% of the total energy of the country in the year 2021-22 and around 23% by 2026-27.

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

4. THREATS, RISKS AND CONCERNS

The absence of big ticket power projects, spectre of rising Non-Performing Assets (NPAs), lower than expected credit off-take owing to slow manufacturing sector growth, upward movement in interest rates, relatively high potential of take-out financing and refinancing cases and funding of renewable energy projects that carry a small gestation period, makes the power sector financing industry increasingly competitive and broad based. Of late, renewed and aggressive interest of new players, especially Venture Capital (VC) investment and Private Equity (PE) funds, give a tough challenge to the Company. The power sector in itself has several high risks, with a plethora of common issues of infrastructure projects, longer time horizon and dynamic policy environment. The average national PLFs have been low and the State DISCOMs have a muted demand. While there have been no recent long term PPAs floated by DISCOMs, the tariffs at power exchanges have also not seen any uptick, resulting in pressure on the operating assets.

Another cause of concern is the equity constraint of promoters in private sector projects, leading to delays in project implementation and consequent cost & time overruns. The failure of borrowers in meeting their debt related obligations may adversely impact the Company's profits, thereby creating stressed assets and impacting the ability of the Company to mobilize low cost funds. The Indian capital market is developing and maturing at good pace and the same may cause a shift in the pattern of power sector financing. In case our borrowers start directly accessing the market same may affect REC's business.

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

However, to address the challenges of Power Sector, Government is taking several initiatives to put power sector on revival path. Because of these initiatives significant capacity has been added and Coal scenario has improved significantly. Some of the major initiatives are: '24x7 Power for All' by 2019, UDAY, IPDS, DDUGJY, Saubhagaya, Implementation of Outage Management System and 11 KV Rural Feeder Management System, Development of National Power Portal, etc. and to resolve stressed assets in the sector. All these initiatives are likely to turnaround power sector. Moreover, raising of resources at a low cost and ensuring their deployment in avenues offering the best returns would be the key factor for sustainable growth and profitability of the Company.

5. SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

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

During the financial year 2017-18, the Company sanctioned a total loan assistance of ₹107,534.05 crore, as compared to ₹83,870.82 crore in the last financial year. The sanctions for financial year 2017-18 included ₹53,223.55 crore towards Generation projects, ₹7,034.24 crore towards Renewable Energy projects, ₹36,326.26 crore towards T&D projects and ₹10,950.00 crore towards Short Term Loans & Other Loans.

Further, during the financial year 2017-18, the Company disbursed a total loan amount of ₹61,712.47 crore, as against ₹58,038.61 crore disbursed in the last financial year. The disbursements for financial year 2017-18 included ₹18,085.72 crore towards Generation projects, ₹5,403.27 crore towards Renewable Energy projects, ₹26,675.86 crore towards T&D projects, ₹10,860.04 crore towards Short Term & Other Loans and ₹687.58 crore under DDUGJY. In addition, grant/subsidy of ₹10,568.72 crore provided by Government of India, under DDUGJY and Saubhagya schemes, was also disbursed to various states/implementing agencies, during the financial year 2017-18.

6. OUTLOOK

The per capita energy consumption and the state of an economy are pointers to the long-term energy requirement of any country. Presently, the per capita energy consumption in India is 1,122 Kwh (as per provisional figure of financial year 2016-

17), as compared to the world average of over 3,000 Kwh. Considering low levels of per capita energy consumption in India vis-à-vis the world average; and the Government's strong efforts towards economic development, it is felt that the outlook for power sector remains strong in the long term. With a proactive role of the Government in addressing the issues affecting the power sector adversely, there is a promising outlook, along with ample market opportunities for financial products for the power sector.

India remains as one of the fastest growing emerging market economies in the world with persistent growth, despite the challenging environment. With key reforms on the block, India is seen as an engine of global growth. Factors like structural reform push, implementation of GST, adoption of inflation targeting measures, new bankruptcy code, financial inclusion, liberalization of foreign direct investment, measures to curb black money and encouraging digitization through alignment of information aggregating platforms, will help India in improving its productivity dynamics and achievement of sustainable growth. Enhanced spending on infrastructure, faster implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking & financial sector is also poised for robust growth, as the rapidly growing businesses would turn to banks and NBFCs for their credit needs.

Power is a critical infrastructure component essential for the growth of any economy. The electricity sector in India too is going through a period of significant growth and change. India is projected to overtake China as the largest growth market for energy by late 2020s with the country's energy consumption growing by more than 4.2% per annum, the fastest among all major economies of the world, which will more than treble power consumption and push the country's share of global energy demand to 11% by 2040 from 5% in 2016.

India's electricity sector is dominated by fossil fuels and in particular coal, which in financial year 2017-18 produced about three fourths of all electricity and is likely to remain the dominant fuel source even up to 2040. However, the government is pushing for an increased investment in renewable energy. The National Electricity Plan of 2018 states that the country does not need additional non-renewable power plants in the utility sector until 2027, with the commissioning of 50,025 MW coal-based power plants under construction and achieving 2,75,000 MW total installed renewable power capacity.

As per CEA estimates, the electrical energy requirement is expected to grow to 1,566 BUs of energy by financial year 2021-22. The Government of India is already focused on providing universal access and 24x7 power supply. Further, the thrust on rural and household electrification and renewable energy, will increase the penetration of electricity in the country, thereby driving the demand further. The development of Smart Cities and introduction of energy saving & storing devices like battery banks and ancillary services have the potential of witnessing new paradigms of investment traction. Also, the performance orientation built into SAUBHAGAYA, DDUGJY, IPDS and UDAY schemes of the Government is expected to attract and accelerate investments in the distribution infrastructure, thus resulting in faster accomplishment of loss reduction and better realization of revenue and automation goals. The enormous capital expenditure and development of equally huge operational infrastructure, combining ample potential for future expansion in the distribution sector, creates an optimistic business outlook for the Company.

7. MEMORANDUM OF UNDERSTANDING-RATING & AWARDS

REC's performance has been rated as "Excellent" against the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for financial year 2016-17. This is the 24th year in succession that REC has received "Excellent" rating. The Company's performance has also been recognized and awarded at various forums. During the year under review, REC received the Governance Now 5th PSU Award, CBIP Award for Best Power Financing Company and SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management for year 2016-17 under Special Institutional Category, Digitalization.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains an adequate system of Internal Controls including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegation of powers and guidelines for accounting have been issued for uniform compliance. REC also has its ERP operations and e-office system in place to ensure IT based operations with minimum manual interventions to ensure internal checks and balances. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audit of various Divisions/Offices are conducted by the in-house Internal Audit Division and external professional audit firms. The Internal Audit covers all major areas of operations, including identified critical/risk areas, as per the Annual Internal Audit Programme. The Audit Committee of Directors periodically reviews the significant findings of different Audits, as prescribed in the Companies Act, 2013 and in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

9. FINANCIAL AND OPERATIONAL PERFORMANCE

The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for performing assets during the financial year 2017-18 was ₹46,236 crore as compared to

₹46,298 crore during the previous year. The Company recovered a total sum of ₹45,566 crore towards performing assets during the financial year 2017-18 as against ₹45,169 crore during the previous year. The Company achieved recovery rate of 98.55% for the financial year 2017-18. The overdues from defaulting borrowers pertaining to performing assets as on March 31, 2018 was ₹1,762 crore. Further, an amount of ₹785.13 crore has been recovered from non-performing assets during financial year 2017-18 as against ₹1,578 crore recovered during financial year 2016-17.

REC's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2018, the Gross NPAs of the Company were ₹17,128.42 crore, which were 7.15% of the Gross Loan Assets and net NPAs as on March 31, 2018 were ₹13,612.16 crore, which were 5.68% of the Net Loan Assets. Further, no doubtful loans have been rescheduled by the Company during the financial year 2017-18.

The operating income of REC on a standalone basis was ₹22,358.27 crore during the financial year 2017-18, as against ₹23,587.30 crore in the last financial year. The Profit Before Tax for the financial year 2017-18 was ₹6,852.09 crore, as against ₹8,860.70 crore in the last financial year. Net Profit for the financial year 2017-18 was ₹4,647.00 crore, as compared to ₹6,245.76 crore in the last financial year. Further, REC's Net Worth as on March 31, 2018 was ₹35,490.51 crore, which was 6.50% higher than the Net Worth of ₹33,325.59 crore as on March 31, 2017.

10. HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on March 31, 2018, the Company's total manpower was 528 employees, including 414 employees in the executive cadre and 114 employees in the non-executive cadre. The Company gives utmost importance to the capacity-building and well-being of its employees. During the year under review, the Company sponsored 190 of its employees to various training programs / workshops within the country and abroad. Further, the Company conducted four in-house training programs which were attended by 71 employees. Taken together, these initiatives enabled the Company to achieve 723 training man-days. Further, 17 executives were deputed for training programs in countries like Germany, France, Japan, Morocco, Malaysia, Norway, USA, etc.

The Company also promotes overall well-being of its employees by organizing sports & recreational activities for them. The Industrial Relations continued to be on a cordial note in the Company. During the year, there was no loss of man-days on account of industrial unrest. Further, there are regular interactions and open-house sessions between the management and the employees, which helps in building an atmosphere of trust and cooperation, thereby leading to a motivated work force and consistent growth in organizational performance.

11. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

REC has been actively pursuing various initiatives on the front of Corporate Social Responsibility (CSR) and Sustainable Development. For the financial year 2017-18, the Company had allocated a CSR budget of ₹161.95 crore, i.e. @ 2% of average net profits for immediately preceding three financial years, as per requirement of the Companies Act, 2013. During the year under review, the Company undertook various CSR projects in the fields of skill development, education, environmental sustainability, health care (including for persons of old age and for persons with disabilities), drinking water and sanitation facilities, etc. For the financial year 2017-18, the total financial assistance sanctioned by REC towards CSR activities was ₹167.24 crore and the total amount disbursed was ₹49.45 crore, details of which are appearing in the CSR Report forming part of the Annual Report.

12. BUSINESS STRATEGY

Power Sector is undergoing disruptions with evolving expectations and standards of living in the country. Presently adequate generation capacity available to cater current demand and massive new investments are planned in the Renewable Energy space to further bolster our capacity. Government of India is making catalytic investments in distribution segment through programs like Saubhagya, DDUGJY, IPDS to boost the demand and ensuring availability of last mile access. This is expected to promote demand as well as capital investment by the DISCOMs and TRANSCOs for strengthening of infrastructure in their respective space. Utilities after studying their existing network, have accordingly planned for upgradation of infrastructure, to be implemented in coming years.

These are challenging transitory times, due to evolving technological, environmental, regulatory, business environment and to earnestly address the changing requirement, disparate teams have been set up that are working in active association with various sector stakeholders. Also, these times present a huge opportunity with due focus on clean energy commitments of the country, which is now leading the change in business operations and processes of all power sector functionaries.

In this scenario, REC is also trying to be nimble-footed to evolve for addressing the changing sectoral requirements and actively scouting for viable participatory avenues. The state utilities being one of the major stakeholder of REC's business are also taking new initiatives in developing renewable energy sector like solar Roof top programmes, electric vehicles, charging infrastructure etc., and is closely working with them to strengthen the segment.

In view of above and rapidly changing power sector, it is utmost necessary to take various Short, Medium and Long Term measures to ensure sustainable growth. In Medium Term, REC aims to move along the very pertinent focus of Clean Energy and is targeting all kinds of Renewable Energy and associated projects. We understand that power sector has to move ahead from conventional power which requires lots of planning and preparation, including green corridors and specific measures for grid stability & scheduling. Further, in existing conventional generation segment, the establishment to control environmental

risk (SoX, NoX etc.), there is need for planning to address higher renewable integration and elasticity of power plants to meet the existing demand. Also, there are plans to retire the power plants in view of the efficiency & emissions norms, all of which would require huge capital investments in the sector.

We are also working towards customized solutions for supporting System Strengthening, Network Upgradation, Energy Efficiency equipments / projects, Smart Grids etc by the transmission and distribution utilities. Also, there is a shift towards solarisation of agricultural pumpsets and e-Mobility which are expected to provide an alternative means of power generation and mobility solutions.

All the villages are now electrified and soon all the households are poised to be connected to either the main grid or be electrified through off-grid mechanism. This additional demand along-with increase in standards of living and high reliability expectations of people, are expected to be the main demand drivers for next phase of load growth. As the market participants in the medium terms are largely expected to remain the same, REC plans to engage with them better in order to participate in their growth. Additionally, REC intends to partner with various other power sector participants to diversify and achieve synergies in operations across the segment.

In the Long Term, however the emerging role of Prosumers along-with higher penetration of Renewable Energy sources becoming part of the grid in a dispersed manner, are going to structurally alter the sector. To allow for more and more scattered generation in such manner, the distribution grid would need to be supplanted through storage equipment's like battery banks etc., which may even be scaled to utility level. Such an arrangement is expected to enable further development of renewable energy sources and also their complete utilization by ensuring round the clock power availability generated through these sources. Not just meters, but all domestic equipments shall become Smart using Internet of Things (IoT) & related technologies and seamlessly handle the requirements through appropriate communication protocols etc. Further, an "all-electric society" is expected to become reality with majority of services and products largely relying on electricity as the input (reducing dependence on petroleum products, conventional fuels etc). This is expected to completely redefine the roles of all the market participants including financiers.

Hence, REC is looking to diversify into these newer emerging fields at an appropriate time, not just as a funding partner, but through its subsidiaries would like to play larger role as implementer or owner of such products / services, as this may become a much more pertinent area in the impending future. So, REC is closely following the market to make sense of the ongoing & upcoming changes in the market and will take apposite decisions to maximize its shareholder's value.

13. RISK MANAGEMENT FRAMEWORK

The Company has a comprehensive Risk Management Policy, which covers, *inter-alia*, Credit Risk, Operational Risk and Market Risk of the organization. The Company also has a Risk Management Committee (RMC) under the chairmanship of an Independent Director. The main function of RMC is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

Credit risk is the inherent risk of the financing industry. It involves risk of loss arising from diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. In order to mitigate such risk, the Company follows a systematic institutional and project appraisal process, which includes detailed appraisal methodology, identification of risks and suitable structuring and credit-risk mitigation measures. Further, project risks are regularly reviewed and categorized into high, moderate or low, on the basis of various risk parameters and exposure of the project.

Operational risk, on the other hand, arises from inadequate or failed internal processes, people and systems or external events. In REC, the operational risks are studied and addressed through an organization-wide risk categorization framework, covering eight functional areas i.e., Business, Compliance, Finance, Human Resource, Information Technology, Legal, Operational and Strategic. Further, for mitigation of Market Risk of the organization, which comprises of interest rate risk, liquidity risk and foreign currency risk, the Company has an Asset Liability Management Policy and a Hedging Policy.

Cautionary Note

Certain statements in "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

ANNEXURE-II TO BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is about maximizing shareholder value sustainably while ensuring fairness to all stakeholders. It is a systematic continuous process by which companies are directed and controlled to enhance their wealth-generating capacity and long term success. The pillars of successful Corporate Governance are accountability, transparency, fairness, assurance, leadership and stakeholder management. Effective Corporate Governance practices build the strong foundation on which commercial enterprises are built to succeed and sustain.

We at Rural Electrification Corporation Limited ("REC" or "the Company"), believe in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking our operations against such practices. We consider stakeholders as partners in our success and we remain committed to maximising stakeholders' value, be it investors, shareholders, suppliers, customers, communities, policy makers or employees.

REC not only meets the requirement on Corporate Governance under Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), but also follows the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises ("DPE"), Secretarial Standards issued by the Institute of Company Secretaries of India ("Secretarial Standards") and adheres to most of the non-mandatory requirements and beyond the statutory requirements. The Company shall ensure that it is fully compliant with all amendments that will be notified by SEBI.

A report regarding compliance of conditions of Corporate Governance is given below, followed by Certificate on Corporate Governance by the Statutory Auditors.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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



Shri J. S. Amitabh, Company Secretary, REC, receiving 'Certificate of Recognition for Excellence in Corporate Governance' from Shri Arjun Ram Meghwal, Hon'ble Union Minister of State, Water Resources, River Development & Ganga Rejuvenation, Parliamentary Affairs at an award ceremony held in Jaipur in December, 2017.

During the financial year 2017-18, the Company has been conferred with the 'Certificate of Recognition for Excellence in Corporate Governance' by the Institute of Company Secretaries of India (ICSI), at the '17th ICSI National Awards for Excellence in Corporate Governance', in recognition of its continuous efforts and innovative practices in promoting good corporate governance.

The Corporate Governance framework at REC is based on the following guiding principles:

- Compliance of law, rules & regulations in true letter and spirit;
- Appropriate systems and practices to protect, promote and safeguard the interests of all its stakeholders; and
- Establishing a climate of trust and confidence among various stakeholders by means of transparent and timely disclosure of all material information.

The above principle helps in achieving the following objectives:

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

2. BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance, objective judgment and at the same time monitors the strategic direction of the Company. The Company is headed by an Executive Chairman. The tenure of Part time Non Official Independent Directors holding office on the Board of the Company during the financial year 2017-18 was within the limits prescribed under the Companies Act, 2013 and all Part time Non Official Independent Directors holding office during the year have adequate qualifications, expertise and experience which enables them to contribute effectively to the management of the Company. Further, in the opinion of the Board, the Independent Directors fulfill the conditions specified in listing regulations and are independent of the management.

(a) Composition of the Board

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

Ministry of Power, Government of India vide its Order No. 20/6/2017-Coord. dated July 17, 2018, has appointed Dr. Bhagvat Kisanrao Karad (DIN: 00998839) as Non-official Independent Director on the Board of REC for a period of three years from the date of notification of his appointment or till further orders, whichever is earlier, against the vacancy which arose on resignation of Shri Arun Singh (DIN: 00891728), Independent Director of REC w.e.f. March 8, 2018. After this appointment, the composition of the Board of the Company, was in compliance of Listing Regulations, Companies Act, 2013 read with rules made there under, Secretarial Standards issued by ICSI and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE, as below:

Sl. No.	Name of the Director	Director Identification Number (DIN)	Position
Whole Time Directors (Executive Directors)			
1	Dr. Penumaka Venkata Ramesh	02836069	Chairman and Managing Director
2	Shri Ajeet Kumar Agarwal#	02231613	Director (Finance)
3	Shri Sanjeev Kumar Gupta	03464342	Director (Technical)
Government Nominee Director (Non-Executive Director)			
4	Dr. Arun Kumar Verma	02190047	Government Nominee Director
Part time Non Official Independent Directors			
5	Shri Aravamudan Krishna Kumar	00871792	Independent Director
6	Prof. Tiruvallur Thattai Ram Mohan	00008651	Independent Director
7	Smt. Asha Swarup	00090902	Independent Director
8	Dr. Bhagvat Kisanrao Karad	00998839	Independent Director

Ministry of Power, Government of India, vide its Order No. 46/9/2011-RE dated July 19, 2017, extended the tenure of Shri Ajeet Kumar Agarwal as Director (Finance) of REC from August 1, 2017 to May 31, 2020 i.e. the date of his superannuation, or until further orders, whichever is earlier.

(B) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the financial year 2017-18

The Company follows a methodized process of decision-making by the Board and its Committees. The meeting dates are usually finalized in accordance with a pre-determined meeting calendar for the year and consultation with all Directors, in order to ensure presence of all Board Members in its Meetings. All Agenda and explanatory notes *(except for price sensitive information, which are circulated separately before the meeting)* are normally sent to the Directors well in advance for the Meetings of the Board and Committees thereof. To address specific urgent business needs, sometimes meetings are also called at shorter notice in compliance of the applicable statutory provisions and utmost efforts are made to adhere to the minimum notice & agenda period. In some instances, resolutions are passed by circulation which are confirmed in the next Board Meeting. The Chairman & Managing Director of the Company decides inclusion of any matter in the agenda for discussion in the Meeting of the Board/Committees thereof. Head of Divisions (HoDs)/ Senior Management officials are also called to provide additional inputs on the matters being discussed in the Meetings of the Board & Committees thereof. Detailed presentation on certain agenda items, if required, is also given to the Board. The Meetings of the Board of Directors are normally held at Registered Office of the Company during office hours. The Company is also complying with the Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Meetings of Board and Shareholders.

During the financial year 2017-18, eleven (11) meetings of Board of Directors of the Company were held on (i) May 6, 2017; (ii) May 30, 2017; (iii) July 11, 2017; (iv) August 11, 2017; (v) September 21, 2017; (vi) October 14, 2017; (vii) November 6, 2017; (viii) December 18, 2017; (ix) February 6, 2018; (x) March 6, 2018; and (xi) March 22, 2018.

The minimum and maximum interval between Board Meetings was fifteen (15) days and forty nine (49) days, respectively. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Schedule II of Listing Regulations.

(ii) Information placed before the Board of Directors

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

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds.
4. Proposals for sanction of financial assistance.
5. Quarterly, Half Yearly and Annual Financial Results and Board's Report, etc.
6. All Related Party transactions.
7. Minutes of Meetings of Audit Committee and other committees of the Board.
8. Minutes of Board Meetings of Subsidiary Companies.
9. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
10. Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
11. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
12. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
13. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
14. Details of any joint venture or collaboration agreement.
15. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

16. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
17. Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.
18. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
19. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc., if any.
20. Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
21. Quarterly Report on deployment of Short Term Surplus Funds.
22. Quarterly Report on Reconciliation of Share Capital Audit, Corporate Governance Report and status of Investor Grievances.
23. Quarterly Report on compliance of various applicable laws.
24. Quarterly Report on Borrowings and Redemption.
25. Half yearly Report on Long Term Investments.
26. Action Taken Report on earlier deliberations/decisions/suggestions of the Board.
27. Half yearly Report on compliance of Fair Practices Code.
28. Periodic Reports under Delegation of Powers of the Company.
29. Quarterly Report on compliance of whistle blower policy of the Company.
30. Any other information required to be presented to the Board for information or approval.

(iii) Details of Director's attendance (physically or through video conferencing) at Board Meetings and AGM held during the financial year 2017-18, number of other Directorships/Committee Memberships:

Sl. No.	Name of Director	Meetings held during the tenure	Board Meetings		Attendance at Last AGM (held on September 21, 2017)	As on March 31, 2018		
			Attended	Percentage of attendance		No. of other Directorships	No. of other Committee Memberships	
							As Chairman	As Member
1	Dr. P V Ramesh	11	11	100	Present	2	Nil	Nil
2	Shri Ajeet Kumar Agarwal	11	11	100	Present	3	1	Nil
3	Shri Sanjeev Kumar Gupta	11	10	90.91	Present	2	Nil	1
4	Dr. Arun Kumar Verma	11	9	81.82	Present	2	Nil	Nil
5	Shri Arun Singh (upto March 8, 2018)	10	6	60	Present	NA	NA	NA
6	Shri A. Krishna Kumar	11	11	100	Present	5	1	1
7	Prof. T.T. Ram Mohan	11	8	72.73	Present	3	Nil	2
8	Smt. Asha Swarup	11	9	81.82	Present	1	Nil	Nil

In line with Regulation 26 of Listing Regulations for reckoning the number of Committee memberships, the Chairmanship/ Membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies (other than REC), have been taken into consideration and none of the Directors is a member of more than ten (10) Board level Committees of Indian Public Limited Companies nor are they Chairman of more than five (5) Committees of such companies.

(iv) In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Sanjeev Kumar Gupta, Director (Technical) shall retire by rotation at the 49th Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

(v) There is no *inter-se* relationship between the Directors and none of the Non-Executive Director of the Company holds any shares or convertible instruments in the Company.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board functions either as full Board or through various Committees constituted to oversee specific operational areas. Each Committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the Committee. The Committees meet at regular intervals and focus on specific areas and make informed decisions within the authority delegated to them. As on March 31, 2018, the Board had the following committees:

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

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

3.1 Audit Committee

(i) As on March 31, 2018, the composition of the Audit Committee was as under:

Sl. No.	Name of the Committee Members/ Attendees	Position in the Committee	Number of Meetings			Attendance at AGM held on September 21, 2017
			Held during tenure of Director	Attended	Percentage of attendance	
1	Shri A. Krishna Kumar, Independent Director	Chairman	7	7	100	Yes
2	Shri Arun Singh, Independent Director (upto March 8, 2018)	Member	7	3	42.86	Yes
3	Prof. T.T. Ram Mohan, Independent Director	Member	7	6	85.71	Yes
4	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	7	6	85.71	Yes
5	Smt. Asha Swarup, Independent Director	Member (w.e.f. March 22, 2018)	Nil	Nil	Nil	Yes

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

(ii) The terms of reference of the Audit Committee are as under:

a) To comply with the requirements in accordance with Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;

b) To comply with the requirements relating to Audit Committee as envisaged in Listing Regulations, as amended from time to time;

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

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

During the financial year 2017-18, seven (7) meetings of the Audit Committee were held on (i) May 29, 2017; (ii) July 11, 2017; (iii) August 11, 2017; (iv) November 6, 2017; (v) December 18, 2017; (vi) February 6, 2018; and (vii) March 6, 2018. The maximum gap between any two Meetings was not more than one hundred and twenty days.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the Audit Committee are financially literate. Further, the Chairman of the Audit Committee was present at the Annual General Meeting held on September 21, 2017 to answer shareholders' queries.

3.2 Nomination and Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Chairman & Managing Director, Whole Time Functional Directors and other Directors are decided by the President of India as per the Articles of Association of the Company and the same are communicated by the administrative ministry. The remuneration of Functional Directors and employees of the Company is fixed as per extant guidelines issued by DPE, from time to time. Further, the Part time Non Official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time, for attending meetings of Board and Committees thereof, well within the limits prescribed under Companies Act, 2013. As per the norms of Government of India, the Government Nominee Director is not entitled to get any remuneration/ sitting fee from the Company. The composition of Nomination and Remuneration Committee is in line with the provisions of Regulation 19 of SEBI Listing Regulations & Section 178 of the Companies Act, 2013.

The terms of reference of Nomination and Remuneration Committee to the extent applicable to REC are as under:

(a) To comply with the requirements in accordance with Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;

(b) To comply with the requirements relating to Nomination and Remuneration Committee as envisaged in Listing Regulations, as amended from time to time; and

(c) To comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 including to decide the quantum of annual bonus, variable pay and policy for ESOP scheme, pension scheme, etc. within the prescribed limits across Whole time Directors, executive and non-unionized supervisors, as notified by the DPE and as amended from time to time.

Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted Government Companies from the requirements related to formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of Directors & policy relating to remuneration of Directors.

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

As on March 31, 2018, the composition of the Nomination and Remuneration Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings		
			Held during tenure of Director	Attended	Percentage of attendance
1	Prof. T.T. Ram Mohan, Independent Director	Chairman	2	1	50
2	Shri Arun Singh, Independent Director (upto March 8, 2018)	Member	2	2	100
3	Shri A. Krishna Kumar, Independent Director	Member	2	2	100
4	Smt. Asha Swarup, Independent Director	Member (w.e.f. March 22, 2018)	Nil	Nil	Nil

Quorum of the Nomination and Remuneration Committee Meeting is two members including Chairman of the Committee. Director (Finance), Director (Technical) and ED (HR)/GM (HR) are standing invitees to the Meetings of the Committee. During the financial year 2017-18, two (2) meetings of the Nomination and Remuneration Committee were held on September 21, 2017 and October 14, 2017.

The details of remuneration paid to Key Managerial Personnel (KMPs) of the Company during the financial year 2017-18 are given below:

(Amount in ₹)

Sl. No.	Name & Designation	Salary & allowances	Performance Linked Incentive*	Perquisites @	Other Benefits included in Form 16#	Leave Encashment	CPF Contribution	Pension Fund Contribution	Total&
1	Dr. P V Ramesh, CMD	26,08,900	0	0	29,815	78750	0	0	27,17,465
2	Shri Ajeet Kumar Agarwal, Director (Finance)	28,08,665	14,88,259	7,77,790	49,869	6,50,171	2,75,122	2,06,341	62,56,217
3	Shri Sanjeev Kumar Gupta, Director (Technical)	28,10,173	13,35,293	9,56,915	59,407	8,43,254	2,75,272	2,06,454	64,86,768
4	Shri J.S. Amitabh, Company Secretary	28,54,909	6,96,514	1,82,922	46,960	11,57,089	2,47,173	1,85,380	53,70,947

* Performance Linked Incentive is paid, in line with the guidelines issued in this regard by the DPE.

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

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

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

Remuneration of Independent Directors and Government Nominee Director(s)

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

Details of payments towards sitting fees (excluding GST) to Independent Directors during the financial year 2017-18 is as under:

(Amount in ₹)

Sl. No.	Name of Part time Non Official Independent Director	Sitting Fees		Total
		Board Meetings	Committee Meetings	
1	Shri Arun Singh (Director upto March 8, 2018)	1,20,000	1,40,000	2,60,000
2	Shri A. Krishna Kumar	2,20,000	4,40,000	6,60,000
3	Prof. T.T. Ram Mohan	1,60,000	2,60,000	4,20,000
4	Smt. Asha Swarup	1,80,000	2,00,000	3,80,000
	Total	**6,80,000**	**10,40,000**	**17,20,000**

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

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

3.3 Stakeholders Relationship Committee

(i) Constitution of Stakeholders Relationship Committee

The Company has constituted a Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Companies Act, 2013, the provisions of Regulation 20 of Listing Regulations and other applicable laws. This Committee specifically looks into the redressal of complaints from various security holders including shareholders, debenture holders, etc. such as non-receipt of dividend credit/ warrants, non-receipt of interest on debentures, annual report, transfer of shares or debentures, issue of duplicate share/ debenture certificate, matters connected with transfer, transmission, rematerialization, dematerialization, splitting and consolidation of securities issued by the Company.

As on March 31, 2018, the composition of the Stakeholders Relationship Committee was as under:

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

The quorum of meeting of the Stakeholders Relationship Committee is two members including the Chairman of the Committee.

Further, the representatives of Registrar & Share Transfer Agents (R&TAs) appointed by the Company are Standing invitees at the Meetings of Stakeholders Relationship Committee. During the financial year 2017-18, four (4) Meetings of Stakeholders Relationship Committee were held on (i) May 29, 2017; (ii) August 11, 2017; (iii) November 6, 2017; and (iv) February 6, 2018 to review the status of pending Shareholders/Investors grievances.

Shri J.S. Amitabh, General Manager & Company Secretary is the Compliance Officer of the Company in terms of Listing Regulations. The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting held on September 21, 2017.

(ii) Status of Shareholders/Investors Grievances

To redress the investor grievances/complaints promptly, the Company has established three tier mechanism to handle Investor Grievances i.e. Support Service from respective Registrars, In-house Investor Cell and direct supervision by Stakeholders Relationship Committee, which has resulted in timely resolution of all the grievances.

Securities and Exchange Board of India has a web based complaints redressal system namely SCORES (SEBI Complaints Redressal System) through which investors can lodge a complaint against a company for their grievances. The status of every complaint can be viewed online and the investor can send reminder for the complaints. Also, through this system, the investors are able to check the status of the complaints e.g. with whom the complaint is pending, upon whom the

responsibility has been fixed and for how much time the complaint is pending. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge the complaint in physical form.

The Company has been attending to all investor grievances/complaints expeditiously and promptly to the satisfaction of stakeholder(s). The status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of Listing Regulations for the financial year 2017-18, is as follows:

Particulars	Number of Complaints
Pending at the beginning of the financial year	6
Received during the financial year	2,523
Disposed during the financial year	2,529
Remaining unresolved as on March 31, 2018	Nil

3.4 Risk Management Committee

The Risk Management Committee has been constituted in line with the provisions of Regulation 21 of Listing Regulations, to manage the integrated risk. The main function of Risk Management Committee is to monitor various risks likely to arise and to review the risk management policies and practices adopted by the Company and to initiate action for mitigation of risks arising in the operation and other related matters of the Company.

As on March 31, 2018, the composition of the Risk Management Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings	
			Held during tenure of director	Attended
1	Shri Arun Singh, Independent Director (upto March 8, 2018)	Chairman	2	2
2	Smt. Asha Swarup, Independent Director	Chairperson (w.e.f. March 22, 2018 and was a member till that date)	2	2
3	Shri Ajeet Kumar Agarwal, Director (Finance)	Member	2	2
4	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	2	2

The operational heads of Finance Division (Resource Mobilization) and Asset Liability Management Division are the standing invitees at Risk Management Committee Meetings. During the financial year 2017-18, two (2) Meetings of the Risk Management Committee were held on July 11, 2017 and February 6, 2018.

3.5 Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises (CPSEs) issued by DPE, the Board of Directors of the Company has constituted 'Corporate Social Responsibility Committee' and the terms of reference of the Committee are as under:

a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

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

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

d. To recommend/ review CSR projects / programs / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;

e. To institute a transparent monitoring mechanism for implementation of the CSR projects / programmes/ activities undertaken by the Company;

f. To assist the Board of Directors to formulate strategies on CSR initiatives of the Company;

g. To approve the content of annual report on CSR activities as per Performa given in the Rules, *inter-alia* covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;

h. To periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and

i. To comply with the other requirements on Corporate Social Responsibility Policy, as amended from time to time.

As on March 31, 2018, the composition of the Corporate Social Responsibility Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings	
			Held during tenure of Director	Attended
1	Prof. T.T. Ram Mohan, Independent Director	Chairman	7	5
2	Shri A. Krishna Kumar, Independent Director	Member	7	7
3	Smt. Asha Swarup, Independent Director	Member	7	7
4	Shri Ajeet Kumar Agarwal, Director (Finance)	Member	7	7
5	Shri Sanjeev Kumar Gupta, Director (Technical)	Member	7	6

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

During the financial year 2017-18, seven (7) meetings of Corporate Social Responsibility Committee were held on (i) May 29, 2017; (ii) July 11, 2017; (iii) August 11, 2017; (iv) October 14, 2017; (v) November 6, 2017; (vi) December 18, 2017; and (vii) March 22, 2018.

3.6 Loan Committee

The Loan Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall ceiling in a financial year (₹ in crore)
Central/State Government Power utilities or Central/State PSUs	Upto ₹500 crore	25,000
Private Sector Power utilities	Upto ₹500 crore	6,000

As on March 31, 2018, the Loan Committee comprised of the following members:

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

The quorum of meeting of the Loan Committee is three Members including CMD and Government Nominee Director. During the financial year 2017-18,six (6) meetings of Loan Committee were held on (i) April 10, 2017; (ii) May 26, 2017; (iii) June 23, 2017,(iv) July 4, 2017 (Adjourned meeting for the meeting held on June 23, 2017); (v) September 29, 2017; and (vi) November 29, 2017. Further, all members of the Committee were present in all the meetings.

3.7 Executive Committee

The Executive Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall ceiling in a financial year (₹ in crore)
Central/State Government Power utilities or Central/State PSUs	Upto ₹150 crore	20,000
Private Sector Power utilities	Upto ₹100 crore	5,000

As on March 31, 2018, the Executive Committee comprised of the following members:

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

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the financial year 2017-18, sixteen (16) meetings of the Executive Committee were held on (i) April 7, 2017; (ii) May 26, 2017; (iii) June 19, 2017; (iv) July 7, 2017; (v) July 17, 2017; (vi) August 7, 2017; (vii) August 22, 2017; (viii) September 11, 2017; (ix) September 26, 2017; (x) November 16, 2017; (xi) December 5, 2017; (xii) December 26, 2017; (xiii) January 9, 2018; (xiv) February 9, 2018; (xv) February 26, 2018; and (xvi) March 21, 2018 . Further, all members of the Committee were present in all the meetings.

3.8 Sub Committee for review of lending rates for Term Loans/Short Term Loans

The Sub Committee of Directors for review of lending rates for Term Loans/ Short Term Loans has been constituted for reviewing the lending rates of Short Term Loans and Term Loans.

As on March 31, 2018, the Sub-Committee for review of lending rates for Term Loans/ Short Term Loans comprised of the following members:

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

The quorum for the meeting of Sub-Committee for review of lending rates for Term Loans / Short Term Loans is two Members including CMD. During the financial year 2017-18, eleven (11) meetings of Sub-Committee for review of lending rates for Term Loans/ Short Term Loans were held on (i) May 8, 2017; (ii) May 26, 2017; (iii) June 20, 2017; (iv) August 1, 2017; (v) August 9, 2017; (vi) August 31, 2017; (vii) September 26, 2017; (viii) October 26, 2017; (ix) December 13, 2017; (x) December 26, 2017; and (xi) March 6, 2018. Further, all members of the Sub-Committee were present in all the meetings.

3.9 Committee on Investment/Deployment of Surplus Funds

The Committee for Investment/ Deployment of Surplus Funds has been constituted for the purpose of deployment of short term surplus funds.

As on March 31, 2018, the Committee on Investment / Deployment of Surplus Funds comprised of following members:

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

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

During the financial year 2017-18, no meeting of the Committee was held.

4. SHARE TRANSFER COMMITTEE

In addition to the Committees of the Directors constituted by the Board from time to time, as detailed at 3.1 to 3.9 above, there is a Share Transfer Committee comprising of Senior Officials constituted to consider and approve requests received from shareholders for splitting/ consolidation of certificates and transfer of physical shares exceeding 500 equity shares per individual in each case and for issue of duplicate share certificates.

As on March 31, 2018, the Share Transfer Committee comprised of the following Members:

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

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

No meeting of Share Transfer Committee held during the financial year 2017-18, as no request for splitting/ consolidation or transfer of physical shares for more than 500 equity shares or issue of any duplicate share certificate, was received from any shareholder.

5. SUBSIDIARY COMPANIES

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

The Company has following unlisted Wholly Owned Subsidiary Companies as on March 31, 2018:

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

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

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

Further, in order to initiate development of each independent inter-state and intra-state Transmission Project, RECTPCL has incorporated Project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after selection of successful bidder through Tariff Based Competitive Bidding Process for transmission projects as notified by Ministry of Power, the respective Project Specific SPV along with its all assets and liabilities is transferred to the selected bidder. During the financial year 2017-18, four (4) SPVs were incorporated for intra-state transmission projects allocated by Government of Jharkhand and two (2) SPVs incorporated for inter-state transmission projects allocated by MoP, were transferred to the successful bidders, as detailed in Board's Report forming part of this Annual Report.

Further, as on March 31, 2018, RECTPCL was having the following project specific Special Purpose Vehicles (SPVs) as its Wholly Owned Subsidiary Companies:

i. Dinchang Transmission Limited (CIN: U40300DL2015GOI288066)

ii. Ghatampur Transmission Limited (CIN: U40300DL2016GOI308788)

iii. Chandil Transmission Limited (CIN: U40108DL2018GOI330905)

iv. Koderma Transmission Limited(CIN: U40300DL2018GOI331192)

v. Dumka Transmission Limited(CIN: U40300DL2018GOI331490)

vi. Mandar Transmission Limited(CIN: U40101DL2018GOI331526)

The Minutes of Board Meetings of all Subsidiary Companies are placed before the Board of Directors of the Company for information. The Financial Results of unlisted Subsidiary Companies, in particular the investments made by unlisted Subsidiary Companies were reviewed by the Audit Committee of Directors of REC. The Audited Financial Statements and related information of all Subsidiary Companies of REC is available on the website of the Company at www.recindia.com under the head "Subsidiary Companies".

6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are given below:

Meeting No.	Financial year	Date	Time	Venue	Whether any Special Resolution passed
46th	2014-15	September 16, 2015	11.00 A.M.	Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003.	Yes
47th	2015-16	September 21, 2016	11.00 A.M.		Yes
48th	2016-17	September 21, 2017	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010.	Yes

During the financial year ended March 31, 2018, no special resolution was passed through postal ballot.

Further, MCA vide Notification dated February 9, 2018 *inter-alia* amended Section 110 of the Act and prescribed that any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under Section 108. In terms of the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, REC is providing the facility to its members to enable them to vote on resolutions at the general meeting, by electronic means. Accordingly, Special Resolutions in respect of (a) Alteration of Objects Clause of Memorandum of Association and (b) Creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company, which were earlier required to be passed through Postal Ballot, are proposed to be passed in this AGM.

Further, the Company will continue to provide e-voting facility in the ensuing AGM to enable shareholders to exercise their right to vote through electronic means and the e-voting portal will be kept open for such period as mentioned in the Notice of 49th AGM.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

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

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

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

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

8. SECRETARIAL AUDIT

M/s. Chandrasekaran Associates, Practicing Company Secretaries New Delhi has conducted Secretarial Audit for the financial year 2017-18 and have submitted their report to the Company. A copy of Secretarial Audit Report is set out elsewhere in this Annual Report for information of the shareholders.

9. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as per provisions of Listing Regulations and the same is available on the website of the Company on the link at: http://www.recindia.nic.in/uploads/files/RPT.pdf.

In line with the said Policy, all the Related Party Transactions were approved by the Audit Committee and/ or by the Board of Directors, as the case may be. The transactions with related parties are included in the Notes to the Accounts as per Accounting Standard-18 and other applicable provisions of Companies Act, 2013. Further, a status report on Related Party transactions is put up for information of Audit Committee and Board of Directors on quarterly basis. The particulars of Related Party Transactions are given in form AOC-2 annexed to the Board's Report.

10. DISCLOSURES

(i) The Company has complied with all the requirements of Listing Regulations, the Companies Act, 2013, Secretarial Standards and Guidelines on Corporate Governance for CPSEs, issued by DPE and there were also no instances of non-compliance on any matter related to the Capital Markets during the last three years, except the composition of the Board w.e.f. March 8, 2018. However, the composition of the Board is also in compliance with the statutory provisions after the appointment of Dr. Bhagvat Kisanrao Karad, as Independent Director, with effect from July 17, 2018. As required under statutory provisions, all returns /reports were filed within stipulated time with stock exchanges/ other authorities.

(ii) The Company has complied with the requirements of Regulation 17 to 27 relating to Board, Committees and Corporate Governance requirements and related to maintaining and updating the website of the Company as required under Regulation 46 of Listing Regulations except as detailed in point (i) above. The Company has also complied with the disclosure requirements under Corporate Governance Report as per Part C of Schedule V of the Listing Regulations.

Further, in compliance of Regulation 46 of Listing Regulations, the Company has *inter-alia* disclosed the information relating to details of business of the Company, terms and conditions of appointment of Independent Directors, composition of various committees of Board of Directors, Code of Business Conduct and Ethics for Board Members and Senior Management.

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

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

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

(v) All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.) and there was no such instance of conflict for financial year 2017-18.

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

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

(viii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement for the financial year 2017-18 have been prepared as per the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Company (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated September 13, 2013.

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

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

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

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

c. **Audit Qualifications:** There are no audit qualifications pertaining to financial year 2017-18 and it is always Company's endeavor to maintain unqualified financial statements;

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

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

(xi) During the financial year 2017-18, the Company has not received any presidential directive. However, in May 2018, presidential directive in respect of implementation of Pay revision of Board Level and Below Board Level Executives and Non-Unionized Supervisors effective from January 1, 2017, was received and the same *inter-alia* has been implemented by the Company.

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

(xiii) The administrative and office expenses for the financial year 2017-18 have increased to ₹111.69 crore as compared to ₹98.80 crore during relevant period of the previous year, mainly in line with the increase in business activities of the Company. Administrative and office expenses as a percentage of total expenses for the financial year 2017-18 is 0.72% (previous year 0.65%) and as a percentage of financial expenses for the financial year 2017-18 is 0.81% (previous year 0.72%).

(xiv) In pursuance to Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by DPE, Compliance Report is being submitted to Ministry of Power within 15 days from the end of quarter. The details of submission of the report are as under:

Report for Quarter ended	Date of submission of Report
June 30, 2017	July 12, 2017
September 30, 2017	October 13, 2017
December 31, 2017	January 10, 2018
March 31, 2018	April 13, 2018

Also the Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on May 4, 2018 against the due date of May 31, 2018.

The Company has also submitted quarterly compliance reports on Corporate Governance with the Stock Exchanges in accordance with the requirements of Regulation 27(2)(a) of Listing Regulations for all quarters of financial year 2017-18.

(xv) There are no audit qualifications by Statutory Auditors in their report pertaining to financial year 2017-18. However, there is an opinion relating to Internal Financial Control system, Management Reply of which has been given in the Board's Report. Further, the Company has informed the Stock Exchanges that the Statutory Auditors have furnished Audit Report on Standalone & Consolidated Financial Results with unmodified opinion in line with the provision of the Listing Regulations.

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

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

(xvii) A separate meeting of Independent Directors was held on March 22, 2018, in compliance of Companies Act, 2013, Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE.

(xviii) The Company has not issued any Stock Options/ ESOP during the financial year 2017-18.

11. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring of various statutory and procedural compliances. The Board of Directors of the Company periodically reviews the status of statutory, policy and related procedural compliances in order to ensure proper compliances of all laws applicable to the Company.

12. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors of the Company had approved and adopted "Code of Business Conduct and Ethics for Board Members and Senior Management", in line with Companies Act, 2013 and Listing Regulations and adopted in supersession of the earlier Code of Conduct.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors, Key Managerial Personnel and Members of Senior management of the Company. It has been laid down in alignment with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Business Conduct and Ethics is available on the website of the Company at http://www.recindia.nic.in/uploads/files/CodeBusinessConductEthics.pdf. Based on the affirmation received from the Board Members and Senior Management Personnel, a declaration regarding Compliance of Code of Business Conduct and Ethics from Chairman and Managing Director of the Company is as under:

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

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2018.

Sd/-
P V Ramesh
Chairman and Managing Director
(DIN: 02836069)

Date : May 23, 2018
Place : New Delhi

13. CODE FOR PREVENTION OF INSIDER TRADING IN REC EQUITY SHARES/SECURITIES

In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a comprehensive Code for Prevention of Insider Trading in REC's Equity Shares/ Securities ("Code") to preserve the confidentiality and to prevent misuse of unpublished price sensitive information. The main objective of the Code is to restrain an insider of the Company to derive any benefit or assist others to derive any benefit, from the access and possession of unpublished price sensitive information about the Company, which is not in the public domain.

The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing in the equity shares/ securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence of the said Code. A copy of the revised Code has been posted on the Company's website at http://www.recindia.nic.in/uploads/files/InsiderTradingCode2015.pdf

In line with the requirement of the said Code, whenever some unpublished price sensitive information is submitted to the Board for consideration and approval, the trading window is being closed from time to time. Notice of the closure of trading

window is issued to designated employees and concerned persons well in advance and proper announcements are also made on the website of the Company as well as to Stock Exchanges where the shares of the Company are listed, restraining them and their dependent family members from dealing in securities of the Company, when the window is closed.

14. POLICY FOR PREVENTION OF FRAUD

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

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

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

iii. to conduct investigations into fraudulent activities; and

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

15. WHISTLE BLOWER POLICY

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

A declaration by the Chairman and Managing Director that he has not denied any Director / Employee of REC and/or its subsidiaries, access to the Competent Authority and that he has provided adequate safeguards and protection to the Complainants / Whistle Blowers from adverse personnel action during the financial year ended March 31, 2018 is as under:

Annual Affirmation in terms of Whistle Blower Policy of the Company

During the financial year 2017-18, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Sd/-
P V Ramesh
Chairman and Managing Director
(DIN: 02836069)

Date : June 21, 2018
Place : New Delhi

16. FEE PAID/PAYABLE TO STATUTORY AUDITORS

The details of fee paid/payable to Statutory Auditors during the financial year 2017-18, are as under:

Sl. No.	Particulars	Amount (₹ in crore)
1	Audit Fees	0.40
2	Tax Audit Fees	0.11
3	Limited Review Fees	0.26
4	Payment for other services	0.35
5	Expenses Incurred	0.02
6	Tax Component	0.10
	Total	**1.24**

17. MEANS OF COMMUNICATION

i. The Company recognizes the rights of shareholders/investors & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.

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

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

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

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

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

vi. The Company also makes press releases and corporate presentations on important corporate developments, from time to time and the same are also displayed on its website at www.recindia.com.

18. CEO/CFO CERTIFICATION

In terms of Regulation 17 (8) of the Listing Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by Chairman & Managing Director and Director (Finance) was placed before the Board of Directors in its 442nd Meeting held on May 28, 2018, alongwith the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2018.

19. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting for the financial year 2017-18

Day and Date	Time	Venue
Tuesday, September 25, 2018	11.00 AM	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110010

ii. Financial Calendar for financial year 2018-19 vis-à-vis financial year 2017-18

Particulars	Financial year 2017-18		Financial year 2018-19	
Accounting Period	April 1, 2017 to March 31, 2018		April 1, 2018 to March 31, 2019	
Announcement of Financial Results	1st Quarter	August 11, 2017	1st Quarter	Announcement within 75 days from the end of the quarter.
	2nd Quarter	November 6, 2017	2nd Quarter	
	3rd Quarter	February 6, 2018	3rd Quarter	Announcement within 45 days from the end of the quarter.
	4th Quarter & Annual Financial Results	May 28, 2018	4th Quarter & Annual Financial Results	Announcement within 60 days from the end of the financial year.
Annual General Meeting	Tuesday, September 25, 2018		August/September, 2019	

iii. Payment of Dividend

a. Dividend Distribution Policy

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

b. Dividend for the financial year 2017-18

(1) Interim Dividend Details:

In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time, the Company has paid an Interim Dividend of ₹7.40 per equity share (on the face value of ₹10/- each) on February 27, 2018 for the financial year 2017-18.

(2) Final Dividend Details:

The Board of Directors of the Company in its 442nd Meeting held on May 28, 2018 has recommended a Final Dividend of ₹1.75 per equity share (on the face value of ₹10/- each) for the financial year 2017-18 for approval of the shareholders in the 49th Annual General Meeting to be held on September 25, 2018.The total dividend (including Interim Dividend) for the financial year 2017-18 will be ₹9.15 per equity share (on the face value of ₹10/- each) i.e. 91.50% of the paid up share capital of the Company.

c. Dividend History for the last five financial years

Financial year	Total paid-up capital (₹ in crore)	Total amount of Dividend Paid (₹ in crore)	Rate of Dividend (%)	Date of payment	
				Interim Dividend	Final Dividend
2012-13	987.46	814.65	82.50	February 18, 2013	September 27, 2013
2013-14	987.46	938.09	95.00	February 28, 2014	October 1, 2014
2014-15	987.46	1056.58	107.00	February 27, 2015	October 7, 2015
2015-16	987.46	1688.55	171.00	February 25, 2016	October 4, 2016
2016-17	1,974.92	1905.79	96.50*	March 6, 2017	October 9, 2017

*The decrease in percentage of dividend from previous year is due to issue of Bonus Shares in the ratio of 1:1 during the financial year 2016-17.

d. Unpaid/Unclaimed Dividend and Equity Shares transferred to Investor Education Protection Fund

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

Accordingly, during the financial year 2017-18, the Company has deposited the following amount in Investor Education and Protection Fund after the same remained unpaid / unclaimed for a period of seven years:

Financial year	Interim/ Final Dividend	Amounts (in ₹)	Date of transfer
2009-10	Final Dividend	17,66,146	November 13, 2017
2010-11	Interim Dividend	21,06,934	April 11, 2018
	Total	**38,73,080**	

Further, during the financial year 2017-18, an amount of ₹3,65,89,466 on account of principal and ₹79,16,626 of interest amount has been transferred to the IEPF Account with respect to the debt securities of the Company.

Shares transferred to IEPF

As per provisions of Section 124 (6) of the Companies Act, 2013 read with Rule 6 of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 {IEPF Rules}, all shares in respect of which dividend has not been claimed for seven consecutive years, are required to be transferred by the Company to the demat account of IEPF Authority. Accordingly, the Company transferred 54,751 Equity shares in November, 2017. Further 9,360 Equity shares which were due for transfer in March, 2018, were also transferred to IEPF in April, 2018, in line with statutory provisions.

The investor-wise details of dividend and equity shares transferred to IEPF are available on the website of the Company.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred to IEPF.

Nodal Officer

Pursuant to Rule 7(2A) of the IEPF Rules, Shri M.L. Kumawat, AGM (F&A)-CS Division is the Nodal officer for Equity shares and Shri D. S. Khatri, AGM (F&A) - Bonds is the Nodal officer for Bonds issued by the Company.

The Company has been issuing notices in the newspapers from time to time in order to invite attention of shareholders to submit their claims towards the unpaid and unclaimed dividend. It is hereby again advised to all shareholders to encash warrants relating to unpaid/ unclaimed share application money and /or dividend immediately or write to R&TA of the Company for revalidation or issue of DDs in place of old warrants.

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

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 19, 2018 to Tuesday, September 25, 2018 (both days inclusive).

v. Pay-Out Date for Payment of Final Dividend

The Final Dividend on equity shares for the financial year 2017-18, as recommended by the Board of Directors, is subject to the provisions of Section 123 of the Companies Act, 2013, if approved by the Members of the Company at the 49th Annual General Meeting, will be paid on Monday, October 15, 2018, to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company/ R&TA, on or before Tuesday, September 18, 2018 in respect of physical shares. In respect of Dematerialized shares, the final dividend shall be payable to the “beneficial owners” of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on Tuesday, September 18, 2018.

vi. Listing of Equity Shares

Equity shares of REC are listed on the following Stock Exchanges:

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

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

vii. International Securities Identification Number (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized securities of the Company. ISIN of Equity Shares of Rural Electrification Corporation Limited is INE020B01018. For ISIN of various series of Debt securities of the Company, please refer to the Annexure-IX to the Board's Report.

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

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

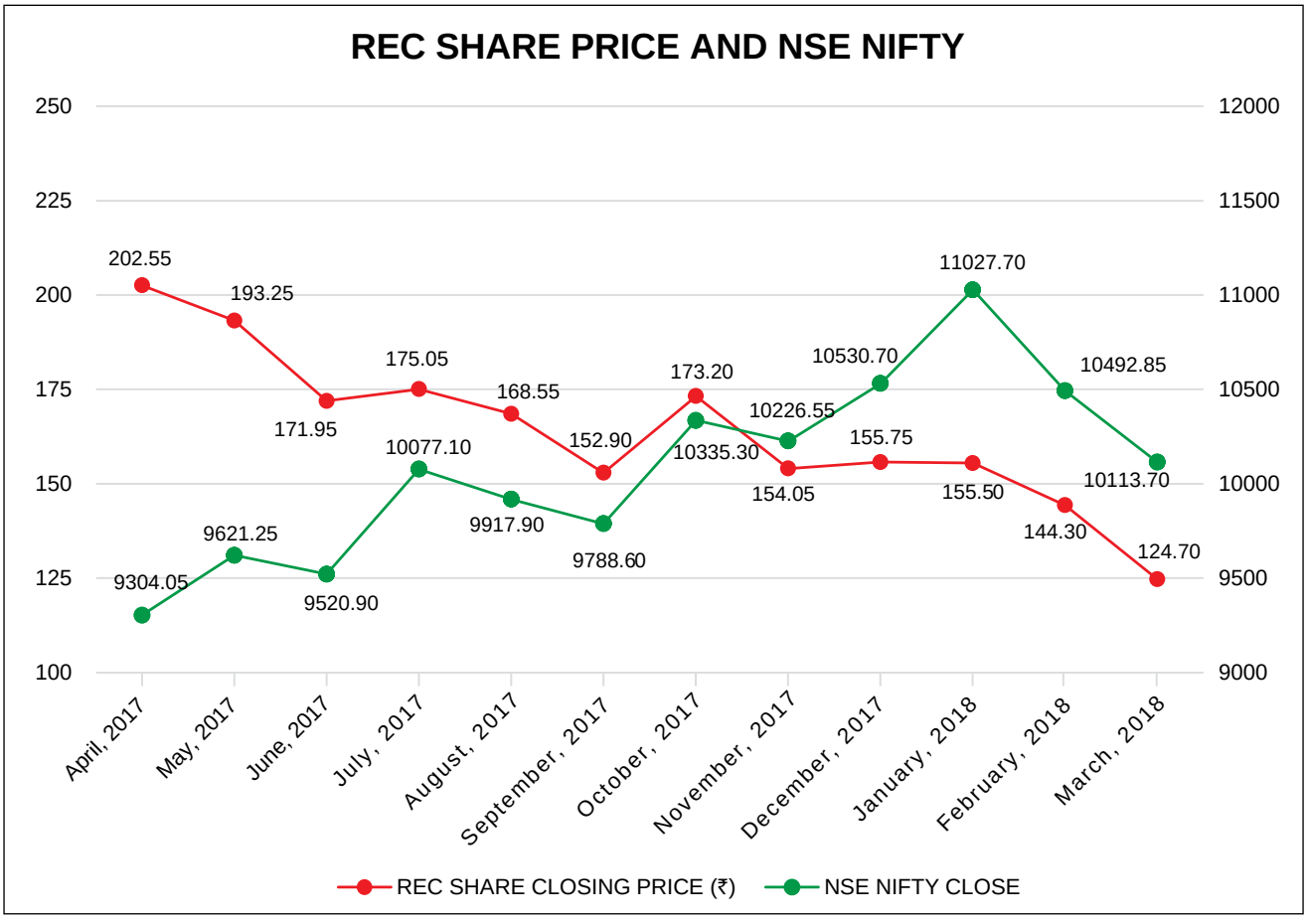
ix. Registrar and Share Transfer agent

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

x. Market Price Data for the financial year 2017-18

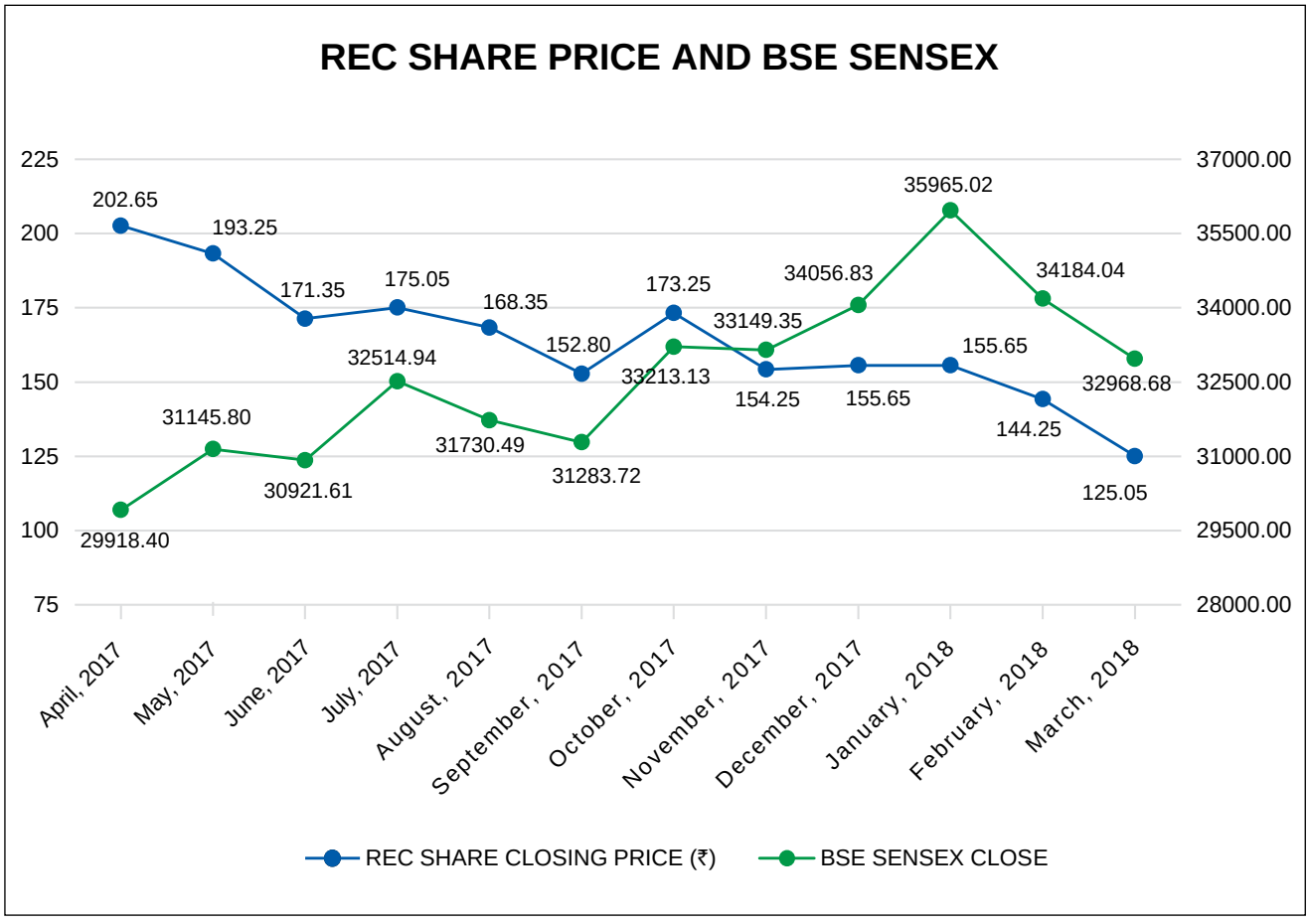
Performance of REC Share vis-à-vis NSE NIFTY:

Performance of REC Share at NSE				Movement of NSE NIFTY		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 2017	216.25	179.40	202.55	9367.15	9075.15	9304.05
May, 2017	223.90	179.45	193.25	9649.60	9269.90	9621.25
June, 2017	196.45	166.45	171.95	9709.30	9448.75	9520.90
July, 2017	189.15	170.15	175.05	10114.85	9543.55	10077.10
August, 2017	184.00	152.20	168.55	10137.85	9685.55	9917.90
September, 2017	175.20	147.90	152.90	10178.95	9687.55	9788.60
October, 2017	176.70	149.65	173.20	10384.50	9831.05	10335.30
November, 2017	184.00	153.50	154.05	10490.45	10094.00	10226.55
December, 2017	159.00	140.40	155.75	10552.40	10033.35	10530.70
January, 2018	165.35	151.00	155.50	11171.55	10404.65	11027.70
February, 2018	158.70	136.00	144.30	11117.35	10276.30	10492.85
March, 2018	144.65	120.75	124.70	10525.50	9951.90	10113.70



Performance of REC Share vis-à-vis BSE SENSEX:

Performance of REC Share at BSE				Movement of BSE SENSEX		
Month	**High (₹)**	**Low (₹)**	**Month Close (₹)**	**High**	**Low**	**Month Close**
April, 2017	216.20	179.30	202.65	30184.22	29241.48	29918.40
May, 2017	223.80	179.35	193.25	31255.28	29804.12	31145.80
June, 2017	196.55	166.30	171.35	31522.87	30680.66	30921.61
July, 2017	189.00	169.95	175.05	32672.66	31017.11	32514.94
August, 2017	184.15	152.35	168.35	32686.48	31128.02	31730.49
September, 2017	175.20	148.05	152.80	32524.11	31081.83	31283.72
October, 2017	176.20	149.85	173.25	33340.17	31440.48	33213.13
November, 2017	183.95	153.15	154.25	33865.95	32683.59	33149.35
December, 2017	160.25	140.80	155.65	34137.97	32565.16	34056.83
January, 2018	165.25	151.45	155.65	36443.98	33703.37	35965.02
February, 2018	158.65	136.00	144.25	36256.83	33482.81	34184.04
March, 2018	144.80	120.80	125.05	34278.63	32483.84	32968.68



xi. Share Transfer System

The shares under physical segment are processed by Karvy Computershare Private Limited ('R&TA' or 'Karvy'). Karvy receives the shares to be transferred along with the transfer deed from transferee, verifies it, prepares the Memorandum of transfer for seeking approval of the Company. However, request for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case are approved directly by Karvy.

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

Pursuant to Regulation 40(9) & (10) of Listing Regulations, Certificate from Practicing Company Secretary on half yearly basis confirming due compliance of share transfer formalities by the Company has been submitted to Stock Exchanges within stipulated time period. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

Further, SEBI Circular dated June 8, 2018 has prescribed that with effect from December 5, 2018, requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we request you to convert your shareholdings from physical form to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant.

xii. Distribution of Shareholding

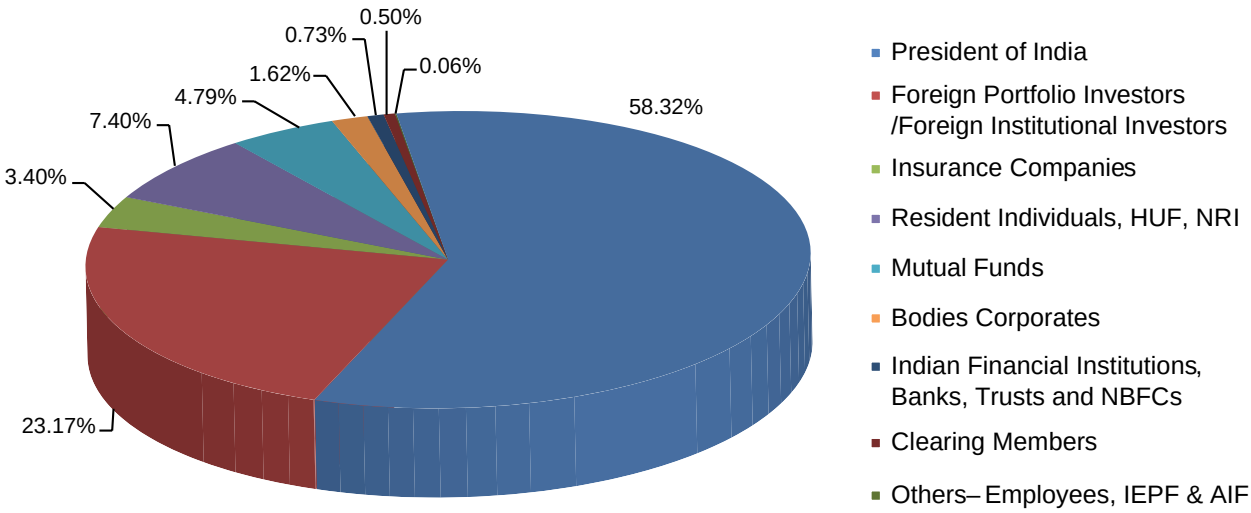
Distribution of Shareholding as on March 31, 2018

Number of shares	Number of shareholders	Percentage of shareholders	Total Shares	Percentage of shares
1-5000	3,49,169	98.87	9,82,41,844	4.97
5001 - 10000	1,954	0.55	1,41,65,127	0.72
10001 - 20000	857	0.24	1,22,44,406	0.62
20001 - 30000	264	0.07	65,52,595	0.33
30001 - 40000	130	0.04	46,24,096	0.23
40001 - 50000	89	0.03	40,60,795	0.21
50001 - 100000	227	0.06	1,63,53,192	0.83
100001 and above	485	0.14	1,81,86,75,945	92.09
Total	**3,53,175**	**100.00**	**1,97,49,18,000**	**100.00**

Shareholding Pattern on the Basis of Ownership

Category	As on March 31, 2018		As on March 31, 2017	
	Number of Equity Shares	Percentage of total Equity Shares	Number of Equity Shares	Percentage of total Equity Shares
President of India	1,15,16,78,783	58.32	1,16,25,04,472	58.86
Foreign Portfolio Investors /Foreign Institutional Investors	45,77,35,673	23.17	42,12,35,190	21.33
Insurance Companies	6,71,71,496	3.40	12,58,98,638	6.37
Resident Individuals	13,18,27,400	6.68	12,40,03,612	6.28
Mutual Funds	9,46,71,528	4.79	7,47,55,196	3.79
Bodies Corporates	3,20,17,475	1.62	2,92,87,492	1.48
Indian Financial Institutions	20,76,645	0.11	1,28,60,473	0.65
H U F	85,78,395	0.43	72,85,505	0.37
Clearing Members	99,42,990	0.50	53,75,270	0.27
Non Resident Indians	37,61,419	0.19	32,82,563	0.17
Trusts	49,91,147	0.25	32,01,068	0.16
Banks	70,67,026	0.36	18,42,451	0.09
Non Resident Indian Non Repatriable	19,85,525	0.10	18,27,181	0.09
Employees	9,32,545	0.05	11,04,570	0.06
NBFC	1,66,202	0.01	3,19,644	0.02
Foreign Nationals	1,29,000	0.01	1,34,675	0.01
Others - IEPF & AIF	1,84,751	0.01	-	-
Total	**1,97,49,18,000**	**100.00**	**1,97,49,18,000**	**100.00**

SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP (AS ON MARCH 31, 2018)



xiii. Dematerialization of shares & liquidity

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

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

The details of number of shares held in dematerialized and physical form as on March 31, 2018 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	21,259	56,187	Negligible
NSDL (Demat)	2,10,881	1,92,03,97,939	97.24
CDSL (Demat)	1,21,035	5,44,63,874	2.76
Total	**3,53,175**	**1,97,49,18,000**	**100.00**

xiv. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2017-18, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad carried out audits to reconcile the total admitted, issued and listed share capital with NSDL and CDSL and issued the Reconciliation of Share Capital Audit Report. The report confirms that the total issued/ paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL and the same was submitted to the Stock Exchanges within the stipulated time.

xv. Details of Demat Suspense account

The Company went for an Initial Public Offer of 15,61,20,000 equity shares in February, 2008, which comprised of fresh issue of 7,80,60,000 equity shares by the Company and an Offer for Sale of another equal number of shares by the President of India. Further, the Company went for a Follow on Public Offer of 17,17,32,000 Equity Shares in February, 2010 which comprised fresh issue of 12,87,99,000 equity shares by the Company and Offer for Sale of 4,29,33,000 Equity Shares by the President of India. In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, the details of equity shares as on March 31, 2018 in the Demat Suspense Account are as follows:

Sl. No.	Particulars	April 1, 2017 to March 31, 2018			
		Initial Public Offer		Further Public Offer	
		Number of cases	Number of shares involved	Number of cases	Number of shares involved
1	Aggregate number of shareholders and outstanding unclaimed shares in the Suspense Account as on April 1, 2017.	258	42,008 (including Bonus shares)	4	780 (including Bonus shares)
2	Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year.	0	0	0	0
3	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	211	34,798 (IEPF Transfer)	0	0
4	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2018.	47	7,210	4	780

The voting rights on the shares outstanding in the suspense account as on March 31, 2018 shall remain frozen till the time rightful owner of such shares claims the shares.

xvi. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xvii. Annual Listing Fee To Stock Exchanges

The Company has paid Annual Listing Fee for the financial year 2018-19 to National Stock Exchange of India Limited and BSE Limited in relation to its listed securities.

xviii. Annual Custodial Fee To Depositories

The Company has timely paid the annual custodian fee for financial year 2018-19 to National Securities Depository Limited and Central Depository Services (India) Limited.

xix. Plant Locations

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

xx. Address for correspondence

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

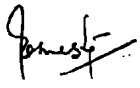
xxi. Corporate Identification Number (CIN)

L40101DL1969GOI005095

xxii. Compliance Officer and Public Spokesperson

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

For and on behalf of the Board of Directors



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

Place: New Delhi
Date : August 23, 2018

ANNEXURE-III TO BOARD'S REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Rural Electrification Corporation Limited,
New Delhi.

We have examined the compliance of conditions of Corporate Governance by Rural Electrification Corporation Limited ("The Company") for the financial year ended March 31, 2018, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) executed with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that as on March 31, 2018, the Company was in compliance with the requirement of Corporate Governance as stipulated in Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010, except the composition of Board of Directors of the Company w.e.f. March 8, 2018, due to vacancy of one Independent Director. However, after the appointment of Dr. Bhagvat Kisanrao Karad as Part-time Non-official Independent Director on the Board of REC vide Ministry of Power order dated July 17, 2018, the composition of Board of the Company is also in compliance with the applicable statutory provisions.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For G. S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Shelly Goel
Partner
M. No. 307309

Place : New Delhi
Date : August 23, 2018

ANNEXURE-IV TO BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1.	Corporate Identification Number (CIN) of the Company	L40101DL1969GOI005095
2.	Name of the Company	Rural Electrification Corporation Limited (REC)
3.	Registered address	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.
4.	Website	www.recindia.com
5.	E-mail ID	complianceofficer@recl.in
6.	Financial year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	REC is a Non-Banking Financial Company under Section 45IA of the RBI Act, 1934, categorized as Infrastructure Finance Company by Reserve Bank of India and the Company is engaged in financing of all segments of Indian Power Sector *viz.* generation, transmission, distribution, renewable energy, etc. Further, as per National Industrial Classification issued by the Ministry of Statistics and Programme Implementation, the business activities of the Company fall under the following code:- Group: 649 Class: 6492 Sub class: 64920: Other Financial service activities - Other Credit Granting. This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation (such as venture capital companies, industrial banks, investment clubs), where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards, etc.
8.	Key products/services of the Company	REC is engaged in financing projects / schemes of power generation (both conventional and renewable), transmission, distribution, rural electrification, system improvement, renovation and modernization of power plants in both public and private sectors. Its key product includes Term Loans, Medium Term Loans, Short Term Loans, etc. Ministry of Power, Government of India has designated REC as the Nodal Agency for operationalization of 'Sahaj Bijli Har Ghar Yojana' (SAUBHAGYA) and 'Deendayal Upadhyaya Gram Jyoti Yojana' (DDUGJY), flagship programmes of Government of India supplementing overall rural development and facilitating '24x7 Power for All' in the country. REC is also the Nodal Agency for monitoring the implementation of Outage Management System and 11 kV Rural Feeder Monitoring System. Further, REC is also the Nodal Agency for National Electricity Fund (NEF), an Interest Subsidy Scheme to provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs) - both in public and private sector, to improve the infrastructure in distribution sector.
9.	Number of locations where business activity is undertaken by the Company	REC has offices at 25 National Locations *viz.* New Delhi, Kolkata, Chennai, Jaipur, Panchkula, Shimla, Jammu, Lucknow, Bhopal, Mumbai, Vadodara, Bengaluru, Thiruvananthapuram, Bhubaneshwar, Hyderabad (Project Office as well as REC-Institute of Power Management and Training {REC-IPMAT}), Shillong, Guwahati, Ranchi, Dehradun, Patna, Raipur, Varanasi, Vijaywada, Itanagar and Imphal. Further, the Company presently does not have office at any international location.
10.	Markets served by the Company	REC serves the Indian markets and its business extends throughout India. However, the Company also taps the international capital markets for resource mobilisation, besides domestic markets.

Section B : Financial Details of the Company

1.	Paid up Capital (₹)	1,974.92 crore
2.	Total Turnover (₹)	22,440.31 crore
3.	Total Profit after Tax (₹)	4,647.00 crore
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%).	During the financial year 2017-18, REC sanctioned an amount of ₹167.24 crore, as against CSR Budget of ₹161.95 crore calculated @ 2% of the average net profit of the Company during the three immediately preceding financial years. Further, an amount of ₹49.45 crore was disbursed towards CSR activities. The disbursement under the sanctioned projects is linked with achievement of pre-defined milestones as per sanction terms. Due to long gestation period of the CSR projects, the disbursement under these projects is normally spread over a period of two-three years, resulting in shortfall in CSR spending during the financial year 2017-18. The undisbursed amount shall be disbursed in subsequent year(s) along with amount required to be disbursed under CSR during the year(s).
5.	List of activities in which expenditure in 4 above has been incurred.	The major areas on which the above expenditure has been incurred includes: a. Health care, sanitation, safe drinking water; b. Education, Vocation skills and Livelihood enhancement projects; c. Setting up old age homes and such other facilities for senior citizens; d. Environmental sustainability; and e. Rural Development Projects. For more details of the Company's CSR initiatives, please refer to 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

Section C : Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	The Company had the following wholly owned subsidiary companies as on March 31, 2018: 1. REC Power Distribution Company Limited; 2. REC Transmission Projects Company Limited; 3. Dinchang Transmission Limited; 4. Ghatampur Transmission Limited; 5. Chandil Transmission Limited; 6. Koderma Transmission Limited; 7. Dumka Transmission Limited; and 8. Mandar Transmission Limited. For more details of the Company's subsidiary companies, please refer to the Board's Report, which forms part of this Annual Report.

2.	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	REC encourages all its subsidiary companies to participate in its Business Responsibility (BR) initiatives on a wide range of topics. During the financial year 2017-18, two subsidiary companies *viz.* RECPDCL and RECTPCL participated in the following BR initiatives of REC:- a. RECTPCL was engaged for development of Outage Management System *viz.* "Urja Mitra" for disseminating power outages information to distribution consumers across India through SMS/email/push notifications. RECTPCL was also appointed as the Nodal Agency for 11 kV Rural Feeder Monitoring Scheme, which enables real time monitoring of energy input/power supply at feeder level and also give an accurate picture of power supply in villages of the country and to provide complete picture of the entire distribution network in the country to ensure achievement of '24x7 Power for All' vision of Government of India. Further, RECTPCL also developed TARANG - Transmission App for Real-Time Monitoring & Growth. TARANG is an informative medium to provide information regarding Pan-India progress of Transmission System which can be drilled down to month wise, agency wise, state wise, etc. The details of stalled/delay project is separately provided with reasons of delay so that all concerned stakeholders can take a corrective decision in time to drive benefits from the timely completion of the projects. Tarang monitors the progress of transmission system in the country, both Intra State and Inter State Transmission Projects through Tariff Based Competitive Bidding (TBCB) as well as Regulated Tariff Mechanism. b. RECPDCL was engaged as Project Management Agency (PMA)/Project Management Consultant (PMC) under DDUGJY and IPDS Scheme, by 25 DISCOMs and 5 co-operative societies in 16 states of India. Further, RECPDCL was also engaged as Project Implementing Agency (PIA) in J&K region under IPDS/R-APDRP Part-B/PMDP for urban electrification works and also appointed as PMA for urban and rural electrification works under DDUGJY/PMDP schemes. RECPDCL is also working as PMC/AMC Service provider for LED Street Light Project of Energy Efficiency Services Limited and for electrification of off-grid villages in J&K and Andhra Pradesh. Further, RECPDCL is also involved in day to day monitoring of Rural Electrification (RE) works and surveillance quality checks on electrification of 18,452 un-electrified (UE) villages across the country. As reported by the respective States, all un-electrified villages have been electrified by April, 2018.
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities?	REC strives to follow responsible business practices with increased focus on economic, environmental and social concerns in order to achieve the twin-objectives of growth and sustainability for all its stakeholders. In furtherance of the same, REC encourages its business partners to participate in its BR initiatives. REC provides finance at concessional rates for Clean & Renewable Energy projects. Further, the Company also engages its Joint Venture Company i.e. Energy Efficiency Services Limited (EESL) in taking up sustainability projects under its CSR initiatives.

Section D : BR Information

	Sl. No.	Particulars	Details
Details of Director responsible for BR & BR Head	1	Name	Sanjeev Kumar Gupta
	2	Designation	Director (Technical)
	3	DIN (if applicable)	03464342
	4	Telephone number	011- 2436 7479 / 4309 1522
	5	e-mail ID	skgupta@recl.in

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

In line with Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular dated November 4, 2015, SEBI has stipulated that Top 500 listed companies are required to formulate a structured business responsibility report, based on the following nine principles describing the initiatives taken by them from an environmental, social and governance perspective:-

Principle 1	ETHICS, TRANSPARENCY & ACCOUNTABILITY Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	EMPLOYEE WELL-BEING Businesses should promote the well-being of all employees.
Principle 4	STAKEHOLDER ENGAGEMENT Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	PROMOTION OF HUMAN RIGHTS Businesses should respect and promote human rights.
Principle 6	ENVIRONMENTAL PROTECTION Businesses should respect, protect and make efforts to restore the environment.
Principle 7	RESPONSIBLE PUBLIC POLICY ADVOCACY Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT Businesses should support inclusive growth and equitable development.
Principle 9	CUSTOMER VALUE Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for…	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

2a.	If answer to Sl. No. (a) against any principle, is 'No', please explain why?	Not Applicable.
3.	Governance related to BR	
	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the performance of the Company.	On quarterly & annual basis.
	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?	Yes. REC publishes the Business Responsibility Report annually as part of its Annual Report. The hyperlink for viewing the Annual Report for the financial year 2017-18 is http://www.recindia.nic.in/uploads/files/ar2017-18.pdf.

Section E: Principle-wise performance

Principle 1- ETHICS, TRANSPARENCY & ACCOUNTABILITY

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures Suppliers/ Contractors/NGOs/ Others?	REC is a leading Public Financial Institution having a remarkable presence in the financing of all segments of Indian Power Sector *viz.* generation, transmission, distribution, renewable energy, etc. The Company believes in adopting the best Corporate Governance practices and has a strong legacy of fair, transparent and ethical governance practices. Further, the policy relating to ethics, bribery and corruption covers the employees of the Company as well as shareholders, consultants, vendors, lenders, borrowers, contractors, outside agencies doing business with REC, employees of such agencies, and/or any other parties which has business relationship with REC. Further, the following policies/procedures have been put in place to establish a culture of fairness, ethics and transparency in the organization:- 1. The Company has established a 'Vigil Mechanism' for Directors and employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. As an integral part of such Vigil Mechanism, the Whistle Blower Policy of REC has been formulated with a view to empower the Directors and employees of REC and its subsidiary companies, to detect and report any improper activity within the Company. 2. There is a "Policy for Prevention of Fraud" which set forth obligation on part of every employee of the Company for prevention, detection and reporting of any act of fraud, bribery or corruption. 3. In compliance of guidelines on Fair Practices Code of Reserve Bank of India (RBI), REC has also developed the Fair Practices Code (FPC) for its lending operations which intends to provide assurance to all the borrowers regarding the Company's commitment to fair dealing and transparency in its business transactions. 4. The Company also has a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' which prescribe adequate procedures and disclosures to be made before entering into transactions with such parties. 5. REC has framed Conduct, Discipline and Appeal (CDA) Rules which define code of conduct for employees and the acts of bribery, corruption, etc. are included therein as misconducts on the part of employees. Central Vigilance Commission's (CVC) guidelines/instructions, etc. are also followed in this regard. The above policies, rules, guidelines/instructions, etc. are also applicable to the subsidiary companies of REC. Further, other stakeholders are also required to conform to principles of fairness, ethics and transparency in their dealings with REC. 6. REC has also adopted a "Code of Business Conduct & Ethics for Board Members and Senior Management" which captures the behavioral and ethical standards.

2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the financial year 2017-18, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code. Further, 17 general complaints (other than anonymous/pseudonymous complaints) were received out of which 9 complaints (i.e. 52.94%) were resolved during the financial year 2017-18 and the remaining complaints are under review. Further, the Company received 2,523 complaints in respect of equity & listed debt securities and 7,187 complaints in respect of un-listed debt securities. All the complaints of the equity shareholders and bond-holders received during the financial year 2017-18 have been satisfactorily resolved as on the date of this Report.
Principle 2 - SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	The main business of REC is to provide loan assistance to various State Power Utilities, Private Sector Project Developers, Central Power Sector Utilities and State Governments for investment in Power Generation, Transmission & Distribution projects and other system improvement schemes/initiatives. The Company endeavors to incorporate social and environmental concerns while conducting appraisals of the projects for its lending operations. Further, REC is the Nodal agency for operationalization of DDUGJY, a flagship programme of Ministry of Power, Government of India, aimed at supplementing overall management of rural power distribution towards facilitation of '24x7 Power for All' in the country through defined project components. Further, there is a policy for providing finance at concessional rates for development of North-Eastern states. REC had also taken up the initiative of monitoring of electrification of 18,452 un-electrified villages, located in inaccessible areas (thickly forested, mountainous regions, etc.) involving tough terrain, inclement weather, areas facing Right of Way (RoW) issues, areas plagued by insurgency and Left-wing extremism, etc. Towards this direction, entire process of village electrification categorized into 12 milestones and Electrical engineers *viz.* Gram Vidyut Abhiyantas (GVAs) were deployed at Block/District level in order to shoulder this mission at field level. Further, a dedicated web-portal namely 'GARV App' (www.garv.gov.in), well acknowledged for its transparent and accountable mechanism was developed for meticulous monitoring the progress of electrification of all 18,452 Un-Electrified villages through an online system along with the milestones of village electrification progress. In this regard, April 28, 2018 has been made as a historic day in the Power Sector by achieving electrification of all un-electrified census inhabited villages in the country. Further, Ministry of Power has also designated REC as the Nodal agency for operationalization of Saubhagya Scheme of Government of India to achieve universal household electrification in the country, through electrification of all households in both rural and urban areas. Further, in line with the enhanced focus of Government of India on promotion of renewable energy, the Company has a defined policy framework for financing of non-conventional generation projects. In this regard, the Company has revised the guidelines for private sector renewable energy projects by revision in the lending limits. During the financial year 2017-18, REC became first PSU to raise USD 450 million Green Bond for a tenor of ten years and the net proceeds from the same will be applied for financing of existing projects including re-financing and new eligible Green Projects primarily in the area of solar, wind, biomass and hydropower energy as per Climate Bond Standards. The detailed disclosure in this regard has been made in the Board's Report forming part of this Annual Report.

2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product. i. Reduction during sourcing/ production/distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Considering the nature of business of the Company, these questions have limited applicability to REC. Since our products are financial services, the major resources consumed in the Company are electricity and paper. During the year, REC has taken a number of initiatives for optimizing the consumption of resources such as reduction in consumption of paper by spreading awareness among employees, managing paper procurement practices efficiently and improved waste paper management. Further, during the financial year, e-office was implemented throughout the organization which has resulted in improving the productivity, efficiency, accountability & transparency and also helped in reducing the Company's carbon footprint, by minimizing the use of paper.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?	REC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipment. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have detailed procurement guidelines prescribing the procedure for our major procurements.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	Being a Financial Institution, procurement of goods and services has limited applicability to REC. However, we prefer locally available goods and services, other considerations being comparable. Further, we also encourage participation by Micro, Small and Medium Enterprises (MSMEs) including those which are owned by SC/ST and the guidelines for MSMEs as defined in the purchase procedure, are being followed in the Company. However, REC, being a financial institution, is not executing any project. Hence, only procurement of office equipment like computers, printers and petty purchase i.e. consumables & stationery items, other miscellaneous items & services, etc. from market are being made. Accordingly, the Company has requested the Ministry of Micro, Small & Medium Enterprises, to grant exemption to REC from compliance of MSE procurement target of 20%, including minimum of 4% from MSEs owned by SC/ST Entrepreneurs. However, during the financial year 2017-18, procurement amounting to ₹1.64 crore were made from MSEs.
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste?	The Company, being a Financial Institution, has limited applicability of mechanism to recycle products and waste. However, the Company has outsourced the mechanism to collect waste papers from the premises of the Company for recycling of the same. Further, we are following e-Waste (Management and Handling) Rules, 2011 as notified by the Ministry of Environment & Forests (MoEF), Government of India with the specific aim of minimizing e-waste and responsible disposal of the entire quantum of e-waste only through Government/Pollution Control Board registered e-waste recyclers.

Principle 3 - EMPLOYEE WELL-BEING

1.	Total number of employees	As on March 31, 2018, the Company had 528 employees.
2.	Total number of employees hired on temporary/contractual/ casual basis	During the financial year 2017-18, the Company had not hired any employees on temporary/contractual/casual basis except for five Executive Assistants on fixed term basis. However, for housekeeping/cleaning/security works etc., contractual labour is being engaged through third party contractors.
3.	Number of permanent women employees	As on March 31, 2018, the Company had 89 permanent women employees.
4.	Number of permanent employees with disabilities	As on March 31, 2018, the Company had 14 'Divyang' employees on the rolls of the Company.

5.	Do you have an employee association that is recognized by management?	Yes, REC has recognized the Union of its non-supervisory permanent employees and the Association of the Executives.
6.	What percentage of your permanent employees is members of this recognized employee association?	Regular employees of the Company are members of either Employees' Union or Executives' Association.
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company has not received any complaints relating to child labour/forced labour/ involuntary labour or sexual harassment in the last financial year and no complaint was pending as on March 31, 2018. Further, the Company neither engages in any form of child labour/forced labour/involuntary labour nor adopts any discriminatory employment practices. The Company has a proper framework for dealing with instances relating to sexual harassment. In line with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior woman official of the Company and includes representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.
8.	What safety & skill up-gradation training was provided in the last year?	Considering the nature of business of the Company, the question has limited relevance in respect of safety. However, the Company focuses on continuous skill up-gradation training to its employees. Employee training and development is an essential element of the Company's strategy. REC has a proper training procedure and it does not differentiate on any parameters in terms of identifying and imparting training to its employees. During the financial year 2017-18, REC's 36% permanent employees, 65% permanent women employees and 29% permanent employees with disabilities received technical skill up-gradation, spiritual, health and attitudinal training, which works out to 723 training man days. Further, various training programmes, designed to meet the changing skill requirements of its employees, are conducted by the REC-Institute of Power Management & Training (REC-IPMAT). These training programmes include orientation sessions for new employees, programmes conducted by various functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives.

Principle 4 - STAKEHOLDER ENGAGEMENT

1.	Has the company mapped its internal and external stakeholders?	Yes, the Company has clearly mapped its internal and external stakeholders. The internal stakeholders include the employees of the Company. The external stakeholders include the equity shareholders, bondholders, creditors, State Governments, State Electricity Boards, State Power Utilities and other Borrowers, Reserve Bank of India, SEBI and other regulatory bodies.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders. REC extends certain facilities to Micro, Small & Medium Enterprises (MSME) registered with National Small Industries Corporation such as issue of tender sets free of cost, exemption from payment of earnest money, waiver of security deposit upto monetary limit for which unit is registered and opportunities for MSMEs owned by SC/ST.

		Further, REC has adopted employee oriented policies relating to staff and their dependents, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits, commitment to equal opportunity in recruitment and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspiration. The Company is also following the guidelines/directions issued by Government of India, from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/differently-abled categories in recruitment. Under CSR initiatives, the Company focusses on providing job oriented skill development training & livelihood enhancement projects to youth including women, providing health care, sanitation & safe drinking water facility in rural area, providing aids and appliances to specially-abled persons of the society, setting up old age homes and such other facilities for senior citizens, projects for environmental sustainability, rural development projects, etc.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?	Yes, the Company regularly undertakes initiatives to engage with its internal and external disadvantaged, vulnerable and marginalized stakeholders. REC also broadly follows the principles of "The UN Global Compact" in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus. Further, in order to encourage participation by MSMEs including Micro and Small enterprises owned by SC/ST, all the directives mentioned in the Public Procurement Policy Order, 2012 have been included in REC Procurement Guidelines. Further, the Company is playing a pivotal role in partnering with Ministry of Power, Government of India in all major initiatives and is committed to improve & turn around the Power Distribution sector in the country by its involvement in programmes like DDUGJY & SAUBHAGYA, NEF and other programmes *viz.* IPDS, Ujwal DISCOM Assurance Yojana, Financial Restructuring Plan (FRP), Smart Grid Task Force, etc. Further, the Company is Nodal Agency for operationalization of 'SAUBHAGYA', which aims to provide electricity connections to all remaining un-electrified households in rural & urban areas, so as to achieve universal household electrification in the country. Each year, the Company sets aside a percentage of its net profit for CSR and Sustainability initiatives to fund and support socially beneficial projects with sustainability as a guiding principle to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, elderly persons, differently abled persons, children, youth etc. Some of such initiatives undertaken during the financial year 2017-18, are as under: 1. Projects for safe drinking water facilities through RO water plant, bore well etc. in rural areas, setting up/upgradation of infrastructure/facilities in select health care institutions, distribution of assistive aids & appliances to persons with disabilities from weaker sections of societies, providing flavored pasteurized milk etc.; 2. Projects for setting up of mechanized sweeping, collection and transportation of municipal solid waste, construction of sewage facilities in taluk hospital, providing e-rickshaws for garbage pickup and providing water, sanitation & hygiene facility in urban and rural areas; 3. Projects for development of infrastructure in schools, job-oriented skill development training for youth from economically weaker sections of society including women, setting up/establishing khadi spinning, weaving and garment unit for creating employment, establishment of virtual classrooms; 4. Projects for installation of SPV plant in the campus of various educational institutions, solar micro grids in rural households and solar street lights in rural area; and 5. Programmes for farmer-centric integrated watershed development for improving rural livelihoods.

Principle 5 - PROMOTION OF HUMAN RIGHTS

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?	REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment & Development and United Nations Convention Against Corruption. Considering the nature of business of the Company, human rights cover only the Company and its subsidiary companies. Further, to protect the human rights of employees, REC has adopted employee oriented policies, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits and prevention of sexual harassment at workplace, which endeavor to provide an environment of care, nurturing and opportunity to accomplish professional aspirations. Further, the Company believes that a sustainable organization rests on a foundation of ethics and respect for human rights and the company ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment, human well-being including a safe natural environment. It discourages conducts that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual's compliance.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company did not receive any complaint in the area of human rights violations from stakeholders.

Principle 6 - ENVIRONMENTAL PROTECTION

1.	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.	The Company encourages its Group/Joint Ventures/Suppliers/Contractors/NGOs/ others to participate in initiatives focused on environment protection and sustainability and as such, the policy of the Company pertaining to environmental protection is applicable to all our group companies. Further, REC has been regular contributor to the Swachh Bharat Kosh, an initiative of the Government of India, to achieve the objective of Clean India (Swachh Bharat) by the year 2019, the 150th year of the birth anniversary of Mahatma Gandhi through Swachh Bharat Mission. The funds contributed to Swachh Bharat Kosh are utilized for construction, repair/renovation of toilets in rural areas, urban areas and in government schools and other initiatives of improving sanitation and cleanliness including solid/liquid waste management. Further, the Company regularly organizes various awareness programmes including street plays, to sensitize its employees for maintaining a clean environment. Further, RECPDCL, a wholly-owned subsidiary of REC, has been working as PMA/ PMC for various solar projects including electrification of 54 un-electrified off-grid villages in Jammu & Kashmir, electrification of 895 Off-grid villages in Arunachal Pradesh, installation of Grid Connected Roof Top Solar PV Power Plant at President's Estate, Rashtrapati Bhavan, New Delhi and setting up of Rooftop Solar PV Plant in schools owned by ST & SC Development Department of Government of Odisha.

2.	Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for web page etc.	REC, being an NBFC-IFC, is indirectly addressing the global environmental issues by laying greater thrust on financing of Green projects including Solar, Wind, Biomass, Co-generation, Small Hydro projects etc., thereby enabling the country to move towards non-carbon intensive energy generation. Further, REC asserts its commitment towards a cleaner and greener tomorrow, through special schemes of financing to promote Renewable Energy projects across the country with a view to address global environmental issues such as climate change, global warming etc. The Company extends financial assistance to Renewable Energy projects at lower interest rates, as compared to conventional generation projects. During the financial year 2017-18, REC sanctioned loan assistance of ₹7,034.27 crore to 28 Renewable Energy projects including Solar, Wind, Bagasse and Municipal Solid Waste to Energy projects and disbursed ₹5,403.05 crore towards such projects. Recently, REC inked a pact with International Solar Alliance, a dedicated platform for cooperation among solar-resource rich countries where the global community, including bilateral and multilateral organizations, corporates, industry and other stakeholders can make a positive contribution to assist and help achieve the common goals of increasing the use of solar energy in meeting energy needs of prospective ISA member countries in a safe, convenient, affordable, equitable and sustainable manner. REC has made a contribution of USD 1 Million for promoting sustainability through global collaboration. Further, during the financial year 2017-18, REC became the first Indian PSU to mobilize/raise funds through Green Bonds, denominated in US Dollars and the same were listed on the International Securities Market (ISM) segment of London Stock Exchange and Singapore Stock Exchange. The proceeds from the same were utilized for financing of existing projects including re-financing and new eligible Green Projects primarily covering in the area of solar, wind and other renewable purchase obligation as per Climate Bond Standards. REC has also created a 'Green Portfolio' which was managed through a well laid internal tracking system, updated on regular basis, to monitor, establish and account for the allocation of the proceeds for such Green Portfolio. Further, during the year 2017-18, the Company and its employees had undertaken special cleanliness drive during the 'Swachta Pakhwada'. Further, the Company regularly organizes programmes, interactive sessions, *Nukkad Nataks* etc. to spread awareness amongst its employees towards environment protection.
3.	Does the Company identify and assess potential environmental risks?	The above question is not applicable to the Company, as it is not a manufacturing Company. However, REC identifies and assesses potential environmental and social risks in all the infrastructure projects which are financed by REC. REC has been in the forefront of integrating environmental risk assessment and mitigation into its overall investment risk assessment process. As part of the project appraisal, environment related issues are identified and detailed due diligence is carried out that includes site visits, secondary information collection and analysis, review of applicable compliances.
4.	Does the Company have any project related to Clean Development Mechanism? Whether any environmental compliance report is filed?	The above question is not applicable directly to the Company as it is not a manufacturing Company. However, REC has diversified its business activities by introducing lower interest rates for promoting solar, wind, biomass and other renewable energy projects across the country with a view to address global environmental issues such as climate change, global warming, reduction of greenhouse gas emissions, etc.

5.	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.	Yes. Under Decentralized Distributed Generation (DDG) scheme, the Company is acting as an agency for channelizing the subsidy of Government of India for DDG projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar, etc. Further, REC grants loans at concessional interest rates for development of Renewable Energy Projects. The offices of REC have also been made more energy-efficient by replacement of all conventional light fittings/CFL with energy efficient LED lights. Further, during the financial year 2017-18, REC sanctioned a loan of ₹86.03 crore to Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL) for installation of 5,000 Nos. of Solar Pumps in various districts of Andhra Pradesh. For more details of related initiatives of the Company, please refer to 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.
6.	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	The above question has limited relevance to the Company as it is not a manufacturing Company. However, the Company complies with applicable environmental regulations in respect of the premises and operations.
7.	Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.	REC has not received any show cause/legal notices from CPCB/SPCB.

Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY

1.	Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.	Yes. REC is a member of World Energy Council, Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), Central Board of Irrigation & Power (CBIP), Standing Conference of Public Enterprises (SCOPE), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Power HR Forum, India CFO Forum, All India Management Association (AIMA), Institute of Public Enterprises (IPE) and Global Compact. Further, the senior officials of the Company contribute towards the formulation of various policies relating to Power Sector, as part of various committees/working groups constituted by the Ministry of Power, Government of India.
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas.	The Company has raised issues relating to clean technology, energy efficiency, and renewable energy at different platforms of above associations from time to time. Further, during the year, the Company has undertaken various CSR initiatives in the fields of skill development, education, environmental sustainability, health care including for old age and persons with disabilities, drinking water and sanitation facilities etc.

Principle 8 - INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1.	Does the Company have specified programme/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.	The Company takes up programmes/initiatives/projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its CSR and Sustainability Policy. CSR initiatives are carried out by REC in the fields of sanitation and hygiene facilities, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, in order to facilitate an inclusive social development. Detailed information about the specified programmes and initiatives undertaken during the financial year 2017-18 in pursuit of the Policy, has been given in 'Report on Corporate Social Responsibility activities', which forms part of this Annual Report. Further, as Nodal Agency for operationalization of DDUGJY, the Company had taken up the initiative of monitoring of electrification of 18,452 un-electrified villages, located in inaccessible areas (thickly forested, mountainous regions, etc.) involving tough terrain, inclement weather, areas facing Right of Way (RoW) issues, areas plagued by insurgency and Left-wing extremism etc. In this regard, April 28, 2018 has been made as a historic day in the Power Sector by achieving electrification of all un-electrified census inhabited villages in the country. REC is also acting as the Nodal agency for operationalization of Saubhagya Scheme of Government of India to achieve universal household electrification in the country through electrification of all households in both rural and urban areas.
2.	Are the programme/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?	At REC, we strive to achieve a balance of economic, environmental and social objectives. Through our CSR initiatives, we attempt to fund and support socially beneficial projects with sustainability as a guiding principle, so as to reach a wide spectrum of beneficiaries and to empower economically and socially backward communities. The Company, through its foundation *viz.* REC Foundation, a society registered under the Societies Registration Act, 1860, implements its CSR activities/projects through specialized agencies as specified in the Company's CSR & Sustainability Policy in line with their focus areas of operations and having past work experience with Government/ Semi-Government/PSU/Autonomous Organizations for similar works. Further, REC through its wholly owned subsidiary RECPDCL, had taken up the initiative of monitoring of village electrification works. In this regard, young engineers *viz.* Gram Vidyut Abhiyantas have been deployed in all states at field level for intensive monitoring and reporting through GARV App. GARV App is a dedicated web-portal for monitoring of various milestones involved in village electrification programme on real time basis, kept in the public domain for their awareness and feedback. Similarly, Saubhagya portal has been developed for monitoring of Household electrification and is being updated directly by all the Power discoms on their own and also kept in the public domain.
3.	Have you done any impact assessment of your initiative?	Yes, under the CSR and Sustainability Policy, there is a system of reviewing the Company's CSR initiatives wherein progress of major initiatives is monitored and evaluated along with its impact. In order to assess economic development in rural areas on account of village electrification, the details of electrical equipment, TVs, refrigerators, iron boxes, fans, small scale industrial activities like atta chakki, opening of commercial shops/ establishments were captured in the GARV app, which was a very efficient tool in gauging the overall lifestyle and development in rural areas. Moreover, post electrification of a village, Gram Vidyut Abhiyantas again visit the villages to observe the impact on socio-economic growth in the villages, which in turn is a step towards assessment of inclusive growth of the Nation. This also strengthened the accountability of DISCOMs for providing quality power in these newly electrified villages.

4.	What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?	The Board of Directors of the Company has sanctioned an amount of ₹167.24 crore, as against CSR Budget of ₹161.95 crore during the financial year 2017-18. Further, the Company has undertaken various CSR initiatives in the fields of skill development, education, environmental sustainability, health care including for old age and persons with disabilities, drinking water and sanitation facilities etc. The Company has disbursed an amount of ₹49.45 crore for its CSR activities. Further disbursement in respect of these projects will be spread over a period of two-three years, based on achievement of pre-defined milestones as per sanction terms.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	The Company, under its CSR initiatives, encourages the active engagement of stakeholders such as the community, Government Agency/Department, NGOs and other local institutions in the project planning and implementation to facilitate developing and building community ownership while ensuring the sustainability of the programmes. Feedback of the community is suitably incorporated in further developing such programmes in same or other locations.

Principle 9 - CUSTOMER VALUE

1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	All the complaints received from various stakeholders in the reporting period have been satisfactorily resolved. Further, as on March 31, 2018, there were two cases relating to investors in bonds pending in various consumer courts, which will be resolved in the best interest of the investors.
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws?	The same is not applicable, as the Company is not a manufacturing Company. However, the Company ensures that adequate disclosures relating to its financial products and services are available on the website of the Company. In this regard, the Company has extended the benefit of ERP directly to Borrower by developing an online "Borrower Portal" to facilitate them in knowing status of loans and schemes on real time basis.
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?	REC, together with its subsidiary companies, is committed to highest possible standards of ethical practices and moral & legal business conduct. Further, no case regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior was pending as at the end of the financial year. However, during the financial year 2014-15, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly-owned subsidiary of REC, the Competition Commission of India (CCI) had ordered an investigation against the Company. CCI disposed off the case in favor of the Company, while observing that no contravention of the provisions of Section 4 of the Competition Act, 2002 has been made out against RECPDCL & others and the matter was ordered to be closed.
4.	Did your Company carry out any consumer survey/consumer satisfaction trends?	REC believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectations and essentially to gauge our competitiveness in the business. REC leverages its presence across the Country to remain consistently in touch with the customers through its regional offices for mitigating their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. The Senior Management meets on regular basis to review the progress where all such matters are taken up and measures necessary to address the customized requirements of borrowers are decided. Further, in the past, the Company, through M/s Administrative Staff College of India, Hyderabad, has conducted Customer Satisfaction Survey of its esteemed Customers across the Country comprising Central and State Government Power entities and Private Power Entities. The overall Customer Satisfaction Index (CSI) score of the Survey was 85.7, which by average American Customer Satisfaction Index (ACSI) is among the best in Banking Services.

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

<table>
<tr><td>P1</td><td>Sl. No. 3 - The Company has a Policy for Prevention of Fraud in REC, Code of Business Conduct and Ethics and Whistle Blower Policy. The Policy for Prevention of Fraud is broadly to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. Further, as per the requirement of Corporate Governance under the Listing Regulations, the Company framed Code of Business Conduct and Ethics based on professional and ethical standards, which the Company believes all its employees should adopt. Further, as an integral part of Vigil Mechanism, the Whistle Blower Policy of REC has been formulated with a view to empower the Directors and employees of REC and / or its subsidiary companies, to detect and report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. Further, the Company has also formulated a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' ("RPT Policy") which prescribe adequate procedures and disclosures to be made before entering into transactions with such parties.

Sl. No. 6 - The links of relevant Policies approved by the Board of Directors of the Company are given below:-
<table>
<tr><th>Name of the Policy</th><th>Weblink</th></tr>
<tr><td>Policy for Prevention of Fraud</td><td>http://www.recindia.nic.in/uploads/files/prevention_fraud_policy.pdf</td></tr>
<tr><td>Whistle Blower Policy</td><td>http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf.</td></tr>
<tr><td>Code of Business Conduct and Ethics</td><td>http://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf</td></tr>
<tr><td>Fair Practices Code</td><td>http://recindia.nic.in/download/fair_practice_code.pdf</td></tr>
<tr><td>Policy on Related Party Transactions</td><td>http://www.recindia.nic.in/uploads/files/RPT.pdf</td></tr>
<tr><td>Policy on Materiality of Subsidiaries</td><td>http://www.recindia.nic.in/uploads/files/PolicyDeterminingMaterialSubsidiaries.pdf</td></tr>
<tr><td>Policy on Materiality of Events or Information for disclosure to Stock Exchanges</td><td>http://www.recindia.nic.in/download/Policy_on_Materiality_of_Events.pdf</td></tr>
<tr><td>Dividend Distribution Policy</td><td>http://www.recindia.nic.in/download/Dividend_Distribution_Policy.pdf</td></tr>
</table>
The other policies are internal documents and accessible only to employees of the organization.</td></tr>
<tr><td>P2</td><td>Considering the nature of the Company's business, this Principle has limited applicability to the Company. However, the Company strives to follow sustainable business practices with focus on economic, environmental and social concerns in order to achieve the twin-objectives of growth and sustainability. The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability.

Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/csr-sustainability-policy.</td></tr>
<tr><td>P3</td><td>Sl. No. 3 - In line with the general laws and regulations and sound ethical practices followed nationally, the Company has adopted employee-oriented policies covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.

Sl. No. 6 - These policies can be viewed physically or online only by the employees of the organization.</td></tr>
<tr><td>P4</td><td>The principle enunciates the aspect of being responsive towards all stakeholders including disadvantaged, vulnerable & marginalized stakeholders and the Company does not have a specific policy in place for this. However, the Company has set processes in place to achieve the objectives. In addition, the Company works towards inclusive growth in pursuance of its Corporate Social Responsibility & Sustainability Policy, through interventions in areas like Health Care, education, vocation skills and livelihood enhancement projects, rural development projects etc.

Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/csr-sustainability-policy.</td></tr>
</table>

P5	Sl. No. 3 - The Code of Business Conduct & Ethics (Code) for Board Members and Senior Management which has been adopted by the Company addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace. Sl. No. 6 - The Code of Business Conduct and Ethics is available on the website of the Company at the link: http://www.recindia.nic.in/uploads/files/CodeBusinessConductEthics.pdf.
P6	The aspects outlined under this Principle are not relevant to the nature of business of the Company. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company also requires the borrowers of project loans to comply with the various national environmental standards/requirements.
P7	While there is no specific policy outlined for this principle, the Company is working with the State Governments and other organizations to promote initiatives in the field of Skill Development, Education, Health Care, Rural Development and Environmental Sustainability Projects.
P8	REC strives to ensure inclusive growth and equitable development in pursuance of its Corporate Social Responsibility and Sustainability Policy. During the financial year 2017-18, REC has taken various initiatives in this regard in the areas of preventive Health care, sanitation, safe drinking water, education, vocation skills and livelihood enhancement projects, Environmental sustainability and Rural Development Projects. Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://www.recindia.nic.in/csr-sustainability-policy.
P9	Sl. No. 3 - The Company has Fair Practices Code and Grievance Redressal Form for Loans which conforms to the guidelines issued by Reserve Bank of India in this regard. Sl. No. 6 - The above Code/Form can be viewed online on http://www.recindia.nic.in/uploads/files/fairpracticecode.pdf.
	All policies and processes are subject to audits and reviews done internally in the Company from time to time.

ANNEXURE-V TO BOARD'S REPORT

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Rural Electrification Corporation Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

I. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011;

II. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

III. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

IV. The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable

V. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

VI. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;

VII. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable; and

VIII. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

The Company is a Non-Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC) with the Reserve Bank of India (RBI) and the Company is engaged in the business of providing finance for power sector. As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors / Businesses:

- Reserve Bank of India Act, 1934 and rules, regulations and directions issued by RBI, from time to time.
- Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises.

We have also examined compliance with the applicable clauses/regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, including the provisions of Section 149 of the Companies Act, 2013 and read with regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, with respect to the composition of Board of Directors till March 7, 2018. Thereafter, vacancy of One Independent Director exists in the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to above mentioned observation. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for meetings conducted at a shorter notice after complying the necessary provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events / actions took place in the Company having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

The Company has raised the long term fund by issue of different debt instruments for financing various projects as per details mentioned below:

Sl. No.	Type of Bonds	Amount (₹ in crore)
1	Capital Gain Bonds (54 EC Capital Gain Bonds)	9,565.00
2	Institutional Bonds (Series No. 149 to 160, 161-A & 161-B)	26,145.00
3	Foreign Currency Term Loans	15,454.39
4	Commercial Papers	12,114.85
	Total Fund Raised during the Period	**63,279.74**

For Chandrasekaran Associates
Company Secretaries

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715

Date : July 9, 2018
Place: Delhi

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

Annexure-A

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates
Company Secretaries

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715

Date : July 9, 2018
Place: Delhi

ANNEXURE-VI TO BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. a. Brief Outline of the Company's CSR policy:

The Company has its 'Corporate Social Responsibility & Sustainability Policy' aligned with the provisions of Companies Act, 2013, The Companies (Corporate Social Responsibility Policy) Rules, 2014 and Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises.

The salient features of the 'CSR and Sustainability Policy' of the Company are as under:

Approach: REC shall strive to fully exploit its core competence and mobilize its resource capabilities in the implementation of CSR activities/ projects, as also to align CSR and Sustainability policy with its business policies and strategies to the extent possible and shall select such CSR activities/ projects which can be better monitored through in-house expertise.

Broad activities under Corporate Social Responsibility:

The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible.

Although the Company may select CSR projects from a vast range of available options, priority would be accorded to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country in the given chosen/focus area(s) and environment sustainability. In line with the above, the Company shall ensure carrying out CSR projects/ programs in line with activities prescribed under Schedule VII of the said Act.

Financial component: In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act.

Institutional set-up under CSR: The institutional set up shall be as follows:

A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which at least one Director shall be an Independent Director. Role & Responsibilities of the Corporate Social Responsibility Committee shall *inter-alia* include, formulating and recommending to the Board the activities to be undertaken by the Company as specified in Schedule VII, monitor and recommend the amount of expenditure, periodically submit the reports to the Board of Directors.

The Role & Responsibilities of the Board of Directors shall include, to ensure formation of the Corporate Social Responsibility Committee of the Board, to approve CSR Policy for the Company, after taking into account recommendations made by CSR Committee of the Board and disclose the contents of such policy in its report, to ensure that activities in its CSR policy are related to activities included in Schedule VII, etc.

While Corporate Social Responsibility Committee of the Board shall keep an oversight on the whole activities, to steer the CSR projects, Committee shall be deployed for screening and recommendation of CSR project proposals.

Mechanism of carrying out CSR activities:

The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The Company may decide to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society established by the Company, either singly or along with any other company, or established by Central Government or State Government or any entity established under an Act of Parliament or a State legislature, as permitted under the Companies (Corporate Social Responsibility Policy) Rules, 2014. In line with

the above, the Company may give preference to those agencies which have past work experience with government/ semi-government/ PSUs/ autonomous bodies, in line with their focus area of operations.

REC established a society 'REC Foundation' and currently undertakes all its CSR activities through the society.

Monitoring

The Company shall carry out implementation/ monitoring of the CSR Projects in line with Implementation Progress/ Monitoring Guidelines for CSR Projects.

The Company may conduct, through its own manpower, located at its Regional Offices/ State Offices/ Corporate Office or by an external agency, periodic monitoring of CSR projects concurrently with implementation, or otherwise, to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets, etc.

For detailed CSR & Sustainability Policy, please refer REC website as detailed at (c) below.

b. Overview of projects or programme undertaken

As per the Companies Act, 2013 and the Rules thereunder, "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-

(i) Projects or programs relating to activities specified in Schedule VII to the Act; or

(ii) Projects or programs relating to activities undertaken by the Board of Directors of the Company ('the Board') in pursuance of recommendations of CSR Committee of the Board as per declared CSR Policy of the Company.

REC through its CSR initiatives attempts to fund and support socially beneficial projects with sustainability as a guiding principle giving priority to issues of foremost concern as in the national development agenda and to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, old age persons, differently abled, children, youth, etc. The overview of the thematic area-wise projects/ programs undertaken/ on-going during the financial year is as under:

i. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes and such other facilities for senior citizens:

By supporting project for providing health care kits to in select old age homes and construction of shelter home with wellness facility for the care of the elderly.



CMD, REC, exchanging MoA with CEO, HelpAge India, for the project construction and operation of shelter home with wellness facility for the care of the elderly at Leh- Ladakh, Jammu & Kashmir, in presence of D(T) and other senior officials from REC & HelpAge India.

ii. Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water:

By supporting program for setting up of sanitation & water facilities in select schools and villages, projects for safe drinking water facilities in select rural areas in select states, setting up/ up-gradation of infrastructure/ facilities in select health care institution, support for distribution of flavored milk to school children in select district, distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of societies, etc.



Providing packets of 200 ml fortified flavored pasteurized milk to approx. 10,000 school children through NDDB Foundation for Nutrition in Latehar District of Jharkhand.

iii. Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects :

By supporting projects for establishment of virtual classrooms at schools, improve learning outcomes for select primary school children, development of infrastructure in schools & educational institutions, supporting job-oriented skill development training program in various trades for youth from economically weaker sections of society including women.



Providing employment linked vocational training to 540 Nos. of unemployed youths across India, through Apparel Training and Design Centre.



Providing job oriented skill development training to 500 Nos. of unemployed youth with Central Institute of Plastic Engineering & Technology in Murthal.

iv. **Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga:**

By supporting projects for setting up SPV panel in various institutions, installation of solar micro grid in households in un-electrified/ poorly electrified villages in select districts, support for wiring of houses belonging to BPL class, development of public park, etc.



Distributing 1.50 lakh solar lantern in poorly electrified areas in Odisha & Andhra Pradesh through Solar Energy Corporation of India.

v. **Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts:**

By supporting project for reviving crafts heritage and providing sustainable livelihood to the select women artisans in select districts.

vi. Rural development projects:

By supporting program for farmer-centric integrated watershed development for improving rural livelihoods, building of culvert, deepening of wells, renovation & construction of check dams, support for community based interventions through various projects, community development awareness program for ultimate utilization of the naturally available nutrition, food and energy around the communities.



"REC and UNFPA India signed an agreement of ₹32.84 crore to support a range of innovative projects across the country under CSR initiatives of REC."



Supporting for Integrated Watershed Management in rural areas of Andhra Pradesh and Telangana through International Crop Research Institute for the Semi-arid Tropics.

c. Web links of Corporate Social Responsibility and Sustainability Policy and programs:

In line with the Companies Act, 2013, The Corporate Social Responsibility and Sustainability Policy of the Company and details of the CSR projects approved by the Board of Directors during the financial year have been uploaded on the Company's website i.e. www.recindia.com

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

2. Composition of the CSR Committee:

In line with the Companies Act, 2013, the Company shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an Independent Director.

The composition of the Corporate Social Responsibility Committee of Directors w.e.f. March 24, 2017 is as under:

i. Prof. T. T. Ram Mohan, Independent Director - Chairperson of the Committee

ii. Shri A. Krishna Kumar, Independent Director - Member

iii. Smt. Asha Swarup, Independent Director - Member

iv. Shri Ajeet Kumar Agarwal, Director (Finance) - Member

v. Shri Sanjeev Kumar Gupta, Director (Technical) - Member

3. Average net profit of the Company for last three financial years:

The net profit of the Company for the last three financial years, as per Companies Act, 2013, is as under:

		(₹ in crore)
Financial Year 2014-15	-	7,423.06
Financial Year 2015-16	-	8,032.15
Financial Year 2016-17	-	8,837.45
Total	**-**	**24,292.66**
Average net profit	-	₹8,097.55 crore

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above) : ₹161.95 crore.

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year : **₹161.95 crore**

(b) Amount unspent, if any: The unspent amount for the year is **₹112.50 crore**

(c) Manner in which the amount spent during the financial year is at **Annexure - A**.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The Company has sanctioned total CSR projects with aggregated amount of ₹167.24 crore during the financial year 2017-18. The disbursement under the CSR projects sanctioned till March 31, 2018 are linked with achievement of predefined milestones as per sanction terms which are required to be completed in the time span extended up to 36 months. Since implementing agencies could not submit the physical progress and claims as per the milestones committed for the projects, the disbursement could not be made. The undisbursed amount of ₹112.50 crore shall be released in subsequent years as per milestones.

7. Responsibility Statement of the CSR Committee:

The implementation and monitoring of CSR policy by the Company is in compliance with CSR objectives and Policy of the Company.

Sd/-
Director (Finance/CSR)

Sd/-
Chairman of CSR Committee

CSR AMOUNT SPENT DURING THE FINANCIAL YEAR 2017-18

(₹ in crore)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
1 A. Sanitation									
1	Construction of sewage facilities in taluk hoispital	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Kayamkulam, Kerala	0.76	0.49	0.03	0.52	0.76	Government Taluk Hospital, Kayamkulam
2	Setting up of mechanized sweeping, collection and transportation of Municipal Solid Waste		14 wards of Varanasi, Uttar Pradesh	10.00	2.25	0.14	2.39	4.00	Varanasi Nagar Nigam, Varanasi, Uttar Pradesh
3	Water, Sanitation & Hygiene for all service in urban and rural areas to Scheduled caste communities and primary schools		Prakasam, Guntur, Krishna & Chittoor districts of Andhra Pradesh	4.19	0.84	0.05	0.89	0.89	Society for Integrated Development in Urban & Rural areas
4	Providing assistance for procurement of 6 e-rickshaws for garbage pick up in Asiad Village		Asiad Village, New Delhi	0.08	0.08	0	0.08	0.08	Asiad Village Society, New Delhi
			Sub-total (A)	**15.03**	**3.66**	**0.22**	**3.88**	**5.73**	
1 B. Health care									
1	Provided Mobile Medical unit with basic medical facilities	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Raebareli District, Uttar Pradesh	1.27	0.03	0.01	0.04	1.27	SMILE Foundation, New Delhi
2	Mobile Medical unit with basic medical facilities		Ashok Nagar District, Madhya Pradesh	1.30	0.04	0	0.04	1.30	SMILE Foundation, New Delhi
3	Upgrading infrastructure and Medical equipments		Cuttack, Odisha	2.96	0.29	0.02	0.31	2.90	Swami Vivekanand National Institute of Rehabilitation Training and Research, Cuttack, Odisha

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
4	Development and rehabilitation of the handicapped persons	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Bhubaneswar, Odisha	0.05	0.05	0	0.05	0.05	The Institute for Helping the Disabled, Bhubaneswar
5	Infrastructure support for kitchen and providing kitchen equipments for Midday meal scheme		Bhilwara, Rajasthan	1.77	1.52	0.09	1.61	1.61	Akshaya Patra Foundation, Jaipur
6	Construction of Building in SVNIRTAR to establish the Institute as a 'Centre of Excellence for Deformity Correction		SVNIRTAR, Cuttack, Odisha.	15.89	1.65	0.10	1.75	1.75	Swami Vivekanand National Institute of Rehabilitation Training and Research, Cuttack, Odisha.
7	Purchase and installation of one vision equipment (Constellation Vision System) in a Hospital		Palampur, Kangra, Himachal Pradesh	0.75	0.59	0.04	0.63	0.63	Palampur Rotary Eye Foundation, Palampur
8	Support for distribution/ supply of Giftmilk (milk & milk product) to school children in government schools		Latehar District, Jharkhand	2.60	0.81	0.05	0.86	0.86	National Dairy Development Board Foundation for Nutrition, Anand, Gujarat
9	Providing aids and appliances to special-abled persons of the society across India		Across India	1.00	0.70	0.04	0.74	0.74	Shri Bhagwan Mahaveer Viklang Sahayata Samiti, Jaipur
			Sub-total (B)	**27.60**	**5.67**	**0.35**	**6.02**	**11.11**	
1 C. Safe Drinking Water									
1	Installation of Water ATM machine and setting up of community water plants at 10 different bus stations	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Mathura, Agra, Etawah, Ghaziabad, Rampur, Moradabad, Hardoi, Azamgarh, Allahabad and Varanasi bus stations of Uttar Pradesh	0.89	0.80	0.05	0.85	0.85	Eureka Forbes Institute of Environment, Mumbai

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
2	Supporting for installation of 250 bore well hand pumps in rural villages	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Basti District, Uttar Pradesh	0.74	0.28	0.02	0.30	0.43	Bhartiya Cooperative Gramin Vikas Evam Nirman Limited, Lucknow
3	Installation of 200 India Mark- II hand pumps in select villages		Kanpur District, Uttar Pradesh	1.26	0.70	0.04	0.74	0.74	District Magistrate, Kanpur
4	Installation of 500 hand pumps in rural areas		Machlishahar, Jaunpur District, Uttar Pradesh	2.18	0.44	0.03	0.47	0.46	UP Jal Nigam, Jaunpur
5	Installation of 275 Nos. of hand pump in District Shravasti		Shravasti, Uttar Pradesh	0.99	0.20	0.01	0.21	0.21	Distrcit Magistrate, Shravasti
6	Installation of 250 hand pump in District Allahabad		Allahabad, Uttar Pradesh	1.04	0.21	0.01	0.22	0.22	District Magistrate, Allahabad
7	Installation of reverse osmosis based water treatment plant in rural areas		Chhainsa & Gehlab, Hathin block, Palwal District Haryana	0.25	0.06	0	0.06	0.06	Deputy Commissioner, Palwal
			Sub-total (C)	**7.35**	**2.69**	**0.16**	**2.85**	**2.97**	
			Sub-total for Category 1	**49.98**	**12.02**	**0.73**	**12.75**	**19.81**	
2 A. Education									
1	Assistance for development of infrastructure in Government schools	Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Nayagarh District, Odisha	0.72	0.07	0.01	0.08	0.72	Karnataka State Council for Science & Technology, Bangalore, Karnataka
2	Setting up of 25 Libraries in Government Schools		Guntur and Nalgonda Districts, Andhra Pradesh	0.56	0.06	0	0.06	0.56	Room to Read India Trust, New Delhi
3	Setting up of 13 Libraries in Government Schools		Guntur and Nalgonda Districts, Andhra Pradesh	0.29	0.03	0	0.03	0.29	Room to Read India Trust, New Delhi
4	Establishment of Virtual Classrooms (VCR) at Government high schools to improve the quality of education		Uttara Kannada, Tumakuru, Chikmagalur, Kodagu, Chamarajanagara, Udupi, Mandya , Bellary, Bagalkote, Vijayapura Districts in Karnataka	1.74	1.23	0.07	1.30	1.31	Karnataka State Council for Science & Technology, Bangalore
5	Assistance for the care and education of violence affected children in Jammu & Kashmir		Kupwara District, Jammu & Kashmir	0.84	0.34	0.02	0.36	0.36	National Foundation for Communal Harmony
			Sub-total (A)	**4.15**	**1.73**	**0.10**	**1.83**	**3.24**	

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
2 B. Skill Development Training Projects									
1	Job Oriented Skill Development Training Programme to 1000 youths	Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Uttar Pradesh & Bihar	2.73	0.27	0.02	0.29	2.73	Construction Industry Development Council, New Delhi
2	Job Oriented Skill Development Training Programme to 8250 youths		Eastern & Central India including Bihar, Odisha, Jharkhand, etc.	10.00	2.89	0.18	3.07	6.84	National Skill Development Fund/ National Skill Development Corporation, New Delhi
3	Job Oriented Skill Development Training Programme to 500 youths		Murthal, Haryana	3.00	1.81	0.11	1.92	1.92	Central Institute of Plastic Engineering & Technology, Murthal
4	Setting up/ establishing khadi spinning, weaving and garment unit		Sewapuri, Varanasi	5.54	3.71	0.22	3.93	3.93	Khadi & Village Industries Commission
5	Job Oriented Skill Development Training Programme to 500 youths		Bhopal, Madhya Pradesh	1.90	1.51	0.09	1.60	1.90	Centre for Research and Industrial Staff Performance, Bhopal
6	Job Oriented Skill Development Training Programme to 540 youths		Gurugram, Haryana	1.95	1.36	0.08	1.44	1.44	Apparel Training and Design Centre, Gurugram
7	Job Oriented Skill Development Training Programme to 1000 youths		Andhra Pradesh, Chhattisgarh, Tamil Nadu, Odisha, Telangana, and Jharkhand, etc.	2.69	0.95	0.06	1.01	1.01	Indo-German Institute of Advanced Technology, Andhra Pradesh
			Sub-total (B)	**27.81**	**12.50**	**0.76**	**13.26**	**19.77**	
			Sub-total of Category 2	**31.96**	**14.23**	**0.86**	**15.09**	**23.01**	

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
3. Setting up homes & hostels/ providing facilities to senior citizens									
1	Providing Health Care Package to elderly persons staying at Old Age Homes	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Andhra Pradesh, Assam, Chhattisgarh, Goa, J&K, Karnataka, Kerala, Maharashtra, Maghalaya, Pudducherry, Punjab,Rajasthan, Tamil Nadu, West Bengal, Telangana	1.45	0.30	0.02	0.32	1.44	HelpAge India, New Delhi
			Sub-total of Category 3	**1.45**	**0.30**	**0.02**	**0.32**	**1.44**	
4. Environmental Sustainability, Clean Ganga Fund etc.									
1	Setting up of 237 LED based Solar Street Lighting Systems	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Bharatpur District, Rajasthan	0.50	0.04	0	0.04	0.30	Bhoruka Charitable Trust, Jaipur
2	Setting up of Solar Micro Grids to provide Clean Energy Services		Jharkhand and Odisha	1.98	0.15	0.01	0.16	1.30	The Energy & Resource Institute, New Delhi
3	Supply and installation of 110 Nos. of SPV LED Street Lightening Systems		Bhadohi, Uttar Pradesh	0.24	0.14	0.01	0.15	0.24	Rajasthan Electronics and Instruments Limited, Jaipur
4	Installation of solar power panels, in President Estate, Rashtrapati Bhawan		President Estate, Rashtrapati Bhawan, New Delhi	6.00	0.05	0	0.05	2.40	REC Power Distribution Company Limited, New Delhi
5	Establishment of 279 KWp photovoltaic solar panels on 3 No. of sites/ building on department rooftops and installation of 2200 Nos. of LED lights		Indian Institute of Science Bangalore campus, Bangalore	4.94	1.34	0.08	1.42	1.42	Indian Institute of Science, Bangalore

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	(9)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Total expenditure for the year (6A + 6B)	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)			
6	Installation of 2 MW SPV system in the academic zone and hostel building of IIT Madras campus	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	IIT Madras Campus, Tamil Nadu	14.50	3.26	0.20	3.46	3.46	Indian Institute of Technology, Madras
7	Replacement of the non-functional old structure and install 135 KWp off-grid solar plant at various locations on the campus of the Barefoot College, Tilonia.		Campus of the Barefoot College, Tilonia, Rajasthan	1.49	0.22	0.01	0.23	0.23	Social Work and Research Centre, Ajmer, Rajasthan
8	Installation of solar roof-top power panel and micro grids under Smartgram project in 5 villages		Alipur, Daulha, Harchandpur, Tajnagar villages in Gurugram and Rojka Meo village in Mewat District, Haryana	2.04	0.51	0.03	0.54	0.54	Skill Council for Green Jobs, New Delhi
9	Providing sustainable energy systems under smartgram project in 45 villages of Haryana		Select forty villages of Haryana	3.54	0.71	0.04	0.75	0.75	Skill Council for Green Jobs, New Delhi
10	Installation of Roof Top Solar PV power plant in 16 residential schools owned by the ST& SC Development Department of Government of Odisha		Kandhamal, Nabarangpur, Koraput, Rayagada, Bargarh, Sundargarh, Sambalpur, Bolangir & Keonjhar Districts of Odisha	1.97	0.04	0	0.05	1.53	REC Power Distribution Company Limited
			Sub-total of Category 4	**37.21**	**6.47**	**0.38**	**6.85**	**12.17**	
5. Rural development project									
1	Assistance for community based interventions through various projects	Rural development project	Across India	32.84	13.05	0.79	13.84	13.84	United Nations Population Fund
			Sub-total of Category 5	**32.84**	**13.05**	**0.79**	**13.84**	**13.84**	
6. REC Foundation					0.60		0.60		
	Total for the year (1 to 6)			**153.44**	**46.67**	**2.78**	**49.45**	**70.27**	

ANNEXURE-VII TO BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

(as on the financial year ended on March 31, 2018)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L40101DL1969GOI005095
(ii)	Registration Date	July 25, 1969
(iii)	Name of the Company	Rural Electrification Corporation Limited
(iv)	Category/Sub-Category of the Company	Company Limited by Shares / Union Government Company
(v)	Address of the Registered Office and Contact Details-	Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003, India. Phone No.: + 91 11 24365161 Fax No.: + 91 11 24360644 E-mail: complianceofficer@recl.in, Website: www.recindia.com
(vi)	Whether Listed Company (Yes/ No)	Yes
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any-	Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India. Phone No.:- +91 40 67161500 Fax No. + 91 40 23420814 E-mail: balaji.reddy@karvy.com; raju.sv@karvy.com, einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Other Financial Services and Activities - Other Credit Granting	64920	100%

Note:- The Company is a Non Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI), categorized as Infrastructure Finance Company (IFC) and the Company is engaged in the business of providing finance for power sector.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2018

Sl. No.	Name of the Company	Address of the Registered Office	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	REC Power Distribution Company Limited	Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi - 110003	U40101DL2007GOI165779	Subsidiary	100%	2(87)
2	REC Transmission Projects Company Limited		U40101DL2007GOI157558	Subsidiary	100%	2(87)
3	Dinchang Transmission Limited		U40300DL2015GOI288066	Subsidiary	Wholly Owned Subsidiaries of REC Transmission Projects Company Limited (RECTPCL)	2(87)
4	Ghatampur Transmission Limited		U40300DL2016GOI308788	Subsidiary		2(87)
5	Chandil Transmission Limited		U40108DL2018GOI330905	Subsidiary		2(87)
6	Koderma Transmission Limited		U40300DL2018GOI331192	Subsidiary		2(87)
7	Dumka Transmission Limited		U40300DL2018GOI331490	Subsidiary		2(87)
8	Mandar Transmission Limited		U40101DL2018GOI331526	Subsidiary		2(87)
9	Energy Efficiency Services Limited (Joint Venture Company)	4th Floor, Sewa Bhawan, R.K Puram, New Delhi - 110066	U40200DL2009PLC196789	Associate Company	31.71% (See Note below)	2(6)

Note:-

As on date, REC holds 21.70% of the paid up equity share capital of Energy Efficiency Services Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholder		No. of shares held at the beginning of the year (April 1, 2017)				No. of shares held at the end of the year (March 31, 2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**PROMOTER**									
(1)	**INDIAN**									
(a)	Individual /HUF	0	0	0	0	0	0	0	0	0
(b)	Central Government	1,16,25,04,472	0	1,16,25,04,472	58.86	1,15,16,78,783	0	1,15,16,78,783	58.32	-0.54
(c)	State Government(s)	0	0	0	0	0	0	0	0	0
(d)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(e)	Banks/FI	0	0	0	0	0	0	0	0	0
(f)	Any Others	0	0	0	0	0	0	0	0	0
	Sub-Total (A) (1)	**1,16,25,04,472**	**0**	**1,16,25,04,472**	**58.86**	**1,15,16,78,783**	**0**	**1,15,16,78,783**	**58.32**	**-0.54**
(2)	**FOREIGN**									
(a)	NRIs-Individuals	0	0	0	0	0	0	0	0	0
(b)	Other-Individuals	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(d)	Banks/FI	0	0	0	0	0	0	0	0	0
(e)	Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
(f)	Any Other	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total Shareholding of Promoters A=A(1)+A(2)	**1,16,25,04,472**	**0**	**1,16,25,04,472**	**58.86**	**1,15,16,78,783**	**0**	**1,15,16,78,783**	**58.32**	**-0.54**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**Institutions**									
(a)	Mutual Funds/UTI/AIF	7,47,55,196	0	7,47,55,196	3.79	9,48,01,528	0	9,48,01,528	4.80	1.01
(b)	Banks/FI	1,47,02,924	0	1,47,02,924	0.74	91,43,671	0	91,43,671	0.46	-0.28
(c)	Central Government	0	0	0	0	0	0	0	0	0
(d)	State Government(s)	0	0	0	0	0	0	0	0	0
(e)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f)	Insurance Companies	12,58,98,638	0	12,58,98,638	6.37	6,71,71,496	0	6,71,71,496	3.40	-2.97
(g)	FIIs/FPIs	42,12,35,190	0	42,12,35,190	21.33	45,77,35,673	0	45,77,35,673	23.18	1.85
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i)	Qualified Foreign Investors	0	0	0	0	0	0	0	0	0
(j)	Others (specified below)	0	0	0	0	0	0	0	0	0
	Sub-Total (B) (1)	**63,65,91,948**	**0**	**63,65,91,948**	**32.23**	**62,88,52,368**	**0**	**62,88,52,368**	**31.84**	**-0.39**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate									
(i)	Indian	2,92,87,492	0	2,92,87,492	1.48	3,20,17,475	0	3,20,17,475	1.62	0.14
(ii)	Overseas	0	0	0	0	0	0	0	0	0
(b)	Individuals									
(i)	Individuals shareholders holding nominal share capital upto ₹1 lakh	8,24,92,451	52,085	8,25,44,536	4.18	10,56,05,670	56,187	10,56,61,857	5.35	1.17
(ii)	Individuals shareholders holding nominal share capital in excess of ₹1 lakh	4,98,49,151	0	4,98,49,151	2.52	3,56,76,483	0	3,56,76,483	1.81	-0.71

Category of Shareholder		No. of shares held at the beginning of the year (April 1, 2017)				No. of shares held at the end of the year (March 31, 2018)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(c)	Others (specified below)									
	Clearing Members	*53,75,270*	*0*	*53,75,270*	*0.28*	*99,42,990*	*0*	*99,42,990*	*0.50*	*0.22*
	Foreign Nationals	*1,34,675*	*0*	*1,34,675*	*0.01*	*1,29,000*	*0*	*1,29,000*	*0.01*	*Negligible*
	NBFCs registered with RBI	*3,19,644*	*0*	*3,19,644*	*0.02*	*1,66,202*	*0*	*1,66,202*	*0.01*	*-0.01*
	Non Resident Indians (NRI)	*32,82,563*	*0*	*32,82,563*	*0.17*	*37,61,419*	*0*	*37,61,419*	*0.19*	*0.02*
	NRI Non -Repatriation	*18,27,081*	*100*	*18,27,181*	*0.09*	*19,85,525*	*0*	*19,85,525*	*0.10*	*0.01*
	Trusts	*32,01,068*	*0*	*32,01,068*	*0.16*	*49,91,147*	*0*	*49,91,147*	*0.25*	*0.09*
	IEPF	*0*	*0*	*0*	*0*	*54,751*	*0*	*54,751*	*0*	*0*
	Sub-Total (B) (2)	**17,57,69,395**	**52,185**	**17,58,21,580**	**8.91**	**19,43,30,662**	**56,187**	**19,43,86,849**	**9.84**	**0.93**
	Total Public Shareholding (B)=(B) (1)+B (2)	**81,23,61,343**	**52,185**	**81,24,13,528**	**41.14**	**82,31,83,030**	**56,187**	**82,32,39,217**	**41.68**	**0.54**
(C)	**Shares held by custodians for GDRs & ADRs**	0	0	0	0	0	0	0	0	0
	Sub-Total (C)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Grand Total (A+B+C)	**1,97,48,65,815**	**52,185**	**1,97,49,18,000**	**100.00**	**1,97,48,61,813**	**56,187**	**1,97,49,18,000**	**100.00**	**0**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	President of India	1,16,25,04,472	58.86	0	1,15,16,78,783	58.32	0	-0.54
	Total	**1,16,25,04,472**	**58.86**	**0**	**1,15,16,78,783**	**58.32**	**0**	**-0.54**

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars		Shareholding at the beginning of the year (April 1, 2017)		Cumulative shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	President of India					
	At the beginning of the year		1,16,25,04,472	58.86		
	Date wise Increase/Decrease in Promoters' Shareholding during the year specifying the reasons for increase/ decrease					
	Date	**Reason for Increase/ Decrease**				
	November 23, 2017	Sale (See Notes below)			1,08,25,689	0.54
	At the end of the year				1,15,16,78,783	58.32

Notes:

1) During the financial year 2017-18, the President of India acting through Ministry of Power, Government of India sold 1,08,25,689 equity shares i.e. 0.54% of the paid up equity share capital of the Company on November 23, 2017, through Off market sale of shares, to ICICI Prudential Asset Management Company Limited, the Asset Management Company of Bharat 22 Exchange Traded Fund Scheme. Accordingly, as on March 31, 2018, the President of India held 58.32% of the paid up equity share capital of the Company.

2) After March 31, 2018, the President of India acting through Ministry of Power, Government of India, further sold 64,73,244 equity shares i.e. 0.33% of the paid up equity share capital of the Company on June 18, 2018, through Off market sale of shares, to ICICI Prudential Asset Management Company Limited, the Asset Management Company of Bharat 22 Exchange Traded Fund Scheme. Accordingly, as on the date of this report, the President of India holds 57.99% of the paid up equity share capital of the Company.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (April 1, 2017)		Increase / Decrease in shareholding (Refer Notes)		Cumulative Shareholding at the end of the year (March 31, 2018)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India*	10,78,81,804	5.46	0	6,25,22,374	4,53,59,430	2.30
2	The Prudential Assurance Company Limited *	3,89,19,948	1.97	0	1,48,124	3,87,71,824	1.96
3	CPSE ETF *	2,89,43,256	1.47	0	1,06,03,868	1,83,39,388	0.93
4	Morgan Stanley Mauritius Company Limited@	2,41,37,390	1.22	0	2,40,81,091	56,299	Negligible
5	Eastspring Investments - Developed and Emerging AS#	22,57,454	0.11	1,66,92,426	0	1,89,49,880	0.96
6	East Bridge Capital Master Fund Limited*	1,76,71,760	0.89	0	49,34,107	1,27,37,653	0.64
7	HDFC Trustee Company Limited - HDFC Prudence Fund*	1,53,54,000	0.78	53,11,000	0	2,06,65,000	1.05
8	BNP Paribas Arbitrage#	4,408	0.00	1,35,84,806	0	1,35,89,214	0.69
9	Robeco Capital Growth Funds - Robeco QI Emerging Conservative Equities@	1,23,82,817	0.63	0	1,23,82,817	0	0.00
10	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds@	1,20,55,552	0.61	0	1,20,55,552	0	0.00
11	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds#	0	0.00	1,18,88,245	0	1,18,88,245	0.60
12	HDFC Trustee Company Limited-HDFC Equity Fund*	1,17,48,000	0.59	32,12,900	0	1,49,60,900	0.76
13	India Capital Fund Limited#	0	0.00	1,13,90,000	0	1,13,90,000	0.58
14	Eastspring Investments India Equity Open Limited@	1,11,73,890	0.57	0	99,44,587	12,29,303	0.06

(*denotes position in Top 10 shareholders as on April 1, 2017 and March 31, 2018; @ denotes position in Top 10 shareholders as on April 1, 2017 only; and # denotes position in Top 10 shareholders as on March 31, 2018 only.)

Note: The shares of the Company are traded on a daily basis and hence, the date-wise increase / decrease in shareholding is not indicated.

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year (April 1, 2017)		Cumulative shareholding at the end of the year (March 31, 2018)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	**Dr. P V Ramesh, Chairman & Managing Director**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
2	**Shri Ajeet Kumar Agarwal, Director (Finance)**				
	At the beginning of the year	484	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			484	Negligible
3	**Shri Sanjeev Kumar Gupta, Director (Technical)**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
4	**Dr. Arun Kumar Verma, Government Nominee Director**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
5	**Shri Arun Singh, Independent Director (ceased to be Director w.e.f March 8, 2018)**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year (as on March 8, 2018)			0	0
6	**Shri A. Krishna Kumar, Independent Director**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
7	**Prof. T.T Ram Mohan, Independent Director**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
8	**Smt. Asha Swarup, Independent Director**				
	At the beginning of the year	0	0		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0
9	**Shri Jyoti Shubhra Amitabh, General Manager & Company Secretary (KMP)**				
	At the beginning of the year	2,242	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			2,242	Negligible

Note: During the financial year 2017-18, Shri Arun Singh (DIN: 00891728), Independent Director of REC, resigned from the Board of the company due to personal reasons and ceased to be a Director w.e.f. March 8, 2018.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on April 1, 2017)				
i) Principal Amount	60,467.71	1,07,049.67	-	1,67,517.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,457.48	3,581.68	-	6,039.16
Total (i+ii+iii)	**62,925.19**	**1,10,631.35**	**-**	**1,73,556.54**
Change in Indebtedness during the financial year				
i) Principal Amount				
• Addition	9,565.50	44,849.38	-	54,414.88
• Reduction	11,141.08	12,419.79	-	23,560.87
• Foreign Exchange Gain/loss	-	330.62	-	330.62
Net Change in Principal Amount (i)	**-1,575.58**	**32,760.21**	**-**	**31,184.63**
ii) Interest due but not paid				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change in Interest due but not paid (ii)	**-**	**-**	**-**	**-**
iii) Interest accrued but not due				
• Addition	4,556.62	12,051.00	-	16,607.62
• Reduction	4,732.83	11,643.32	-	16,376.15
• Foreign Exchange Gain/Loss	-	-1.99	-	-1.99
Net Change in Interest accrued but not due (iii)	**-176.21**	**405.69**	**-**	**229.48**
Total Net Change (i+ii+iii)	**-1,751.79**	**33,165.90**	**-**	**31,414.11**
Indebtedness at the end of the financial year (As on March 31, 2018)				
i) Principal Amount	58,892.13	1,39,899.38	-	1,98,791.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,281.27	3,897.87	-	6,179.14
Total (i+ii+iii)	**61,173.40**	**1,43,797.25**	**-**	**2,04,970.65**

Notes:

1. Commercial Papers and Working Capital Demand Loan raised and redeemed during the year has not been considered in "Addition / Reduction" head.
2. In respect of Institutional Bonds-Zero Coupon Bonds, interest accrued but not due of ₹89.50 crore has been included in principal amount instead of inclusion of the same in interest accrued but not due.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Dr. P V Ramesh CMD	Shri Ajeet Kumar Agarwal Director (Finance)	Shri Sanjeev Kumar Gupta Director (Technical)	Total
1	Gross Salary				
a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	27,17,465	49,96,964	50,48,127	1,27,62,556
b)	Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	NIL	7,77,790	9,56,915	17,34,705
c)	Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission				
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify....	NIL	NIL	NIL	NIL
5	Others, as specified below				
	- Employer Contribution towards Provident Fund	NIL	2,75,122	2,75,272	5,50,394
	- Employer Contribution towards Pension Fund {amount over and above ₹1,50,000 has been included in perquisites u/s 17 (2)}	NIL	2,06,341	2,06,454	4,12,795
	Total (A)	**27,17,465**	**62,56,217**	**64,86,768**	**1,54,60,450**
	Ceiling as per the Act #	# The ceiling for managerial remuneration is not applicable for Government Companies as per MCA Notification dated June 5, 2015.			

Note: REC being a Government Company, the role of CEO and CFO is being performed by "CMD" and "Director (Finance)" of the Company, respectively.

B. Remuneration to other Directors

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Independent Directors				Government Nominee Director	Total
		Shri Arun Singh (Director *Upto March 8, 2018)*	Shri A. Krishna Kumar	Prof. T. T. Ram Mohan	Smt. Asha Swarup	Dr. Arun Kumar Verma	
1	**Independent Directors**						
	• Fee for attending Board/ Committee meetings (excluding GST)	2,60,000	6,60,000	4,20,000	3,80,000		**17,20,000**
	• Commission	NIL	NIL	NIL	NIL		**NIL**
	• Others	NIL	NIL	NIL	NIL		**NIL**
	Total (1)	**2,60,000**	**6,60,000**	**4,20,000**	**3,80,000**		**17,20,000**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Independent Directors				Government Nominee Director	Total
		Shri Arun Singh (Director *Upto March 8, 2018)*	Shri A. Krishna Kumar	Prof. T. T. Ram Mohan	Smt. Asha Swarup	Dr. Arun Kumar Verma	
2	**Other Non- Executive Directors**						
	• Fee for attending Board/ Committee meetings					NIL	**NIL**
	• Commission					NIL	**NIL**
	• Other					NIL	**NIL**
	Total (2)					**NIL**	**NIL**
	Total (B) =(1+2)	**2,60,000**	**6,60,000**	**4,20,000**	**3,80,000**	**NIL**	**17,20,000**
	Total Managerial Remuneration (A+B)						**1,71,80,450**
	Overall Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015.					

Notes:

1. Besides payment of sitting fee to Independent Directors for attending the meetings of Board / Committees thereof, Company is also bearing expenses relating to their air tickets, hotel accommodation, hiring of vehicle, out of pocket expenses and other local conveyance, etc.
2. Fee paid to Shri A Krishna Kumar includes an amount of ₹20,000/- paid for attending a meeting of IT Strategy Committee, which is not a Board Level Committee.

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

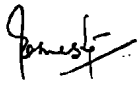
(Amount in ₹)

Sl. No	Particulars of Remuneration	Company Secretary Shri J.S. Amitabh
1	Gross Salary	
a)	Salary as per provisions contained in Section 17 (1) of the Income Tax Act 1961	4,755,472
b)	Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	1,82,922
c)	Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	NIL
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission	
	- as % of profit	NIL
	- others	NIL
5	Others, as specified below	
	- Employer Contribution towards Provident Fund	2,47,173
	- Employer Contribution towards Pension Fund {amount over and above ₹1,50,000 has been included in perquisites u/s 17 (2)}	1,85,380
	Total (C)	**53,70,947**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A.	**COMPANY**					
	Penalty	None				
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty	None				
	Punishment					
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty	None				
	Punishment					
	Compounding					

For and on behalf of the Board of Directors



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

Place: New Delhi
Date : August 23, 2018

FORM No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by Rural Electrification Corporation Limited with its related parties (as per Section 188(1) of the Companies Act, 2013)

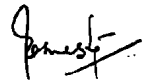
1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the resolution was passed in general meeting as required under first proviso to Section 188
REC Power Distribution Company Limited (RECPDCL) Wholly-Owned Subsidiary of REC	Project Implementing & Monitoring Agency for CSR project	1 year	Installation/distribution of 20 inch LED TV to 6,197 Nos. of households in villages of Arunachal Pradesh, for an aggregate cost of ₹6.19 crore.	Considering that electrification work under DDG scheme for these villages was already awarded to RECPDCL, this contract was also awarded to RECPDCL on nomination basis.	May 30, 2017	NIL	Not Required
	Day to day monitoring of electrification of un-electrified villages	--	Enhancement in the ceiling limit of expenditure for day to day monitoring for electrification of balance un-electrified villages from existing ₹40 crore to ₹52 crore.	Additional requirement of funds to the tune of ₹12 crore for monitoring of electrification of balance un-electrified villages.	December 18, 2017	NIL	
	Strengthening of monitoring system for 100% household electrification access	--	Work relating to strengthening of monitoring system for 100% household electrification access, to be carried out by RECPDCL on nomination basis and on cost plus basis, for an amount of ₹42 crore.	In view of the experience of RECPDCL for day to day monitoring of electrification in un-electrified villages, the contract for monitoring of 100% household electrification access was awarded to RECPDCL on nomination basis.	December 18, 2017	NIL	
REC Transmission Projects Company Limited (RECTPCL) Wholly-Owned Subsidiary of REC	Project Management Consultant for monitoring of transmission project implemented by M/s Essar Power Transmission Company Limited	6-7 months	Appointment of RECTPCL, on nomination basis, as Project Management Consultant (PMC) for monitoring of project of M/s Essar Power Transmission Company Limited (EPTCL) sanctioned by REC as a Lead Lender, upto the date of Project COD, at a fee of ₹2 Lakh per month (excluding applicable taxes).	Due to paucity of time for carrying out the comprehensive tendering process and to avoid putting unnecessary financial burden on the project, the contract was awarded to RECTPCL on nomination basis.	July 11, 2017	NIL	

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the resolution was passed in general meeting as required under first proviso to Section 188
Energy Efficiency Services Limited (EESL) Associate Company of REC	Project Implementing Agency for CSR project	1 year	Installation of 445 Solar Based Street Lighting System (SLS) and 145 Solar High Mast Lights (SHMLS) in Bareilly, Aonla, Bisalpur and Bareilly Cantt. Regions, for an aggregate project cost of ₹2.38 crore.	In view of the technical competency of the agency in the field of renewable energy, the contract was awarded to EESL on nomination basis.	May 30, 2017	NIL	September 21, 2016

2. **Details of material contracts or arrangement or transactions at arm's length basis:** No material contracts or arrangements or transactions were entered by the Company with any Related Party, during the period under review.

For and on behalf of the Board of Directors



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

Place : New Delhi
Date : July 25, 2018

DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR DIFFERENT BOND SERIES AS ON MARCH 31, 2018

{IN TERMS OF REGULATION 53 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015}

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/ YYYY)	Coupon Rate	Listed at		Registrar & Transfer Agent
							NSE	BSE	
1	IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17 R, Kamani Marg, Ballard Estate, Mumbai-400001 Contact : Mr. Ajit Guruji Phone : 022-40807001 Fax No. : 022-66311776 Email : ajit.guruji@idbitrustee.com response@idbitrustee.com Website : www.idbitrustee.com	INE020B08500	Infra Bonds Series-I (2010-11)	Unsecured	31-03-2021	8.00%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Contact : Mr. Sanjay Rastogi Phone : 011-29961281-83 Fax : 011-29961284 Email : recbonds@gmail.com beetal@beetalfinancial.com
		INE020B08518		Unsecured	31-03-2021	8.10%	Yes	No	
		INE020B08526		Unsecured	31-03-2021	8.20%	Yes	No	
		INE020B08534		Unsecured	31-03-2021	8.20%	Yes	No	
		INE020B07DG6	85	Secured	13-06-2018	9.68%	Yes	No	
		INE020B07DT9	86-A	Secured	30-07-2018	10.70%	Yes	No	
		INE020B07DW3	86-B III	Secured	14-08-2018	10.85%	Yes	No	
		INE020B07DY9	87 - II	Secured	01-10-2018	10.85%	Yes	No	
		INE020B07EB5	87A - III	Secured	24-10-2018	11.15%	Yes	No	
		INE020B07EG4	88	Secured	15-01-2019	8.65%	Yes	No	
		INE020B07EP5	90	Secured	03-08-2019	8.80%	Yes	No	
		INE020B07ER1	90B-II	Secured	04-09-2019	8.72%	Yes	No	
		INE020B07EV3	90C-II	Secured	07-10-2019	8.80%	Yes	No	
		INE020B07EY7	91-II	Secured	18-11-2019	8.80%	Yes	No	
		INE020B07FC0	92-II	Secured	22-01-2020	8.65%	Yes	No	
		INE020B08427	94	Unsecured	09-06-2025	8.75%	Yes	No	
		INE020B08435	95-I	Unsecured	12-07-2019	8.70%	Yes	No	
		INE020B08443	95-II	Unsecured	14-07-2025	8.75%	Yes	No	
		INE020B08450	96	Unsecured	26-10-2020	8.80%	Yes	Yes	
		INE020B08468	97	Unsecured	30-11-2020	8.80%	Yes	No	
		INE020B08476	0 CPN-I	Unsecured	15-12-2020	0	Yes	No	
		INE020B08484	0 CPN-II	Unsecured	03-02-2021	0	Yes	Yes	
		INE020B08492	98	Unsecured	15-03-2021	9.18%	Yes	No	
		INE020B08567	100	Unsecured	15-07-2021	9.63%	Yes	No	
		INE020B08591	101-III	Unsecured	10-08-2021	9.48%	Yes	No	
		INE020B08641	105	Unsecured	11-11-2021	9.75%	Yes	No	
		INE020B08740	107	Unsecured	15-06-2022	9.35%	Yes	No	
		INE020B08765	108-II	Unsecured	20-07-2019	9.39%	Yes	Yes	
		INE020B08799	111-I	Unsecured	19-11-2019	9.02%	Yes	Yes	
		INE020B08807	111-II	Unsecured	19-11-2022	9.02%	Yes	Yes	
		INE020B08823	113	Unsecured	09-03-2020	8.87%	Yes	Yes	
		INE020B08831	114	Unsecured	12-04-2023	8.82%	Yes	Yes	
		INE020B08849	115	Unsecured	31-05-2023	8.06%	Yes	Yes	
		INE020B07HX2	116-II	Secured	17-10-2018	9.24%	Yes	Yes	
		INE020B07HY0	117	Secured	06-11-2018	9.38%	Yes	Yes	
		INE020B07HZ7	118	Secured	03-01-2019	9.61%	Yes	Yes	
		INE020B07IA8	119	Secured	05-02-2019	9.63%	Yes	Yes	Karvy Computershare Private Limited Karvy Selenium Tower, B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact : Mr. R Prakash, Phone : 040-67161586, 6716 1635 Email : prakash.28@karvy.com
		INE020B07IV4	122	Secured	18-06-2019	9.02%	Yes	Yes	
		INE020B07IW2	123-I	Secured	17-07-2021	9.40%	Yes	Yes	
		INE020B07IZ5	123-III-10 yrs	Secured	23-08-2024	9.34%	Yes	Yes	
		INE020B08856	125	Unsecured	11-10-2019	9.04%	Yes	Yes	
		INE020B08864	126	Unsecured	13-11-2019	8.56%	Yes	Yes	
		INE020B08872	127	Unsecured	04-12-2021	8.44%	Yes	Yes	

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/ YYYY)	Coupon Rate	Listed at		Registrar & Transfer Agent
							NSE	BSE	
		INE020B08880	128	Unsecured	21-12-2024	8.57%	Yes	Yes	
		INE020B08898	129	Unsecured	23-01-2025	8.23%	Yes	Yes	
		INE020B08906	130	Unsecured	06-02-2025	8.27%	Yes	Yes	
		INE020B08914	131	Unsecured	21-02-2025	8.35%	Yes	Yes	
		INE020B08922	132	Unsecured	09-03-2022	8.27%	Yes	Yes	
2	Vistra ITCL (India) Ltd. The IL &FS Financial Centre G Block, Plot C-22, Bandra Kurla Complex, Bandra (E) Mumbai-400051 Contact : Mr. Sanjay Dodti Phone : 022-26593644 Fax : 022-26533297 Email : sanjay.dodti@ilfsindia.com shailesh.kokate@ilfsindia.com Website : www.itclindia.com	INE020B08682	Infra Bonds Series-II (2011-12)	Unsecured	16-02-2019	9.15%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 Contact : Mr. Sanjay Rastogi Phone : 011-29961281-83 Fax : 011-29961284 Email : recbonds1@gmail.com beetal@beetalfinancial.com
		INE020B08690		Unsecured	16-02-2019	9.15%	Yes	No	
		INE020B08708		Unsecured	15-02-2022	8.95%	Yes	No	
		INE020B08716		Unsecured	15-02-2022	8.95%	Yes	No	
		INE020B08724		Unsecured	15-02-2027	9.15%	Yes	No	
		INE020B08732		Unsecured	15-02-2027	9.15%	Yes	No	
		INE020B07GG9	2011-12 Public Issue Tranche-1	Secured	28-03-2022	7.93%	No	Yes	Karvy Computershare Private Limited Karvy Selenium Tower, B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact : Mr. R Prakash, Phone : 040-67161586, 6716 1635 Email : prakash.28@karvy.com
					28-03-2022	8.13%	No	Yes	
		INE020B07GH7		Secured	29-03-2027	8.12%	No	Yes	
					29-03-2027	8.32%	No	Yes	
3	SBICAP Trustee Company Ltd. 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : corporate@sbicaptrustee.com investor.cell@sbicaptrustee.com Website : www.sbicaptrustee.com	INE020B07JC2	54EC Series X (2015-16)	Secured	30-04-2018	6.00%	No	No	Karvy Computershare Private Limited Karvy Selenium Tower, B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact : Mr. R. Prakash Phone : 040 - 67161586 040 - 6716 1635 Email : prakash.28@karvy.com
		INE020B07JD0		Secured	31-05-2018	6.00%	No	No	
		INE020B07JE8		Secured	30-06-2018	6.00%	No	No	
		INE020B07JF5		Secured	31-07-2018	6.00%	No	No	
		INE020B07JG3		Secured	31-08-2018	6.00%	No	No	
		INE020B07JH1		Secured	30-09-2018	6.00%	No	No	
		INE020B07JI9		Secured	31-10-2018	6.00%	No	No	
		INE020B07JJ7		Secured	30-11-2018	6.00%	No	No	
		INE020B07JK5		Secured	31-12-2018	6.00%	No	No	
		INE020B07JL3		Secured	31-01-2019	6.00%	No	No	
		INE020B07JM1		Secured	28-02-2019	6.00%	No	No	
		INE020B07JN9		Secured	31-03-2019	6.00%	No	No	
		INE020B07JV2	54EC Series X (2016-17)	Secured	30-04-2019	6.00%	No	No	
		INE020B07JW0		Secured	31-05-2019	6.00%	No	No	
		INE020B07JX8		Secured	30-06-2019	6.00%	No	No	
		INE020B07JY6		Secured	31-07-2019	6.00%	No	No	
		INE020B07JZ3		Secured	31-08-2019	6.00%	No	No	
		INE020B07KA4		Secured	30-09-2019	6.00%	No	No	
		INE020B07KB2		Secured	31-10-2019	6.00%	No	No	
		INE020B07KC0		Secured	30-11-2019	6.00%	No	No	
		INE020B07KD8		Secured	31-12-2019	5.25%	No	No	
		INE020B07KE6		Secured	31-01-2020	5.25%	No	No	
		INE020B07KF3		Secured	29-02-2020	5.25%	No	No	
		INE020B07KG1		Secured	31-03-2020	5.25%	No	No	

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/ YYYY)	Coupon Rate	Listed at		Registrar & Transfer Agent
							NSE	BSE	
	SBICAP Trustee Company Ltd. 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : corporate@sbicaptrustee.com investor.cell@sbicaptrustee.com Website : www.sbicaptrustee.com	INE020B07KI7	54EC Series XI (2017-18)	Secured	30-04-2020	5.25%	No	No	
		INE020B07KJ5		Secured	31-05-2020	5.25%	No	No	
		INE020B07KK3		Secured	30-06-2020	5.25%	No	No	
		INE020B07KL1		Secured	31-07-2020	5.25%	No	No	
		INE020B07KM9		Secured	31-08-2020	5.25%	No	No	
		INE020B07KN7		Secured	30-09-2020	5.25%	No	No	
		INE020B07KO5		Secured	31-10-2020	5.25%	No	No	
		INE020B07KP2		Secured	30-11-2020	5.25%	No	No	
		INE020B07KQ0		Secured	31-12-2020	5.25%	No	No	
		INE020B07KR8		Secured	31-01-2021	5.25%	No	No	
		INE020B07KS6		Secured	28-02-2021	5.25%	No	No	
		INE020B07KT4		Secured	31-03-2021	5.25%	No	No	
		INE020B08930	133	Unsecured	10-04-2025	8.30%	Yes	Yes	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact : Mr. R. Prakash Phone : 040 - 67161586, 040 - 6716 1635 Email : prakash.28@karvy.com
		INE020B08948	134	Unsecured	14-08-2020	8.37%	Yes	Yes	
		INE020B08955	135	Unsecured	22-09-2020	8.36%	Yes	Yes	
		INE020B08963	136	Unsecured	07-10-2025	8.11%	Yes	Yes	
		INE020B08971	137	Unsecured	07-12-2018	8.05%	Yes	Yes	
		INE020B08997	139	Unsecured	21-10-2021	7.24%	Yes	Yes	
		INE020B08AA3	140	Unsecured	07-11-2026	7.52%	Yes	Yes	
		INE020B08AB1	141	Unsecured	09-12-2021	7.14%	Yes	Yes	
		INE020B08AC9	142	Unsecured	30-12-2026	7.54%	Yes	Yes	
		INE020B08AD7	143	Unsecured	29-06-2020	6.83%	Yes	Yes	
		INE020B08AE5	144	Unsecured	21-09-2020	7.13%	Yes	Yes	
		INE020B08AF2	145	Unsecured	28-02-2022	7.46%	Yes	Yes	
		INE020B08AG0	146	Unsecured	03-09-2018	6.88%	Yes	Yes	
		INE020B08AH8	147	Unsecured	12-03-2027	7.95%	Yes	Yes	
		INE020B08AI6	148	Unsecured	17-06-2020	7.42%	Yes	Yes	
		INE020B08AJ4	149	Unsecured	24-09-2020	6.87%	Yes	Yes	
		INE020B08AK2	150	Unsecured	07-09-2022	7.03%	Yes	Yes	
		INE020B08AL0	151	Unsecured	26-03-2019	6.75%	Yes	Yes	
		INE020B08AM8	152	Unsecured	17-10-2022	7.09%	Yes	Yes	
		INE020B08AN6	153	Unsecured	31-12-2020	6.99%	Yes	Yes	
		INE020B08AO4	154	Unsecured	21-05-2021	7.18%	Yes	Yes	
		INE020B08AP1	155	Unsecured	30-11-2022	7.45%	Yes	Yes	
		INE020B08AQ9	156	Unsecured	10-12-2027	7.70%	Yes	Yes	
		INE020B08AR7	157	Unsecured	17-04-2021	7.60%	Yes	Yes	
		INE020B08AS5	158	Unsecured	15-03-2021	7.70%	Yes	Yes	
		INE020B08AT3	159	Unsecured	23-02-2023	7.99%	Yes	Yes	
		INE020B08AU1	160	Unsecured	16-09-2019	7.77%	Yes	Yes	
		INE020B08AV9	161-A	Unsecured	13-03-2020	7.59%	Yes	Yes	
		INE020B08AW7	161-B	Unsecured	15-06-2021	7.73%	Yes	Yes	
		INE020B08AX5	GOI-I	Unsecured	21-03-2028	8.09%	Yes	Yes	
		INE020B08AY3	GOI-II	Unsecured	24-03-2028	8.01%	Yes	Yes	
		INE020B08AZ0	GOI-III	Unsecured	27-03-2028	8.06%	Yes	Yes	
		INE020B07GU0	2012-13 Private Placement	Secured	21-11-2022	7.21%	Yes	Yes	
		INE020B07GV8		Secured	22-11-2027	7.38%	Yes	Yes	

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/ Unsecured	Redemption Date (DD/MM/ YYYY)	Coupon Rate	Listed at		Registrar & Transfer Agent
							NSE	BSE	
	SBICAP Trustee Company Ltd. 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : corporate@sbicaptrustee.com investor.cell@sbicaptrustee.com Website : www.sbicaptrustee.com	INE020B07GW6	2012-13 Public Issue Tranche-1	Secured	19-12-2022	7.22%	Yes	Yes	
					19-12-2022	7.72%	Yes	Yes	
		INE020B07GX4		Secured	20-12-2027	7.38%	Yes	Yes	
					20-12-2027	7.88%	Yes	Yes	
		INE020B07GY2	2012-13 Public Issue Tranche-2	Secured	27-03-2023	6.88%	Yes	Yes	
					27-03-2023	7.38%	Yes	Yes	
		INE020B07GZ9		Secured	27-03-2028	7.04%	Yes	Yes	
					27-03-2028	7.54%	Yes	Yes	
		INE020B07HM5	2013-14 Private Placement-1	Secured	29-08-2023	8.01%	Yes	Yes	
		INE020B07HN3		Secured	29-08-2028	8.46%	Yes	Yes	
		INE020B07HO1	2013-14 Public Issue Tranche-1	Secured	25-09-2023	8.01%	Yes	Yes	
		INE020B07HR4		Secured	25-09-2023	8.26%	Yes	Yes	
		INE020B07HP8		Secured	25-09-2028	8.46%	Yes	Yes	
		INE020B07HS2		Secured	25-09-2028	8.71%	Yes	Yes	
		INE020B07HQ6		Secured	26-09-2033	8.37%	Yes	Yes	
		INE020B07HT0		Secured	26-09-2033	8.62%	Yes	Yes	
		INE020B07HU8	2013-14 Private Placement-2	Secured	11-10-2023	8.18%	Yes	Yes	
		INE020B07HV6		Secured	11-10-2028	8.54%	Yes	Yes	
		INE020B07IC4	2013-14 Public Issue Tranche-2	Secured	22-03-2024	8.19%	Yes	Yes	
		INE020B07IF7		Secured	22-03-2024	8.44%	Yes	Yes	
		INE020B07ID2		Secured	23-03-2029	8.63%	Yes	Yes	
		INE020B07IG5		Secured	23-03-2029	8.88%	Yes	Yes	
		INE020B07IE0		Secured	24-03-2034	8.61%	Yes	Yes	
		INE020B07IH3		Secured	24-03-2034	8.86%	Yes	Yes	
		INE020B07J07	2015-16 Private Placement	Secured	23-07-2025	7.17%	Yes	Yes	
		INE020B07JP4	2015-16 Public Issue Tranche-1	Secured	05-11-2025	6.89%	No	Yes	
		INE020B07JQ2		Secured	05-11-2025	7.14%	No	Yes	
		INE020B07JR0		Secured	05-11-2030	7.09%	No	Yes	
		INE020B07JS8		Secured	05-11-2030	7.34%	No	Yes	
		INE020B07JT6		Secured	05-11-2035	7.18%	No	Yes	
		INE020B07JU4		Secured	05-11-2035	7.43%	No	Yes	

BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Crores)

Sl. No.	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	1	**1,974.92**	1,974.92
	(b) Reserves and Surplus	2	**33,515.59**	31,350.67
	Sub-total (1)		**35,490.51**	**33,325.59**
(2)	**Non-current Liabilities**			
	(a) Long-term Borrowings	3	**160,949.43**	149,489.33
	(b) Deferred Tax Liabilities (Net)	4	**66.96**	40.26
	(c) Other Long-term Liabilities	5	**4,037.49**	12.38
	(d) Long-term Provisions	6	**1,326.02**	1,848.42
	Sub-total (2)		**166,379.90**	**151,390.39**
(3)	**Current Liabilities**			
	(a) Short-term Borrowings	3	**5,526.54**	-
	(b) Other Current Liabilities	5	**38,836.01**	24,326.04
	(c) Short-term Provisions	6	**251.50**	194.22
	Sub-total (3)		**44,614.05**	**24,520.26**
	Total (1+2+3)		**246,484.46**	**209,236.24**
II.	**ASSETS**			
(1)	**Non-current Assets**			
	(a) Fixed assets	7		
	(i) Tangible Assets		**123.08**	120.68
	(ii) Intangible Assets		**5.15**	0.43
	(iii) Capital work-in-progress		**118.19**	58.69
	(iv) Intangible Assets under Development		**1.46**	1.46
			247.88	**181.26**
	(b) Non-current Investments	8	**2,455.05**	2,547.29
	(c) Long-term Loans & Advances	9	**206,492.49**	177,348.96
	(d) Other Non-current Assets	10	**4,734.95**	382.60
	Sub-total (1)		**213,930.37**	**180,460.11**
(2)	**Current Assets**			
	(a) Current Investments	8	**119.75**	149.16
	(b) Cash & Bank Balances	11	**1,773.53**	4,490.02
	(c) Short-term Loans & Advances	9	**5,673.56**	3,594.56
	(d) Other Current Assets	10	**24,987.25**	20,542.39
	Sub-total (2)		**32,554.09**	**28,776.13**
	Total (1+2)		**246,484.46**	**209,236.24**

The Significant Accounting Policies and Notes to Accounts 1 to 45 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Aakansha Nigam
Partner
M.No. : 416425

Place: New Delhi
Date: 28th May 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

Sl. No.	Particulars	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
I.	Revenue from Operations	12	22,358.27	23,587.30
II.	Other Income	13	82.04	183.28
III.	**Total Revenue (I+II)**		**22,440.31**	**23,770.58**
IV.	**Expenses**			
(i)	Finance Costs	14	13,829.52	13,450.35
(ii)	Employee Benefits Expense	15	176.87	178.07
(iii)	Depreciation & Amortization	7	5.61	5.04
(iv)	Corporate Social Responsibility Expenses	16	49.45	69.80
(v)	Other Expenses	17	111.69	98.80
(vi)	Provisions and Contingencies	18	1,415.55	1,109.47
	Total Expenses (IV)		**15,588.69**	**14,911.53**
V.	**Profit before Prior Period Items & Tax (III-IV)**		6,851.62	8,859.05
VI.	Prior Period Items	19	(0.47)	(1.65)
VII.	**Profit before Tax (V-VI)**		**6,852.09**	**8,860.70**
VIII.	**Tax Expense**			
(i)	Current period		2,168.20	2,606.29
(ii)	Earlier periods/ (Refunds)		10.19	(27.78)
(iii)	Deferred Tax		26.70	36.43
	Total Tax Expense (i+ii+iii)		**2,205.09**	**2,614.94**
IX.	**Profit for the period from Continuing Operations (VII-VIII)**		**4,647.00**	**6,245.76**
X.	**Profit from Discontinuing Operations (after tax)**		**-**	**-**
XI.	**Profit for the period (IX+X)**		**4,647.00**	**6,245.76**
XII.	**Earnings per Equity Share (in ₹ for an equity share of ₹10 each)**			
(1)	Basic	20	23.53	31.63
(2)	Diluted	20	23.53	31.63

The Significant Accounting Policies and Notes to Accounts 1 to 45 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Aakansha Nigam
Partner
M.No. : 416425

Place: New Delhi
Date: 28th May 2018

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

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

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

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. 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 agency fee on Government schemes is recognized on accrual basis on the basis of the services rendered.

c. 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.

d. Income from investments

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

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

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

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

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

2.2 Assets Classification

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

(a) if interest and/ or instalment of principal remains overdue for a period of 3 months or more.

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

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

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

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

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

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

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period exceeding 12 months for the financial year ending 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

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

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

(ii) Doubtful assets –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

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

SIGNIFICANT ACCOUNTING POLICIES

(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 if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	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	The provisioning requirement would be 0.40% of the amount outstanding as Standard Assets.

2.4 Treatment of Provisions held

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

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

3. FIXED ASSETS

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

4. DEPRECIATION

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

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

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

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS

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

6. INVESTMENTS

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

7. CURRENT TAX AND DEFERRED TAX

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or

SIGNIFICANT ACCOUNTING POLICIES

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 arrangement fee paid on the raising of External Commercial Borrowings, discount/ interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

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

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding ₹5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

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

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI

SIGNIFICANT ACCOUNTING POLICIES

reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

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

15. GRANTS/FUNDS FROM GOVERNMENT

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

16. DERIVATIVE TRANSACTIONS

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

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

16.3 Any one-time hedging premium paid on derivative transactions shall be amortized over the tenor of such derivative contract.

NOTES TO ACCOUNTS

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹10 each	**5,000,000,000**	**5,000.00**	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹10 each	**1,974,918,000**	**1,974.92**	1,974,918,000	1,974.92
Total	**1,974,918,000**	**1,974.92**	**1,974,918,000**	**1,974.92**

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	**1,974,918,000**	**1,974.92**	987,459,000	987.46
Add: Bonus shares issued & allotted during the year	**-**	**-**	987,459,000	987.46
Number of shares at the end of the year	**1,974,918,000**	**1,974.92**	**1,974,918,000**	**1,974.92**

1.2 Allotment of Bonus Shares during the year and during preceding five years

During the FY 2017-18, no bonus shares were issued by the Company. However, the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

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

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

Name of the Shareholder	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	**1,151,678,783**	**58.32%**	1,162,504,472	58.86%
Life Insurance Corporation of India	**55,151,984**	**2.79%**	126,322,504	6.40%

The President of India acting through Ministry of Power, Government of India has divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company through BHARAT 22 ETF Scheme on 23rd November, 2017.

NOTES TO ACCOUNTS

2. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Capital Reserve	**105.00**	105.00
Securities Premium Account		
Balance as at the beginning of the year	**2,236.54**	3,224.00
Less: Deductions/ adjustments during the year (Refer Note 2.1)	**-**	987.46
Balance as at the end of the year	**2,236.54**	2,236.54
Debenture Redemption Reserve (Refer Note 2.2)		
Balance as at the beginning of the year	**924.95**	728.36
Add: Amount transferred from Surplus Account	**196.59**	196.59
Balance as at the end of the year	**1,121.54**	924.95
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**12,230.70**	10,349.64
Add: Amount transferred from Surplus Account	**1,582.49**	1,881.06
Balance as at the end of the year	**13,813.19**	12,230.70
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**2,425.30**	2,011.97
Add: Amount transferred from Surplus Account	**335.80**	413.33
Balance as at the end of the year	**2,761.10**	2,425.30
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)		
Balance as at the beginning of the year	**36.31**	-172.41
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	**-145.16**	153.63
Amortisation during the year	**45.75**	55.09
Balance as at the end of the year	**-63.10**	36.31
General Reserve		
Balance as at the beginning of the year	**4,677.40**	4,677.40
Add: Amount transferred from Surplus Account	**500.00**	-
Balance as at the end of the year	**5,177.40**	4,677.40
Surplus Account		
Balance as at the beginning of the year	**8,714.47**	6,706.34
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31st March 2016 (Refer Note 2.1)	**-**	86.75
Add: Profit during the year	**4,647.00**	6,245.76
Less : Appropriations		

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,582.49**		1,881.06	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**335.80**		413.33	
- Dividend				
- Final Dividend for the previous year (Refer Note 2.4)	**523.35**		-	
- Interim Dividend for the current year	**1,461.44**		1,382.44	
- Dividend Distribution Tax				
- Final Dividend for the previous year	**101.11**		-	
- Interim Dividend for the current year	**296.77**		277.46	
- Transfer to Debenture Redemption Reserve	**196.59**		196.59	
- Transfer to General Reserve	**500.00**	**4,997.55**	-	4,150.88
Balance as at the end of the year		**8,363.92**		8,714.47
Total Reserves and Surplus		**33,515.59**		31,350.67

2.1 Draw down from Reserves

No amount has been drawn from the reserves during the year ended 31st March 2018. However, during the financial year 2016-17, an amount of ₹86.75 crores after netting of taxes of ₹45.92 crores had been adjusted in the retained earnings In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivative Contracts. Further, bonus shares had also been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹987.46 Crores during the previous year.

2.2 Debenture Redemption Reserve (DRR)

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

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

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹63.10 Crores as at 31st March 2018 (₹36.31 Crores (gain) as at 31st March 2017).

2.4 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
On Equity Shares of ₹10 each		
- Amount of Dividend proposed (₹ in Crores)	**345.61**	523.35
- Rate of Dividend (%)	**17.50%**	26.50%
- Dividend per equity share (₹)	**1.75**	2.65

As per the requirements of Revised AS-4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company was not required to provide for dividend proposed by the Board of Directors for the financial year 2016-17 in the books of accounts for the same year, as the declaration of dividend was done after the year end. The appropriation towards final dividend for the last year was accordingly made during the current year.

NOTES TO ACCOUNTS

3. Details of Borrowings

3.1 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-5 'Other Long-term and Short-term Liabilities'.

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(A) Secured Long-Term Debt						
(a) Bonds						
(i) Institutional Bonds	**11,019.40**	**11,119.20**	**22,138.60**	22,138.60	5,453.30	27,591.90
(ii) 54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	14,139.62	5,337.78	19,477.40
(iii) Tax Free Bonds	**12,648.41**	**-**	**12,648.41**	12,648.41	-	12,648.41
(b) Term Loans						
(i) from Financial Institutions	**200.00**	**200.00**	**400.00**	400.00	350.00	750.00
(c) Other Loans & Advances						
(i) Bond Application Money	**1,469.23**	**-**	**1,469.23**	-	-	-
Total Secured Long-Term Debt (a+b+c)	**41,096.23**	**17,795.90**	**58,892.13**	**49,326.63**	**11,141.08**	**60,467.71**
(B) Unsecured Long-Term Debt						
(a) Bonds						
(i) Institutional Bonds	**98,894.70**	**6,675.00**	**105,569.70**	79,424.70	5,359.70	84,784.40
(ii) Infrastructure Bonds	**16.46**	**94.01**	**110.47**	34.89	76.75	111.64
(iii) Zero Coupon Bonds	**1,162.59**	**-**	**1,162.59**	1,073.09	-	1,073.09
(b) Other Loans & Advances						
(i) Foreign Currency Borrowings	**19,779.45**	**7,750.63**	**27,530.08**	19,630.02	1,450.53	21,080.55
Total Unsecured Long-Term Debt (a+b)	**119,853.20**	**14,519.64**	**134,372.84**	**100,162.70**	**6,886.98**	**107,049.68**
Total Long-Term Debt (A+B)	**160,949.43**	**32,315.54**	**193,264.97**	**149,489.33**	**18,028.06**	**167,517.39**

3.2 Short term Debt

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
(A) Commercial Paper, unsecured	**3,250.00**	-
(B) FCNR (B) Loans, unsecured	**2,276.54**	-
Total Short-Term Debt (A+B)	**5,526.54**	**-**

NOTES TO ACCOUNTS

3.3 Details of secured long-term debt - Refer Note 3.5 for details of the security

(a) Bonds

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	**1,955.00**	**-**	**1,955.00**	1,955.00	-	1,955.00
123-I Series - 9.40% Redeemable at par on 17.07.2021	**1,515.00**	**-**	**1,515.00**	1,515.00	-	1,515.00
92-II Series - 8.65% Redeemable at par on 22.01.2020	**945.30**	**-**	**945.30**	945.30	-	945.30
91-II Series - 8.80% Redeemable at par on 18.11.2019	**995.90**	**-**	**995.90**	995.90	-	995.90
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	**1,040.00**	**-**	**1,040.00**	1,040.00	-	1,040.00
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	**868.20**	**-**	**868.20**	868.20	-	868.20
90th Series - 8.80% Redeemable at par on 03.08.2019	**2,000.00**	**-**	**2,000.00**	2,000.00	-	2,000.00
122nd Series - 9.02% Redeemable at par on 18.06.2019	**1,700.00**	**-**	**1,700.00**	1,700.00	-	1,700.00
119th Series - 9.63% Redeemable at par on 05.02.2019	**-**	**2,090.00**	**2,090.00**	2,090.00	-	2,090.00
88th Series - 8.65% Redeemable at par on 15.01.2019	**-**	**1,495.00**	**1,495.00**	1,495.00	-	1,495.00
118th Series - 9.61% Redeemable at par on 03.01.2019	**-**	**1,655.00**	**1,655.00**	1,655.00	-	1,655.00
117th Series - 9.38% Redeemable at par on 06.11.2018	**-**	**2,878.00**	**2,878.00**	2,878.00	-	2,878.00
87-A-III Series - 11.15% Redeemable at par on 24.10.2018	**-**	**61.80**	**61.80**	61.80	-	61.80
116-II Series - 9.24% Redeemable at par on 17.10.2018	**-**	**850.00**	**850.00**	850.00	-	850.00
87-II Series - 10.85% Redeemable at par on 01.10.2018	**-**	**657.40**	**657.40**	657.40	-	657.40
86-B-III Series - 10.85% Redeemable at par on 14.08.2018	**-**	**432.00**	**432.00**	432.00	-	432.00
86-A Series - 10.70% Redeemable at par on 30.07.2018	**-**	**500.00**	**500.00**	500.00	-	500.00
85th Series - 9.68% Redeemable at par on 13.06.2018	**-**	**500.00**	**500.00**	500.00	-	500.00
83rd Series - 9.07% Redeemed at par on 28.02.2018	**-**	**-**	**-**	-	685.20	685.20
82nd Series - 9.85% Redeemed at par on 28.09.2017	**-**	**-**	**-**	-	883.10	883.10
124-I Series - 9.06% Redeemed at par on 22.09.2017	**-**	**-**	**-**	-	2,610.00	2,610.00
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	**-**	**-**	**-**	-	1,275.00	1,275.00
Total - Institutional Bonds	**11,019.40**	**11,119.20**	**22,138.60**	**22,138.60**	**5,453.30**	**27,591.90**

NOTES TO ACCOUNTS

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	**8,096.27**	**-**	**8,096.27**	-	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	**7,662.92**	**-**	**7,662.92**	7,662.92	-	7,662.92
Series X (2015-16) - 6.00% Redeemable at par during financial year 2018-19	**-**	**6,476.70**	**6,476.70**	6,476.70	-	6,476.70
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	**-**	**-**	**-**	-	5,337.78	5,337.78
Total - 54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	**14,139.62**	**5,337.78**	**19,477.40**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2015-16 Tranche 1	**700.00**	**-**	**700.00**	700.00	-	700.00
Redeemable at par. Bonds amounting to ₹105.93 Crores are redeemable on 05.11.2025, ₹172.90 Crores are redeemable on 05.11.2030 and ₹421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually						
Series 2015-16 Series 5A	**300.00**	**-**	**300.00**	300.00	-	300.00
7.17% Redeemable at par on 23.07.2025						
Series 2013-14 Tranche 2	**1,059.40**	**-**	**1,059.40**	1,059.40	-	1,059.40
Redeemable at par. Bonds amounting to ₹419.32 Crores are redeemable on 22.03.2024, ₹530.42 Crores are redeemable on 23.03.2029 and ₹109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually						
Series 2013-14 Series 4A & 4B	**150.00**	**-**	**150.00**	150.00	-	150.00
Redeemable at par. Bonds amounting to ₹105.00 Crores are redeemable on 11.10.2023 and ₹45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually						
Series 2013-14 Tranche 1	**3,440.60**	**-**	**3,440.60**	3,440.60	-	3,440.60
Redeemable at par. Bonds amounting to ₹575.06 Crores are redeemable on 25.09.2023, ₹2,810.26 Crores are redeemable on 25.09.2028 and ₹55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually						

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2013-14 Series 3A & 3B	**1,350.00**	**-**	**1,350.00**	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**	131.06	-	131.06
Redeemable at par. Bonds amounting to ₹81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually						
Series 2012-13 Tranche 1	**2,017.35**	**-**	**2,017.35**	2,017.35	-	2,017.35
Redeemable at par. Bonds amounting to ₹1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually						
Series 2012-13 Series 2A & 2B	**500.00**	**-**	**500.00**	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**	3,000.00	-	3,000.00
Redeemable at par. Bonds amounting to ₹839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually						
Total - Tax Free Bonds	**12,648.41**	**-**	**12,648.41**	**12,648.41**	**-**	**12,648.41**

(b) Term Loans

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Term Loan from Financial Institutions						
- Life Insurance Corporation of India (LIC)	**200.00**	**200.00**	**400.00**	400.00	350.00	750.00
7.35% Loan repayable in equal annual installments of ₹200 crores, next instalment due on 01.10.2018						
Total - Term Loans	**200.00**	**200.00**	**400.00**	**400.00**	**350.00**	**750.00**

NOTES TO ACCOUNTS

3.4 Details of Unsecured long-term debt :

(a) Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(i) Institutional Bonds						
156th Series - 7.70% Redeemable at par on 10.12.2027	**3,533.00**	**-**	**3,533.00**	-	-	-
147th Series - 7.95% Redeemable at par on 12.03.2027	**2,745.00**	**-**	**2,745.00**	2,745.00	-	2,745.00
142nd Series - 7.54% Redeemable at par on 30.12.2026	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00
140th Series - 7.52% Redeemable at par on 07.11.2026	**2,100.00**	**-**	**2,100.00**	2,100.00	-	2,100.00
136th Series - 8.11% Redeemable at par on 07.10.2025	**2,585.00**	**-**	**2,585.00**	2,585.00	-	2,585.00
95-II Series - 8.75% Redeemable at par on 14.07.2025	**1,800.00**	**-**	**1,800.00**	1,800.00	-	1,800.00
94th Series - 8.75% Redeemable at par on 09.06.2025	**1,250.00**	**-**	**1,250.00**	1,250.00	-	1,250.00
133rd Series - 8.30% Redeemable at par on 10.04.2025	**2,396.00**	**-**	**2,396.00**	2,396.00	-	2,396.00
131st Series - 8.35% Redeemable at par on 21.02.2025	**2,285.00**	**-**	**2,285.00**	2,285.00	-	2,285.00
130th Series - 8.27% Redeemable at par on 06.02.2025	**2,325.00**	**-**	**2,325.00**	2,325.00	-	2,325.00
129th Series - 8.23% Redeemable at par on 23.01.2025	**1,925.00**	**-**	**1,925.00**	1,925.00	-	1,925.00
128th Series - 8.57% Redeemable at par on 21.12.2024	**2,250.00**	**-**	**2,250.00**	2,250.00	-	2,250.00
115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	**2,500.00**	**-**	**2,500.00**	2,500.00	-	2,500.00
114th Series - 8.82% Redeemable at par on 12.04.2023	**4,300.00**	**-**	**4,300.00**	4,300.00	-	4,300.00
159th Series - 7.99% Redeemable at par on 23.02.2023	**950.00**	**-**	**950.00**	-	-	-
155th Series - 7.45% Redeemable at par on 30.11.2022	**1,912.00**	**-**	**1,912.00**	-	-	-
111-II Series - 9.02% Redeemable at par on 19.11.2022	**2,211.20**	**-**	**2,211.20**	2,211.20	-	2,211.20
152nd Series - 7.09% Redeemable at par on 17.10.2022	**1,225.00**	**-**	**1,225.00**	-	-	-
150th Series - 7.03% Redeemable at par on 07.09.2022	**2,670.00**	**-**	**2,670.00**	-	-	-
107th Series - 9.35% Redeemable at par on 15.06.2022	**2,378.20**	**-**	**2,378.20**	2,378.20	-	2,378.20

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
132nd Series - 8.27% Redeemable at par on 09.03.2022	**700.00**	**-**	**700.00**	700.00	-	700.00
145th Series - 7.46% Redeemable at par on 28.02.2022	**625.00**	**-**	**625.00**	625.00	-	625.00
141st Series - 7.14% Redeemable at par on 09.12.2021	**1,020.00**	**-**	**1,020.00**	1,020.00	-	1,020.00
127th Series - 8.44% Redeemable at par on 04.12.2021	**1,550.00**	**-**	**1,550.00**	1,550.00	-	1,550.00
105th Series - 9.75% Redeemable at par on 11.11.2021	**3,922.20**	**-**	**3,922.20**	3,922.20		3,922.20
139th Series - 7.24% Redeemable at par on 21.10.2021	**2,500.00**	**-**	**2,500.00**	2,500.00	-	2,500.00
101-III Series - 9.48% Redeemable at par on 10.08.2021	**3,171.80**	**-**	**3,171.80**	3,171.80	-	3,171.80
100th Series - 9.63% Redeemable at par on 15.07.2021	**1,500.00**	**-**	**1,500.00**	1,500.00	-	1,500.00
161B Series - 7.73% Redeemable at par on 15.06.2021	**800.00**	**-**	**800.00**	-	-	-
154th Series - 7.18% Redeemable at par on 21.05.2021	**600.00**	**-**	**600.00**	-	-	-
157th Series - 7.60% Redeemable at par on 17.04.2021	**1,055.00**	**-**	**1,055.00**	-	-	-
98th Series - 9.18% Redeemable at par on 15.03.2021	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00
158th Series - 7.70% Redeemable at par on 15.03.2021	**2,465.00**	**-**	**2,465.00**	-	-	-
153rd Series - 6.99% Redeemable at par on 31.12.2020	**2,850.00**	**-**	**2,850.00**	-	-	-
97th Series - 8.80% Redeemable at par on 30.11.2020	**2,120.50**	**-**	**2,120.50**	2,120.50	-	2,120.50
96th Series - 8.80% Redeemable at par on 26.10.2020	**1,150.00**	**-**	**1,150.00**	1,150.00	-	1,150.00
149th Series - 6.87% Redeemable at par on 24.09.2020	**2,485.00**	**-**	**2,485.00**	-	-	-
135th Series - 8.36% Redeemable at par on 22.09.2020	**2,750.00**	**-**	**2,750.00**	2,750.00	-	2,750.00
144th Series - 7.13% Redeemable at par on 21.09.2020	**835.00**	**-**	**835.00**	835.00	-	835.00
134th Series - 8.37% Redeemable at par on 14.08.2020	**2,675.00**	**-**	**2,675.00**	2,675.00	-	2,675.00
143rd Series - 6.83% Redeemable at par on 29.06.2020	**1,275.00**	**-**	**1,275.00**	1,275.00	-	1,275.00
148th Series - 7.42% Redeemable at par on 17.06.2020	**1,200.00**	**-**	**1,200.00**	1,200.00	-	1,200.00

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
161A Series - 7.59% Redeemable at par on 13.03.2020	**3,000.00**	**-**	**3,000.00**	-	-	-
113th Series - 8.87% Redeemable at par on 09.03.2020	**1,542.00**	**-**	**1,542.00**	1,542.00	-	1,542.00
111-I Series - 9.02% Redeemable at par on 19.11.2019	**452.80**	**-**	**452.80**	452.80	-	452.80
126th Series - 8.56% Redeemable at par on 13.11.2019	**1,700.00**	**-**	**1,700.00**	1,700.00	-	1,700.00
125th Series - 9.04% Redeemable at par on 11.10.2019	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00
160th Series - 7.77% Redeemable at par on 16.09.2019	**1,450.00**	**-**	**1,450.00**	-	-	-
108-II Series - 9.39% Redeemable at par on 20.07.2019	**960.00**	**-**	**960.00**	960.00	-	960.00
95-I Series - 8.70% Redeemable at par on 12.07.2019	**200.00**	**-**	**200.00**	200.00	-	200.00
151st Series - 6.75% Redeemable at par on 26.03.2019	**-**	**1,150.00**	**1,150.00**	-	-	-
137th Series - 8.05% Redeemable at par on 07.12.2018	**-**	**2,225.00**	**2,225.00**	2,225.00	-	2,225.00
146th Series - 6.88% Redeemable at par on 03.09.2018	**-**	**3,300.00**	**3,300.00**	3,300.00	-	3,300.00
112th Series - 8.70% Redeemed at par on 01.02.2018	**-**	**-**	**-**	-	1,500.00	1,500.00
109th Series - 9.25% Redeemed at par on 28.08.2017	**-**	**-**	**-**	-	1,734.70	1,734.70
108-I Series - 9.40% Redeemed at par on 20.07.2017	**-**	**-**	**-**	-	2,125.00	2,125.00
Total - Institutional Bonds	**98,894.70**	**6,675.00**	**105,569.70**	**79,424.70**	**5,359.70**	**84,784.40**
(ii) Infrastructure Bonds						
Series-II (2011-12) - Redeemable at par. Refer Note 3.6	**11.06**	**18.44**	**29.50**	29.50	-	29.50
Series-I (2010-11) - Redeemable at par. Refer Note 3.6	**5.40**	**75.57**	**80.97**	5.39	76.75	82.14
Total - Infrastructure Bonds	**16.46**	**94.01**	**110.47**	**34.89**	**76.75**	**111.64**
(iii) Zero Coupon Bonds						
ZCB - Series II	**211.59**	**-**	**211.59**	194.57	-	194.57
(Net of unamortised discount, 89,510 bonds with face value of ₹30,000 each redeemable at par on 03.02.2021)						
ZCB - Series I	**951.00**	**-**	**951.00**	878.52	-	878.52
(Net of unamortised discount, 3,92,700 bonds with face value of ₹30,000 each redeemable at par on 15.12.2020)						
Total - Zero Coupon Bonds	**1,162.59**	**-**	**1,162.59**	**1,073.09**	**-**	**1,073.09**

NOTES TO ACCOUNTS

(b) Other Loans & Advances

(i) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(1) Foreign Currency Bonds						
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	**1,951.32**	**-**	**1,951.32**	-	-	-
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	**2,926.98**	**-**	**2,926.98**	-	-	-
3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	**2,601.76**	**-**	**2,601.76**	-	-	-
Sub-Total - Foreign Currency Bonds	**7,480.06**	**-**	**7,480.06**	**-**	**-**	**-**
(2) ODA Loans - Guaranteed by Govt. of India						
JICA Loan - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2018 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2018	**129.35**	**122.98**	**252.33**	237.65	169.84	407.49
3.73% KfW Loan - Repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2018	**-**	**59.41**	**59.41**	51.03	51.02	102.05
2.89% KfW-II Loan - Repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2018	**125.42**	**62.71**	**188.13**	161.58	53.86	215.44
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2018	**466.78**	**84.86**	**551.64**	473.81	72.89	546.70
Sub-Total - ODA Loans - Guaranteed by Govt. of India	**721.55**	**329.96**	**1,051.51**	**924.07**	**347.61**	**1,271.68**
(3) Syndicated Loans						
¥19.029 Bn - Repaid on 10.04.2017	**-**	**-**	**-**	-	1,102.92	1,102.92
US $285 Mn - Repayable on 02.12.2018	**-**	**1,853.76**	**1,853.76**	1,847.90	-	1,847.90
US $250 Mn - Repayable on 29.05.2019	**1,252.10**	**-**	**1,252.10**	1,620.97	-	1,620.97
US $400 Mn - Prepaid on 27.12.2017	**-**	**-**	**-**	2,593.54	-	2,593.54
US $400 Mn - Prepaid on 26.03.2018	**-**	**-**	**-**	2,593.54	-	2,593.54
US $300 Mn - Repayable on 29.07.2020	**1,951.32**	**-**	**1,951.32**	1,945.16	-	1,945.16
US $250 Mn - Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively	**-**	**1,626.10**	**1,626.10**	1,620.97	-	1,620.97
US $300 Mn - Repayable on 01.12.2020	**1,951.32**	**-**	**1,951.32**	1,945.16	-	1,945.16
US $250 Mn - Repayable on 05.02.2019	**-**	**1,626.10**	**1,626.10**	1,620.97	-	1,620.97
US $120 Mn - Repayable on 21.03.2019	**-**	**780.53**	**780.53**	778.06	-	778.06
US $100 Mn - Repayable on 05.10.2021	**650.44**	**-**	**650.44**	648.39	-	648.39
US $230 Mn - Repayable on 19.01.2022	**1,496.01**	**-**	**1,496.01**	1,491.29	-	1,491.29
US $200 Mn - Repayable on 28.07.2022	**1,300.88**	**-**	**1,300.88**	-	-	-
US $57.50 Mn - Repayable on 29.05.2019	**374.00**	**-**	**374.00**	-	-	-
US $240 Mn - Repayable on 26.03.2021	**1,561.06**	**-**	**1,561.06**	-	-	-
US $160 Mn - Repayable on 26.03.2021	**1,040.71**	**-**	**1,040.71**	-	-	-
Sub-Total - Syndicated Loans	**11,577.84**	**5,886.49**	**17,464.33**	**18,705.95**	**1,102.92**	**19,808.87**
(4) FCNR (B) Loans						
US $235.87 Mn - Repayable on 12.02.2019	**-**	**1,534.18**	**1,534.18**	-	-	-
Sub-Total - FNCR (B) Loans	**-**	**1,534.18**	**1,534.18**	**-**	**-**	**-**
Total - Foreign Currency Borrowings	**19,779.45**	**7,750.63**	**27,530.08**	**19,630.02**	**1,450.53**	**21,080.55**

NOTES TO ACCOUNTS

3.5 Security Details of the Secured Borrowings

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

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

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

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

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

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

The Bond Series X & Series XI 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 loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.07	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%	58.50	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**80.97**	

NOTES TO ACCOUNTS

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
9.15% Cumulative	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

3.7 Foreign Currency Borrowings in Note No. 3.4(b)(i)(3) and (4) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

3.8 In respect of foreign currency borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2018 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Exposure		Unhedged Exposure	
	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
USD $	**4,420.87**	2,885.00	**2,680.00**	2,530.00	**1,740.87**	355.00
JPY ¥	**4,100.17**	26,059.52	**2,214.38**	23,985.15	**1,885.79**	2,074.37
EURO €	**99.13**	124.80	**73.68**	99.35	**25.45**	25.45

3.9 In terms of Accounting Policy No. 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR
As at 31st March 2018	**65.0441**	**0.6154**	**80.6222**
As at 31st March 2017	64.8386	0.5796	69.2476

3.10 REC launched its maiden USD Green Bonds in June 2017 to become the first Indian PSU to launch Green Bonds denominated in US Dollars and raised US$ 450 million for a tenure of ten years from the offshore market. The Green Bonds, listed on the London Stock Exchange and Singapore Stock Exchange, have been certified by the Climate Bond Initiative, London while the 'Green Bond framework' formulated by REC has been verified by KPMG. The issue proceeds have been utilized for financing existing projects including re-financing and new eligible green projects in accordance with the Green Bond framework.

3.11 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 of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and FITCH respectively.

There has been no migration of ratings during the year.

3.12 The Company had come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator during the year 2016-17. Based on the complaint filed by the Company, the police filed an FIR against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Further, an amount of ₹0.59 Crore had been shown recoverable from the RTA in the books of accounts and the matter duly reported to the Reserve Bank of India (RBI). A criminal case has also been filed by the police against the suspected culprits. REC has filed a civil suit on 1st March, 2018 against the erstwhile R&TA (M/s RCMC Share Registry Pvt. Ltd.) for recovery of the dues.

NOTES TO ACCOUNTS

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Liabilities on account of:		
Depreciation	2.93	3.79
Foreign Currency Exchange Fluctuation Loss	21.84	-
MTM on Interest Rate Swap	52.49	66.48
Total	77.26	70.27
Deferred Tax Assets on account of:		
Provision for Earned Leave	3.46	10.77
Provision for Medical Leave	6.84	6.67
Foreign Currency Exchange Fluctuation Loss	-	12.57
Total	10.30	30.01
Deferred Tax Liabilities (Net)	66.96	40.26

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

5. Other Long-term and Short-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(A) Current maturities of long-term debt *(Refer Note 3)*	**-**	**32,315.54**	**32,315.54**	-	18,028.06	18,028.06
(B) Interest accrued but not due on borrowings	**15.50**	**6,163.64**	**6,179.14**	12.38	6,026.78	6,039.16
Interest accrued and due on borrowings	**-**	**-**	**-**	-	-	-
(C) Income Received in Advance	**-**	**-**	**-**	-	0.08	0.08
(D) Unpaid Dividends	**-**	**3.49**	**3.49**	-	2.75	2.75
(E) Unpaid Principal & Interest on Bonds						
- Matured Bonds & Interest Accrued thereon	**-**	**47.03**	**47.03**	-	51.54	51.54
- Interest on Bonds	**-**	**14.27**	**14.27**	-	15.19	15.19
(F) Other payables						
- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	**-**	**56,780.96**	**56,780.96**	-	46,154.67	46,154.67
Add: Interest on Subsidy/ Grant *(Refer Note 5.3)*	**-**	**11.13**	**11.13**	-	2.18	2.18
Less: Disbursed to Beneficiaries	**-**	**(56,694.92)**	**(56,694.92)**	-	(46,131.01)	(46,131.01)

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Undisbursed Funds to be disbursed as Subsidy/Grant	**-**	**97.17**	**97.17**	-	25.84	25.84
- Payables towards Bonds Fully serviced by Govt. of India						
Towards Principal (Refer Note 5.4)	**4,000.00**	**-**	**4,000.00**	-	-	-
Towards Interest	**-**	**7.17**	**7.17**	-	-	-
- Sundry Liabilities Account (Interest Capitalisation)	**21.99**	**24.00**	**45.99**	-	-	-
- Statutory Dues payable including PF and TDS	**-**	**33.52**	**33.52**	-	26.26	26.26
- Payable towards funded staff benefits	**-**	**2.84**	**2.84**	-	13.63	13.63
- Other Liabilities	**-**	**127.34**	**127.34**	-	135.91	135.91
Sub-total (F)	**4,021.99**	**292.04**	**4,314.03**	**-**	**201.64**	**201.64**
Total (A to F)	**4,037.49**	**38,836.01**	**42873.50**	**12.38**	**24,326.04**	**24,338.42**

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

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

Net amount of ₹0.53 Crores as at 31st March 2018 (₹0.86 Crores as at 31st March 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance of Interest Subsidy Fund	**0.86**	1.26
Add: Interest earned during the year	**0.02**	0.07
Less: Interest subsidy passed on to the borrower	**0.35**	0.47
Closing Balance of Interest Subsidy Fund	**0.53**	**0.86**

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

During the period, interest earned of ₹18.15 Crores (Previous year ₹24.84 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹10.33 crores (Previous year ₹40.78 crores) has been refunded back to MoP out of the total interest on subsidy.

NOTES TO ACCOUNTS

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

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance	**2.18**	18.10
Add: Interest earned during the year	**20.49**	25.94
Less: Amount refunded to Govt. during the year	**11.32**	41.59
Less: Disbursement out of Interest earned on account of AG&SP Grant	**0.22**	0.27
Closing Balance	**11.13**	**2.18**

5.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹4,000 crore through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 19th March 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from GoI.

Details of the GoI Fully Serviced Bonds raised are as follows-

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
GoI-I Series	**1,837.00**	**-**	**1,837.00**	-	-	-
8.09% semi-annual redeemable at par on 21.03.2028						
GoI-II Series	**1,410.00**	**-**	**1,410.00**	-	-	-
8.01% semi-annual redeemable at par on 24.03.2028						
GoI-III Series	**753.00**	**-**	**753.00**	-	-	-
8.06% semi-annual redeemable at par on 27.03.2028						
Total	**4,000.00**	**-**	**4,000.00**	**-**	**-**	**-**

6. Long-term and Short-term Provisions

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Provisions for						
(A) Employee Benefits						
Earned Leave Liability	8.43	1.58	10.01	27.86	3.27	31.13
Post Retirement Medical Benefits	99.80	5.39	105.19	92.49	4.66	97.15
Medical Leave Liability	16.96	2.81	19.77	16.63	2.64	19.27
Settlement Allowance	1.03	0.21	1.24	1.10	0.17	1.27
Economic Rehabilitation Scheme	3.31	0.03	3.34	3.44	0.01	3.45
Long Service Award	2.55	0.02	2.57	2.64	0.19	2.83
Sub-total (A)	**132.08**	**10.04**	**142.12**	**144.16**	**10.94**	**155.10**

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(B) Others						
Standard Loan Assets	784.53	104.87	889.40	536.59	70.87	607.46
Restructured Standard Loans	409.41	54.54	463.95	1,167.67	73.52	1,241.19
Interest on Loans Due & Converted into Equity	-	3.96	3.96	-	3.96	3.96
Incentive	-	19.19	19.19	-	20.34	20.34
Pay Revision	-	58.90	58.90	-	14.59	14.59
Sub-total (B)	**1,193.94**	**241.46**	**1,435.40**	**1,704.26**	**183.28**	**1,887.54**
Total (A+B)	**1,326.02**	**251.50**	**1,577.52**	**1,848.42**	**194.22**	**2,042.64**

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

(₹ in Crores)

Particulars	For the year ended 31.03.2018				For the year ended 31.03.2017			
	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance
Standard Loan Assets	**607.46**	**281.94**	**-**	**889.40**	543.43	64.03	-	607.46
Restructured Standard Loans	**1241.19**	**68.16**	**845.40**	**463.95**	821.34	419.85	-	1241.19
Interest on Loans Due & Converted into Equity	**3.96**		**-**	**3.96**	3.96	-	-	3.96
Incentive	**20.34**	**13.43**	**14.58**	**19.19**	18.13	15.52	13.31	20.34
Pay Revision	**14.59**	**50.33**	**6.02**	**58.90**	-	14.59	-	14.59

7. Fixed Assets as at 31st March 2018

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2018	Upto 31.03.2017	During the year	Adjustment during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Tangible Assets										
Freehold Land	82.92	-	-	82.92	-	-	-	-	82.92	82.92
Leasehold Land	1.45	-	-	1.45	0.25	0.02	-	0.27	1.18	1.20
Buildings	31.59	0.16	-	31.75	7.62	0.48	-	8.10	23.65	23.97
Furniture & Fixtures	7.31	1.95	0.15	9.11	5.31	0.55	0.07	5.79	3.32	2.00
Vehicles	0.43	-	0.03	0.40	0.28	0.02	0.03	0.27	0.13	0.15
EDP Equipments	15.26	2.64	2.10	15.80	11.57	2.04	1.92	11.69	4.11	3.69
Office Equipments	13.64	3.33	0.75	16.22	6.89	1.87	0.31	8.45	7.77	6.75
Total	**152.60**	**8.08**	**3.03**	**157.65**	**31.92**	**4.98**	**2.33**	**34.57**	**123.08**	**120.68**
Previous year	149.63	9.59	6.62	152.60	31.80	4.50	4.38	31.92	120.68	
Intangible Assets										
Computer Software	7.03	5.35	-	12.38	6.60	0.63	-	7.23	5.15	0.43
Total	**7.03**	**5.35**	**-**	**12.38**	**6.60**	**0.63**	**-**	**7.23**	**5.15**	**0.43**
Previous year	6.97	0.06	-	7.03	6.06	0.54	-	6.60	0.43	
Capital Work-in-progress	**58.69**	**59.50**	**-**	**118.19**	**-**	**-**	**-**	**-**	**118.19**	**58.69**
Previous year	30.37	28.32	-	58.69	-	-	-	-	58.69	
Intangible Assets under Development	**1.46**	**-**	**-**	**1.46**	**-**	**-**	**-**	**-**	**1.46**	**1.46**
Previous year	1.21	0.25	-	1.46	-	-	-	-	1.46	

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

7.2 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.

7.3 Disclosure in respect of Intangible Assets as required under AS-26 *"Intangible Assets"*

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

NOTES TO ACCOUNTS

8. Investments

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
	Valued at Cost						
(A)	**Trade Investments**						
(i)	**Investment in Equity Instruments - Quoted**						
	- NHPC Ltd.	**400.80**	**-**	**400.80**	400.80	-	400.80
	18,40,11,865 Equity shares of ₹10 each, fully paid up						
	- Housing and Urban Development Corporation Ltd.	**2.08**	**-**	**2.08**	-	-	-
	3,47,429 Equity shares of ₹10 each, fully paid up						
	- Indian Energy Exchange Limited	**1.25**	**-**	**1.25**	1.25	-	1.25
	12,50,000 Equity shares of ₹10 each, fully paid up						
(ii)	**Investment in Equity Instruments - Unquoted**						
	- Subsidiaries						
	- REC Power Distribution Company Limited	**0.05**	**-**	**0.05**	0.05	-	0.05
	5,00,000 Equity shares of ₹10 each, fully paid up						
	- REC Transmission Projects Company Limited	**0.05**	**-**	**0.05**	0.05	-	0.05
	5,00,000 Equity shares of ₹10 each, fully paid up						
	- Joint Ventures						
	- Energy Efficiency Services Limited	**146.50**	**-**	**146.50**	146.50	-	146.50
	14,65,00,000 Equity shares of ₹10 each, fully paid up						
	- Others						
	- Universal Commodity Exchange Limited	**-**	**16.00**	**16.00**	16.00	-	16.00
	1,60,00,000 Equity shares of ₹10 each, fully paid up						
	Less: Provision for Diminution in Investment	**-**	**(16.00)**	**(16.00)**	(16.00)	-	(16.00)
		-	**-**	**-**	-	-	-
	- Lanco Teesta Hydro Power Limited	**-**	**102.00**	**102.00**	-	102.00	102.00
	10,20,00,000 Equity shares of ₹10 each, fully paid up						
	Less: Provision for Diminution in Investment	**-**	**(29.41)**	**(29.41)**	-	-	-
		-	**72.59**	**72.59**		102.00	102.00

NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(iii)	**Investment in Government Securities - Unquoted**						
	- 8% Government of Madhya Pradesh Power Bonds-II	**94.32**	**47.16**	**141.48**	188.64	47.16	235.80
	3 Bonds of ₹47,16,00,000 each						
(iv)	**Investment in Venture Capital Funds - Unquoted**						
	- 'Small is Beautiful' Fund	**6.15**	**-**	**6.15**	6.15	-	6.15
	61,52,200 units of ₹10 each						
(v)	**Investment in Debentures - Unquoted**						
	- 9.68% Bonds of UP Power Corporation Ltd.	**303.85**	**-**	**303.85**	303.85	-	303.85
	30,385 Bonds of ₹1,00,000 each						
(B)	**Other Investments**						
(i)	**Investment in Debentures - Quoted**						
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
	Total (1+2)	**2,455.05**	**119.75**	**2,574.80**	**2,547.29**	**149.16**	**2,696.45**

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

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

The face value of the fund is ₹10 per unit. The NAV as on 31.03.2018 is ₹10.17 per unit (Previous year ₹10.24 per unit).

Further, investments also include ₹1.25 Crores (Previous year ₹1.25 Crores) representing company's investment in equity shares of Indian Energy Exchange Ltd. (IEX)

Name of the Company	No. of Shares	Invested Amount	Country of Incorporation	Shareholding %
Indian Energy Exchange Limited	1,250,000	₹1.25 Crores	India	4.12%

The equity shares of IEX have been listed on stock exchanges on 23rd October 2017.

NOTES TO ACCOUNTS

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

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity		31.71%
Country of Incorporation		India
Area of Operation		India
JV Partners (% share)	1.	NTPC Limited (31.71%)
	2.	Power Grid Corporation of India Limited (4.87%)
	3.	Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2018 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2018 (Unaudited)	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2017 (Audited) *
(i)	Total Assets	**1,543.62**	838.77	817.03
(ii)	Total Liabilities	**1,340.45**	662.90	640.93
(iii)	Total Reserves & Surplus	**25.27**	29.37	29.60
(iv)	Contingent Liabilities	**68.65**	11.74	38.06
(v)	Capital Commitments	**83.64**	103.95	253.57
(vi)	Total Income	**461.78**	408.83	389.14
(vii)	Total Expenses	**438.60**	384.81	363.25

** The consolidated financial statements of the Company for the FY 2016-17 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 30th May 2017. Further, the audited financial statements for the year ended 31st March 2017 have been prepared under Indian Accounting Standards (Ind-AS). The unaudited financial statements for the year ended 31st March 2018 have been prepared as per Indian GAAP and certified by the Management.*

8.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(1)	**Value of Investments**		
(i)	Gross Value of Investments		
(a)	In India	**2,620.21**	2,712.45
(b)	Outside India,	**-**	-
(ii)	Provisions for Depreciation		
(a)	In India	**45.41**	16.00
(b)	Outside India,	**-**	-
(iii)	Net Value of Investments		
(a)	In India	**2,574.80**	2,696.45
(b)	Outside India.	**-**	-
(2)	**Movement of provisions held towards depreciation on investments.**		
(i)	Opening balance	**16.00**	-
(ii)	Add : Provisions made during the year	**29.41**	16.00
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	-
(iv)	**Closing balance**	**45.41**	16.00
(3)	**Aggregate amount of Quoted Investments**	**1,904.13**	1,900.80
	Market Value of Quoted Investments	**2,212.38**	2,089.76
(4)	**Aggregate amount of Unquoted Investments**	**716.08**	811.65
(5)	**Aggregate provision for diminution in value of investments**	**45.41**	16.00

NOTES TO ACCOUNTS

9. Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' and the current portion of the staff loans & advances has been classified under Note-10 'Other Non-Current and Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Capital Advances (Unsecured, considered good)**	**45.96**	**-**	**-**	**45.96**	40.23	-	-	40.23
(B)	**Security Deposits (Unsecured, considered good)**	**1.04**	**-**	**-**	**1.04**	0.83	-	-	0.83
(C)	**Loans & Advances to Related Parties**								
	- To Key Managerial Personnel (KMP)	**0.36**	**0.17**	**-**	**0.53**	0.37	0.13	-	0.50
	- To Subsidiaries	**-**	**-**	**1.49**	**1.49**	-	-	1.35	1.35
		0.36	**0.17**	**1.49**	**2.02**	**0.37**	**0.13**	**1.35**	**1.85**
(D)	**Other Loans & Advances**								
	- Staff Loans & Advances (except to KMP)	**25.66**	**10.51**	**-**	**36.17**	32.29	11.10	-	43.39
	- Loan Assets	**206,419.47**	**23,865.66**	**5,647.92**	**235,933.05**	177,275.24	19,429.25	3,588.85	200,293.34
	- Others	**-**	**-**	**24.15**	**24.15**	-	-	4.36	4.36
		206,445.13	**23,876.17**	**5,672.07**	**235,993.37**	177,307.53	19,440.35	3,593.21	200,341.09
	Total (A to D)	**206,492.49**	**23,876.34**	**5,673.56**	**236,042.39**	**177,348.96**	**19,440.48**	**3,594.56**	**200,384.00**

Details of Loans & Advances :

9.1 Staff Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Staff Loans & Advances**								
(A1)	**To Key Managerial Personnel**								
	(a) Considered Good	**-**	**-**	**-**	**-**	0.01	-	-	0.01
(A2)	**To Others**								
	(a) Considered Good	**2.89**	**0.63**	**-**	**3.52**	3.43	0.68	-	4.11
	Sub-total (A1+ A2)	**2.89**	**0.63**	**-**	**3.52**	3.44	0.68	-	4.12
(B)	**Unsecured Staff Loans & Advances**								
(B1)	**To Key Managerial Personnel**								
	(a) Considered Good	**0.36**	**0.17**	**-**	**0.53**	0.36	0.13	-	0.49
(B2)	**To Others**								
	(a) Considered Good	**22.77**	**9.88**	**-**	**32.65**	28.86	10.42	-	39.28
	Sub-total (B1+ B2)	**23.13**	**10.05**	**-**	**33.18**	**29.22**	**10.55**	**-**	**39.77**
	Grand Total (A+B)	**26.02**	**10.68**	**-**	**36.70**	**32.66**	**11.23**	**-**	**43.89**

NOTES TO ACCOUNTS

9.2 Loan Assets

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		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	**146,256.29**	**15,670.42**	**4,117.09**	**166,043.80**	125,811.34	11,014.90	740.67	137,566.91
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**								
	(a) Considered good	**14,928.90**	**1,148.33**	**-**	**16,077.23**	24,691.95	3,553.12	-	28,245.07
	(b) Considered doubtful	**12,059.39**	**4,273.73**	**-**	**16,333.12**	2,220.01	2,169.10	-	4,389.11
	Less: Provision for bad & doubtful debts	**1,352.52**	**1,368.44**	**-**	**2,720.96**	383.89	767.87	-	1,151.76
		10,706.87	**2,905.29**	**-**	**13,612.16**	1,836.12	1,401.23	-	3,237.35
	Sub-total (A1+ A2)	**171,892.06**	**19,724.04**	**4,117.09**	**195,733.19**	152,339.41	15,969.25	740.67	169,049.33
(B)	**Unsecured Loans**								
(B1)	**Loans Guaranteed by respective State Governments**								
	(a) Considered good	**23,694.24**	**3,221.16**	**-**	**26,915.40**	19,109.20	2,850.00	197.18	22,156.38
(B2)	**Loans to State Governments**								
	(a) Considered good	**3,009.99**	**330.99**	**-**	**3,340.98**	2,647.90	351.22	-	2,999.12
(B3)	**Loans - Others**								
	(a) Considered good	**7,823.18**	**589.47**	**1,530.83**	**9,943.48**	3,178.73	258.78	2,651.00	6,088.51
	(b) Considered doubtful	**34.92**	**760.38**	**-**	**795.30**	5.18	478.40	-	483.58
	Less: Provision for bad & doubtful debts	**34.92**	**760.38**	**-**	**795.30**	5.18	478.40	-	483.58
		-	**-**	**-**	**-**	-	-	-	-
	Sub-total (B1+ B2+B3)	**34,527.41**	**4,141.62**	**1,530.83**	**40,199.86**	**24,935.83**	**3,460.00**	**2,848.18**	**31,244.01**
	Grand Total (A+B)	**206,419.47**	**23,865.66**	**5,647.92**	**235,933.05**	**177,275.24**	**19,429.25**	**3,588.85**	**200,293.34**

NOTES TO ACCOUNTS

9.3 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**								
	(a) Considered good	-	-	24.15	24.15	-	-	4.36	4.36
	(b) Considered doubtful	-	-	6.08	6.08	-	-	5.59	5.59
	Less: Provision for bad & doubtful debts	-	-	6.08	6.08	-	-	5.59	5.59
		-	-	-	-	-	-	-	-
	Grand Total	**-**	**-**	**24.15**	**24.15**	**-**	**-**	**4.36**	**4.36**

9.3.1 Loan balance confirmations for 87% of total loan assets as at 31st March 2018 have been received from the borrowers. Out of the remaining 13% loan assets amounting to ₹30,013 crore for which balance confirmations have not been received, 81% loans are secured by way of hypothecation of assets, 15% by way of Government Guarantee/ Loans to Government and 4% are unsecured loans.

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

9.3.3 REC, as a lead lender had sanctioned ₹650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹196 Crore as additional loan towards funding of cost overrun. As at 31st March 2018, the loan outstanding is ₹811.74 crores.

The account had become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹587.47 Crores and for the balance loan amount of ₹224.27 Crores, 30% provision amounting to ₹67.29 Crores has been created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31st March 2018 is ₹654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have joined the winding up petition filed by one the employee of CIAL before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

9.3.4 REC has sanctioned ₹1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹33.24 Crores till 31st March 2018. The account has become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with the Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹31.48 crore and for the balance loan amount of ₹1.77 crores, 30% provision amounting to ₹0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31st March 2018 is ₹32.01 Crores on total loan outstanding of ₹33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC before DRT for recovery of dues. Further, lenders have jointly taken action under the provision of the SARFAESI Act. PNB acting as Lead has taken the symbolic possession of the project by issuing Notice under section 13(4) of SARFEASI Act.

9.3.5 As at 31st March 2018, the dues of one of the borrowers were overdue for more than 3 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. In view of the same, the classification

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of the borrower has been retained as 'Restructured Standard Asset' pending final decision of the Court. During the financial year 2016-17, based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹426.09 crores (₹88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31st March 2018, the total provision of ₹218.69 Crores stands created against the project and unrealized income of ₹382.35 Crores has also not been recognized for the financial year 2017-18. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras. REC has filed an Application before High Court, Madaras for dismissal of the Writ Petition.

9.3.6 REC had sanctioned ₹390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 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, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8th June 2015, for conversion of ₹102 Crores out of REC's outstanding loan into equity at face value of ₹10/- per share towards effecting the change in Management. Subsequently, on 20th October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹102 Crores of REC's sanction had been converted into equity. As per SDR scheme, asset classification shall remain standard up to 18 months from 24th July 2015 i.e. 23rd January 2017 and within this timeline, a suitable investor had to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. the asset classification has now been downgraded to Doubtful Category and as on 31st March 2018 total provision of ₹71.04 Cr has been created @ 30% of the outstanding loan. Further a provision @ 30% has also been created on the investment portion. The project company has now been admitted under Insolvency and Bankruptcy Code 2016 by NCLT, Hyderabad on 16th March 2018 to initiate Corporate Insolvency Resolution Proceeding (CIRP).

9.3.7 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender. The total disbursement towards IBPML by three consortium lenders was ₹947.71 crore. Out of this, ₹573.99 crore kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The matter has since been reported to RBI on 26th February 2018. Accordingly, the company has created a provision of ₹145.67 crores during the current quarter, making total of 100% provision on its loan outstanding of ₹416.21 crores as at 31st March, 2018. One of the operational creditor of IBPML has filed application under section 9 of the Insolvency and Bankruptcy Code 2016 and based on which NCLT has initiated Corporate Insolvency Resolution Process against IBPML. Resolution Professional has been appointed and REC has filed its claim before the Resolution Professional.

9.3.8 Facor Power Limited (FPL) has become NPA on 30th September 2015 due to default in payment of dues. After initiating recovery action and issue of demand notices, the Company issued notice u/s 13(4) of SARFAESI Act for symbolic possession on 3rd November 2016 which was challenged by the borrower before DRT. Consequent to favorable disposal of litigation, REC has taken over the management control of FPL along with physical possession on 7th November 2017 under section 13(4)(b) of the SARFAESI Act after issuing necessary notice/publication. The erstwhile directors of FPL were suspended and replaced with three officers of REC out of which one of the directors is managing the day to day activities as Chief Executive Officer of FPL. The actions of REC are being challenged by the promoter of the borrower company in DRT which is subjudice.

9.3.9 REC has extended a loan of ₹217 Crores (Outstanding loan amount as at 31st March 2018 - ₹197.24 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with Edelweisse Asset Reconstruction Company (EARC) as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. Lower revenue realization due to short term arrangment is causing stress on project cash flows. Lenders have invoked pledged shares under Outside SDR scheme considering 05th December 2016 as reference date and shares have been transferred to Security trustee on behalf of all lenders. Further the process of inducting a suitable investor/prospective buyer is underway. Long term PPA is expected soon for supplying power to Haryana Discoms.

9.3.10 REC has extended a loan of ₹325 Crores (Outstanding loan amount as on 31st March 2018 - ₹321.04 Crores) to Jhabua Power Ltd for the implementation of 1X600 MW TPP in Seoni Dist. in Madhya Pradesh with Axis Bank as Lead lender. Project achieved COD on 31st March 2015 and is operational since then. As the project was suffering due to lower revenue realization, Lenders have invoked pledged shares under Outside SDR Scheme with 23rd June 2017 as reference date. Accordingly pledged shares have been transferred to Security trustee agent on behalf of all lenders. Additionally, to effect change in current management/promoters lenders have initiated open auction process and the same is underway.

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10. Other Non-Current and Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(A)	**Current recoverable of Loan & Advances (Net) (Refer Note 9)**	**-**	**23,876.34**	**23,876.34**	-	19,440.48	19,440.48
(B)	**Interest Accrued & not due on:**						
	- Long Term Investments	**-**	**14.23**	**14.23**	-	14.23	14.23
	- Term Deposits	**-**	**8.54**	**8.54**	-	4.37	4.37
	Sub-total	**-**	**22.77**	**22.77**	-	18.60	18.60
(C)	**Interest Accrued & Due on Loan Assets**	**-**	**462.37**	**462.37**	-	781.26	781.26
(D)	**Interest Accrued & Not Due on Loan Assets**	**-**	**303.23**	**303.23**	-	288.31	288.31
(E)	**Interest Accrued on Staff Advances**	**9.03**	**0.30**	**9.33**	7.74	0.33	8.07
(F)	**Recoverable from Govt. of India**						-
	- Towards Principal - GoI Fully Serviced Bonds	**4,000.00**	**-**	**4,000.00**	-	-	-
	- Towards Interest - GoI Fully Serviced Bonds	**-**	**7.17**	**7.17**	-	-	-
	- Towards Issue Expenses - GoI Fully Serviced Bonds	**-**	**4.07**	**4.07**	-	-	-
	- Agency Charges on Govt. Schemes	**-**	**161.01**	**161.01**	-	-	-
	- Reimbursement of Expenses on Govt. Schemes	**-**	**14.19**	**14.19**	-	9.44	9.44
	Recoverable from Govt. of India (Total)	**4,000.00**	**186.44**	**4,186.44**	-	9.44	9.44
	Less: Provision for bad & doubtful debts	**-**	**(6.19)**	**(6.19)**	-	-	-
	Recoverable from Govt. of India (Net)	**4,000.00**	**180.25**	**4,180.25**	-	9.44	9.44
(G)	**Recoverable from SEBs/ Govt. Dept./ Others**	**-**	**12.27**	**12.27**	-	3.97	3.97
(H)	**Advance Income-tax & TDS**	**2,199.97**	**-**	**2,199.97**	2,653.30	-	2,653.30
	Less; Provision for Income Tax	**(2,178.95)**	**-**	**(2,178.95)**	(2,614.33)	-	(2,614.33)
	Advance Income-tax & TDS (Net)	**21.02**	**-**	**21.02**	38.97	-	38.97
(I)	**Forward Contract Receivables**	**313.57**	**-**	**313.57**	143.79	-	143.79
(J)	**Receivables in respect of Derivative Contracts**	**151.68**	**-**	**151.68**	192.10	-	192.10
(K)	**Prepaid Financial Charges on Commercial Paper**	**-**	**99.56**	**99.56**	-	-	-
(L)	**Unamortized Expenses**						-
	- Discount on Foreign Currency Borrowings	**47.42**	**1.64**	**49.06**	-	-	-
	- Arrangement Fee on Foreign Currency Borrowings	**38.53**	**6.56**	**45.09**	-	-	-
	- Premium on Forward Contracts	**153.70**	**21.96**	**175.66**	-	-	-
	Total (A to L)	**4,734.95**	**24,987.25**	**29,722.20**	**382.60**	**20,542.39**	**20,924.99**

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11. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	**1,686.19**	851.34
	- Cash on Hand (including postage & imprest)	**0.01**	-
	- Others		
	- Short-term Deposits with Scheduled Banks	**85.02**	2,476.70
	- Short term Investment in Debt Mutual Funds	**-**	1,160.00
	Sub-total (A)	**1,771.22**	**4,488.04**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**2.31**	1.98
	Sub-total (B)	**2.31**	**1.98**
	Total (A+B)	**1,773.53**	**4,490.02**
	Balances with Banks include:		
	- Earmarked Balances with Banks in separate accounts		
	- For unpaid dividends	**3.49**	2.75
	- For DDUGJY, AG&SP, NEF and other grants	**56.02**	0.51
	- Amount set aside for grants disbursement	**2.13**	2.13
	- Amount not available for use pending allotment of securities	**1,469.23**	0.00

Further, Short-term Deposits with Scheduled Banks include ₹39.02 Crores (Previous year ₹23.20 Crores) earmarked towards DDUGJY and other grants. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹2.31 Crores (Previous year ₹1.98 Crores) made and earmarked in compliance of Court orders.

12. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	**21,338.77**		22,479.98	
	Less: Rebate for timely payments/ completion etc.	**16.43**	**21,322.34**	0.26	22,479.72
(ii)	Short term financing		**426.61**		455.89
	Sub-total (A)		**21,748.95**		**22,935.61**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		**15.11**		48.49
(ii)	Prepayment Premium		**106.41**		147.44
(iii)	Fee for Implementation of Govt. Schemes		**187.79**		23.86
	Sub-total (B)		**309.31**		**219.79**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		**68.66**		98.39
(ii)	Gain on Sale of Mutual Funds		**13.39**		67.13
(iii)	Interest from CP/ ICD		**0.98**		29.87
	Sub-total (C)		**83.03**		**195.39**
(D)	**Other Interest Income**				
(i)	Interest from Govt. Securities		**16.98**		24.52
(ii)	Interest from Long Term Investments		**197.66**		201.59
(iii)	Interest from Income Tax Refund		**0.62**		8.88
(iv)	Interest from Staff Advances		**1.69**		1.52
(v)	Interest from Subsidiary Companies		**0.03**		-
	Sub-Total (D)		**216.98**		**236.51**
	Total (A to D)		**22,358.27**		**23,587.30**

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13. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Dividend Income**		
	- Dividend from Subsidiary Companies	**25.91**	19.50
	- Dividend from Long-Term Investments	**39.77**	66.54
	Sub-Total (A)	**65.68**	**86.04**
(B)	**Net Gain on Sale of Long Term Investments**	**-**	**79.75**
(C)	**Other Non-Operating Income**		
	- Miscellaneous Income	**16.36**	17.49
	Sub-Total (C)	**16.36**	**17.49**
	Total (A to C)	**82.04**	**183.28**

14. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Interest Expense**		
	- On REC Bonds	**12,157.53**	11,577.81
	- On Loans from Banks/ Financial Institutions	**87.33**	96.13
	- On External Commercial Borrowings	**1,330.45**	1,264.97
	- On Commercial Paper	**135.60**	300.46
	- On Advance Income Tax	**5.53**	2.82
	Sub-Total (A)	**13,716.44**	**13,242.19**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	**13.81**	17.04
	- Bonds Handling Charges	**0.54**	0.80
	- Bonds Brokerage	**18.31**	15.68
	- Stamp Duty on Bonds	**5.48**	5.42
	- Debt Issue and Other Finance Charges	**33.56**	80.66
	Sub-Total (B)	**71.70**	**119.60**
(C)	**Net Translation/ Transaction Exchange Loss**	**41.38**	**88.56**
	Total (A to C)	**13,829.52**	**13,450.35**

15. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Salaries and Allowances	**130.70**	117.56
- Contribution to Provident Fund and Other Funds	**13.96**	12.88
- Gratuity	**1.24**	15.19
- Expenses towards Post Retirement Medical Facility	**15.70**	17.21
- Staff Welfare Expenses	**15.27**	15.23
Total	**176.87**	**178.07**

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The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹44.31 crores has been created during the year ended 31st March 2018 and the cumulative provision in this respect as at 31st March 2018 is ₹58.90 crore towards pay revision arrears as the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

16. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Direct Expenditure	**46.67**	66.64
- Overheads	**2.78**	3.16
Total	**49.45**	**69.80**

16.1 Disclosure in respect of CSR Expenses:

(a) Gross Amount required to be spent by the Company during the year 2017-18 is ₹161.95 Crores (Previous year ₹146.57 Crores).

(b) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2018			Year ended 31.03.2017		
		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	48.64	0.81	49.45	68.82	0.98	69.80

17. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
- Travelling and Conveyance		**12.59**		10.12
- Publicity & Promotion Expenses		**8.56**		5.33
- Repairs and Maintenance				
- Building	**3.28**		2.06	
- ERP & Data Centre	**4.50**		4.83	
- Others	**1.18**	**8.96**	0.92	7.81
- Rent & Hiring Charges		**8.32**		3.68
- Rates and Taxes		**0.40**		0.46
- Power & Fuel		**1.92**		2.01
- Insurance Charges		**0.16**		0.09
- Postage and Telephone		**2.44**		2.69
- Auditors' Remuneration		**1.24**		1.15
- Consultancy Charges		**8.15**		5.10
- Loss on Sale of Assets		**0.56**		0.52
- Miscellaneous Expenses		**58.39**		59.84
Total		**111.69**		**98.80**

NOTES TO ACCOUNTS

17.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Audit Fees	**0.40**	0.60
- Tax Audit Fees	**0.11**	0.10
- Limited Review Fees	**0.26**	0.24
- Payment for Other Services		
(i) Certification of MTN Offer Document/ Comfort Letter	**0.30**	0.07
(ii) Other Certifications	**0.05**	0.04
- Expenses Incurred	**0.02**	0.05
- Tax component	**0.10**	0.05
Total	**1.24**	**1.15**

The figures above include Nil (Previous year ₹0.06 crores) of Audit Fees and ₹0.02 crores (Previous year ₹0.02 crores) of Tax Audit fees pertaining to earlier years.

17.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings	**-**	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	**0.73**	1.17
- Interest	**518.75**	462.03
- Finance Charges	**24.00**	68.61
- Other Expenses	**26.25**	3.11
Total	**569.73**	**534.92**

17.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹9.26 Crores (Previous year ₹5.03 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹2.05 Crores (Previous year ₹2.92 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 31.03.2018		As at 31.03.2017	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	**0.27**	**6.38**	0.36	4.07
Later than one year and not later than 5 years	**-**	**5.43**	0.26	1.12
Later than 5 years	**-**	**1.67**	-	0.67
Total	**0.27**	**13.48**	**0.62**	**5.86**

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18. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Provision for bad & doubtful debts	**1,881.43**	625.59
Contingent Provision against Standard Loan Assets	**281.94**	64.03
Provision against Restructured Standard Loans	**(777.23)**	419.85
Provision for depreciation on Investments	**29.41**	-
Total	**1,415.55**	**1,109.47**

19. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Travelling and Conveyance	**-**	(1.01)
- Depreciation	**-**	(0.64)
- Others	**(0.47)**	-
Total	**(0.47)**	**(1.65)**

20. Earnings per Share

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	**4,647.00**	6,245.76
Denominator		
Weighted average Number of equity shares	**1,974,918,000**	1,974,918,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**23.53**	31.63

21. Contingent Liabilities and Commitments :

21.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	Claims against the Company not acknowledged as debts	**94.67**	85.68
(B)	Others		
	- Letters of Comfort	**13.51**	173.36

The amount referred to in 'A' above includes ₹0.08 Crores (Previous year ₹2.37 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 ₹94.59 Crores (Previous year ₹83.31 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.

21.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	**403.75**	272.33
- Towards Intangible Assets	**1.93**	2.60
- Other Commitments		
- CSR Commitments	**260.12**	143.98

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22. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

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

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

In accordance with clarification from RBI vide email dated 10th August 17, T&D, R&M and life extension projects as also the hydro projects in Himalayan region or affected by natural disaster are regulated by RBI restructuring norms with effect from 1st April 2017.

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

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16th June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2018 and 31st March 2017.

25. Changes in Accounting Policies

During the year, the Company has revised the accounting policy for amortization of one time arrangement fee incurred in raising of foreign currency borrowings and premium paid towards hedging contracts over the period of such borrowings/ contracts. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is higher by ₹220.75 Crores.

Further, the policy for recognising the agency fee on Government schemes has now been changed to recognise such income on accrual basis. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is higher by ₹136.45 Crores.

Since the validity of certain exemptions given by RBI had expired during the current year in respect of classification of loan assets, the Company has modified the accounting policy in respect of asset classification and provisioning to bring it in line with RBI Master Directions. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is lower by ₹146.09 Crores.

Due to these changes in accounting policies, profit before tax for the year ended 31st March 2018 is higher by ₹211.11 Crores.

26. Quality of Loan Assets

26.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1st April 2017	No. of borrowers	Nil					14	2	1		17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345		25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)							-			-	-	-	-	-	-
		Provision Thereon						1,241	79	269		1,589	1,241	79	269	-	1,589
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					2		1		3	2	-	1	-	3
		Amount outstanding (Restructured facility)						130	-	-		130	130	-	-	-	130
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						54	-	135		189	54	-	135	-	189
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3		1		4	3	-	1	-	4
		Amount outstanding (Restructured facility)						316	-	258		574	316	-	258	-	574
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						14	-	11		25	14	-	11	-	25
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil							(1)	-	(1)	-	-	(1)	-	(1)
		Amount outstanding (Restructured facility)						-	-	(258)	-	(258)	-	-	(258)	-	(258)
		Amount outstanding (Other facility)									-	-	-	-	-	-	-
		Provision Thereon						-	-	(11)	-	(11)	-	-	(11)	-	(11)

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(5)			-	(5)	(5)	-	-	-	(5)
		Amount outstanding (Restructured facility)						(9,480)	-	-	-	(9,480)	(9,480)	-	-	-	(9,480)
		Amount outstanding (Other facility)									-	-	-	-	-	-	-
		Provision Thereon						(403)	-	-	-	(403)	(403)	-	-	-	(403)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil					(5)	(2)			(7)	(5)	(2)	-	-	(7)
		Amount outstanding (Restructured facility)						(8,171)	(786)	-		(8,957)	(8,171)	(786)	-	-	(8,957)
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						(442)	(79)	-		(521)	(442)	(79)	-	-	(521)
(7)	Addition due to downgradation of restructured accounts during the year	No. of borrowers	Nil						5	2		7	-	5	2	-	7
		Amount outstanding (Restructured facility)						-	8,639	786		9,425	-	8,639	786	-	9,425
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						-	788	157		945	-	788	157	-	945
(8)	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
(9)	Restructured accounts as on 31st March 2018	No. of borrowers	Nil					8	5	3		16	8	5	3	-	16
		Amount outstanding (Restructured facility)						6,290	8,639	2,131		17,060	6,290	8,639	2,131	-	17,060
		Amount outstanding (Other facility)						-	-			-	-	-	-	-	-
		Provision Thereon						464	789	561		1,814	464	789	561	-	1,814

NOTES TO ACCOUNTS

26.2 The Classification of Loan Assets of the Company (classified in Note No. 9) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2018		As at 31.03.2017	
		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)	**6,290.13**	**463.95**	23,495.57	1,241.19
(b)	Other than (a) above	**216,030.77**	**889.40**	173,560.42	607.46
	Sub-total (i)	**222,320.90**	**1,353.35**	**197,055.99**	**1,848.65**
(ii)	**Non-Performing Assets**				
(a)	Sub-standard Assets	**12,473.52**	**1,302.90**	1,226.75	205.92
(b)	Doubtful Assets	**4,637.68**	**2,196.14**	3,628.71	1,412.20
(c)	Loss Assets	**17.22**	**17.22**	17.22	17.22
	Sub-total (ii)	**17,128.42**	**3,516.26**	**4,872.68**	**1,635.34**
	Total	**239,449.32**	**4,869.61**	**201,928.67**	**3,483.99**

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

Reserve Bank of India (RBI) vide Notification No. DBR.No.BP.BC.101/21.04.048/2017-18 dated 12th February 2018 issued a Revised Framework for Resolution of Stressed Asset, which superseded the existing guidelines on CDR/ SDR/ Change in ownership outside SDR, Flexible Structuring of Existing Long Term Project Loans (5/25 Scheme) and S4A scheme. While the notification is applicable to all Scheduled Commercial Banks (excluding Regional Rural Banks (RRB)) and all-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI), the guidelines per se are not applicable to the Company, being NBFC-IFC. However, as a matter of prudence, REC has also followed these guidelines and classified loans amounting to ₹9,591.39 crores as NPAs as at 31st March 2018.

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

Particulars	As at 31.03.2018	As at 31.03.2017
Power Sector	**7.15%**	2.41%

26.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Net NPAs to Net Advances (%)**	**5.77%**	1.62%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**4,872.69**	4,243.57
(b)	Additions during the year	**12,560.99**	686.56
(c)	Reductions during the year	**305.26**	57.44
(d)	Closing balance	**17,128.42**	4,872.69
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	**3,237.35**	3,230.30
(b)	Additions during the year	**10,636.51**	56.25
(c)	Reductions during the year	**261.70**	49.20
(d)	Closing balance	**13,612.16**	3,237.35
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	**1,635.34**	1,013.27
(b)	Provisions made during the year	**1,924.48**	630.31
(c)	Write-off / write-back of excess provisions	**43.56**	8.24
(d)	Closing balance	**3,516.26**	1,635.34

NOTES TO ACCOUNTS

27. Exposure Related Disclosures

27.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2018 (Previous year Nil).

27.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(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;	**668.73**	666.65
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**-**	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**-**	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**-**	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**-**	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**6.15**	6.15
	Total Exposure to Capital Market	**674.88**	**672.80**

27.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March 2018 (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.

28. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	**136,285.52**	111,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**56.92%**	55.42%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	**236,006.27**	197,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	**59.25%**	60.34%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	**8,558.91**	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	**8,558.91**	3,444.72

NOTES TO ACCOUNTS

29. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2018 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

30. Implementation of Govt. Schemes

30.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March 2019. The scheme has been launched with a total cost of ₹16,320 Crore including Gross Budgetary Support of ₹12,320 Crore from Govt. of India during the entire implementation period. REC has been nominated as the Nodal Agency responsible for operationalization of scheme in the entire country.

30.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹43,033 crore including budgetary support of ₹33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

30.3 National Electricity Fund (NEF)

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.

31. 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.

32. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

NOTES TO ACCOUNTS

33. Derivatives Related Disclosures

33.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	The notional principal of swap agreements	38,608.11	41,664.18
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	690.38	628.07
(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	372.62	273.61

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

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

33.3 Disclosure on Risk Exposure in Derivatives

33.3.1 Qualitative Disclosures

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

Risk Management Structure

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

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

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

NOTES TO ACCOUNTS

33.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,162.11	18,482.32	20,446.00	23,181.86
(ii)	Marked to Market Positions				
a)	Asset (+)	453.61	370.75	236.76	257.32
b)	Liability (-)	232.67	289.24	85.08	65.22
(iii)	Credit Exposure	18,162.11	18,482.32	20,446.00	23,181.86
(iv)	Unhedged Exposures	11,644.51	2,598.22	N.A.	N.A.

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

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

34. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

In view of Ministry of Power's Office Memorandum dated 30th August, 2017 and to have better operational efficiency and to reap the benefits of higher capital base & pooled resources, it was decided to merge two unlisted wholly owned subsidiary companies of Rural Electrification Corporation Limited i.e. REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL) into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder, after the approval of Board of Directors, shareholders, creditors of respective companies and approval of Holding company i.e. REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on 27th March, 2018 for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and approval of the same is awaited.

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 12.01.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, ERSS XXI Transmission Limited and PGCIL.

WR-NR Power Transmission Limited - Incorporated on 12.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 27.03.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, WR-NR Power Transmission Limited and PGCIL.

Chandil Transmission Limited - Incorporated on 14th March, 2018

Koderma Transmission Limited - Incorporated on 19th March, 2018

Dumka Transmission Limited - Incorporated on 23rd March, 2018

Mandar Transmission Limited - Incorporated on 26th March, 2018

NOTES TO ACCOUNTS

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Long-term Debt		
RECTPCL	**60.00**	60.00
RECPDCL	**10.44**	10.44
Key Managerial Personnel	**0.10**	0.10
Loans & Advances		
RECTPCL	**0.27**	0.28
RECPDCL	**1.23**	1.07
Key Managerial Personnel	**0.53**	0.50
Other Current Liabilities		
RECPDCL	**4.35**	1.51

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Loans & Advances		
Key Managerial Personnel	**0.20**	0.06
Disbursement from Subsidy/ Grant Received from Govt. of India		
RECPDCL	**0.06**	-
RECTPCL	**1.52**	-
Dividend from Subsidiaries		
RECTPCL	**13.80**	8.65
RECPDCL	**12.11**	10.85
Interest Income - Loans & Advances		
RECPDCL	**0.03**	-
Key Managerial Personnel	**0.02**	0.03
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	**2.72**	2.56
RECPDCL	**5.34**	4.65
Finance Cost		
Interest Paid to RECTPCL	**4.70**	4.70
Interest Paid to RECPDCL	**0.84**	0.82
Interest Paid to Key Managerial Personnel	**0.01**	0.01
Employee Benefits Expense - Managerial Remuneration	**2.04**	2.09
CSR Expenses		
RECPDCL	**0.19**	14.25
EESL	**-**	0.86
Other Expenses		
RECPDCL	**16.58**	30.65

NOTES TO ACCOUNTS

35. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ 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 31.03.2018	For the year ended 31.03.2017
(i)	Provident Fund	7.97	7.35
(ii)	Defined Contribution Superannuation Scheme	5.91	5.46
	Total	13.88	12.81

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

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

B. Post Retirement Medical Facility (PRMF)

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

C. Other Defined Retirement Benefit (ODRB)

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

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

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Current Service Cost	**2.11**	2.16	**1.96**	1.63	**0.06**	0.06
Interest Cost	**3.80**	2.99	**7.29**	6.93	**0.10**	0.10
Expected Return on Plan Assets	**2.93**	2.97	**-**	-	**-**	-
Actuarial (Gain)/ Loss	**(0.14)**	11.41	**6.45**	8.65	**(0.07)**	(0.02)
Expense recognized	**2.84**	13.59	**15.70**	17.21	**0.09**	0.14

NOTES TO ACCOUNTS

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the end of the year	**52.59**	50.61	**105.19**	97.15	**1.24**	1.27
Fair value of Plan Assets as at the end of the year	**48.66**	35.69	**-**	-	**-**	-
Net Assets/ (Liability) recognized	**(3.93)**	(14.92)	**(105.19)**	(97.15)	**(1.24)**	(1.27)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the beginning of the year	**50.61**	37.34	**97.15**	86.62	**1.27**	1.22
Interest Cost	**3.80**	2.99	**7.29**	6.93	**0.10**	0.10
Current Service Cost	**2.11**	2.16	**1.96**	1.63	**0.06**	0.06
Benefit Paid	**(3.81)**	(3.29)	**(7.66)**	(6.68)	**(0.12)**	(0.09)
Actuarial (Gain)/ Loss on obligation	**(0.12)**	11.41	**6.45**	8.65	**(0.07)**	(0.02)
Present Value of defined benefit obligation at the end of the year	**52.59**	50.61	**105.19**	97.15	**1.24**	1.27

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fair value of Plan Assets as at the beginning of the year	**35.69**	35.48	**-**	-	**-**	-
Return on Plan Assets	**2.93**	2.97	**-**	-	**-**	-
Contributions	**13.83**	0.53	**-**	-	**-**	-
Benefit Paid	**(3.81)**	(3.29)	**-**	-	**-**	-
Actuarial Gain/ (Loss) on Plan Assets	**0.02**	-	**-**	-	**-**	-
Fair value of Plan Assets as at the end of the year	**48.66**	35.69	**-**	-	**-**	-

NOTES TO ACCOUNTS

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of obligation at year end	**52.59**	50.61	37.34	38.16	38.07
Fair value of Plan Assets at year end	**48.66**	35.69	35.48	36.25	35.94
Funded Status	**(3.93)**	(14.92)	(1.86)	(1.91)	(2.13)
Experience adjustment;					
Gain/(Loss):					
Experience adjustment on plan liabilities	**0.39**	(10.25)	1.51	1.17	0.68
Experience adjustment on plan assets	**0.02**	-	(0.23)	(0.40)	(0.30)

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

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Service & Interest Cost	**1.48**	0.84	**(0.99)**	(1.34)
PBO (Closing)	**13.49**	12.14	**(10.96)**	(9.86)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Method Used	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)
Discount Rate	**7.60%**	7.50%	**7.60%**	7.50%	**7.60%**	7.50%
Expected Rate of Return on Plan Assets	**8.00%**	8.20%	**-**	-	**-**	-
Future Salary Increase	**6.50%**	6.00%	**6.50%**	6.00%	**6.50%**	6.00%

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

36. 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) are yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

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

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

NOTES TO ACCOUNTS

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.

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

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹42,700 Crores till date under the scheme.

38. 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.

39. 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 31.03.2018	As at / For the year ended 31.03.2017
(i)	CRAR (%)	**19.39%**	21.18%
(ii)	CRAR - Tier I Capital (%)	**16.84%**	18.43%
(iii)	CRAR - Tier II Capital (%)	**2.55%**	2.75%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	**-**	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	**-**	-

40. Maturity pattern of certain items of Assets and Liabilities as per RBI Liquidity Bucketing Norms is as under:

(₹ in Crores)

As at 31.03.2018	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,424	-	312	976	-	-
Over 1 month upto 2 months	1,693	-	428	-	-	-
Over 2 months upto 3 months	3,626	-	941	103	-	-
Over 3 month & upto 6 months	8,007	-	9,611	1,698	-	-
Over 6 months & upto 1 year	12,296	120	16,523	7,250	-	-
Over 1 year & upto 3 years	49,686	94	61,256	11,110	-	-
Over 3 years & upto 5 years	45,866	-	32,654	3,663	-	-
Over 5 years	113,335	2,361	47,260	5,007	-	-
Total	**235,933**	**2,575**	**168,985**	**29,807**	**-**	**-**

NOTES TO ACCOUNTS

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,117	-	403	1,103	-	-
Over 1 month upto 2 months	3,160	-	366	-	-	-
Over 2 months upto 3 months	2,363	-	326	89	-	-
Over 3 month & upto 6 months	5,405	-	9,854	102	-	-
Over 6 months & upto 1 year	9,573	149	5,629	157	-	-
Over 1 year & upto 3 years	38,153	189	46,606	13,135	-	-
Over 3 years & upto 5 years	36,044	-	33,435	6,291	-	-
Over 5 years	104,478	2,359	49,817	204	-	-
Total	**200,293**	**2,697**	**146,436**	**21,081**	**-**	**-**

41. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

42. No penalties have been levied on the Company by any regulator during the year ended 31st March 2018 (Previous year Nil).

43. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March 2018 (Previous year Nil).

44. Previous year figures have been reclassified/ regrouped to conform to the current classification.

45. 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 45 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Aakansha Nigam
Partner
M.No. : 416425

Place: New Delhi
Date: 28th May 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2018		YEAR ENDED 31.03.2017	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**6,852.09**		8,860.70	
Adjustments for:				
1. Profit (-) / Loss on Sale of Fixed Assets	**0.56**		0.52	
2. Depreciation & Amortization	**5.61**		4.40	
3. Provisions and Contingencies	**1,415.55**		1,109.47	
4. Interest on Commercial Paper	**135.60**		300.46	
5. Profit on sale/redemption of investments	**-**		-79.75	
6. Loss/ Gain(-) on Exchange Rate fluctuation	**45.75**		55.09	
7. Dividend from Subsidiary Co.	**-25.91**		-19.50	
8. Dividend from Investments	**-39.77**		-66.54	
9. Interest on Long-term Investments/ Govt. Securities	**-214.64**		-226.11	
10. Provision made for Interest on Advance Income Tax	**5.53**		2.82	
11. Provision in respect of Amounts recoverable	**6.19**		-	
12. Discount on Bonds written off	**1.66**		0.14	
13. Interest Accrued on Zero Coupon Bonds	**89.50**		82.45	
Operating profit before Changes in Operating Assets & Liabilities	**8,277.72**		10,024.15	
Increase / Decrease :				
1. Loan Assets	**-37,474.64**		-650.38	
2. Other Operating Assets	**-4,080.83**		37.78	
3. Operating Liabilities	**4,160.46**		-91.32	
Cash flow from Operations	**-29,117.29**		9,320.23	
1. Income Tax Paid (including TDS)	**-2,168.60**		-2,548.11	
2. Income Tax refund	**2.57**		22.07	
Net Cash Flow from Operating Activities		**-31,283.32**		6,794.19
B. Cash Flow from Investing Activities				
1. Sale of Fixed Assets	**0.14**		0.06	
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	**-78.66**		-27.01	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2018		YEAR ENDED 31.03.2017	
3. Investment in shares of NHPC Ltd. (net of sale)	**-**		-400.80	
4. Investment in shares of HUDCO Ltd.	**-2.08**		-	
5. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	**94.32**		94.32	
6. Redemption of Bonds of UP Power Corporation Ltd.	**-**		76.65	
7. Profit on sale/redemption of investments	**-**		79.75	
8. Interest on Long-term Investments/ Govt. Securities	**214.64**		229.94	
9. Dividend from Subsidiary Co.	**25.91**		19.50	
10. Dividend from Investments	**39.77**		66.54	
Net Cash Flow from Investing Activities		**294.04**		138.95
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	**19,558.55**		5,871.66	
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	**-350.00**		-1,099.93	
3. Raising of Foreign Currency Loan (Net of redemptions and inclusive of related derivative payments)	**8,360.41**		-833.33	
4. Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	**10,635.24**		8,027.15	
5. Disbursement of grants	**-10,563.91**		-8,039.66	
6. Payment of Dividend on Equity Shares	**-1,984.79**		-1,886.04	
7. Payment of Corporate Dividend Tax	**-397.88**		-379.98	
8. Issue of Commercial Paper (Net of repayments)	**3,014.84**		-5,833.16	
Net Cash flow from Financing Activities		**28,272.46**		-4,173.29
Net Increase/Decrease in Cash & Cash Equivalents		**-2,716.82**		2,759.85
Cash & Cash Equivalents as at the beginning of the year		**4,488.04**		1,728.19
Cash & Cash Equivalents as at the end of the year		**1,771.22**		4,488.04

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

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

(₹ in Crores)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
- Cash in Hand (including postage & imprest)	0.01	-
- Balances with Banks in:		
- Accounts with RBI and other banks	1,626.68	848.08
- Unpaid Dividend Accounts #	3.49	2.75
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #	56.02	0.51
- Short-term Deposits with Scheduled Banks	85.02	2,476.70
- Short term Investment in Debt Mutual Funds	-	1,160.00
Total Cash & Cash Equivalents	**1,771.22**	**4,488.04**

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

Further, Balances with Banks include ₹2.13 Crores (Previous year ₹2.13 Crores) and ₹1,469.23 Crores (Previous year ₹Nil) set aside for grants disbursement and amount pending allotment of securities respectively and not available for free use by the Company. Short-term deposits with scheduled banks include ₹39.02 Crores (Previous year ₹23.20 Crores) earmarked towards DDUGJY and other grants and not available for free use by the Company.

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

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Aakansha Nigam
Partner
M.No. : 416425

Place: New Delhi
Date: 28th May 2018

ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31ST MARCH 2018

(AS PRESCRIBED BY RESERVE BANK OF INDIA)

(Particulars as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to Rural Electrification Corporation Ltd.)

(₹ In Crores)

	Particulars	Amount Outstanding	Amount Overdue
	LIABILITIES SIDE:		
(1)	**Loans and advances availed by the NBFC**		
	inclusive of interest accrued thereon but not paid:		
	(a) Debentures/ Bonds :		
	- Secured	57,022.90	-
	- Unsecured	106,842.76	-
	(b) Deferred Credits	-	-
	(c) Term Loans		
	- from Financial Institutions	400.00	-
	(d) Inter-corporate Loans and Borrowing	-	-
	(e) Commercial Paper	3,250.00	-
	(f) Other Loans		
	- Long-term Foreign Currency Borrowings	27,530.08	-
	- Bond Application Money	1,469.23	-
	- Short Term FCNR (B) Loans	2,276.54	

(₹ In Crores)

	Particulars	Amount Outstanding
	ASSETS SIDE :	
(2)	**Break-up of Loans and Advances including bills receivables**	
	(a) Secured	195,736.71
	(b) Unsecured	40,305.68
(3)	**INVESTMENTS :**	
	Current Investments:	
	Unquoted:	
	(i) Shares : Equity	72.59
	Long Term Investments:	
	Quoted:	
	(i) Shares : Equity	404.13
	(i) Debentures and Bonds	1,500.00
	Unquoted:	
	(i) Shares : Equity	146.60
	(ii) Debentures and Bonds	303.85
	(iii) Units of mutual funds	6.15
	(iv) Government Securities	141.48

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ In Crores)

Category	AMOUNT NET OF PROVISIONS		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	1.49	1.49
(b) Companies in the same Group	-	-	-
(c) Other related Parties	-	0.53	0.53
2. Other than Related Parties	195,736.71	40,303.66	236,040.37
Total	**195,736.71**	**40,305.68**	**236,042.39**

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ In Crores)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	0.10	0.10
(b) Companies in the same Group	-	-
(c) Other related Parties	146.50	146.50
2. Other than Related Parties	2,736.60	2,428.20
Total	**2,883.20**	**2,574.80**

(6) Other Information

(₹ In Crores)

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	17,128.42
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	13,612.16
(iii) Asset acquired in satisfaction of debts	-

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Aakansha Nigam
Partner
M.No. : 416425

Place: New Delhi
Date: 28th May 2018

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Rural Electrification Corporation Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No.15/2013 dated 13th September 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2018,

(b) In the case of Statement of Profit & Loss, of the profit for the year ended on that date,

(c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanations given to us, in Annexure B on the directions and sub-directions issued by Comptroller and Auditor General of India.

3. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13 September, 2013.

   (e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-C"; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 21.1 to the standalone financial statements;

      (ii) The Company does not have any such long term contracts including derivative contracts for which there are any material foreseeable losses;

      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Aakansha Nigam
Partner
M. No. 416425

Place : New Delhi
Date : 28th May 2018

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31st March 2018

(i) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, the company has the policy of verifying the fixed assets in a phased manner. Discrepancies arising from such physical verification have been suitably accounted for in the books of accounts. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

(₹ in Crores)

Particulars	No. of cases	Gross Block	Net Block	Remarks
Freehold Land	1	45.92	45.92	Conveyance Deed by Haryana Urban Development Authority is yet to be executed.
Building	1	4.59	2.26	Conveyance Deed by Standing Committee of Public Enterprises is yet to be executed.

(ii) The company being Non-Banking Financial Company (NBFC), does not have any inventory; as such this clause is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any Companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii)(a), (b) and (c) of the Order are not applicable.

(iv) In our opinion and according to information & explanations given to us with respect to the provisions of Section 185 of the Act, the Company has not granted a loan to any of its directors during the year.

Further, in our opinion and according to information & explanations given to us, the Company, being a Non-Banking Financial Company (NBFC), is exempt from the provisions of Section 186 of the Act and the relevant rules in respect of loans and guarantees. In respect of the investments, the Company has complied with the provisions of section 186 (1) of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder, apply.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, employees' State Insurance, Income-tax, Sales-tax, Service Tax, Goods & Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There were no undisputed statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the disputed statutory dues aggregating to ₹39.60 crores have not been deposited on account of matters pending before appropriate authorities as detailed below:

(₹ in Crores)

Name of Statute	Nature of Dues	Amount Disputed	Amount paid/ refund adjusted	Net Amount Unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	21.35	5.28	16.07 *	AY 2008-09 AY 2010-11 AY 2011-12 AY 2012-13	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax and Interest	55.85	41.97	13.88	AY 2011-12, AY 2012-13, Ay 2013-14, AY 2014-15 A/Y 2015-16	Commissioner of Income Tax (Appeals), Delhi

(₹ in Crores)

Name of Statute	Nature of Dues	Amount Disputed	Amount paid/ refund adjusted	Net Amount Unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Fringe Benefit Tax	0.48	-	0.48	AY 2008-09	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Income Tax and Interest	17.06	8.31	8.75 *	AY 1999-00 AY 2003-04 AY 2004-05	Supreme Court
Income Tax Act, 1961	Tax Deducted at Source	0.06	-	0.06	FY 2007-08 to 2017-18	CPC, TDS
Chapter V of Finance Act, 1994	Service Tax, Penal Interest u/s 73(4A)	0.36	-	0.36	FY 2008-09	CESTAT, Delhi
	Total	**95.16**	**55.56**	**39.60**		

** ₹24.82 Crore though received by the Company as refund due to appeal effects of favorable decisions of various appellate forums, is however being considered as unpaid on account of further appeals made by the Income Tax Department to higher authorities.*

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders as at the Balance Sheet date.

(ix) The company did not raise any money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of any material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(xi) According to the information and explanations given to us, Central Government has exempted the Government Companies from the provisions of Section 197. Accordingly, this clause of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, this clause of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the necessary disclosures have been made in the standalone financial statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, this clause of the Order is not applicable.

(xvi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company, being a NBFC, is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The registration as required has been duly obtained and registration number issued to the Company is 14.000011.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Aakansha Nigam
Partner
M. No. 416425

Place : New Delhi
Date : 28th May 2018

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31st March 2018

Sl. No.	Directions/ Sub-Directions	Action Taken	Impact on Standalone Financial Statements
A.	**Directions**		
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The company has clear title/ lease deeds for freehold and leasehold land respectively. However, the formalities regarding registration of conveyance deed in respect of one freehold residential plot of land allotted to the Company amounting to ₹45.92 Crores and measuring 39,374.92 Sq. Mtrs. and one Land & Building amounting to ₹4.59 Crores and measuring 5,911.69 Sq. Mtrs. are yet to be executed.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons therefore and amount involved.	Additional interest amounting to ₹0.31 crore was waived off in the case of one of the borrowers for non-creation of security in the initial allowed time period of six months, during the year. Prepayment premium in five cases, amounting to ₹0.64 crore has also been waived, during the year.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.	The Company, being an NBFC, the clause with respect to inventories lying with third parties and assets received as gifts from Govt. and other authorities is not applicable.	NIL
B.	**Sub-Direction**		
1.	In respect of provisioning requirements of all restructured, rescheduled or renegotiated loan, whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard may be suitably commented upon along with financial implication.	The company is following a system of periodical assessment of realizable value of securities available against all restructured, rescheduled or renegotiated loan based upon management assessment and review/progress report of lenders engineers, lenders financial advisor and project monitoring group. No deficiency in this regard has been observed having financial implication. In our opinion the system of company needs improvement to be commensurate with the size and nature of its business. However, adequate provision as per significant accounting policies of the company has been created during the year on all such loans.	NIL

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Aakansha Nigam
Partner
M. No. 416425

Place : New Delhi
Date : 28th May 2018

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Company as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to determination of non-performing assets, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of service providers, (iv) rotation of duties amongst staff as per HR Policy to be implemented in letter and spirit, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2018 standalone financial statements of the Company. However, these areas of improvement do not affect our opinion on the standalone financial statements of the Company.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Aakansha Nigam
Partner
M. No. 416425

Place : New Delhi
Date : 28th May 2018

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018

The Board of Directors,
Rural Electrification Corporation Limited,
Core-4, SCOPE Complex,
7, Lodhi Road
New Delhi – 110003

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India (RBI) on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Rural Electrification Corporation Limited (REC) and according to the information and explanations given to us for the purpose of audit, we report that:

1. The Company had been granted registration under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been given certificate of registration by Reserve Bank of India on 10 February, 1998 vide Registration No. 14.000011. RBI issued further Certificate dated 17 September, 2010 in lieu of earlier certificate and categorized REC as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated 12 February, 2010. The company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31st March, 2018.

2. As per Para 2 (v) of RBI Circular No. DNBR (PD) CC.No.052/03.10.119/2015-16 dated 1 July 2015, Sections 45-IB and 45-IC of the Reserve Bank of India Act, 1934 on Maintenance of Percentage of Assets and Reserve Fund; paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (since repealed by Prudential Norms Directions Notification No 192 dated February 22, 2007), except paragraph 13A of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to any nonbanking financial company as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 (2 of 1934) being a Government company as defined in section 617 of the Companies Act, 1956.

3. According to the information and explanations given to us, the RBI Directions as to accept deposits are not applicable to the Company. Therefore, The Board of Directors of the Company has not passed any resolution for acceptance of any public deposits.

4. The Company has not accepted any public deposits during the year 2017-18.

5. As per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, which has been withdrawn w.e.f. 01-04-2017. Further for new project loans to generating companies restructured w.e.f. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

   For the financial year ended on 31st March 2018, the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of "Systemically Important Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 dated 01.09.2016".

6. In terms of RBI Circular No. DNBS.PD.CC.No. 1925/66.08.001/2017-18 dated 15th March, 2018, the exemption given to Government owned Non-Banking Financial Companies have been withdrawn from submitting NBS-7 to the Reserve Bank of India and accordingly, NBS-7 for quarter upto 31st March 2018, has been submitted by the Company, on 2nd May 2018, on the basis of provisional financial statements only.

7. The Capital Adequacy Ratio as disclosed in the Return submitted to the RBI in Form NBS-7, has been correctly arrived on the basis of provisional financial statements and such ratio is in compliance with the minimum CRAR prescribed by RBI.

   Being an Infrastructure Finance Company (IFC), the Company is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). According to the information and explanation given to us, the Company is in compliance with the minimum CRAR prescribed.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Priyanshu Jain
Partner
M. No. 530262

Place : New Delhi
Date : 28th May 2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Vikram D. Murugaraj)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated : 02 August 2018

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Crores)

Sl. No.	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	2	**1,974.92**	1,974.92
	(b) Reserves and Surplus	3	**33,897.38**	31,695.64
	Sub-total (1)		**35,872.30**	**33,670.56**
(2)	**Share Application Money pending Allotment**		**31.39**	**-**
(3)	**Non-current Liabilities**			
	(a) Long-term Borrowings	4	**161,434.78**	149,680.89
	(b) Deferred Tax Liabilities (Net)	5	**65.73**	39.92
	(c) Other Long-term Liabilities	6	**4,038.46**	13.42
	(d) Long-term Provisions	7	**1,340.57**	1,849.47
	Sub-total (3)		**166,879.54**	**151,583.70**
(4)	**Current Liabilities**			
	(a) Short-term Borrowings	4	**5,727.90**	110.98
	(b) Trade Payables	8	**448.64**	160.39
	(c) Other current liabilities	6	**39,426.54**	24,524.99
	(d) Short-term Provisions	7	**252.40**	194.30
	Sub-total (4)		**45,855.48**	**24,990.66**
	Total (1+2+3+4)		**248,638.71**	**210,244.92**
II.	**ASSETS**			
(1)	**Non-current Assets**			
	(a) Fixed assets	9		
	(i) Tangible Assets		**424.14**	354.11
	(ii) Intangible Assets		**10.16**	0.74
	(iii) Capital work-in-progress		**530.07**	164.13
	(iv) Intangible Assets under Development		**1.46**	1.46
			965.83	520.44
	(b) Non-current Investments	10	**2,396.87**	2,432.57
	(c) Long-term Loans & Advances	11	**206,495.28**	177,351.58
	(d) Other Non-current Assets	12	**4,743.92**	394.07
	Sub-total (1)		**214,601.90**	**180,698.66**
(2)	**Current Assets**			
	(a) Current Investments	10	**183.85**	184.36
	(b) Inventories	13	**102.48**	51.18
	(c) Trade Receivables	14	**541.86**	438.40
	(d) Cash & Bank Balances	15	**2,368.24**	4,650.79
	(e) Short-term Loans & Advances	11	**5,702.07**	3,618.72
	(f) Other Current Assets	12	**25,138.31**	20,602.81
	Sub-total (2)		**34,036.81**	**29,546.26**
	Total (1+2)		**248,638.71**	**210,244.92**

The Significant Accounting Policies and Notes to Accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 28th May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

Sl. No.	Particulars	Note No.	Year ended 31.03.2018	Year ended 31.03.2017
I.	Revenue from Operations	16	**23,054.42**	24,194.92
II.	Other Income	17	**46.98**	166.31
III.	**Total Revenue (I+II)**		**23,101.40**	24,361.23
IV.	**Expenses**			
(i)	Finance Costs	18	**13859.59**	13461.59
(ii)	Employee Benefits Expense	19	**198.46**	192.75
(iii)	Depreciation & Amortization	9	**69.59**	40.33
(iv)	Corporate Social Responsibility Expenses	20	**50.94**	68.94
(v)	Other Expenses	21	**285.29**	220.58
(vi)	Provisions and Contingencies	22	**1421.06**	1110.31
(vii)	Purchases of Stock-in-Trade		**328.53**	273.12
(viii)	Changes in inventories of Stock-in-Trade & Work-in-Progress	23	**(53.32)**	22.76
	Total Expenses (IV)		**16160.14**	**15390.38**
V.	**Profit before Prior Period Items & Tax (III-IV)**		**6941.26**	8970.85
VI.	**Prior Period Items**	24	**0.02**	(1.51)
VII.	**Profit before Tax (V-VI)**		**6941.24**	**8972.36**
VIII.	**Tax Expense :**			
(i)	Current Year		**2212.17**	2648.37
(ii)	Earlier Years/ (Refunds)		**12.21**	(27.79)
(iii)	Deferred Tax		**27.40**	38.41
	Total Tax Expense (i+ii+iii)		**2,251.78**	**2,658.99**
IX.	**Profit for the year from Continuing Operations (VII-VIII)**		**4,689.46**	6,313.37
X.	**Profit from Discontinuing Operations (after tax)**		**-**	-
XI.	**Profit for the year (IX+X)**		**4,689.46**	6,313.37
XII.	**Earnings per Equity Share (in ₹ for an equity share of ₹10 each)**			
	(1) Basic	25	**23.75**	31.97
	(2) Diluted	25	**23.75**	31.97

The Significant Accounting Policies and Notes to Accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 28th May 2018

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

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

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

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

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

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. 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 agency fee on Government schemes is recognized on accrual basis on the basis of the services rendered.

c. 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.

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

e. Revenue from contracts is recognized as follows:

(i) in cost plus contracts – by including eligible contractual items of expenditure plus proportionate margin as per the contract.

(ii) in fixed price contracts – on the basis of contractual price breakup of deliverables. In the absence of the same, at the cost of work performed on the contract plus proportionate margin using the percentage of completion method.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

f. Revenue from sale of goods is recognized at the time of delivery of goods to customers.

g. Income from investments

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

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

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

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

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

2.2 Assets Classification

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

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

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

(a) if interest and/ or instalment of principal remains overdue for a period of 3 months or more.

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

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

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

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

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

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

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 12 months' for the financial year ended 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

2.3 Provisioning against Loans

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

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

(ii) **Doubtful assets –**

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

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

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

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

Particulars	Provisioning Requirement
For Restructured Loans if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	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	The provisioning requirement would be 0.40% of the amount outstanding as Standard Assets.

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.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS

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

6. INVESTMENTS

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

7. CURRENT TAX AND DEFERRED TAX

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

8. IMPAIRMENT OF ASSETS

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

9. PROVISIONS

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

10. BOND / DEBT ISSUE

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the arrangement fee paid on the raising of External Commercial Borrowings, discount/ interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

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

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding ₹5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

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

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

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

15. GRANTS/FUNDS FROM GOVERNMENT

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

16. DERIVATIVE TRANSACTIONS

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

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”. These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

16.3 Any one-time hedging premium paid on derivative transactions shall be amortized over the tenor of such derivative contract.

17. INVENTORIES

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

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

17.3 Cost is determined on First In First Out (FIFO) basis.

CONSOLIDATED NOTES TO ACCOUNTS

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

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	31.71%	Un-audited

** The financial statements are un-audited and 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, Ghatampur Transmission Limited, Koderma Transmission Limited, Chandil Transmission Limited, Dumka Transmission Limited and Mandar Transmission Limited have not been consolidated with the financial statements of the Company.

2. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹10 each	**5,000,000,000**	**5,000.00**	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹10 each	**1,974,918,000**	**1,974.92**	1,974,918,000	1,974.92
Total	**1,974,918,000**	**1,974.92**	**1,974,918,000**	**1,974.92**

2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	**1,974,918,000**	**1,974.92**	987,459,000	987.46
Add: Bonus shares issued & allotted during the year	**-**	**-**	987,459,000	987.46
Number of shares at the end of the year	**1,974,918,000**	**1,974.92**	**1,974,918,000**	**1,974.92**

2.2 Allotment of Bonus Shares during the year and during preceding five years

During the FY 2017-18, no bonus shares were issued by the Company. However, the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

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

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

Name of the Shareholder	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	**1,151,678,783**	**58.32%**	1,162,504,472	58.86%
Life Insurance Corporation of India	**55,151,984**	**2.79%**	126,322,504	6.40%

The President of India acting through Ministry of Power, Government of India has divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company through BHARAT 22 ETF Scheme on 23rd November, 2017.

CONSOLIDATED NOTES TO ACCOUNTS

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
	Amount	Amount
Capital Reserve	**105.00**	105.00
Securities Premium Account		
Balance as at the beginning of the year	**2,236.54**	3,224.00
Less: Deductions/ Adjustments during the year (Refer Note 3.1)	**-**	987.46
Balance as at the end of the year	**2,236.54**	2,236.54
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	**929.56**	728.36
Add: Amount transferred from Surplus Account	**212.64**	201.20
Balance as at the end of the year	**1,142.20**	929.56
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**12,230.70**	10,349.64
Add: Amount transferred from Surplus Account	**1,582.49**	1,881.06
Balance as at the end of the year	**13,813.19**	12,230.70
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**2,425.30**	2,011.97
Add: Amount transferred from Surplus Account	**335.80**	413.33
Balance as at the end of the year	**2,761.10**	2,425.30
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	**36.31**	-172.41
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	**-145.16**	153.63
Amortisation during the year	**45.75**	55.09
Balance as at the end of the year	**-63.10**	36.31
General Reserve		
Balance as at the beginning of the year	**4,730.54**	4,727.04
Add: Amount transferred from Surplus Account	**500.00**	3.50
Balance as at the end of the year	**5,230.54**	4,730.54
Surplus Account		
Balance as at the beginning of the year	**9,001.69**	6,932.34
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 (Refer Note 3.1)	**-**	86.75
Add: Profit during the year	**4,689.46**	6,313.37
Add: Adjustments during the year (Refer Note 3.5)	**2.26**	1.72
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	**1,582.49**	1,881.06
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	**335.80**	413.33
- Dividend		
- Final Dividend for the previous year (Refer Note 3.4)	**523.35**	-
- Interim Dividend for the current year	**1,461.44**	1,382.44

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
	Amount	Amount
- Dividend Distribution Tax		
- Final Dividend for the previous year	**109.01**	-
- Interim Dividend for the current year	**296.77**	277.46
- Transfer to Debenture Redemption Reserve	**212.64**	201.20
- Transfer to General Reserve	**500.00**	3.50
Balance as at the end of the year	**8,671.91**	9,001.69
Total Reserves and Surplus	**33,897.38**	31,695.64

3.1 Draw down from Reserves

No amount has been drawn from the reserves during the year ended 31st March 2018.

However, during the financial year 2016-17, an amount of ₹86.75 crores after netting of taxes of ₹45.92 crores had been adjusted in the retained earnings In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivative Contracts. Further, bonus shares had also been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹987.46 Crores during the previous year.

3.2 Debenture Redemption Reserve (DRR)

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

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

Further, in case of EESL, a Joint Venture of the Company, DRR is being created upto 25% of the value of debentures during the maturity period of such debentures. Accordingly, during the year, EESL has created DRR amounting to ₹50.62 Crores (Previous year ₹14.53 Crores), REC's share being ₹16.04 Crores (Previous year ₹4.61 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'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹63.10 Crores as at 31st March 2018 (₹36.31 Crores (gain) as at 31st March 2017).

3.4 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
On Equity Shares of ₹10 each		
- Amount of Dividend proposed (₹ in Crores)	**345.61**	523.35
- Rate of Dividend	**17.50%**	26.50%
- Dividend per equity share (₹)	**1.75**	2.65

As per the requirements of Revised AS-4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company was not required to provide for dividend proposed by the Board of Directors for the financial year 2016-17 in the books of accounts for the same year, as the declaration of dividend was done after the year end. The appropriation towards final dividend for the last year was accordingly made during the current year.

3.5 During the previous year, an amount of ₹49.59 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 ₹56.70 crore. The consequential increase, in proportion to the Company's share holding in the joint venture, amounting to ₹2.26 crore has been included in the adjustments to the Surplus account during the current year.

CONSOLIDATED NOTES TO ACCOUNTS

4. Details of Borrowings

4.1 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-6 'Other Long-term and Short-term Liabilities'.

(₹ in Crores)

Particulars		As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(A)	**Secured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	**11,177.95**	**11,119.20**	**22,297.15**	22,297.15	5,453.30	27,750.45
(ii)	54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	14,139.62	5,337.78	19,477.40
(iii)	Tax Free Bonds	**12,577.97**	**-**	**12,577.97**	12,577.97	-	12,577.97
(b)	**Term Loans**						
(i)	from Financial Institutions	**200.00**	**200.00**	**400.00**	400.00	381.71	781.71
(c)	**Other Loans & Advances**						
(i)	Bond Application Money	**1,469.23**	**-**	**1,469.23**	-	-	-
	Total Secured Long-Term Debt (a+b+c)	**41,184.34**	**17,795.90**	**58,980.24**	**49,414.74**	**11,172.79**	**60,587.53**
(B)	**Unsecured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	**99,140.45**	**6,675.00**	**105,815.45**	79,424.70	5,359.70	84,784.40
(ii)	Infrastructure Bonds	**16.46**	**94.01**	**110.47**	34.89	76.75	111.64
(iii)	Zero Coupon Bonds	**1,162.59**	**-**	**1,162.59**	1,073.09	-	1,073.09
(b)	**Other Loans & Advances**						
(i)	Foreign Currency Borrowings	**19,930.94**	**7,765.55**	**27,696.49**	19,733.47	1,450.53	21,184.00
	Total Unsecured Long-Term Debt (a+b)	**120,250.44**	**14,534.56**	**134,785.00**	**100,266.15**	**6,886.98**	**107,153.13**
	Total Long-Term Debt (A+B)	**161,434.78**	**32,330.46**	**193,765.24**	**149,680.89**	**18,059.77**	**167,740.66**

4.2 Short term Debt

(₹ in Crores)

Particulars		As at 31.03.2018	As at 31.03.2017
(A)	**Loans Repayable on Demand, from Banks**		
	Secured*	**172.82**	110.98
	Unsecured	**28.54**	-
(B)	Commercial Paper, unsecured	**3,250.00**	-
(C)	FCNR (B) Loans, unsecured	**2,276.54**	-
	Total Short-Term Debt (A+B)	**5,727.90**	**110.98**

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

CONSOLIDATED NOTES TO ACCOUNTS

4.3 Details of secured long-term debt - Refer Note 4.5 for details of the security

(a) Bonds

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	**1,955.00**	**-**	**1,955.00**	1,955.00	-	1,955.00
EESL STRPP C - 8.07% Redeemable at par on 20.09.2023	**79.27**	**-**	**79.27**	79.27	-	79.27
EESL STRPP B - 8.07% Redeemable at par on 20.09.2021	**39.64**	**-**	**39.64**	39.64	-	39.64
123-I Series - 9.40% Redeemable at par on 17.07.2021	**1,515.00**	**-**	**1,515.00**	1,515.00	-	1,515.00
EESL STRPP A - 8.07% Redeemable at par on 20.03.2020	**39.64**	**-**	**39.64**	39.64	-	39.64
92-II Series - 8.65% Redeemable at par on 22.01.2020	**945.30**	**-**	**945.30**	945.30	-	945.30
91-II Series - 8.80% Redeemable at par on 18.11.2019	**995.90**	**-**	**995.90**	995.90	-	995.90
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	**1,040.00**	**-**	**1,040.00**	1,040.00	-	1,040.00
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	**868.20**	**-**	**868.20**	868.20	-	868.20
90th Series - 8.80% Redeemable at par on 03.08.2019	**2,000.00**	**-**	**2,000.00**	2,000.00	-	2,000.00
122nd Series - 9.02% Redeemable at par on 18.06.2019	**1,700.00**	**-**	**1,700.00**	1,700.00	-	1,700.00
119th Series - 9.63% Redeemable at par on 05.02.2019	**-**	**2,090.00**	**2,090.00**	2,090.00	-	2,090.00
88th Series - 8.65% Redeemable at par on 15.01.2019	**-**	**1,495.00**	**1,495.00**	1,495.00	-	1,495.00
118th Series - 9.61% Redeemable at par on 03.01.2019	**-**	**1,655.00**	**1,655.00**	1,655.00	-	1,655.00
117th Series - 9.38% Redeemable at par on 06.11.2018	**-**	**2,878.00**	**2,878.00**	2,878.00	-	2,878.00
87-A-III Series - 11.15% Redeemable at par on 24.10.2018	**-**	**61.80**	**61.80**	61.80	-	61.80
116-II Series - 9.24% Redeemable at par on 17.10.2018	**-**	**850.00**	**850.00**	850.00	-	850.00
87-II Series - 10.85% Redeemable at par on 01.10.2018	**-**	**657.40**	**657.40**	657.40	-	657.40
86-B-III Series - 10.85% Redeemable at par on 14.08.2018	**-**	**432.00**	**432.00**	432.00	-	432.00
86-A Series - 10.70% Redeemable at par on 30.07.2018	**-**	**500.00**	**500.00**	500.00	-	500.00
85th Series - 9.68% Redeemable at par on 13.06.2018	**-**	**500.00**	**500.00**	500.00	-	500.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
83rd Series - 9.07% Redeemed at par on 28.02.2018	-	-	-	-	685.20	685.20
82nd Series - 9.85% Redeemed at par on 28.09.2017	-	-	-	-	883.10	883.10
124-I Series - 9.06% Redeemed at par on 22.09.2017	-	-	-	-	2,610.00	2,610.00
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	-	-	-	-	1,275.00	1,275.00
Total - Institutional Bonds	**11,177.95**	**11,119.20**	**22,297.15**	**22,297.15**	**5,453.30**	**27,750.45**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	**8,096.27**	-	**8,096.27**	-	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	**7,662.92**	-	**7,662.92**	7,662.92	-	7,662.92
Series X (2015-16) - 6.00% Redeemable at par during financial year 2018-19	-	**6,476.70**	**6,476.70**	6,476.70	-	6,476.70
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	-	-	-	-	5,337.78	5,337.78
Total - 54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	**14,139.62**	**5,337.78**	**19,477.40**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2015-16 Tranche 1	**696.56**	-	**696.56**	696.56	-	696.56
Redeemable at par. Bonds amounting to ₹105.93 Crores are redeemable on 05.11.2025, ₹172.90 Crores are redeemable on 05.11.2030 and ₹421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually						
Series 2015-16 Series 5A	**300.00**	-	**300.00**	300.00	-	300.00
7.17% Redeemable at par on 23.07.2025						
Series 2013-14 Tranche 2	**1,057.40**	-	**1,057.40**	1,057.40	-	1,057.40
Redeemable at par. Bonds amounting to ₹419.32 Crores are redeemable on 22.03.2024, ₹530.42 Crores are redeemable on 23.03.2029 and ₹109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually						

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2013-14 Series 4A & 4B	**150.00**	**-**	**150.00**	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**	3,410.60	-	3,410.60
Redeemable at par. Bonds amounting to ₹575.06 Crores are redeemable on 25.09.2023, ₹2,810.26 Crores are redeemable on 25.09.2028 and ₹55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually						
Series 2013-14 Series 3A & 3B	**1,350.00**	**-**	**1,350.00**	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**	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**	1,982.35	-	1,982.35
Redeemable at par. Bonds amounting to ₹1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually						
Series 2012-13 Series 2A & 2B	**500.00**	**-**	**500.00**	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**	3,000.00	-	3,000.00
Redeemable at par. Bonds amounting to ₹839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually						
Total - Tax Free Bonds	**12,577.97**	**-**	**12,577.97**	**12,577.97**	**-**	**12,577.97**

CONSOLIDATED NOTES TO ACCOUNTS

(b) Term Loans

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Term Loan from Financial Institutions						
- Life Insurance Corporation of India (LIC)	**200.00**	**200.00**	**400.00**	400.00	350.00	750.00
7.35% Loan repayable in equal annual installments of ₹200 crores, next instalment due on 01.10.2018						
- PTC India Financial Services Limited	**-**	**-**	**-**	-	31.71	31.71
10.5% Loan repayable in equal quarterly installments in the range of ₹24.04 crores to ₹25.98 crores, starting from 30.03.2017						
Total - Term Loans	**200.00**	**200.00**	**400.00**	**400.00**	**381.71**	**781.71**

4.4 Details of Unsecured long-term debt :

(a) Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(i) Institutional Bonds						
156th Series - 7.70% Redeemable at par on 10.12.2027	**3,533.00**	**-**	**3,533.00**	-	-	-
147th Series - 7.95% Redeemable at par on 12.03.2027	**2,745.00**	**-**	**2,745.00**	2,745.00	-	2,745.00
142nd Series - 7.54% Redeemable at par on 30.12.2026	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00
140th Series - 7.52% Redeemable at par on 07.11.2026	**2,100.00**	**-**	**2,100.00**	2,100.00	-	2,100.00
136th Series - 8.11% Redeemable at par on 07.10.2025	**2,585.00**	**-**	**2,585.00**	2,585.00	-	2,585.00
95-II Series - 8.75% Redeemable at par on 14.07.2025	**1,800.00**	**-**	**1,800.00**	1,800.00	-	1,800.00
94th Series - 8.75% Redeemable at par on 09.06.2025	**1,250.00**	**-**	**1,250.00**	1,250.00	-	1,250.00
133rd Series - 8.30% Redeemable at par on 10.04.2025	**2,396.00**	**-**	**2,396.00**	2,396.00	-	2,396.00
131st Series - 8.35% Redeemable at par on 21.02.2025	**2,285.00**	**-**	**2,285.00**	2,285.00	-	2,285.00
130th Series - 8.27% Redeemable at par on 06.02.2025	**2,325.00**	**-**	**2,325.00**	2,325.00	-	2,325.00
129th Series - 8.23% Redeemable at par on 23.01.2025	**1,925.00**	**-**	**1,925.00**	1,925.00	-	1,925.00
128th Series - 8.57% Redeemable at par on 21.12.2024	**2,250.00**	**-**	**2,250.00**	2,250.00	-	2,250.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	**2,500.00**	**-**	**2,500.00**	2,500.00	-	2,500.00
114th Series - 8.82% Redeemable at par on 12.04.2023	**4,300.00**	**-**	**4,300.00**	4,300.00	-	4,300.00
159th Series - 7.99% Redeemable at par on 23.02.2023	**950.00**	**-**	**950.00**	-	-	-
155th Series - 7.45% Redeemable at par on 30.11.2022	**1,912.00**	**-**	**1,912.00**	-	-	-
111-II Series - 9.02% Redeemable at par on 19.11.2022	**2,211.20**	**-**	**2,211.20**	2,211.20	-	2,211.20
152nd Series - 7.09% Redeemable at par on 17.10.2022	**1,225.00**	**-**	**1,225.00**	-	-	-
150th Series - 7.03% Redeemable at par on 07.09.2022	**2,670.00**	**-**	**2,670.00**	-	-	-
EESL 2nd Series - 7.80% Redeemable at par on 18.07.2022	**142.69**	**-**	**142.69**	-	-	-
107th Series - 9.35% Redeemable at par on 15.06.2022	**2,378.20**	**-**	**2,378.20**	2,378.20	-	2,378.20
132nd Series - 8.27% Redeemable at par on 09.03.2022	**700.00**	**-**	**700.00**	700.00	-	700.00
145th Series - 7.46% Redeemable at par on 28.02.2022	**625.00**	**-**	**625.00**	625.00	-	625.00
141st Series - 7.14% Redeemable at par on 09.12.2021	**1,020.00**	**-**	**1,020.00**	1,020.00	-	1,020.00
127th Series - 8.44% Redeemable at par on 04.12.2021	**1,550.00**	**-**	**1,550.00**	1,550.00	-	1,550.00
105th Series - 9.75% Redeemable at par on 11.11.2021	**3,922.20**	**-**	**3,922.20**	3,922.20	-	3,922.20
139th Series - 7.24% Redeemable at par on 21.10.2021	**2,500.00**	**-**	**2,500.00**	2,500.00	-	2,500.00
101-III Series - 9.48% Redeemable at par on 10.08.2021	**3,171.80**	**-**	**3,171.80**	3,171.80	-	3,171.80
100th Series - 9.63% Redeemable at par on 15.07.2021	**1,500.00**	**-**	**1,500.00**	1,500.00	-	1,500.00
161B Series - 7.73% Redeemable at par on 15.06.2021	**800.00**	**-**	**800.00**	-	-	-
EESL 4th Series - 8.29% Redeemable at par on 28.05.2021	**39.64**	**-**	**39.64**	-	-	-
154th Series - 7.18% Redeemable at par on 21.05.2021	**600.00**	**-**	**600.00**	-	-	-
157th Series - 7.60% Redeemable at par on 17.04.2021	**1,055.00**	**-**	**1,055.00**	-	-	-
98th Series - 9.18% Redeemable at par on 15.03.2021	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
158th Series - 7.70% Redeemable at par on 15.03.2021	**2,465.00**	**-**	**2,465.00**	-	-	-
EESL 3rd Series - 8.15% Redeemable at par on 10.02.2021	**63.42**	**-**	**63.42**	-	-	-
153rd Series - 6.99% Redeemable at par on 31.12.2020	**2,850.00**	**-**	**2,850.00**	-	-	-
97th Series - 8.80% Redeemable at par on 30.11.2020	**2,120.50**	**-**	**2,120.50**	2,120.50	-	2,120.50
96th Series - 8.80% Redeemable at par on 26.10.2020	**1,150.00**	**-**	**1,150.00**	1,150.00	-	1,150.00
149th Series - 6.87% Redeemable at par on 24.09.2020	**2,485.00**	**-**	**2,485.00**	-	-	-
135th Series - 8.36% Redeemable at par on 22.09.2020	**2,750.00**	**-**	**2,750.00**	2,750.00	-	2,750.00
144th Series - 7.13% Redeemable at par on 21.09.2020	**835.00**	**-**	**835.00**	835.00	-	835.00
134th Series - 8.37% Redeemable at par on 14.08.2020	**2,675.00**	**-**	**2,675.00**	2,675.00	-	2,675.00
143rd Series - 6.83% Redeemable at par on 29.06.2020	**1,275.00**	**-**	**1,275.00**	1,275.00	-	1,275.00
148th Series - 7.42% Redeemable at par on 17.06.2020	**1,200.00**	**-**	**1,200.00**	1,200.00	-	1,200.00
161A Series - 7.59% Redeemable at par on 13.03.2020	**3,000.00**	**-**	**3,000.00**	-	-	-
113th Series - 8.87% Redeemable at par on 09.03.2020	**1,542.00**	**-**	**1,542.00**	1,542.00	-	1,542.00
111-I Series - 9.02% Redeemable at par on 19.11.2019	**452.80**	**-**	**452.80**	452.80	-	452.80
126th Series - 8.56% Redeemable at par on 13.11.2019	**1,700.00**	**-**	**1,700.00**	1,700.00	-	1,700.00
125th Series - 9.04% Redeemable at par on 11.10.2019	**3,000.00**	**-**	**3,000.00**	3,000.00	-	3,000.00
160th Series - 7.77% Redeemable at par on 16.09.2019	**1,450.00**	**-**	**1,450.00**	-	-	-
108-II Series - 9.39% Redeemable at par on 20.07.2019	**960.00**	**-**	**960.00**	960.00	-	960.00
95-I Series - 8.70% Redeemable at par on 12.07.2019	**200.00**	**-**	**200.00**	200.00	-	200.00
151st Series - 6.75% Redeemable at par on 26.03.2019	**-**	**1,150.00**	**1,150.00**	-	-	-
137th Series - 8.05% Redeemable at par on 07.12.2018	**-**	**2,225.00**	**2,225.00**	2,225.00	-	2,225.00
146th Series - 9.25% Redeemable at par on 03.09.2018	**-**	**3,300.00**	**3,300.00**	3,300.00	-	3,300.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
112th Series - 8.70% Redeemed at par on 01.02.2018	-	-	-	-	1,500.00	1,500.00
109th Series - 9.25% Redeemed at par on 28.08.2017	-	-	-	-	1,734.70	1,734.70
108-I Series - 9.40% Redeemed at par on 20.07.2017	-	-	-	-	2,125.00	2,125.00
Total - Institutional Bonds	**99,140.45**	**6,675.00**	**105,815.45**	**79,424.70**	**5,359.70**	**84,784.40**
(ii) Infrastructure Bonds						
Series-II (2011-12) - Redeemable at par. Refer Note 4.6	**11.06**	**18.44**	**29.50**	29.50	-	29.50
Series-I (2010-11) - Redeemable at par. Refer Note 4.6	**5.40**	**75.57**	**80.97**	5.39	76.75	82.14
Total - Infrastructure Bonds	**16.46**	**94.01**	**110.47**	**34.89**	**76.75**	**111.64**
(iii) Zero Coupon Bonds						
ZCB - Series II	**211.59**	-	**211.59**	194.57	-	194.57
(Net of unamortised discount, 89,510 bonds with face value of ₹30,000 each redeemable at par on 03.02.2021)						
ZCB - Series I	**951.00**	-	**951.00**	878.52	-	878.52
(Net of unamortised discount, 3,92,700 bonds with face value of ₹30,000 each redeemable at par on 15.12.2020)						
Total - Zero Coupon Bonds	**1,162.59**	-	**1,162.59**	**1,073.09**	-	**1,073.09**

(b) Other Loans & Advances

(i) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(1) Foreign Currency Bonds						
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	**1,951.32**	-	**1,951.32**	-	-	-
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	**2,926.98**	-	**2,926.98**	-	-	-
3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	**2,601.76**	-	**2,601.76**	-	-	-
Sub-Total - Foreign Currency Bonds	**7,480.06**	-	**7,480.06**	-	-	-
(2) ODA Loans - Guaranteed by Govt. of India						
JICA Loan - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2018 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2018	**129.35**	**122.98**	**252.33**	237.65	169.84	407.49

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
3.73% KfW Loan - Repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2018	**-**	**59.41**	**59.41**	51.03	51.02	102.05
1.96% KfW 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 31.03.2018 ₹387.52 Crores (Equivalent to €48.07 Mn), REC'S share ₹122.88 cr	**107.96**	**14.92**	**122.88**	95.28	-	95.28
1.87% - 2.20% AFD Loan - Repayable in 20 equal half-yearly instalments of €2.50 Mn, first instalment due on 31.10.2020. Total Loan Amount as on 31.03.2018 ₹39.70 Crores (Equivalent to €3.97 Mn), REC'S share ₹12.59 cr)	**12.59**	**-**	**12.59**	8.17	-	8.17
1.96% ADB Loan - Repayable in 30 equal half-yearly instalments of €6.67 Mn, first instalment due on 15.03.2022. Total Loan Amount as on 31.03.2018 ₹97.57 Crores (Equivalent to €15 Mn), REC'S share ₹30.94 cr)	**30.94**	**-**	**30.94**	-	-	-
2.89% KfW-II Loan - Repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2018	**125.42**	**62.71**	**188.13**	161.58	53.86	215.44
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2018	**466.78**	**84.86**	**551.64**	473.81	72.89	546.70
Sub-Total - ODA Loans - Guaranteed by Govt. of India	**873.04**	**344.88**	**1,217.92**	**1,027.52**	**347.61**	**1,375.13**
(3) Syndicated Loans						
¥19.029 Bn - Repaid on 10.04.2017	**-**	**-**	**-**	-	1,102.92	1,102.92
US $285 Mn - Repayable on 02.12.2018	**-**	**1,853.76**	**1,853.76**	1,847.90	-	1,847.90
US $250 Mn - Repayable on 29.05.2019	**1,252.10**	**-**	**1,252.10**	1,620.97	-	1,620.97
US $400 Mn - Prepaid on 27.12.2017	**-**	**-**	**-**	2,593.54	-	2,593.54
US $400 Mn - Prepaid on 26.03.2018	**-**	**-**	**-**	2,593.54	-	2,593.54
US $300 Mn - Repayable on 29.07.2020	**1,951.32**	**-**	**1,951.32**	1,945.16	-	1,945.16
**US $250 Mn -** Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively	**-**	**1,626.10**	**1,626.10**	1,620.97	-	1,620.97
US $300 Mn - Repayable on 01.12.2020	**1,951.32**	**-**	**1,951.32**	1,945.16	-	1,945.16
US $250 Mn - Repayable on 05.02.2019	**-**	**1,626.10**	**1,626.10**	1,620.97	-	1,620.97
US $120 Mn - Repayable on 21.03.2019	**-**	**780.53**	**780.53**	778.06	-	778.06
US $100 Mn - Repayable on 05.10.2021	**650.44**	**-**	**650.44**	648.39	-	648.39
US $230 Mn - Repayable on 19.01.2022	**1,496.01**	**-**	**1,496.01**	1,491.29	-	1,491.29

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
US $200 Mn - Repayable on 28.07.2022	**1,300.88**	**-**	**1,300.88**	-	-	-
US $57.50 Mn - Repayable on 29.05.2019	**374.00**	**-**	**374.00**	-	-	-
US $240 Mn - Repayable on 26.03.2021	**1,561.06**	**-**	**1,561.06**	-	-	-
US $160 Mn - Repayable on 26.03.2021	**1,040.71**	**-**	**1,040.71**	-	-	-
Sub-Total - Syndicated Loans	**11,577.84**	**5,886.49**	**17,464.33**	**18,705.95**	**1,102.92**	**19,808.87**
(4) FCNR (B) Loans						
US $235.87 Mn - Repayable on 12.02.2019	**-**	**1,534.18**	**1,534.18**	-	-	-
Sub-Total - FNCR (B) Loans	**-**	**1,534.18**	**1,534.18**	**-**	**-**	**-**
Total - Foreign Currency Borrowings	**19,930.94**	**7,765.55**	**27,696.49**	**19,733.47**	**1,450.53**	**21,184.00**

4.5 Security Details of the Secured Borrowings

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

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

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

The Bond Series STRPP (Separately Transferrable Redeemable Principal Parts) A, B and C are secured by way of first pari passu charge over moveable fixed assets of EESL, a Joint Venture of the Company with minimum asset coverage of 1 times.

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

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

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

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

CONSOLIDATED NOTES TO ACCOUNTS

The term loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.07	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%	58.50	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**80.97**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
9.15% Cumulative	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

4.7 Foreign Currency Borrowings in Note No. 4.4(b)(i)(3) & (4) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

4.8 The outstanding position of Foreign Currency Exposure as at 31st March 2018 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Exposure		Unhedged Exposure	
	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
USD $	**4,425.63**	2,885.00	**2,680.00**	2,530.00	**1,745.63**	355.00
JPY ¥	**4,100.17**	26,059.52	**2,214.38**	23,985.15	**1,885.79**	2,074.37
EURO €	**115.93**	139.74	**73.68**	99.35	**42.25**	40.39

4.9 In terms of Accounting Policy No. B 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR
As at 31st March 2018	**65.0441**	**0.6154**	**80.6222**
As at 31st March 2017	64.8386	0.5796	69.2476

4.10 REC launched its maiden USD Green Bonds in June 2017 to become the first Indian PSU to launch Green Bonds denominated in US Dollars and raised US$ 450 million for a tenure of ten years from the offshore market. The Green Bonds, listed on the London Stock Exchange and Singapore Stock Exchange, have been certified by the Climate Bond Initiative, London while the 'Green Bond framework' formulated by REC has been verified by KPMG. The issue proceeds have been utilized for financing existing projects including re-financing and new eligible green projects in accordance with the Green Bond framework.

CONSOLIDATED NOTES TO ACCOUNTS

4.11 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.

The domestic debt instruments of EESL, a Joint Venture of the Company has "AA" rating – assigned by CARE & ICRA-Credit Rating Agencies.

REC enjoys international credit rating of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and FITCH respectively.

There has been no migration of ratings during the year.

4.12 REC had come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator during the year 2016-17. Based on the complaint filed by the Company, the police filed an FIR against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Further, an amount of ₹0.59 Crore had been shown recoverable from the RTA in the books of accounts and the matter duly reported to the Reserve Bank of India (RBI). A criminal case has also been filed by the police against the suspected culprits. REC has filed a civil suit on 1st March, 2018 against the erstwhile R&TA (M/s RCMC Share Registry Pvt. Ltd.) for recovery of the dues.

5. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Liabilities on account of:		
Depreciation	**2.56**	4.57
Foreign Currency Exchange Fluctuation Loss	**21.84**	-
MTM on Interest Rate Swap	**52.49**	66.48
Total	**76.89**	71.05
Deferred Tax Assets on account of:		
Provision for Earned Leave	**3.77**	10.85
Provision for Medical Leave	**6.84**	6.67
Foreign Currency Exchange Fluctuation Loss	**-**	12.57
Provision for Gratuity	**0.16**	0.03
Provision for Doubtful Debts	**0.16**	0.88
Provision for Employee benefits	**0.12**	0.09
Operating lease liabilities	**0.11**	0.04
Total	**11.16**	31.13
Deferred Tax Liabilities (Net)	**65.73**	39.92

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 and Short-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(A) Current maturities of long-term debt (Refer Note 4)	**-**	**32,330.46**	**32,330.46**	-	18,059.77	18,059.77
(B) Interest accrued but not due on borrowings	**15.50**	**6,161.80**	**6,177.30**	12.38	6,025.45	6,037.83
Interest accrued and due on borrowings	**-**	**-**	**-**	-	-	-
(C) Income Received in Advance	**-**	**5.27**	**5.27**	-	8.41	8.41
(D) Unpaid Dividends	**-**	**3.49**	**3.49**	-	2.75	2.75
(E) Unpaid Principal & Interest on Bonds						
- Matured Bonds & Interest Accrued thereon	**-**	**47.03**	**47.03**	-	51.54	51.54
- Interest on Bonds	**-**	**14.27**	**14.27**	-	15.19	15.19
(F) Other payables						
- Funds Received from Govt. of India/ State Govts. for Disbursement as Subsidy/ Grant	**-**	**57,141.98**	**57,141.98**	-	46,154.67	46,154.67
Add: Interest on Subsidy/ Grant (Refer Note 6.3)	**-**	**24.21**	**24.21**	-	2.18	2.18
Less: Disbursed to Beneficiaries	**-**	**(56,699.85)**	**(56,699.85)**	-	(46,131.01)	(46,131.01)
Undisbursed Funds to be disbursed as Subsidy/Grant	**-**	**466.34**	**466.34**	-	25.84	25.84
- Payables towards Bonds Fully serviced by Govt. of India						
Towards Principal (Refer Note 6.4)	**4,000.00**	**-**	**4,000.00**	-	-	-
Towards Interest	**-**	**7.17**	**7.17**	-	-	-
- Sundry Liabilities Account (Interest Capitalisation)	**21.99**	**24.00**	**45.99**	-	-	-
- Overdraft in Current Account	**-**	**-**	**-**	-	-	-
- Statutory Dues payable including PF and TDS	**-**	**71.42**	**71.42**	-	53.33	53.33
- Payable towards funded staff benefits	**-**	**2.84**	**2.84**	-	13.63	13.63
- Other Liabilities	**0.97**	**292.45**	**293.42**	1.04	269.08	270.12
Sub-total (F)	**4,022.96**	**864.22**	**4,887.18**	**1.04**	**361.88**	**362.92**
Total (A to F)	**4,038.46**	**39,426.54**	**43,465.00**	**13.42**	**24,524.99**	**24,538.41**

CONSOLIDATED NOTES TO ACCOUNTS

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

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

Net amount of ₹0.53 Crores as at 31st March 2018 (₹0.86 Crores as at 31st March 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance of Interest Subsidy Fund	**0.86**	1.26
Add: Interest earned during the year	**0.02**	0.07
Less: Interest subsidy passed on to the borrower	**0.35**	0.47
Closing Balance of Interest Subsidy Fund	**0.53**	**0.86**

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

During the period, interest earned of ₹18.15 Crores (Previous year ₹24.84 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹10.33 crores (Previous year ₹40.78 crores) has been refunded back to MoP out of the total interest on subsidy.

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

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance	**2.18**	18.10
Add: Interest earned during the year	**33.57**	25.94
Less: Amount refunded to Govt. during the year	**11.32**	41.59
Less: Disbursement out of Interest earned on account of AG&SP Grant	**0.22**	0.27
Closing Balance	**24.21**	**2.18**

6.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹4,000 crore through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 19th March 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from GoI.

CONSOLIDATED NOTES TO ACCOUNTS

Details of the GoI Fully Serviced Bonds raised are as follows-

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
GoI-I Series	**1,837.00**	**-**	**1,837.00**	-	-	-
8.09% semi-annual redeemable at par on 21.03.2028						
GoI-II Series	**1,410.00**	**-**	**1,410.00**	-	-	-
8.01% semi-annual redeemable at par on 24.03.2028						
GoI-III Series	**753.00**	**-**	**753.00**	-	-	-
8.06% semi-annual redeemable at par on 27.03.2028						
Total	**4,000.00**	**-**	**4,000.00**	**-**	**-**	**-**

7. Long-term and Short-term Provisions

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Provisions for						
(A) Employee Benefits						
Earned Leave Liability	9.44	1.64	11.08	28.48	3.31	31.79
Post Retirement Medical Benefits	99.80	5.39	105.19	92.49	4.66	97.15
Medical Leave Liability	16.96	2.81	19.77	16.63	2.64	19.27
Settlement Allowance	1.03	0.21	1.24	1.10	0.17	1.27
Economic Rehabilitation Scheme	3.31	0.03	3.34	3.44	0.01	3.45
Long Service Award	2.55	0.02	2.57	2.64	0.19	2.83
Loyalty Bonus	0.21	-	0.21	0.11	0.04	0.15
Gratuity	0.45	-	0.45	0.19	-	0.19
Sub-total (A)	**133.75**	**10.10**	**143.85**	**145.08**	**11.02**	**156.10**
(B) Others						
Standard Loan Assets	784.53	104.87	889.40	536.59	70.87	607.46
Restructured Standard Loans	409.41	54.54	463.95	1,167.67	73.52	1,241.19
Interest on Loans Due & Converted into Equity	-	3.96	3.96	-	3.96	3.96
Incentive	-	19.19	19.19	-	20.34	20.34
Pay Revision	-	58.90	58.90	-	14.59	14.59
Retention Money	12.88	-	12.88	-	-	-
Corporate Dividend Tax	-	0.84	0.84	-	-	-
Provision for Warranty	-	-	-	0.13	-	0.13
Sub-total (B)	**1,206.82**	**242.30**	**1,449.12**	**1,704.39**	**183.28**	**1,887.67**
Total (A+B)	**1,340.57**	**252.40**	**1,592.97**	**1,849.47**	**194.30**	**2,043.77**

CONSOLIDATED NOTES TO ACCOUNTS

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

(₹ in Crores)

Particulars	For the year ended 31.03.2018				For the year ended 31.03.2017			
	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance
Standard Loan Assets	**607.46**	**281.94**	**-**	**889.40**	543.43	64.03	-	607.46
Restructured Standard Loans	**1,241.19**	**68.16**	**845.40**	**463.95**	821.34	419.85	-	1,241.19
Interest on Loans Due & Converted into Equity	**3.96**	**-**	**-**	**3.96**	3.96	-	-	3.96
Incentive	**20.34**	**13.43**	**14.58**	**19.19**	18.13	15.52	13.31	20.34
Pay Revision	**14.59**	**50.33**	**6.02**	**58.90**	-	14.59	-	14.59
Corporate Dividend Tax	**-**	**405.78**	**404.94**	**0.84**	106.49	277.46	383.95	-
Retention Money	**-**	**12.88**	**-**	**12.88**	-	-	-	-
Warranty	**0.13**	**-**	**0.13**	**-**	-	0.13	-	0.13
Contigencies of project cost revisions	**-**	**-**	**-**	**-**	2.29	0.36	2.65	-

8. Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Trade Payables	**448.64**	160.39
Total	**448.64**	**160.39**

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9. Fixed Assets as at 31st March 2018

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2018	Upto 31.03.2017	During the year	Adjustment during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Tangible Assets										
Freehold Land	82.92	-	-	82.92	-	-	-	-	82.92	82.92
Leasehold Land	6.59	0.21	-	6.80	0.41	0.54	-	0.95	5.85	6.18
Buildings	31.59	0.16	-	31.75	7.62	0.48	-	8.10	23.65	23.97
Furniture & Fixtures	8.63	2.07	0.16	10.54	5.67	0.70	0.07	6.30	4.24	2.96
Vehicles	0.43	-	0.03	0.40	0.28	0.02	0.03	0.27	0.13	0.15
EDP Equipments	18.21	3.55	2.12	19.64	12.95	3.01	1.96	14.00	5.64	5.26
Office Equipments	291.07	129.57	(3.78)	424.42	58.40	64.10	-0.21	122.71	301.71	232.67
Total	**439.44**	**135.56**	**(1.47)**	**576.47**	**85.33**	**68.85**	**1.85**	**152.33**	**424.14**	**354.11**
Previous year	301.36	128.41	(9.66)	439.43	48.31	39.76	2.75	85.32	354.11	
Intangible Assets										
Computer Software	7.47	10.21	-	17.68	6.73	0.74	-0.05	7.52	10.16	0.74
Total	**7.47**	**10.21**	**-**	**17.68**	**6.73**	**0.74**	**-0.05**	**7.52**	**10.16**	**0.74**
Previous year	7.18	0.27	(0.02)	7.47	6.15	0.57	-0.01	6.73	0.74	
Capital Work-in-progress	**164.13**	**623.56**	**257.62**	**530.07**	**-**	**-**	**-**	**-**	**530.07**	**164.13**
Previous year	76.84	243.05	155.76	164.13	-	-	-	-	164.13	
Intangible Assets under Development	**1.46**	**-**	**-**	**1.46**	**-**	**-**	**-**	**-**	**1.46**	**1.46**
Previous year	1.21	0.25	-	1.46	-	-	-	-	1.46	

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

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

9.3 Disclosure in respect of Intangible Assets as required 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

10. Investments

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
	Valued at Cost						
(A)	**Trade Investments**						
(i)	**Investment in Equity Instruments - Quoted**						
	- NHPC Ltd.	**400.80**	**-**	**400.80**	400.80	-	400.80
	18,40,11,865 Equity shares of ₹10 each, fully paid up						
	- Housing and Urban Development Corporation Ltd.	**2.08**	**-**	**2.08**	-	-	-
	3,47,429 Equity shares of ₹10 each, fully paid up						
	- Indian Energy Exchange Limited	**1.25**	**-**	**1.25**	1.25	-	1.25
	12,50,000 Equity shares of ₹10 each, fully paid up						
(ii)	**Investment in Equity Instruments - Unquoted**						
	- Controlled SPVs						
	- Dinchang Transmission Limited	**-**	**0.05**	**0.05**	-	0.05	0.05
	50,000 Equity shares of ₹10 each, fully paid up						
	- Ghatampur Transmission Limited	**-**	**0.05**	**0.05**	-	0.05	0.05
	50,000 Equity shares of ₹10 each, fully paid up						
	- ERSS XXI Transmission Limited	**-**	**-**	**-**	-	0.05	0.05
	50,000 Equity shares of ₹10 each, fully paid up						
	- WR-NR Power Transmission Limited	**-**	**-**	**-**	-	0.05	0.05
	50,000 Equity shares of ₹10 each, fully paid up						
	- Others						
	- Energypro Assets Limited	**57.14**	**-**	**57.14**	0.60	-	0.60
	2,17,45,680 Equity shares of £1 each, fully paid up						
	- Universal Commodity Exchange Limited	**-**	**16.00**	**16.00**	16.00	-	16.00
	1,60,00,000 Equity shares of ₹10 each, fully paid up						
	Less: Provision for Diminution in Investment	**-**	**(16.00)**	**(16.00)**	(16.00)	-	(16.00)
		-	**-**	**-**	-	-	-
	- Lanco Teesta Hydro Power Limited	**-**	**102.00**	**102.00**	-	102.00	102.00
	10,20,00,000 Equity shares of ₹10 each, fully paid up						
	Less: Provision for Diminution in Investment	**-**	**(29.41)**	**(29.41)**	-	-	-
		-	**72.59**	**72.59**		102.00	102.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(iii)	**Investment in Government Securities - Unquoted**						
	- 8% Government of Madhya Pradesh Power Bonds-II	**94.32**	**47.16**	**141.48**	188.64	47.16	235.80
	3 Bonds of ₹47,16,00,000 each						
(iv)	**Investment in Venture Capital Funds - Unquoted**						
	- 'Small is Beautiful' Fund	**6.15**	**-**	**6.15**	6.15	-	6.15
	61,52,200 units of ₹10 each						
(v)	**Investment in Debentures - Unquoted**						
	- 9.68% Bonds of UP Power Corporation Ltd.	**303.85**	**-**	**303.85**	303.85	-	303.85
	30,385 Bonds of ₹1,00,000 each						
(B)	**Other Investments**						
(i)	**Investment in Debentures - Quoted**						
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	**500.00**	**-**	**500.00**	500.00	-	500.00
	5,000 Bonds of ₹10,00,000 each						
(ii)	**Investment in Inter Corporate Deposit**						
	- LIC Housing Finance Limited	**-**	**-**	**-**	-	17.50	17.50
	- PNB Housing Finance Limited	**-**	**64.00**	**64.00**	-	17.50	17.50
(iii)	**Investment in Tax Free Bonds - Quoted**						
	- 8.76% Bonds of HUDCO Ltd.	**5.00**	**-**	**5.00**	5.00	-	5.00
	50,000 Bonds of ₹1,000 each						
	- 7.39% Bonds of HUDCO Ltd.	**8.68**	**-**	**8.68**	8.68	-	8.68
	86,798 Bonds of ₹1,000 each						
	- 7.35% Bonds of NHAI	**4.29**	**-**	**4.29**	4.29	-	4.29
	42,855 Bonds of ₹1,000 each						
	- 7.39% Bonds of NHAI	**3.55**	**-**	**3.55**	3.55	-	3.55
	35,463 Bonds of ₹1,000 each						
	- 7.49% Bonds of IREDA Ltd.	**6.13**	**-**	**6.13**	6.13	-	6.13
	61,308 Bonds of ₹1,000 each						
	- 7.35% Bonds of IRFC Ltd.	**2.23**	**-**	**2.23**	2.23	-	2.23
	22,338 Bonds of ₹1,000 each						
	- 7.35% Bonds of NABARD	**1.40**	**-**	**1.40**	1.40	-	1.40
	14,028 Bonds of ₹1,000 each						
	Total (A+B)	**2,396.87**	**183.85**	**2,580.72**	**2,432.57**	**184.36**	**2,616.93**

CONSOLIDATED NOTES TO ACCOUNTS

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

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

The face value of the fund is ₹10 per unit. The NAV as on 31.03.2018 is ₹10.17 per unit (Previous year ₹10.24 per unit).

Further, investments also include ₹1.25 Crores (Previous year ₹1.25 Crores) representing company's investment in equity shares of Indian Energy Exchange Ltd. (IEX)

Name of the Company	No. of Shares	Invested Amount	Country of Incorporation	Shareholding %
Indian Energy Exchange Limited	1,250,000	₹1.25 Crores	India	4.12%

The equity shares of IEX have been listed on stock exchanges on 23rd October 2017.

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

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity		31.71%
Country of Incorporation		India
Area of Operation		India
JV Partners (% share)	1.	NTPC Limited (31.71%)
	2.	Power Grid Corporation of India Limited (4.87%)
	3.	Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2018 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2018 (Unaudited)	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2017 (Audited) *
(i)	Total Assets	**1,543.62**	838.77	817.03
(ii)	Total Liabilities	**1,340.45**	662.90	640.93
(iii)	Total Reserves & Surplus	**25.27**	29.37	29.60
(iv)	Contingent Liabilities	**68.65**	11.74	38.06
(v)	Capital Commitments	**83.64**	103.95	253.57
(vi)	Total Income	**461.78**	408.83	389.14
(vii)	Total Expenses	**438.60**	384.81	363.25

* The consolidated financial statements of the Company for the FY 2016-17 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 30th May 2017. Further, the audited financial statements for the year ended 31st March 2017 have been prepared under Indian Accounting Standards (Ind-AS). The unaudited financial statements for the year ended 31st March 2018 have been prepared as per Indian GAAP and certified by the Management.

CONSOLIDATED NOTES TO ACCOUNTS

10.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(1)	**Value of Investments**		
(i)	**Gross Value of Investments**		
(a)	In India	**2,568.99**	2,632.33
(b)	Outside India,	**57.14**	0.60
(ii)	**Provisions for Depreciation**		
(a)	In India	**45.41**	16.00
(b)	Outside India,	**-**	-
(iii)	**Net Value of Investments**		
(a)	In India	**2,523.58**	2,616.33
(b)	Outside India.	**57.14**	0.60
(2)	**Movement of provisions held towards depreciation on investments.**		
(i)	Opening balance	**16.00**	0.10
(ii)	Add : Provisions made during the year	**29.41**	16.00
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	0.10
(iv)	**Closing balance**	**45.41**	16.00
(3)	**Aggregate amount of Quoted Investments**	**1,935.41**	1,932.08
	Market Value of Quoted Investments	**2,247.81**	2,125.57
(4)	**Aggregate amount of Unquoted Investments**	**690.72**	700.85
(5)	**Aggregate provision for diminution in value of investments**	**45.41**	16.00

11. Loans & Advances

Non-current portion of loans & advances has been classified under 'Long-term Loans & Advances' and the current portion of loans & advances has been classified under Note-12 'Other Non-Current and Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Capital Advances (Unsecured, considered good)**	**45.96**	**-**	**-**	**45.96**	40.23	-	-	40.23
(B)	**Security Deposits (Unsecured, considered good)**	**3.22**	**-**	**0.41**	**3.63**	1.55	-	0.48	2.03
(C)	**Loans & Advances to Related Parties**								
	- To Key Managerial Personnel (KMP)	**0.36**	**0.17**	**-**	**0.53**	0.37	0.13	-	0.50
	- To Others								
	(a) Unsecured, considered good	**-**	**-**	**7.57**	**7.57**	-	-	2.89	2.89
	(b) Unsecured, considered doubtful	**-**	**-**	**0.06**	**0.06**			0.06	0.06
	Less: Provision for bad & doubtful debts	**-**	**-**	**(0.06)**	**(0.06)**			(0.06)	(0.06)
		0.36	**0.17**	**7.57**	**8.10**	**0.37**	**0.13**	**2.89**	**3.39**
(D)	**Other Loans & Advances**								
	- Staff Loans & Advances (except to KMP)	**25.89**	**10.51**	**0.05**	**36.45**	32.29	11.10	0.04	43.43
	- Loan Assets	**206,419.47**	**23,865.66**	**5,647.92**	**235,933.05**	177,275.24	19,429.25	3,588.85	200,293.34
	- Others	**0.38**	**-**	**46.12**	**46.50**	1.90	-	26.46	28.36
		206,445.74	**23,876.17**	**5,694.09**	**236,016.00**	177,309.43	19,440.35	3,615.35	200,365.13
	Total (A to D)	**206,495.28**	**23,876.34**	**5,702.07**	**236,073.69**	**177,351.58**	**19,440.48**	**3,618.72**	**200,410.78**

CONSOLIDATED NOTES TO ACCOUNTS

Details of Loans & Advances :

11.1 Staff Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Staff Loans & Advances**								
(A1)	**To Key Managerial Personnel**								
	(a) Considered Good	-	-	-	-	0.01	-	-	0.01
(A2)	**To Others**								
	(a) Considered Good	**3.12**	**0.63**	**0.02**	**3.77**	3.43	0.68	-	4.11
	Sub-total (A1+ A2)	**3.12**	**0.63**	**0.02**	**3.77**	3.44	0.68	-	4.12
(B)	**Unsecured Staff Loans & Advances**								
(B1)	**To Key Managerial Personnel**								
	(a) Considered Good	**0.36**	**0.17**	-	**0.53**	0.36	0.13	-	0.49
(B2)	**To Others**								
	(a) Considered Good	**22.77**	**9.88**	**0.03**	**32.68**	28.86	10.42	0.04	39.32
	Sub-total (B1+ B2)	**23.13**	**10.05**	**0.03**	**33.21**	**29.22**	**10.55**	**0.04**	**39.81**
	Grand Total (A+B)	**26.25**	**10.68**	**0.05**	**36.98**	**32.66**	**11.23**	**0.04**	**43.93**

11.2 Loan Assets

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		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	**146,256.29**	**15,670.42**	**4,117.09**	**166,043.80**	125,811.34	11,014.90	740.67	137,566.91
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**								
	(a) Considered good	**14,928.90**	**1,148.33**	-	**16,077.23**	24,691.95	3,553.12	-	28,245.07
	(b) Considered doubtful	**12,059.39**	**4,273.73**	-	**16,333.12**	2,220.01	2,169.10	-	4,389.11
	Less: Provision for bad & doubtful debts	**1,352.52**	**1,368.44**	-	**2,720.96**	383.89	767.87	-	1,151.76
		10,706.87	**2,905.29**	-	**13,612.16**	1,836.12	1,401.23	-	3,237.35
	Sub-total (A1+ A2)	**171,892.06**	**19,724.04**	**4,117.09**	**195,733.19**	152,339.41	15,969.25	740.67	169,049.33

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(B)	**Unsecured Loans**								
(B1)	**Loans Guaranteed by respective State Governments**								
	(a) Considered good	**23,694.24**	**3,221.16**	**-**	**26,915.40**	19,109.20	2,850.00	197.18	22,156.38
(B2)	**Loans to State Governments**								
	(a) Considered good	**3,009.99**	**330.99**	**-**	**3,340.98**	2,647.90	351.22	-	2,999.12
(B3)	**Loans - Others**								
	(a) Considered good	**7,823.18**	**589.47**	**1,530.83**	**9,943.48**	3,178.73	258.78	2,651.00	6,088.51
	(b) Considered doubtful	**34.92**	**760.38**	**-**	**795.30**	5.18	478.40	-	483.58
	Less: Provision for bad & doubtful debts	**34.92**	**760.38**	**-**	**795.30**	5.18	478.40	-	483.58
		-	**-**	**-**	**-**	-	-	-	-
	Sub-total (B1+ B2+B3)	**34,527.41**	**4,141.62**	**1,530.83**	**40,199.86**	**24,935.83**	**3,460.00**	**2,848.18**	**31,244.01**
	Grand Total (A+B)	**206,419.47**	**23,865.66**	**5,647.92**	**235,933.05**	**177,275.24**	**19,429.25**	**3,588.85**	**200,293.34**

11.3 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**								
	(a) Considered good	0.38	-	46.12	46.50	1.90	-	26.46	28.36
	(b) Considered doubtful	-	-	6.08	6.08	-	-	5.59	5.59
	Less: Provision for bad & doubtful debts	-	-	6.08	6.08	-	-	5.59	5.59
		-	-	-	-	-	-	-	-
	Grand Total	**0.38**	**-**	**46.12**	**46.50**	**1.90**	**-**	**26.46**	**28.36**

11.3.1 Loan balance confirmations for 87% of total loan assets as at 31st March 2018 have been received from the borrowers. Out of the remaining 13% loan assets amounting to ₹30,013 crore for which balance confirmations have not been received, 81% loans are secured by way of hypothecation of assets, 15% by way of Government Guarantee/ Loans to Government and 4% are unsecured loans.

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

11.3.3 REC, as a lead lender had sanctioned ₹650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹196 Crore as additional loan towards funding of cost overrun. As at 31st March 2018, the loan outstanding is ₹811.74 crores.

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The account had become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹587.47 Crores and for the balance loan amount of ₹224.27 Crores, 30% provision amounting to ₹67.29 Crores has been created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31st March 2018 is ₹654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have joined the winding up petition filed by one the employee of CIAL before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

11.3.4 REC has sanctioned ₹1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹33.24 Crores till 31st March 2018. The account has become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with the Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹31.48 crore and for the balance loan amount of ₹1.77 crores, 30% provision amounting to ₹0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31st March 2018 is ₹32.01 Crores on total loan outstanding of ₹33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC before DRT for recovery of dues. Further, lenders have jointly taken action under the provision of the SARFAESI Act. PNB acting as Lead has taken the symbolic possession of the project by issuing Notice under section 13(4) of SARFEASI Act.

11.3.5 As at 31st March 2018, the dues of one of the borrowers were overdue for more than 3 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. In view of the same, the classification of the borrower has been retained as 'Restructured Standard Asset' pending final decision of the Court. During the financial year 2016-17, based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹426.09 crores (₹88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31st March 2018, the total provision of ₹218.69 Crores stands created against the project and unrealized income of ₹382.35 Crores has also not been recognized for the financial year 2017-18. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras. REC has filed an Application before High Court, Madaras for dismissal of the Writ Petition and vacation of stay order.

11.3.6 REC had sanctioned ₹390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 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, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8th June 2015, for conversion of ₹102 Crores out of REC's outstanding loan into equity at face value of ₹10/- per share towards effecting the change in Management. Subsequently, on 20th October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹102 Crores of REC's sanction had been converted into equity. As per SDR scheme, asset classification shall remain standard up to 18 months from 24th July 2015 i.e. 23rd January 2017 and within this timeline, a suitable investor had to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. the asset classification has now been downgraded to Doubtful Category and as on 31st March 2018 total provision of ₹71.04 Cr has been created @ 30% of the outstanding loan. Further a provision @ 30% has also been created on the investment portion. The project company has now been admitted under Insolvency and Bankruptcy Code 2016 by NCLT, Hyderabad on 16th March 2018 to initiate Corporate Insolvency Resolution Proceeding (CIRP).

CONSOLIDATED NOTES TO ACCOUNTS

11.3.7 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender. The total disbursement towards IBPML by three consortium lenders was ₹947.71 crore. Out of this, ₹573.99 crore kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The matter has since been reported to RBI on 26th February 2018. Accordingly, the company has created a provision of ₹145.67 crores during the current quarter, making total of 100% provision on its loan outstanding of ₹416.21 crores as at 31st March, 2018. One of the operational creditor of IBPML has filed application under section 9 of the Insolvency and Bankruptcy Code 2016 and based on which NCLT has initiated Corporate Insolvency Resolution Process against IBPML. Resolution Professional has been appointed and REC has filed its claim before the Resolution Professional.

11.3.8 Facor Power Limited (FPL) has become NPA on 30th September 2015 due to default in payment of dues. After initiating recovery action and issue of demand notices, the Company issued notice u/s 13(4) of SARFAESI Act for symbolic possession on 3rd November 2016 which was challenged by the borrower before DRT. Consequent to favorable disposal of litigation, REC has taken over the management control of FPL along with physical possession on 7th November 2017 under section 13(4)(b) of the SARFAESI Act after issuing necessary notice/publication. The erstwhile directors of FPL were suspended and replaced with three officers of REC out of which one of the directors is managing the day to day activities as Chief Executive Officer of FPL. The actions of REC are being challenged by the promoter of the borrower company in DRT which is subjudice.

11.3.9 REC has extended a loan of ₹217 Crores (Outstanding loan amount as at 31st March 2018 - ₹197.24 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with Edelweisse Asset Reconstruction Company (EARC) as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. Lower revenue realization due to short term arrangment is causing stress on project cash flows. Lenders have invoked pledged shares under Outside SDR scheme considering 05th December 2016 as reference date and shares have been transferred to Security trustee on behalf of all lenders. Further the process of inducting a suitable investor/prospective buyer is underway. Long term PPA is expected soon for supplying power to Haryana Discoms.

11.3.10 REC has extended a loan of ₹325 Crores (Outstanding loan amount as on 31st March 2018 - ₹321.04 Crores) to Jhabua Power Ltd for the implementation of 1X600 MW TPP in Seoni Dist. in Madhya Pradesh with Axis Bank as Lead lender. Project achieved COD on 31st March 2015 and is operational since then. As the project was suffering due to lower revenue realization, Lenders have invoked pledged shares under Outside SDR Scheme with 23rd June 2017 as reference date. Accordingly pledged shares have been transferred to Security trustee agent on behalf of all lenders. Additionally, to effect change in current management/promoters lenders have initiated open auction process and the same is underway.

12. Other Non-Current and Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(A)	**Current recoverable of Loan & Advances (Net)** *(Refer Note 11)*	**-**	**23,876.34**	**23,876.34**	-	19,440.48	19,440.48
(B)	**Interest Accrued & not due on:**	**-**	**-**	**-**	-	-	-
	- Long Term Investments	**-**	**13.63**	**13.63**	-	14.25	14.25
	- Term Deposits	**-**	**11.34**	**11.34**	-	7.06	7.06
	Sub-total	**-**	**24.97**	**24.97**	-	21.31	21.31
(C)	**Interest Accrued & Due on Loan Assets**	**-**	**462.37**	**462.37**	-	781.26	781.26
(D)	**Interest Accrued & Not Due on Loan Assets**	**-**	**303.23**	**303.23**	-	288.31	288.31
(E)	**Interest Accrued on Staff Advances**	**9.03**	**0.32**	**9.35**	7.74	0.33	8.07
(F)	**Recoverable from Govt. of India**						-
	- Towards Principal - GoI Fully Serviced Bonds	**4,000.00**	**-**	**4,000.00**	-	-	-
	- Towards Interest - GoI Fully Serviced Bonds	**-**	**7.17**	**7.17**	-	-	-

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
	- Towards Issue Expenses - GoI Fully Serviced Bonds	-	4.07	4.07	-	-	-
	- Agency Charges on Govt. Schemes	-	161.01	161.01	-	-	-
	- Reimbursement of Expenses on Govt. Schemes	-	14.19	14.19	-	9.44	9.44
	Recoverable from Govt. of India (Total)	4,000.00	186.44	4,186.44	-	9.44	9.44
	Less: Provision for bad & doubtful debts	-	(6.19)	(6.19)	-	-	-
	Recoverable from Govt. of India (Net)	4,000.00	180.25	4,180.25	-	9.44	9.44
(G)	**Recoverable from SEBs/ Govt. Deptt./ Others**	-	93.87	93.87	-	35.53	35.53
(H)	**Advance Income-tax & TDS**	2,356.67	-	2,356.67	2,800.34	-	2,800.34
	Less; Provision for Income Tax	(2,326.68)	-	(2,326.68)	(2,751.95)	-	(2,751.95)
	Advance Income-tax & TDS (Net)	29.99	-	29.99	48.39	-	48.39
(I)	**Income tax receivable**	-	1.87	1.87	-	1.97	1.97
(J)	**Forward Contract Receivables**	313.57	-	313.57	143.79	-	143.79
(K)	**Receivables in respect of Derivative Contracts**	151.68	-	151.68	192.10	-	192.10
(L)	**Prepaid Financial Charges on Commercial Paper**	-	99.56	99.56	-	-	-
(M)	**Prepaid Expenditure**	-	14.27	14.27	-	16.80	16.80
(N)	**Unamortized Expenses**						-
	- Discount on Foreign Currency Borrowings	47.42	1.64	49.06	-	-	-
	- Arrangement Fee on Foreign Currency Borrowings	38.53	6.56	45.09	-	-	-
	- Premium on Forward Contracts	153.70	21.96	175.66	-	-	-
(O)	**Term Deposits with Banks with more than 12 months maturity**	-	-	-	2.05	-	2.05
(P)	**Others**	-	51.10	51.10	-	7.38	7.38
	Total (A to P)	4,743.92	25,138.31	29,882.23	394.07	20,602.81	20,996.88

-Term deposits held as security/ margin money in (O) above

13. Inventories

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Stock-in-trade**	102.48	51.14
(B)	**Work-in-progress**	-	0.04
	Total (A+B)	102.48	51.18

CONSOLIDATED NOTES TO ACCOUNTS

14. Trade Receivables

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Unsecured**		
	Outstanding for a period more than 6 months		
	- Considered Good	**288.44**	213.15
	- Considered Doubtful	**0.46**	2.53
	Less: Provision for bad & doubtful debts	**0.46**	2.53
		-	**-**
	Less than 6 months		
	- Considered Good	**253.42**	225.25
	Total	**541.86**	**438.40**

15. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	**2,035.38**	937.97
	- Cash on Hand (including postage & imprest)	**0.02**	0.03
	- Others		
	- Short-term Deposits with Scheduled Banks	**95.89**	2,482.34
	- Short term Investment in Debt Mutual Funds	**-**	1,160.00
	Sub-total (A)	**2,131.29**	**4,580.34**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**236.95**	70.45
	Sub-total (B)	**236.95**	**70.45**
	Total (A+B)	**2,368.24**	**4,650.79**
	Balances with Banks include:		
	- Earmarked Balances with Banks in separate accounts		
	- For unpaid dividends	**3.49**	2.75
	- For DDUGJY, AG&SP, NEF and other grants	**212.36**	0.51
	- Amount set aside for grants disbursement	**2.13**	2.13
	- Amount not available for use pending allotment of securities	**1,469.23**	-
	Further, Short-term Deposits with Scheduled Banks include ₹39.02 Crores (Previous year ₹23.20 Crores) earmarked towards DDUGJY and other grants and ₹2.91 Crores (Previous year ₹5.99 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA). Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹2.31 Crores (Previous year ₹1.98 Crores) made and earmarked in compliance of Court orders and ₹216.13 Crores (Previous year Nil) earmarked towards J&K PMDP work.		
	- Term deposits held as security/ margin money	**17.51**	33.78
	- Term Deposits with Scheduled Banks with more than twelve months original maturity	**17.51**	0.56

CONSOLIDATED NOTES TO ACCOUNTS

16. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	**21,338.77**		22,479.98	
	Less: Rebate for timely payments/ completion etc.	**16.43**	**21,322.34**	0.26	22,479.72
(ii)	Short term financing		**426.61**		455.89
	Sub-total (A)		**21,748.95**		**22,935.61**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		**15.11**		48.49
(ii)	Prepayment Premium		**106.41**		147.44
(iii)	Fee for Implementation of Govt. Schemes		**187.79**		23.86
	Sub-total (B)		**309.31**		**219.79**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		**68.66**		98.39
(ii)	Gain on Sale of Mutual Funds		**13.39**		67.13
(iii)	Interest from CP/ ICD		**0.98**		29.87
	Sub-total (C)		**83.03**		**195.39**
(D)	**Other Interest Income**				
(i)	Interest from Govt. Securities		**16.98**		24.52
(ii)	Interest from Long Term Investments/Term Deposits/ Others		**214.40**		214.18
(iii)	Interest from Income Tax Refund		**0.62**		9.03
(iv)	Interest from Staff Advances		**1.69**		1.52
(v)	Interest from Subsidiary Companies/SPVs		**0.66**		0.51
	Sub-Total (D)		**234.35**		**249.76**
(E)	**Revenue from Sale of Goods**		**332.79**		**326.72**
(F)	**Income from Consulting Engineer Services**		**278.82**		**192.96**
(G)	**Income from Execution of IT Implementation Project**		**67.17**		**74.69**
	Total (A to G)		**23,054.42**		**24,194.92**

17. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Dividend Income**	**26.85**	63.15
(B)	**Net Gain on Sale of Long Term Investments**	**-**	**79.75**
(C)	**Other Non-Operating Income**		
	- Provision & Liabilities no longer required written back	**0.71**	2.87
	- Miscellaneous Income	**19.42**	20.54
	Sub-Total (C)	**20.13**	**23.41**
	Total (A to C)	**46.98**	**166.31**

CONSOLIDATED NOTES TO ACCOUNTS

18. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Interest Expense**		
	- On Bonds	**12,166.56**	11,576.33
	- On Loans from Banks/ Financial Institutions	**100.36**	106.47
	- On External Commercial Borrowings	**1,332.78**	1,266.38
	- On Commercial Paper	**135.60**	300.46
	- On Advance Income Tax	**5.68**	3.28
	- Others	**0.27**	0.18
	Sub-Total (A)	**13,741.25**	**13,253.10**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	**15.06**	18.25
	- Bonds Handling Charges	**0.54**	0.80
	- Bonds Brokerage	**18.31**	15.68
	- Stamp Duty on Bonds/ Shares	**5.48**	5.59
	- Debt Issue and Other Finance Charges	**34.59**	80.88
	Sub-Total (B)	**73.98**	**121.20**
(C)	**Net Translation/ Transaction Exchange Loss**	**44.36**	**87.29**
	Total (A to C)	**13,859.59**	**13,461.59**

19. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Salaries and Allowances	**150.33**	130.39
- Contribution to Provident Fund and Other Funds	**14.74**	13.58
- Gratuity	**1.47**	15.30
- Expenses towards Post Retirement Medical Facility	**15.70**	17.21
- Staff Welfare Expenses	**16.22**	16.27
Total	**198.46**	**192.75**

The pay revision of the employees of the Company is due w.e.f.1st January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹44.31 crores has been created during the year ended 31st March 2018 and the cumulative provision in this respect as at 31st March 2018 is ₹58.90 crore towards pay revision arrears as the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

20. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Direct Expenditure	**48.16**	65.78
- Overheads	**2.78**	3.16
Total	**50.94**	**68.94**

CONSOLIDATED NOTES TO ACCOUNTS

20.1 Disclosure in respect of CSR Expenses:

(a) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2018			Year ended 31.03.2017		
		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	50.13	0.81	50.94	67.96	0.98	68.94

21. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
- Travelling and Conveyance		**16.18**		13.60
- Publicity & Promotion Expenses		**17.04**		16.53
- Repairs and Maintenance				
- Building	**4.26**		2.89	
- ERP & Data Centre	**4.52**		4.85	
- Others	**8.72**	**17.50**	2.72	10.46
- Rent & Hiring Charges		**13.07**		7.04
- Rates and Taxes		**1.35**		1.27
- Power & Fuel		**2.41**		2.34
- Insurance Charges		**0.24**		0.19
- Postage and Telephone		**2.62**		2.86
- Auditors' Remuneration		**1.36**		1.24
- Legal & Consultancy Charges		**12.30**		7.72
- Project Expenses		**128.83**		96.64
- Distribution Expense		**15.54**		25.96
- Loss on Sale of Assets		**0.56**		0.52
- Miscellaneous Expenses		**56.29**		34.21
Total		**285.29**		**220.58**

21.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Audit Fees	**0.47**	0.65
- Tax Audit Fees	**0.15**	0.14
- Limited Review Fees	**0.26**	0.24
- Payment for Other Services		
(i) Certification of MTN Offer Document/ Comfort Letter	**0.30**	0.07
(ii) Other Certifications	**0.06**	0.04
- Expenses Incurred	**0.02**	0.05
- Tax component	**0.10**	0.05
Total	**1.36**	**1.24**

The figures above include Nil (Previous year ₹0.06 crores) of Audit Fees and ₹0.02 crores (Previous year ₹0.02 crores) of Tax Audit fees pertaining to earlier years.

CONSOLIDATED NOTES TO ACCOUNTS

21.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings	**0.88**	1.27
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	**0.73**	1.17
- Interest	**524.43**	462.70
- Finance Charges	**24.00**	68.61
- Other Expenses	**26.25**	3.11
Total	**575.41**	**535.59**

21.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹9.96 Crores (Previous year ₹8.40 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹2.05 Crores (Previous year ₹2.92 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 31.03.2018		As at 31.03.2017	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	**0.27**	**14.25**	0.36	7.87
Later than one year and not later than 5 years	**-**	**25.57**	0.26	16.66
Later than 5 years	**-**	**5.01**	-	6.83
Total	**0.27**	**44.83**	**0.62**	**31.36**

22. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Provision for bad & doubtful debts	**1,886.94**	626.43
Contingent Provision against Standard Loan Assets	**281.94**	64.03
Provision against Restructured Standard Loans	**(777.23)**	419.85
Provision for depreciation on Investments	**29.41**	-
Total	**1,421.06**	**1,110.31**

23. Changes in inventories

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Stock-in-Trade		
Opening Balance	**49.04**	56.83
Closing Balance	**102.40**	51.14
Changes in inventories of Stock-in-Trade	**(53.36)**	**5.69**

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Work-in-Progress		
Opening Balance	**0.04**	17.11
Closing Balance	**0.00**	0.04
Changes in inventories of Work-in-Progress	**0.04**	**17.07**
Total	**(53.32)**	**22.76**

24. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Travelling and Conveyance	**-**	(1.01)
- Depreciation	**-**	(0.64)
- Others	**0.02**	0.14
Total	**0.02**	**(1.51)**

25. Earnings per Share

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	**4,689.46**	6,313.37
Denominator		
Weighted average Number of equity shares	**1,974,918,000**	1,974,918,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**23.75**	31.97

26. Contingent Liabilities and Commitments :

26.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	Claims against the Company not acknowledged as debts	**166.03**	97.63
(B)	Guarantees	**32.58**	35.32
(C)	Others		
	- Letters of Comfort	**13.51**	173.36

The amount referred to in 'A' above includes ₹0.08 crores (Previous year ₹2.37 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 ₹165.95 Crores (Previous year ₹95.26 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.

26.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	**487.39**	376.28
- Towards Intangible Assets	**1.93**	2.60
- CSR & Other Commitments	**2,105.41**	322.51

CONSOLIDATED NOTES TO ACCOUNTS

27. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

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

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31st March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f. 1st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

In accordance with clarification from RBI vide email dated 10th August 17, T&D, R&M and life extension projects as also the hydro projects in Himalayan region or affected by natural disaster are regulated by RBI restructuring norms with effect from 1st April 2017.

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

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16th June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2018 and 31st March 2017.

30. Changes in Accounting Policies

During the year, the Company has revised the accounting policy for amortization of one time arrangement fee incurred in raising of foreign currency borrowings and premium paid towards hedging contracts over the period of such borrowings/ contracts. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is higher by ₹220.75 Crores.

Further, the policy for recognising the agency fee on Government schemes has now been changed to recognise such income on accrual basis. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is higher by ₹136.45 Crores.

Since the validity of certain exemptions given by RBI had expired during the current year in respect of classification of loan assets, the Company has modified the accounting policy in respect of asset classification and provisioning to bring it in line with RBI Master Directions. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is lower by ₹146.09 Crores.

Due to these changes in accounting policies, profit before tax for the year ended 31st March 2018 is higher by ₹211.11 Crores.

31. Quality of Loan Assets

31.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1st April 2017	No. of borrowers	Nil					14	2	1	-	17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345	-	25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						1,241	79	269	-	1,589	1,241	79	269	-	1,589
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					2	-	1	-	3	2	-	1	-	3
		Amount outstanding (Restructured facility)						130	-	-	-	130	130	-	-	-	130
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						54	-	135	-	189	54	-	135	-	189
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3	-	1	-	4	3	-	1	-	4
		Amount outstanding (Restructured facility)						316	-	258	-	574	316	-	258	-	574
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						14	-	11	-	25	14	-	11	-	25
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil					-	-	(1)	-	(1)	-	-	(1)	-	(1)
		Amount outstanding (Restructured facility)						-	-	(258)	-	(258)	-	-	(258)	-	(258)
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	(11)	-	(11)	-	-	(11)	-	(11)

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(5)	-	-	-	(5)	(5)	-	-	-	(5)
		Amount outstanding (Restructured facility)						(9,480)	-	-	-	(9,480)	(9,480)	-	-	-	(9,480)
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						(403)	-	-	-	(403)	(403)	-	-	-	(403)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil					(5)	(2)	-	-	(7)	(5)	(2)	-	-	(7)
		Amount outstanding (Restructured facility)						(8,171)	(786)	-	-	(8,957)	(8,171)	(786)	-	-	(8,957)
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						(442)	(79)	-	-	(521)	(442)	(79)	-	-	(521)
(7)	Addition due to downgradation of restructured accounts during the year	No. of borrowers	Nil					-	5	2	-	7	-	5	2	-	7
		Amount outstanding (Restructured facility)						-	8,639	786	-	9,425	-	8,639	786	-	9,425
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	788	157	-	945	-	788	157	-	945
(8)	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
(9)	Restructured accounts as on 31st March 2018	No. of borrowers	Nil					8	5	3	-	16	8	5	3	-	16
		Amount outstanding (Restructured facility)						6,290	8,639	2,131	-	17,060	6,290	8,639	2,131	-	17,060
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						464	789	561	-	1,814	464	789	561	-	1,814

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31.2 The Classification of Loan Assets of the Company (classified in Note No. 11) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2018		As at 31.03.2017	
		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)	**6,290.13**	**463.95**	23,495.57	1,241.19
(b)	Other than (a) above	**216,030.77**	**889.40**	173,560.42	607.46
	Sub-total (i)	**222,320.90**	**1,353.35**	**197,055.99**	**1,848.65**
(ii)	**Non-Performing Assets**				
(a)	Sub-standard Assets	**12,473.52**	**1,302.90**	1,226.75	205.92
(b)	Doubtful Assets	**4,637.68**	**2,196.14**	3,628.71	1,412.20
(c)	Loss Assets	**17.22**	**17.22**	17.22	17.22
	Sub-total (ii)	**17,128.42**	**3,516.26**	**4,872.68**	**1,635.34**
	Total	**239,449.32**	**4,869.61**	**201,928.67**	**3,483.99**

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

Reserve Bank of India (RBI) vide Notification No. DBR.No.BP.BC.101/21.04.048/2017-18 dated 12th February 2018 issued a Revised Framework for Resolution of Stressed Asset, which superseded the existing guidelines on CDR/ SDR/ Change in ownership outside SDR, Flexible Structuring of Existing Long Term Project Loans (5/25 Scheme) and S4A scheme. While the notification is applicable to all Scheduled Commercial Banks (excluding Regional Rural Banks (RRB)) and all-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI), the guidelines per se are not applicable to the Company, being NBFC-IFC. However, as a matter of prudence, REC has also followed these guidelines and classified loans amounting to ₹9,591.39 crores as NPAs as at 31st March 2018.

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

Particulars	As at 31.03.2018	As at 31.03.2017
Power Sector	**7.15%**	2.41%

31.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Net NPAs to Net Advances (%)**	**5.77%**	1.62%
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	**4,872.69**	4,243.57
(b)	Additions during the year	**12,560.99**	686.56
(c)	Reductions during the year	**305.26**	57.44
(d)	Closing balance	**17,128.42**	4,872.69
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	**3,237.35**	3,230.30
(b)	Additions during the year	**10,636.51**	56.25
(c)	Reductions during the year	**261.70**	49.20
(d)	Closing balance	**13,612.16**	3,237.35
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	**1,635.34**	1,013.27
(b)	Provisions made during the year	**1,924.48**	630.31
(c)	Write-off / write-back of excess provisions	**43.56**	8.24
(d)	Closing balance	**3,516.26**	1,635.34

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32. Exposure Related Disclosures

32.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2018 (Previous year Nil).

32.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(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;	**579.37**	520.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	**-**	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	**-**	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**-**	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**-**	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	**-**	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**6.15**	6.15
	Total Exposure to Capital Market	**585.52**	**527.00**

32.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March 2018 (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.

33. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	**136,285.52**	111,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	**56.92%**	55.42%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	**236,006.27**	197,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	**59.25%**	60.34%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	**8,558.91**	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	**8,558.91**	3,444.72

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34. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2018 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

35. Implementation of Govt. Schemes

35.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March 2019. The scheme has been launched with a total cost of ₹16,320 Crore including Gross Budgetary Support of ₹12,320 Crore from Govt. of India during the entire implementation period. REC has been nominated as the Nodal Agency responsible for operationalization of scheme in the entire country.

35.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹43,033 crore including budgetary support of ₹33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

35.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

35.4 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL and RECTPCL as a Project Implimenting Agency (PIA) for design, engineering, procurement, supply, erection, testing and commsioning of all the material and services works to be taken-up for execution of distribution work under PMDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

35.5 Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time

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basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both the schemes.

36. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

37. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Principal amount remaining unpaid but due as at year end	**1.83**	0.30
Interest due thereon as at year end	**0.14**	0.06
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	**-**	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	**-**	-
Interest accrued and remaining unpaid as at year end.	**0.14**	0.06
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	**-**	-

38. Derivatives Related Disclosures

38.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	The notional principal of swap agreements	38,608.11	41,664.18
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	690.38	628.07
(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	372.62	273.61

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

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

38.3 Disclosure on Risk Exposure in Derivatives

38.3.1 Qualitative Disclosures

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

Risk Management Structure

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

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

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

38.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,162.11	18,482.32	20,446.00	23,181.86
(ii)	Marked to Market Positions				
a)	Asset (+)	453.61	370.75	236.76	257.32
b)	Liability (-)	232.67	289.24	85.08	65.22
(iii)	Credit Exposure	18,162.11	18,482.32	20,446.00	23,181.86
(iv)	Unhedged Exposures	11,810.92	2,701.67	N.A.	N.A.

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

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

39. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 12.01.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, ERSS XXI Transmission Limited and PGCIL.

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WR-NR Power Transmission Limited - Incorporated on 12.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 27.03.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, WR-NR Power Transmission Limited and PGCIL.

Chandil Transmission Limited - Incorporated on 14th March, 2018

Koderma Transmission Limited - Incorporated on 19th March, 2018

Dumka Transmission Limited - Incorporated on 23rd March, 2018

Mandar Transmission Limited - Incorporated on 26th March, 2018

In view of Ministry of Power's Office Memorandum dated 30th August, 2017 and to have better operational efficiency and to reap the benefits of higher capital base & pooled resources, it was decided to merge two unlisted wholly owned subsidiary companies of Rural Electrification Corporation Limited i.e. REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL) into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder, after the approval of Board of Directors, shareholders, creditors of respective companies and approval of Holding company i.e. REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on 27th March, 2018 for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and approval of the same is awaited.

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Long-term Debt		
Key Managerial Personnel	**0.10**	0.10
Loans & Advances		
Key Managerial Personnel	**0.53**	0.50

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Long Term Debt - Amount Invested		
Key Managerial Personnel	**-**	-
Loans & Advances		
Key Managerial Personnel	**0.20**	0.06
Interest Income - Loans & Advances		
Key Managerial Personnel	**0.02**	0.03
Finance Cost		
Interest Paid to Key Managerial Personnel	**0.01**	0.01
Employee Benefits Expense - Managerial Remuneration	**2.04**	2.09

40. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

In case of RECPDCL & EESL, there is no separate trust and the Company makes Provident Fund Contributions to defined contribution plans.

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B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ 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 31.03.2018	For the year ended 31.03.2017
(i)	Provident Fund	8.75	8.05
(ii)	Defined Contribution Superannuation Scheme	5.91	5.46
	Total	14.66	13.51

(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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Current Service Cost	**2.30**	2.25	**1.96**	1.63	**0.06**	0.06
Interest Cost	**3.81**	3.00	**7.29**	6.93	**0.10**	0.10
Expected Return on Plan Assets	**2.93**	2.97	**0.00**	0.00	**0.00**	0.00
Actuarial (Gain)/ Loss	**(0.10)**	11.42	**6.45**	8.65	**(0.07)**	(0.02)
Expense recognized*	**3.08**	13.70	**15.70**	17.21	**0.09**	0.14

** Includes amount of ₹0.24 crores (Previous Year ₹0.11 crores) in respect of EESL*

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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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the end of the year	**53.04**	50.80	**105.19**	97.15	**1.24**	1.27
Fair value of Plan Assets as at the end of the year	**48.66**	35.69	**-**	-	**-**	-
Net Assets/ (Liability) recognized*	**(3.48)**	(14.73)	**(105.19)**	(97.15)	**(1.24)**	(1.27)

** Includes amount of ₹0.45 crores (Previous Year ₹0.19 crores) in respect of EESL*

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the beginning of the year	**50.81**	37.43	**97.15**	86.62	**1.27**	1.22
Acquisition Adjustment	**0.04**	0.00	**0.00**	0.00	**0.00**	0.00
Interest Cost	**3.81**	3.00	**7.29**	6.93	**0.10**	0.10
Past Service Cost	**0.00**	0.00	**0.00**	0.00	**0.00**	0.00
Current Service Cost	**2.30**	2.25	**1.96**	1.63	**0.06**	0.06
Benefit Paid	**(3.84)**	(3.30)	**(7.66)**	(6.68)	**(0.12)**	(0.09)
Actuarial (Gain)/ Loss on obligation	**(0.08)**	11.42	**6.45**	8.65	**(0.07)**	(0.02)
Present Value of defined benefit obligation at the end of the year*	**53.04**	50.80	**105.19**	97.15	**1.24**	1.27

** Includes amount of ₹0.45 crores (Previous Year ₹0.19 crores) in respect of EESL*

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fair value of Plan Assets as at the beginning of the year	**35.69**	35.48	**-**	-	**-**	-
Return on Plan Assets	**2.93**	2.97	**-**	-	**-**	-
Contributions	**13.83**	0.53	**-**	-	**-**	-
Benefit Paid	**(3.81)**	(3.29)	**-**	-	**-**	-
Actuarial Gain/ (Loss) on Plan Assets	**0.02**	-	**-**	-	**-**	-
Fair value of Plan Assets as at the end of the year	**48.66**	35.69	**-**	-	**-**	-

CONSOLIDATED NOTES TO ACCOUNTS

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of obligation at year end	**53.04**	50.80	37.34	38.16	38.07
Fair value of Plan Assets at year end	**48.66**	35.69	35.48	36.25	35.94
Funded Status	**(4.38)**	(15.11)	(1.86)	(1.91)	(2.13)
Experience adjustment;					
Gain/(Loss):					
Experience adjustment on plan liabilities	**0.32**	(10.26)	1.51	1.17	0.68
Experience adjustment on plan assets	**0.02**	-	(0.23)	(0.40)	(0.30)

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

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Service & Interest Cost	**1.48**	0.84	**(0.99)**	(1.34)
PBO (Closing)	**13.49**	12.14	**(10.96)**	(9.86)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Method Used	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)	**Projected Unit Credit (PUC)**	Projected Unit Credit (PUC)
Discount Rate*	**7.60%**	7.50%	**7.60%**	7.50%	**7.60%**	7.50%
Expected Rate of Return on Plan Assets	**8.00%**	8.20%	**-**	-	**-**	-
Future Salary Increase	**6.50%**	6.00%	**6.50%**	6.00%	**6.50%**	6.00%

* In case of EESL, discount rate has been assumed to be 7.80%.

- 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.

41. Status of Documentation Subsequent to Unbundling of SEBs

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

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

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

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹42,700 Crores till date under the scheme.

43. 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.

44. 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 31.03.2018	As at / For the year ended 31.03.2017
(i)	CRAR (%)	**19.39%**	21.18%
(ii)	CRAR - Tier I Capital (%)	**16.84%**	18.43%
(iii)	CRAR - Tier II Capital (%)	**2.55%**	2.75%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	**-**	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	**-**	-

45. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2018	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,424	12	312	976	-	-
Over 1 month upto 2 months	1,693	-	428	-	-	-
Over 2 months upto 3 months	3,626	-	973	110	-	-
Over 3 month & upto 6 months	8,007	-	9,646	1,698	-	-
Over 6 months & upto 1 year	12,296	172	16,658	7,257	-	-
Over 1 year & upto 3 years	49,686	94	61,359	11,140	-	-
Over 3 years & upto 5 years	45,866	-	32,876	3,698	-	-
Over 5 years	113,335	2,303	47,269	5,095	-	-
Total	**235,933**	**2,581**	**169,520**	**29,973**	**-**	**-**

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,117	-	403	1,103	-	-
Over 1 month upto 2 months	3,160	-	366	-	-	-
Over 2 months upto 3 months	2,363	-	326	89	-	-
Over 3 month & upto 6 months	5,405	-	9,854	102	-	-
Over 6 months & upto 1 year	9,573	184	5,772	157	-	-
Over 1 year & upto 3 years	38,153	189	46,646	13,161	-	-
Over 3 years & upto 5 years	36,044	-	33,475	6,325	-	-
Over 5 years	104,478	2,244	49,826	248	-	-
Total	**200,293**	**2,617**	**146,667**	**21,184**	**-**	**-**

46. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013 (after adjustment of intergroup transactions):

(₹ in Crores)

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent**				
	Rural Electrification Corporation Limited	98.74%	35,419.04	98.62%	4,624.96
(2)	**Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	0.46%	166.23	0.53%	24.71
2.	REC Transmission Projects Company Limited	0.32%	115.25	0.65%	30.59
(3)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	0.48%	171.78	0.20%	9.20
	Total	**100.00%**	**35,872.30**	**100.00%**	**4,689.46**

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

(i) RECPDCL has adopted different useful life for certain fixed assets item- camera, gps, other hand held wireless devices, mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited, the impact of which is immaterial.

(ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone, ESCO Projects and residential assets are provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation charged during the year on these assets pertaining to the Company's share in the Joint Venture, EESL considered in the Consolidated Financial Statements for the year 2017-18 are ₹405.93 crores (Previous Year ₹275.94 crores) and ₹62 crores (Previous Year ₹50.62 crores) respectively.

(iii) In case of EESL, a Joint Venture of the Company, the exchange differences arising on reporting of long-term foreign currency monetary items

(a) on account of a depreciable asset, is recognized by adjusting the cost of the depreciable asset and depreciated over the balance life of the asset.

(b) in other cases, is recognized as income or expense in the statement of profit and loss.

48. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

49. No penalties have been levied on the Company by any regulator during the year ended 31st March 2018 (Previous year Nil).

50. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March 2018 (Previous year Nil).

51. Previous year figures have been reclassified/ regrouped to conform to the current classification.

52. 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 52 are an integral part of the Consolidated Financial Statements.

For and on behalf of the Board

J.S. Amitabh GM & Company Secretary	**Ajeet Kumar Agarwal** Director (Finance) DIN - 02231613	**P.V. Ramesh** Chairman and Managing Director DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co. Chartered Accountants Firm Reg. No.: 008744N	**For A.R. & Co.** Chartered Accountants Firm Reg. No.: 002744C
S.C. Choudhary Partner M.No. : 082023	**Priyanshu Jain** Partner M.No. : 530262

Place: New Delhi
Date: 28th May 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2018		YEAR ENDED 31.03.2017	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**6,941.24**		8,972.36	
Adjustments for:				
1. Profit / Loss on Sale of Fixed Assets	**0.56**		0.52	
2. Depreciation & Amortization	**69.59**		39.69	
3. Provisions and Contingencies	**1,415.83**		1,110.31	
4. Interest on Commercial Paper	**135.60**		300.46	
5. Interest Expense of Misc. Borrowings	**29.91**		15.79	
6. Excess Provision written back	**-0.71**		-1.42	
7. Profit on sale/redemption of investments	**-**		-79.75	
8. Loss/ Gain(-) on Exchange Rate fluctuation	**61.65**		47.37	
9. Dividend from Investments	**-26.85**		-63.15	
10. Interest on Long-term Investments/ Govt. Securities	**-231.87**		-239.22	
11. Provision made for Interest on Advance Income Tax	**5.53**		2.82	
12. Provision in respect of Amounts recoverable	**6.19**		-	
13. Discount on Bonds written off	**1.66**		0.14	
14. Interest Accrued on Zero Coupon Bonds	**89.50**		82.45	
Operating profit before Changes in Operating Assets & Liabilities:	**8,497.83**		10,188.37	
Increase / Decrease :				
1. Loan Assets	**-37,474.64**		-650.38	
2. Other Operating Assets	**-4,366.37**		-177.34	
3. Operating Liabilities	**4,876.43**		13.87	
Cash flow from Operations	**-28,466.75**		9,374.52	
1. Income Tax Paid (including TDS)	**-2,213.77**		-2,592.07	
2. Income Tax refund	**2.57**		22.07	
Net Cash Flow from Operating Activities		**-30,677.95**		6,804.52

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

PARTICULARS		YEAR ENDED 31.03.2018		YEAR ENDED 31.03.2017	
B. Cash Flow from Investing Activities					
1.	Sale of Fixed Assets	**0.14**		0.06	
2.	Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	**-506.29**		-203.19	
3.	Investment in shares of Energypro Assets Limited	**-56.54**		-0.60	
4.	Investment in shares of NHPC Ltd. (net of sale)	**-**		-400.80	
5.	Investment in shares of HUDCO Ltd.	**-2.08**		-	
6.	Redemption of 8% Government of Madhya Pradesh Power Bonds-II	**94.32**		94.32	
7.	Redemption of Bonds of UP Power Corporation Ltd.	**-**		76.65	
8.	Profit on sale/redemption of investments	**-**		79.75	
9.	Interest on Long term Investments/ Govt. Securities	**232.49**		242.43	
10.	Dividend from Investments	**39.77**		66.54	
11.	Investment in Shares of Fellow Subsidiary Companies	**0.10**		0.05	
12.	Fixed Deposit made during the year	**-212.58**		-38.12	
13.	Fixed Deposit matured during the year	**46.40**		16.95	
14.	Investments in CP/CDs (Net)	**-29.00**		-35.00	
Net Cash Flow from Investing Activities			**-393.27**		-100.96
C. Cash Flow from Financing Activities					
1.	Issue of Shares including Share Application Money	**31.39**		31.39	
2.	Issue of Bonds (Net of redemptions)	**19,558.55**		5,871.66	
3.	Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	**18.27**		-881.04	
4.	Raising of Foreign Currency Loan (Net of redemptions and inclusive of related derivative payments)	**8,360.41**		-833.33	
5.	Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	**10,635.24**		8,027.15	
6.	Disbursement of grants	**-10,563.91**		-8,039.66	
7.	Payment of Dividend on Equity Shares	**-1,997.71**		-1,889.43	
8.	Payment of Corporate Dividend Tax	**-404.94**		-384.66	
9.	Interest Paid on Misc. Borrowings	**-29.91**		-15.73	
10.	Issue of Commercial Paper (Net of repayments)	**3,014.84**		-5,833.16	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2018		YEAR ENDED 31.03.2017	
Net Cash flow from Financing Activities		**28,622.23**		-3,946.81
Net Increase/Decrease in Cash & Cash Equivalents		**-2,448.99**		2,756.75
Cash & Cash Equivalents as at the beginning of the year		**4,580.28**		1,823.59
Cash & Cash Equivalents as at the end of the year		**2,131.29**		4,580.34

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

(₹ in Crores)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017
- Cash in Hand (including postage & imprest)	**0.02**	0.03
- Balances with Banks in:		
- Accounts with RBI and other banks	**1,819.53**	934.71
- Unpaid Dividend Accounts #	**3.49**	2.75
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #	**212.36**	0.51
- Short-term Deposits with Scheduled Banks	**95.89**	2,482.34
- Short term Investment in Debt Mutual Funds	**-**	1,160.00
Total Cash & Cash Equivalents	**2,131.29**	4,580.34

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

Further, Balances with Banks include ₹2.13 Crores (Previous year ₹2.13 Crores) and ₹1,469.23 Crores (Previous year Nil) set aside for grants disbursement and amount pending allotment of securities respectively and not available for free use by the Company.

Short-term Deposits with Scheduled Banks include ₹39.02 Crores (Previous year ₹23.20 Crores) earmarked towards DDUGJY and other grants and ₹2.91 Crores (Previous year ₹5.99 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA).

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

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 28th May 2018

FORM AOC-1

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2017-18

Part A: Subsidiaries

(₹ in Crores)

1	Sl. No.	I	II	III	IV	V	VI	VII	VIII
2	Name of the Subsidiary	REC Power Distribution Company Limited	REC Transmission Projects Company Limited	Dinchang Transmission Limited	Ghatampur Transmission Limited	Chandil Transmission Limited *	Koderma Transmission Limited *	Dumka Transmission Limited *	Mandar 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
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
5	Share Capital	0.05	0.05	0.05	0.05	-	-	-	-
6	Reserves & Surplus	180.02	176.50	-	-	-	-	-	-
7	Total Assets	501.43	348.11	1.12	3.19	0.86	0.85	0.85	0.85
8	Total Liabilities	321.36	171.56	1.07	3.14	0.86	0.85	0.85	0.85
9	Investments	15.44	150.38	-	-	-	-	-	-
10	Turnover	207.03	53.30	-	-	-	-	-	-
11	Profit/ (Loss) before Taxation	57.64	47.22	-	-	-	-	-	-
12	Provision for Taxation	20.83	11.93	-	-	-	-	-	-
13	Profit/ (Loss) after Taxation	36.80	35.29	-	-	-	-	-	-
14	Proposed Dividend	-	-	-	-	-	-	-	-
15	% Shareholding	100%	100%	100%	100%	-	-	-	-

* Based on the un-audited financial statements.

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

Six Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Dinchang Transmission Limited, Ghatampur Transmission Limited, Chandil Transmission Limited, Koderma Transmission Limited, Dumka Transmission Limited and Mandar Transmission Limited are yet to commence operations as at March 31, 2018.

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

The following subsidiaries are sold during the year, as a part of business process

Sl. No.	Name of subsidiary	Date of Sale
1	ERSS XXI Transmission Limited	12.01.2018
2	WR NR Power Transmission Limited	27.03.2018

Part B: Associates and Joint Ventures

Name of Associates/Joint Ventures		Energy Efficiency Services Limited
1	Latest audited Balance Sheet Date	31-Mar-17
2	Shares of Associate/Joint Ventures held by the company on the year end	
	Number	14,65,00,000
	Amount of Investment in Associates/Joint Venture (₹ in Crores)	146.50
	Extend of Holding (%)	31.71%
3	Description of how there is significant influence	Holding 31.71% of shares and participation in management
4	Reason why the associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)*	176.10
6	Profit / Loss for the year (₹ in Crores)	
i.	Considered in Consolidation	9.20
ii.	Not Considered in Consolidation	Nil

**** The latest audited Balance Sheet available for EESL has been prepared on the basis of IND-AS.***

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

P.V. Ramesh
Chairman and Managing Director
DIN - 02836069

In terms of our Report of even date

For G.S. Mathur & Co.
Chartered Accountants
Firm Reg. No.: 008744N

S.C. Choudhary
Partner
M.No. : 082023

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

Priyanshu Jain
Partner
M.No. : 530262

Place : New Delhi
Date : 28th May 2018

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Rural Electrification Corporation Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No.15/2013 dated 13th September, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group & its jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting an audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entity as at 31st March, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹848.66 Crores as at 31 March 2018 (Previous year ₹391.65 Crores), total revenues of ₹260.33 Crores (Previous year ₹243.96 Crores) and net cash flows amounting to ₹187.13 Crores (Previous year ₹-9.21 Crores) for the year ended on 31st March, 2018, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the subsidiaries' share of net profit after tax of ₹72.09 crores (Previous Year ₹74.78 crores) as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of one jointly controlled entity, whose financial statements reflect total assets of ₹1,530.32 Crores (Previous year ₹838.77 Crores) as at 31 March 2018, total revenues of ₹461.78 Crores (Previous year ₹408.83 Crores) and net cash flows amounting to ₹80.70 Crores (Previous year ₹6.11 Crores) for the year ended on 31st March, 2018, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the jointly controlled entity's share of net profit after tax of ₹9.20 crores (Previous Year ₹15.72 crores) as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group & its jointly controlled entity.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

   (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No.15/2013 dated 13th September, 2013.

   (e) Vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and Jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures:

i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity- Refer Note 26.1 to the Consolidated Financial Statements;

ii) The Group and its jointly controlled entity do not have any such long term contracts for which there are any material foreseeable losses.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its jointly controlled entity incorporated in India.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Priyanshu Jain
Partner
M. No. 530262

Place : New Delhi
Date : 28th May 2018

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of Rural Electrification Corporation Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its Jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its jointly controlled entity based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group and its jointly controlled entity's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group and its jointly controlled entity's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group and its jointly controlled entity;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Group and its jointly controlled entity; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group and its jointly controlled entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group and its jointly controlled entity has, in all material aspects, an adequate internal financial controls system except (i) improvement in ERP system relating to determination of non-performing assets, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of service providers, (iv) rotation of duties amongst staff as per HR Policy to be implemented in letter and spirit, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2018, based on the internal control over financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2018 Consolidated financial statements of the Group and its jointly controlled entity. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating Effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The system of internal financial controls over financial reporting, with regard to its jointly controlled entity, M/s Energy Efficiency Services Ltd. which being unaudited, have not been provided to us to determine whether the company has established adequate internal financial control over financial reporting at the aforesaid jointly controlled entity and whether such internal financial controls were operating effectively as at 31st March 2018. The contribution of the, jointly controlled entity of the company, to the total assets of the group and its jointly controlled entity is not material.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group and its jointly controlled entity, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

For G.S. Mathur & Co.
Chartered Accountants
Firm Regn No. 008744N

S.C. Choudhary
Partner
M. No. 082023

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

Priyanshu Jain
Partner
M. No. 530262

Place : New Delhi
Date : 28th May 2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act, based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2018. We conducted a supplementary audit of the financial statements of Rural Electrification Corporation Limited and REC Transmission Projects Company Limited, but did not conduct supplementary audit of the financial statements of REC Power Distribution Company Limited and Energy Efficiency Services Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Vikram D. Murugaraj)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated : 02 August 2018

MANAGEMENT TEAM



Dr. Sunita Singh
Chief Vigilance Officer



Dr. P. Shakil Ahammed
Sr. Executive Director
and CEO-RECTPCL



Ms. Debjani Chakrabarti
Executive Director
(State Operations & HR)
and CEO-RECPDCL



Shri Ashok Awasthi
Executive Director
(Administration & Estate)



Shri Sanjiv Garg
Executive Director
(Finance-I)



Ms. Kalpana Kaul
Executive Director
(Programme Information
Division)



Shri T.S.C. Bosh
Executive Director
(Programme Management
Division-I) &
Jt. CEO-RECPDCL



Shri G.S. Bhati
Executive Director
(Programme Management
Division-II)



Shri V.K. Singh
Executive Director
(Private Sector Project
Management)



Shri Ajoy Choudhary
Executive Director
(Finance-II)



Shri S.N.Gaikward
Executive Director
(Project Monitoring Division)



Shri C.P. Bhatia
General Manager
(Internal Audit)



Shri J.S. Amitabh
General Manager &
Company Secretary



Shri R.P. Vaishnaw
General Manager &
CFO-RECPDCL



Shri Fuzail Ahmed
General Manager
(P&C & PMD-II)



Shri S.L. Batta
General Manager
(Legal) & PIO-RTI



Shri G. Veera Mahendar
General Manager
(Entity Appraisal)



Shri P.K. Mukhopadhyay
General Manager (IT)



Shri P. Baburaj
General Manager
(State Operations - Gen.)



Shri Salil Kumar
General Manager
(Vigilance)



Shri Rajeev Sood
General Manager
(Loan Disbursement/PCM)



Shri P.K. Singhal
General Manager
(Administration & Estate)



Ms. Malathi Sundararajan
General Manager
(Recovery/ALM)



Ms. Valli Natarajan
General Manager
(Renewable Energy)



Shri S.K.Sahu
General Manager
(PMD)



Ms. Taruna Gupta
General Manager
(CPMI)



Shri Harsh Baweja
General Manager
(HR & Rajbhasha)



Shri Sanjay Kumar
General Manager
(CAT/FC)



Shri Kuldeep Rai
General Manager
(T&D)



Shri K.K. Ram
General Manager
(PMU)



Shri S.C.Garg
General Manager &
Sr. CPM - Itanagar



Shri N.Venkatesan
General Manager &
Sr. CPM - Hyderabad



Shri Vijay Kumar
General Manager
(Resource Mobilization)

ADDRESS OF REC OFFICES

Sl. No.	Name of Office	Span of Control	Location	Address	Contact/ Fax No.	E-mail ID
	Registered & Corporate Office	All India	New Delhi	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi- 110003	011-43091500 011-43091501 011-24360644(Fax)	reccorp@recl.in
1	Regional Office (West)	Maharashtra, Gujarat and Daman & Diu	Mumbai	51-B, Mittal Tower, 5th Floor, Nariman Point, Mumbai - 400021	022-22830985 022-22833068 022-22833055 022-22831004(Fax)	zmmumbai@recl.in
		State Office (Gujarat)	Vadodara	Plot No. 585, T.P. Scheme No. 2, Behind Pusti Complex, Atma Jyoti Ashram Road, Subhanpura, Vadodara - 390023	0265-2397487 0265-2397652(Fax)	povadodara@recl.in
2	Regional Office (North)	Punjab, Haryana & Himachal Pradesh	Panchkula	BAY No. 7-8, Sector-2, Panchkula - 134112	0172-2563864 0172-2563822 0172-2563863 0172-2580476 0172-2567692(Fax)	popanchkula@recl.in
		State Office (Himachal Pradesh)	Shimla	Pt. Padamdev Commercial Complex, Phase- II, First Floor, The Ridge, Shimla - 171001	0177-2653411 0177-2804077(Fax)	poshimla@recl.in
3	Regional Office (J&K)	Jammu & Kashmir	Jammu	157-A, Gandhi Nagar, Behind Apsara Cinema, Jammu - 180004	0191-2450800 0191-2450868(Fax)	pojammu@recl.in
4	Regional Office (North East)	Assam, Mizoram, Nagaland, Meghalaya, Manipur	Guwahati	“SRADDHA” M G Path – G S Road Crossing (Sohum/HDFC Point), Christian Basti, Guwahati - 781005	0361-2343713 0361-2343714 0361-2343712(Fax)	poguwahati@recl.in
		State Office (Meghalaya)	Shillong	Rinadee, Old Jowai Road, Lachumiere, Shillong - 793001	0364-2210190 0364-2225687(Fax)	poshillong@recl.in
		State Office (Arunachal Pradesh)	Itanagar	Dikiling Apartment (Below Bungalow No. 11 C/o Topiete) Ward No. 8, Niti Vihar, VIP Road, Itanagar - 791111	0360-2215446	rec.arunachal@gmail.com
		State Office (Manipur)	Imphal	Opposite to Seventh Day Adventist Chruch, 2nd Floor, Chingmeirong mamang Leikai Imphal-Dimapur Road, Imphal East, Imphal - 795001	0385-2421651	romanipur@gmail.com
5	Regional Office (North Central)	Uttar Pradesh & Uttarakhand	Lucknow	19/8, Indira Nagar Extension, Ring Road, Lucknow - 226016	0522-2716324 0522-2717376 0522-4074944 0522-2716815(Fax)	zmlucknow@recl.in
		State Office (Uttarakhand)	Dehradun	7, New Road, Opposite MKP College, Dehradun - 248001	0135-2650766 0135-2650799(Fax)	sodehradun@recl.in
		Sub Office (Varanasi)	Varanasi	N-8/239J, Newada, Sunderpur Near Ksheer Sagar, Varanasi - 221005	+91-9999319789	recvaranasi@gmail.com

Sl. No.	Name of Office	Span of Control	Location	Address	Contact/ Fax No.	E-mail ID
6	Regional Office (Madhya Pradesh)	Madhya Pradesh	Bhopal	Hall No.-3, West Block, 2nd Floor, Metro Walk, Bittan Market, Bhopal - 462016	0755-2460006 0755-2460008(Fax)	reccentralzone@yahoo.com recbhopal@recl.in
7	Regional Office (Chhattisgarh)	Chhattisgarh	Raipur	F-6 & F-7, Block B-1, 1st Floor, Pujari Chambers, Commercial Complex, Panchpedi Naka, Raipur - 492001	0771-2241055 0771-2241055(Fax)	recraipur@recl.in recraipur@yahoo.com
8	Regional Office (East)	West Bengal, Sikkim, Tripura Andaman & Nicobar	Kolkata	I B-186, Sector-III Salt Lake City, Kolkata - 700106	033-23356989 033-23356994 033-23326998 033-23356900(Fax)	zmkolkata@recl.in
9	Regional Office (Rajasthan)	Rajasthan	Jaipur	J-4-A, Jalana Dungari Institutional Area, Jaipur - 302004	0141-2707840 0141-2700161 0141-2706986(Fax)	pojaipur@recl.in
10	Regional Office (Kerala)	Kerala & Lakshadweep	Thiruvanan-thapuram	O-5, 4th Floor, “Saphallyam” Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram - 695034	0471-2328662 0471-2328579(Fax)	potrivandrum@recl.in
11	Regional Office (Tamil Nadu)	Tamil Nadu & Puducherry	Chennai	No. 12 & 13, T.N.H.B. Complex, 180 Luz Church Road, Mylapore, Chennai - 600004	044-24672376 044-24987960 044-24670595(Fax)	pochennai@recl.in
12	Regional Office (Karnataka)	Karnataka & Goa	Bengaluru	No.1/5, Ulsoor Road, Bangalore - 560042	080-25598244 080-25550240 080-25598243(Fax)	pobangalore@recl.in
13	Regional Office (Telangana)	Telangana	Hyderabad	Shivrampally Post NPA, Near Aramghar, National Highway No.-7, Hydrabad - 500052	040-29805034 040-29804520 040-29806745 040-29804235(Fax)	zmhyderabad@recl.in
14	Regional Office (Andhra Pradesh)	Andhra Pradesh	Vijayawada	54-15-13,BSR Hill View, 2nd Floor, Srinivasa Nagar Bank Colony, Vijayawada - 520008 (AP)	0866-2973405 0866-2973406(Fax)	recro-vijay@recl.in recro.vijayawada@gmail.com
15	Regional Office (Odisha)	Odisha	Bhubaneswar	Deen Dayal Bhawan, 5th Floor, Ashok Nagar, Janpath, Bhubaneswar - 751009	0674-2393206 0674-2536649 0674-2536669(Fax)	pobhubaneswar@recl.in
16	Regional Office (Bihar)	Bihar	Patna	‘Maurya Lok’ Complex Block - C, 4th Floor, New Dak Bangalow Road, Patna - 800001	0612-2224596 0612-2221131	popatna@recl.in
17	Regional Office (Jharkhand)	Jharkhand	Ranchi	101 & 104, Om Shree Encalve, Beside Loyola School, Airport Road Hinoo, Ranchi - 834002	0651-2253123 0651-2251320(Fax)	rec_ranchi@yahoo.com
18	Training Centre	REC Institute of Power Management & Training (RECIPMT)	Hyderabad	Shivrampally, NPA Post, Near Aramghar X Road, Hyderabad - 500052	040-29880851 040-29805901 040-29805897 040-29805896(Fax)	recipmt@recl.in

RURAL ELECTRIFICATION CORPORATION LIMITED

Regd. Office : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 **CIN:** L40101DL1969GOI005095
Tel.: +91 11 2436 5161 **Fax:** +91 11 2436 0644 **Email:** complianceofficer@recl.in **Website:** www.recindia.com

IMPORTANT & URGENT

FOR YOUR IMMEDIATE ACTION

Dear Shareholder(s),

Sub.: Mandatory updation of PAN and Bank details in your folio.

Pursuant to SEBI circular dated April 20, 2018, the Company is required to update the PAN and Bank details of shareholders, in case their folios do not have or are having incomplete details with regard to PAN and Bank particulars. Accordingly, it is requested to update the PAN and Bank details in your folio/demat account(s) so that the investments held by you are fully protected with proper KYC compliance.

ACTION REQUIRED FROM YOU:- You are requested to submit the following documents to update the records immediately:-

a) In case of shares held in physical form:-

- Enclosed format duly filled in and signed by all the shareholders;
- Self-attested copy of PAN Card of all the holders (In case of residents of Sikkim, requirement of PAN Card shall be substituted with valid Identity proof issued by Government);
- Original Cancelled Cheque leaf with name (if name is not printed, copy of first page of the Bank passbook/Statement attested by the Bank); and
- Address proof (Self attested copy of Voter ID, Passport, Aadhaar card or any other valid Identity proof issued by Government).

b) In case of shares held in electronic form:- Shareholders are requested to update their PAN and Bank details, by submission of aforesaid documents with respective Depository Participant(s) for each of their demat accounts.

As you are aware, SEBI encourages all shareholders to hold their shares in dematerialized form, as this eliminates the possibility of damage/loss of physical share certificate(s) & cases of forgery and facilitates the ease and convenience of paperless trading of shares. Further, no stamp duty is payable on transfer of shares held in Demat form. It is also pertinent to mention that SEBI Circular dated June 8, 2018 has prescribed that with effect from December 5, 2018, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we also request those shareholders, who are holding shares in physical form, to convert their shareholdings to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant.

In case if you have any queries or need any assistance in this regard, please contact:

Karvy Computershare Private Limited Unit : Rural Electrification Corporation Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032. Tel. No. : +91 40 6716 2222, Toll Free No.: 1800-3454-001 Email : einward.ris@karvy.com	**Rural Electrification Corporation Limited** Core – 4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003. Tel. +91 11 4309 1691, +91 11 24365161. E-mail ID : complianceofficer@recl.in

Thanking you,

Yours faithfully,

For Rural Electrification Corporation Limited

Sd/-
(J.S. Amitabh)
Company Secretary & Compliance Officer

UNCLAIMED DIVIDEND

As per applicable statutory provisions, the unpaid/unclaimed amount relating to Final Dividend for the financial year 2010-11, as declared by the Company, is due for transfer to Investor Education & Protection Fund (IEPF) in October, 2018. Members who have not encashed their dividend amount(s) in respect of Final Dividend for the financial year 2010-11 and thereafter, are advised to write to M/s Karvy Computershare Private Limited, Hyderabad, R&TA of the Company, to claim such amounts.

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FORMAT FOR FURNISHING THE PAN AND BANK DETAILS

To,
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad – 500 032

Dear Sir,

Unit: Rural Electrification Corporation Limited

I/we furnish below our folio details, along with PAN and Bank details for updation/confirmation of the same in my/our folio. I/we are enclosing the self-attested copies of PAN cards of all the holders, original cancelled cheque leaf/copy of first page of Bank passbook attested by the Bank and address proof as required, for updation of the details:

Folio No.			
Address of the 1st named shareholder as per the share certificate			
Mobile No.		**Telephone No. (with STD Code)**	
E-Mail ID			
Whether consent given to receive annual report or any future correspondence through e-mail only? (tick appropriate box)	**YES** ☐	**NO** ☐	

Bank Account Details : (for electronic credit of unpaid dividends, all future dividends or any other due amounts)			
Name of the Bank			
Branch Name and Address			
Account Number (as appearing in your cheque book)			
Account Type (Saving / Current / Cash Credit) (tick appropriate box)	**10 - Saving**	**11 - Current**	**12 - Cash Credit**
9 Digit MICR Number (as appearing on the MICR cheque issued by the bank)			
11 Digit IFS Code			

Further, in terms of SEBI Circular dated April 20, 2018, it is noted that in case any claim is made by me/us in respect of unpaid dividend amounts, the same will be received electronically in the above-mentioned Bank account.

	PAN	**Name**	**Signature**
First Holder :			
Joint Holder 1 :			
Joint Holder 2 :			
Joint Holder 3 :			

Date:

Place:

NB: The above details will not be updated if the supporting documents are not attached and not duly signed by all the shareholders.

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RURAL ELECTRIFICATION CORPORATION LIMITED

Regd. Office : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 **CIN:** L40101DL1969GOI005095
Tel.: +91 11 2436 5161 **Fax:** +91 11 2436 0644 **Email:** complianceofficer@recl.in **Website:** www.recindia.com

ATTENDANCE SLIP

49TH ANNUAL GENERAL MEETING TO BE HELD ON TUESDAY, SEPTEMBER 25, 2018 AT 11:00 A.M.
AT MANEKSHAW CENTRE, PARADE ROAD, DELHI CANTONMENT, NEW DELHI – 110010

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
*Folio No.	
DP ID No.	
Client ID No.	
No. of Shares held	
NAME OF PROXY (IN BLOCK LETTERS) to be filled in, if the proxy attends instead of the member	

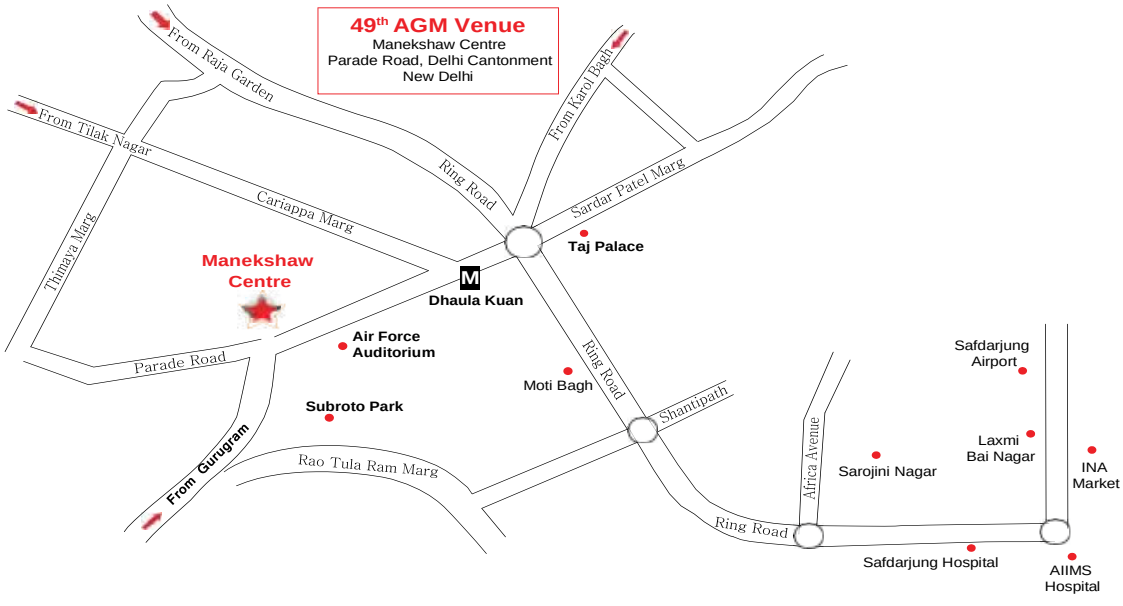
I/We, hereby record my/our presence at the 49th Annual General Meeting of the Company held on **Tuesday, September 25, 2018 at 11:00 A.M. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi - 110 010.**

*Applicable in case of shares held in Physical form.

Signature of Member/ Proxy

NOTES:

1. The attendance slip should be signed as per the specimen signature registered with Karvy Computershare Private Limited, Registrar & Transfer Agent (R&TA)/Depository Participant (DP). Such duly completed and signed Attendance Slip(s) should be handed over at the R&TA counter(s) at the venue against which R&TA will provide Entry Slip. Entry to the hall will be strictly on the basis of Entry Slip as provided by R&TA. Members in person and Proxy holders may please carry photo-ID card for identification/verification purposes.
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. Due to strict security reasons, mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium. Shareholder(s)/ Proxy holder(s) will be required to take care of their belonging(s).
4. No gifts/coupons will be distributed at the Annual General Meeting.



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RURAL ELECTRIFICATION CORPORATION LIMITED

Regd. Office : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 **CIN:** L40101DL1969GOI005095
Tel.: +91 11 2436 5161 **Fax:** +91 11 2436 0644 **Email:** complianceofficer@recl.in **Website:** www.recindia.com

PROXY FORM (FORM NO. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	Folio No./ DP ID-Client Id:
Registered Address:	
No. of Shares held:	E-mail Id:

I/We, being the member(s) of …… shares of the above named Company, hereby appoint:

1.	Name:		
	Address:	Signature:	
	E-mail Id:		
or failing him/her			
2.	Name:		
	Address:	Signature:	
	E-mail Id:		
or failing him/her			
3.	Name:		
	Address:	Signature:	
	E-mail Id:		

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 49th Annual General Meeting of the Company, to be held on Tuesday, September 25, 2018 at 11:00 A.M. at Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi – 110 010 and at any adjournment thereof in respect of such businesses as are indicated below:

Sl. No.	Particulars
ORDINARY BUSINESS	
1.	To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2018 along with the Reports of the Board of Directors and Auditors thereon.
2.	To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2017-18.
3.	To appoint a Director in place of Shri Sanjeev Kumar Gupta (DIN: 03464342), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Statutory Auditors for the financial year 2018-19.
SPECIAL BUSINESS	
5.	To accord approval for Related Party Transactions proposed to be entered by the Company.
6.	To change the name of the Company from “Rural Electrification Corporation Limited” to “REC Limited”.
7.	To increase the overall Borrowing Limit of the Company.
8.	To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.

Signed this ..... day of ..... 2018.

Affix Revenue Stamp ₹ 1

Signature of Shareholder _____ Signature of Proxy holder(s) _____

Notes:

(1) This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not be a member of the Company.

(3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

EVEN (E-VOTING EVENT NUMBER)	USER ID	PASSWORD / PIN

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असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

Rural Electrification Corporation Limited
(A Government of India Enterprise)
Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110 003,Tel. : 24365161, Fax: 24360644
E-mail: reccorp@recl.nic.in, Website: www.recindia.com, CIN: L40101DL1969GOI005095



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