



**Private & Confidential –For Private Circulation Only**  
(This is a Disclosure Document prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time)

## **RURAL ELECTRIFICATION CORPORATION LIMITED**

(A Government of India Undertaking)

Regd. Office: Core-4, SCOPE Complex, 7 Lodi Road, New Delhi 110003

Tel.:+91-11 41020101;Fax: +91-112436 9849; E-mail:bkjohar@rediff.com

Website: www.recindia.com &www.recindia.nic.in

Compliance Officer: Mr. B. K. Johar,DGM (Finance) ; Tel.: +91 11 43091675

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**(PRIVATE & CONFIDENTIAL)**

### **DISCLOSURE DOCUMENT**

**DISCLOSURE DOCUMENT FOR PRIVATE PLACEMENT OF SECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE BONDS IN THE NATURE OF DEBENTURES (“BONDS”) (SERIES 120<sup>th</sup>) OF INR 500 CRORE PLUS GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION.**

#### **TRUSTEE FOR THE BONDHOLDERS**

**IDBI Trusteeship Services Ltd.**

Registered Office  
Asian Building, Ground Floor  
17. R. Kamani Marg, Ballard Estate  
Mumbai (Maharashtra) – 400 001  
India  
Phone: +91 022 40807000  
Fax: +91 022 66311776  
Email: itsl@idbitrustee.com  
SEBI Registration No.: IND000000460

#### **REGISTRAR TO THE ISSUE**

**RCMC Share Registry Pvt. Ltd.**

Registered Office  
B-106, Sector - 2,  
Noida - 201301,  
Phone- 91-120-4105887  
Fax- 91-120-2444346  
Email: [rdua@rcmcdelhi.com](mailto:rdua@rcmcdelhi.com)  
SEBI Registration No.: INR000000429

**Listing: The Bonds are proposed to be listed on Wholesale Debt Market segment of the National Stock Exchange and / or Bombay Stock Exchange. The in-principle approval for listing of the Bonds has been obtained by the Company from NSE and BSE vide their letter no. NSE/LIST/231622-M dated February 27, 2014 and DCS/COMP/SP/IP-PPDI/346/13-14 dated February 25, 2014 respectively.**

#### **"Fund Mobilizers to the issue":**

Axis Bank Ltd.  
Darashaw & Co. Pvt. Ltd.  
Deutsche Bank AG  
Edelweiss Financial Services Ltd.  
ICICI Bank Ltd.  
Ing Vysya Bank Ltd.

ICICI Securities Primary Dealership Ltd.  
SPA Capital Advisors Ltd.  
Standard Chartered Bank  
Trust Investment Advisors Pvt. Ltd.  
Yes Bank Ltd.

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**I. DEFINITIONS/ ABBREVIATIONS**

AY	Assessment Year
Articles/Articles of Association/AoA	Articles of Association of our Company as amended from time to time.
Allotment/Allot	The issue and allotment of the Bonds to the successful Applicants pursuant to this Issue.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds for Series 120.
Arrangers to the Issue	Arrangers to the issue are the entities as listed in "Fund Mobilisers to the issue" on covering page
Board/ Board of Directors	The Board of Directors of Rural Electrification Corporation Ltd. or Committee thereof
Bonds	Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the Nature of Debentures of INR 10 Lakh each offered through private placement route under the terms of this Disclosure Document
Bondholder(s)	Any person holding the Bonds and whose name appears in the list of beneficial owners provided by the Depositories or whose name appears in the Register of Bondholders maintained by the Issuer/Registrar.
Book Closure/ Record Date	Record date of interest shall be 15 days prior to each interest payment date and 15 days prior to the date of Maturity. Interest shall be paid to the person whose name appears as sole/first in the Register of Bondholders/beneficiaries position of the Depositories on Record Date or to the Bondholders who have converted the Bonds to physical form and their name is registered on the registers maintained by Company/Registrar. In the event of REC not receiving any notice of transfer at least 15 days before the respective due date of payment of interest and at least 15 days prior to the maturity date, the transferees for the Bond shall not have any claim against REC in respect of interest so paid to the registered Bondholder.
BSE	BSE Limited
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAR	Capital Adequacy Ratio
CARE	Credit Analysis & Research Limited
CBDT	Central Board of Direct Taxes
CIT (Appeals)	Commissioner of Income Tax (Appeals)
CRISIL	CRISIL Limited
CDSL	Central Depository Services (India) Limited
CMD	Chairman & Managing Director of REC
Companies Act/ Act	Companies Act, 1956, as amended
Companies Act, 2013	The Companies Act, 2013 (18 of 2013), to the extent notified vide notification dated September 12, 2013.
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of the Issuer, whether constituting a charge on the assets of the Issuer or not, but excludes security receipts and securitized debt instruments
Deemed Date of Allotment	The date on which the duly authorized committee approves the Allotment of the Bonds.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time

Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act, 1996
Designated Stock Exchange	National Stock Exchange of India Limited
DER	Debt Equity Ratio
Disclosure Document	Disclosure Document for private placement of Bonds for Series 120 <sup>th</sup> envisaging the disclosures in compliance SEBI Debt Regulation, Companies Act, the Companies Act, 2013 and the applicable law.
DRT	Debt Recovery Tribunal
DP	Depository Participant
EPS	Earning Per Share
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
Financial Year/ FY/ Fiscal	Period of twelve months period ending on March 31, of that particular year
IRRPL	India Ratings & Research Private Limited
GoI	Government of India/ Central Government
HUF	Hindu Undivided Family
ITSL/ Trustee	IDBI Trusteeship Services Limited
ICRA	ICRA Ltd.
Issuer/ REC/ Corporation/Company	Rural Electrification Corporation Limited. A company incorporated and registered under Companies Act, 1956.
“our”/“we”/“us”	Our Company together with its subsidiaries, associates and its joint venture on a consolidated basis. As the context may require.
Issue/ Offer/ Private Placement	Private Placement of Bonds (Series 120) of INR 500 Crore with Green Shoe Option to retain oversubscription
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IT Department/IT Dept.	Income Tax Department
IT	Income Tax
JPY	Japanese Yen
MF	Mutual Fund
NRIs	Non Resident Indians
NSE	National Stock Exchange of India Ltd.
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
GIR	General Index Registration Number
Rs./INR/Rupee	Indian National Rupee
RBI	Reserve Bank of India
RBI Act, 1934	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being RCMC Share Registry Ltd. (“RCMC”)
SEB	State Electricity Board(s)
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.
SLR Bonds	Statutory Liquidity Ratio Bonds
TDS	Tax Deducted at Source

## II. DISCLAIMERS

### DISCLAIMER OF THE ISSUER

This Disclosure Document is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in accordance with SEBI Debt Regulation. This document does not constitute an offer to the public generally to subscription for or otherwise acquire the Bonds to be issued by REC. The document is for the exclusive use of the institutions to whom it is delivered and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond issue is made strictly on private placement basis. Apart from this Disclosure Document, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to Issuer.

This Disclosure Document is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by REC. This Disclosure Document has been prepared to give general information regarding REC to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. REC believes that the information contained in this Disclosure Document is true and correct as of the date hereof. REC does not undertake to update this Disclosure Document to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with REC. However, REC reserves its right for providing the information at its absolute discretion. REC accepts no responsibility for statements made in any advertisement or another material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Disclosure Document should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Disclosure Document is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the Bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

### DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Disclosure Document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure Document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Disclosure Document. The issue of Bonds being made on private placement basis, filing of this Disclosure

Document is not required with SEBI. However SEBI reserves the right to take up at any point of time, with REC, any irregularities or lapses in this Disclosure Document.

#### **DISCLAIMER OF THE ARRANGERS**

It is advised that REC has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arrangers to the Issue in the assignment is confined to marketing and placement of the Bonds on the basis of this Disclosure Document as prepared by REC. The Arrangers to the Issue have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Arrangers to the Issue shall use this Disclosure Document for the purpose of soliciting subscription from qualified institutional investors in the Bonds to be issued by REC on private placement basis. It is to be distinctly understood that the aforesaid use of this Disclosure Document by the Arrangers to the Issue shall neither in any way be deemed or construed that this Disclosure Document has been prepared, cleared, approved or vetted by the Arrangers to the Issue, nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor do they take responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of REC. The Arrangers to the Issue or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this Disclosure Document.

#### **DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Disclosure Document has been submitted to NSE and BSE (hereinafter collectively referred to as “**Exchanges**”) for hosting the same on its website. It is to be distinctly understood that such submission of the document with NSE & BSE or hosting the same on its website should not in any way be deemed or construed that this Disclosure Document has been cleared or approved by the Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that the Issuer’s securities will be listed or continue to be listed on the Exchanges; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of REC. Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER OF THE RESERVE BANK OF INDIA**

The Securities have not been recommended or approved by the Reserve Bank of India nor does RBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure Document should not, in any way, be deemed or construed that the securities have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the securities being issued by the Issuer or for the correctness of the statements made or opinions expressed in this Disclosure Document. The potential investors may make investment decision in respect of the securities offered in terms of this Disclosure Document solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

### III. NAME AND ADDRESS OF REGISTERED/HEAD OFFICE OF THE ISSUER

**Name of the Issuer** : Rural Electrification Corporation Ltd.  
**Name of the person authorised to issue this Disclosure Document** : Mr. B.K.Johar  
**Designation of the person authorised to issue this Disclosure Document** : Dy. General Manager (Finance)  
**Registered/ Head Office/ Corporate Office** : Core-4, SCOPE Complex,  
 7, Lodi Road,  
 New Delhi 110003  
**Telephone Number** : +91-1143091675  
**Fax Number** : +91-11-24369849  
**Website** : www.recindia.com & www.recindia.gov.in  
**E-mail:** investorcell@recl.nic.in  
**Statutory Auditors** : (i) M/s Raj HarGopal& Co.,  
 Chartered Accountants,  
 412, Ansal Bhawan,  
 16, Kasturba Gandhi Marg,  
 New Delhi-110001.  
 (ii) M/S P.K.Chopra& Co.  
 Chartered Accountants,  
 N-84, Pratap Building,  
 Above HDFC Bank,  
 Connaught Place,  
 New Delhi-110001.

#### Details of change in Auditors of the Company since last three years:

Name	Address	Auditor Since	Remarks
M/s Raj Har Gopal& Co.	412, Ansal Bhawan, 16, Kasturba Gandhi Marg, New Delhi – 110001.	FY 2013-14 (July 26' 2013)	Appointment as per C&AG guidelines
M/s P.K.Chopra& Co.	N-84, Pratap Building, Above HDFC Bank, Connaught Place, New Delhi-110001.	FY 2011-12 (August 17' 2011)	Appointment as per C&AG guidelines

#### IV. OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than three directors and not more than fifteen directors. We currently have seven directors out of which three are executive Directors including the Chairman and Managing Director, three Part-time Non-official Independent Directors and one Government Nominee Director.

#### Our Board

The following table sets forth details regarding our Board as on the date of this Disclosure Document.

Name, Fathers' Name, Designation, Occupation, DIN, Age and Nationality	Residential Address	Director of the Company Since	Other Directorships
<b>Shri Rajeew Sharma</b> S/o BrahmDutt Sharma Chairman and Managing Director <i>Non-Independent Director</i> Occupation: Service DIN: 00973413 Age: 53 years Nationality: Indian	House No. 594, Pocket-E, MayurVihar, Phase-II, Delhi, 110091, India.	November 29, 2011	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited; and</li> <li>• REC Power Distribution Company Limited.</li> </ul>
<b>ShriPrakashThakkar</b> S/o Late JaswantRaiThakkar Director (Technical) Executive Director <i>Non-Independent Director</i> Occupation: Service DIN: 01120152 Age: 58 years Nationality: Indian	F4/203, Charmwood Village, Surajkund Road, Faridabad-121009, Haryana, India.	May 2, 2011	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited; and</li> <li>• REC Power Distribution Company Limited;</li> <li>• EESL (Energy Efficiency Services Limited)</li> </ul>
<b>ShriAjeet Kumar Agarwal</b> S/o Late Shree GopalAgarwal Director (Finance) Executive Director <i>Non- Independent Director</i> Occupation: Service DIN: 02231613 Age: 53 years Nationality: Indian	C-601, Plot GH-7, ShikshaNiketan Apartment, Sector 5, Vasundhara, Ghaziabad, 201012, Uttar Pradesh, India	August 1, 2012	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited; and</li> <li>• Indian Energy Exchange Limited.</li> </ul>
<b>ShriBadriNarain Sharma</b> S/o Sampat Raj Sharma Government Nominee Director <i>Non-Executive Director</i> Occupation: Service DIN: 01221452 Age: 54 years Nationality: Indian	Pratham/22, (1/22) SomyaMarg, Gandhi Nagar, Jaipur-302015, Rajasthan, India.	August 23, 2012	<ul style="list-style-type: none"> <li>• Power Finance Corporation Limited</li> </ul>



Name, Fathers' Name, Designation, Occupation, DIN, Age and Nationality	Residential Address	Director of the Company Since	Other Directorships
<b>Dr. Devi Singh</b> S/o Late Saudan Singh Non-Executive Director <i>Independent Director</i> Occupation: Service DIN: 00015681 Age: 61 years Nationality: Indian	Director's Bungalow, IIM Campus, Prabandh Nagar, Off Sitapur Road, Lucknow-226103, Uttar Pradesh, India	June 10, 2011	<ul style="list-style-type: none"> <li>• Munjal Showa Limited;</li> <li>• Energy Infratech Private Limited;</li> <li>• Future Generali India Insurance Company Limited;</li> <li>• Future Generali India Life Insurance Company Limited; and</li> <li>• Hindustan Shipyard Limited; and</li> <li>• National Institute of Food Technology Entrepreneurship &amp; management (under liquidation)</li> </ul>
<b>Shri Venkataraman Subramanian</b> S/o. Mr. Subramanian Venkataraman Non-Executive Director <i>Independent Director</i> Occupation: Service DIN: 00357727 Age: 65 years Nationality: Indian	M – 104, Ground Floor, Greater Kailash Part II, New Delhi-110048, India	June 10, 2011	<ul style="list-style-type: none"> <li>• Mount Everest Mineral Water Limited;</li> <li>• Sundaram-Clayton Limited;</li> <li>• Titan Energy Systems Limited</li> <li>• WindForce Management Services Private Limited;</li> <li>• Lanco Solar Energy Private Limited;</li> <li>• PTC Energy Limited;</li> <li>• Gravitational Network Advisors Private Limited;</li> <li>• Enfragy Solutions India Private Limited; and</li> <li>• Boruka Power Corporation limited</li> <li>• GPS Renewables Private Limited</li> </ul>
<b>Dr. Sunil Kumar Gupta</b> S/o. Mr. Ram Niwas Gupta Non-Executive Director <i>Independent Director</i> Occupation: Practising Chartered Accountant DIN: 00948089 Age: 47 years Nationality: Indian	II-A 26, Nehru Nagar, Ghaziabad – 201001, Uttar Pradesh, India	March 16, 2012	<ul style="list-style-type: none"> <li>• Punjab National Bank;</li> <li>• General Insurance Corporation of India;</li> <li>• Sunil Ram Enterprises (P) Limited;</li> <li>• Sunil Ram Infotech India (P) Limited;</li> <li>• Sunil Ram Infrastructure (P) Limited;</li> </ul> Partner in Firms: <ul style="list-style-type: none"> <li>• Sunil Ram &amp; Co.</li> </ul>

### Corporate Governance

Our Company has complied with the requirements of Corporate Governance as prescribed under Clause 49 of the listing agreement executed with the Stock Exchanges. However, with effect from February 05, 2013, the composition of Board of Directors is not in compliance with the requirements of Clause 49 of the Listing agreement. As on date, the composition of the Board of Directors comprises of three (3) Executive directors, one (1) Government Nominee and three (3) Part Time Non-official Independent Directors, thereby short of 1

Part Time, Non-official Independent Director. Hence, our Company is required to appoint one (1) more Part Time Non-official Independent Director on the Board of the Company. The Company has requested the Ministry of Power, Government of India to expedite the appointment of one Part-time Non-official Independent Director in terms of Listing Agreement and the same is under process. As soon as appointment of a Part-time Independent Director is made, the Company will be in compliance with the provisions of sub-clause (I A) of Clause 49 of the Listing Agreement relating to composition of the Board.

### Relationship with other Directors

None of the Directors of the Company are, in any way, related to each other.

### Borrowing powers of our Board

Pursuant to a resolution passed by our shareholders at the 43<sup>rd</sup> Annual General Meeting held on September 20, 2012 in accordance with the provisions of the Companies Act under section 293(1)(d), our Board has been authorised to borrow such sums of money, not exceeding INR 145,000 crores, for the purposes of the business of our Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from our Company's bankers, in the ordinary course of the business) would exceed the aggregate of our paid-up capital and free reserves.

### Details of Appointment of our Directors

Name of Director	Appointment letter no. / Office Orders issued by the MoP	Term
Shri Rajeev Sharma	46/8/2011-RE dated November 29, 2011	Appointment with effect from November 29, 2011 for a period of five years or till the date of his superannuation, or until further orders, whichever is earliest.
Shri Prakash Thakkar	F.46/9/2010-RE dated May 2, 2011	Appointment with effect from May 2, 2011 for a period of five years or till the date of his superannuation, or until further orders, whichever is earliest.
Shri Ajeet Kumar Agarwal	No. 46/9/2011-RE dated May 17, 2012	Appointment with effect from August 1, 2012 for a period of five years or till the date of his superannuation, or until further orders, whichever event occurs earliest.
Shri Badri Narain Sharma	No. 46/04/2007-RE dated August 23, 2012	Appointment with effect from August 23, 2012 with immediate effect and until further order.
Dr. Devi Singh	No. 46/2/2010-RE dated June 10, 2011	Appointed with effect from June 10, 2011 as „Part Time Non-official Independent Director“ for a period of three years, or until further orders, whichever is earlier.
Shri Venkataraman Subramanian	No. 46/2/2010-RE dated June 10, 2011	Appointed with effect from June 10, 2011 as „Part Time Non-official Independent Director“ for a period of three years, or until further orders, whichever is earlier.
Dr. Sunil Kumar Gupta	No. 46/2/2010-RE dated March 16, 2012	Appointed with effect from March 16, 2012 as „Part Time Non-official Independent Director“ for a period of three years, or until further orders, whichever is earlier.

**Details of Change in Directors in last three years:-**

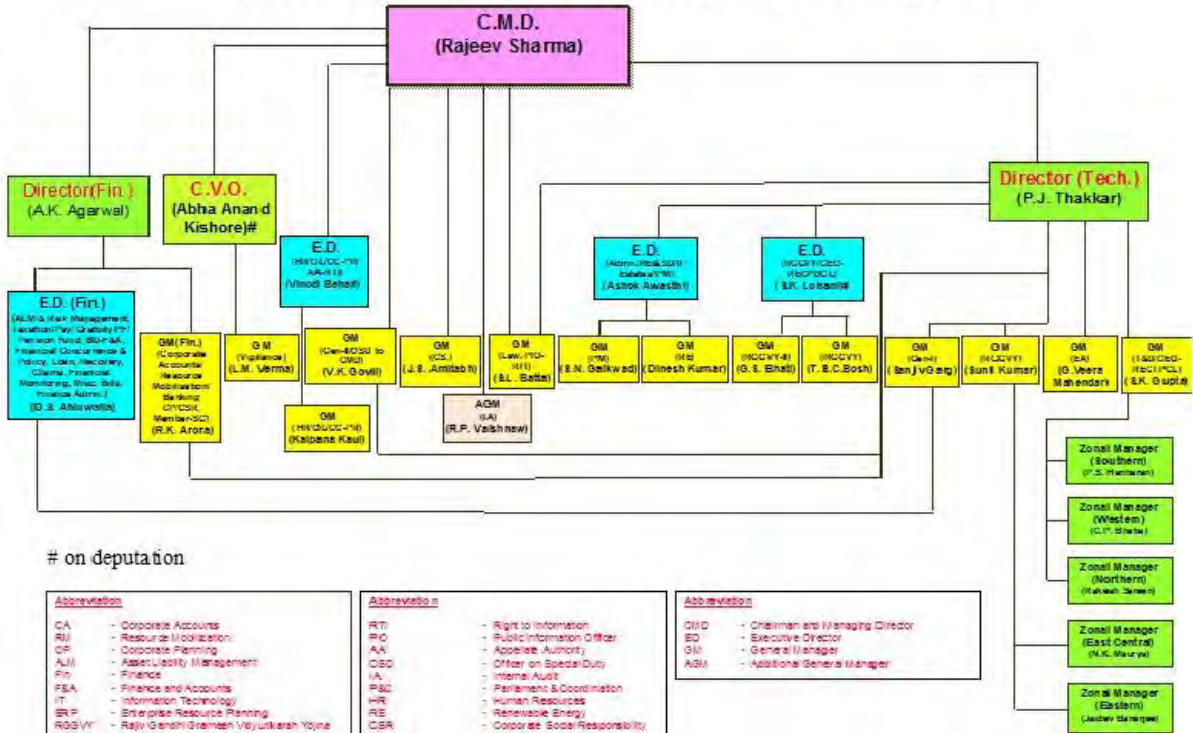
Name	DIN	Designation	Date of Appointment	Date of Cessation	Reason
Shri Hari Das Khunteta*	00061925	Director (Finance)	May 5,2004	July 31,2012(A/N)	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Devender Singh	01792131	Government Nominee Director	August 29, 2007	August 23, 2012	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Govinda Marapalli Rao	01982343	Part time Non-official Independent Director	December 20, 2007	December 19, 2010	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Peralam Ramchanduran Balasubramanian	01993392	Part time Non-official Independent Director	December 20, 2007	December 19, 2010	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Venugopal Nandlal Dhoot	00092450	Part time Non-official Independent Director	December 20, 2007	December 19, 2010	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Devi Singh	00015681	Part time Non-official Independent Director	January 7, 2008	January 6, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Guljit Kapur	01120089	Director (Technical)	December 1, 2008	March 31, 2011(A/N)	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Jairaj Moreshwar Phatak	00437050	Chairman & Managing Director	June 15, 2010	April 16, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Rakesh Jain	02682574	Government Nominee Director	January 20, 2011	July 5, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri Prakash Thakkar	01120152	Director (Technical)	May 2, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Devi Singh	00015681	Part time Non-official Independent Director	June 10, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Govinda Marapalli Rao	01982343	Part time Non-official	June 10, 2011	February 05, 2013	Consequent to nomination as

		Independent Director			a member of 14th Finance Commission
Shri Venkataraman Subramanian	00357727	Part time Non-official Independent Director	June 10, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Rajeev Sharma	00973413	Chairman & Managing Director	November 29, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Sunil Kumar Gupta	00948089	Part time Non-official Independent Director	March 16, 2012	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Ajeet Kumar Agarwal	02231613	Director (Finance)	August 1, 2012	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Badri Narain Sharma	01221452	Government Nominee Director	August 23, 2012	Continuing	Appointment pursuant to a notification by the MoP, GoI.

\* *Shri Hari Das Khunteta was holding additional charge of Chairman & Managing Director, REC from April 16, 2011 till November 29, 2011 as per MoP Orders No. 46/8/2010-RE dated April 11, 2011 and 46/8/2010-RE dated August 8, 2011.*

### Existing Corporate Structure

**EXISTING CORPORATE ORGANOGAM (AS ON 29<sup>th</sup> JANUARY, 2014)**



# on deputation

Abbreviation	Abbreviation	Abbreviation
CA - Corporate Accounts	RTI - Right to Information	CMO - Chairman and Managing Director
RI - Resource Mobilization	PIO - Public Information Officer	ED - Executive Director
CP - Corporate Planning	AA - Appellate Authority	GM - General Manager
AJLI - Asset Liability Management	OSD - Officer on Special Duty	AGM - Additional General Manager
Fin - Finance	IA - Internal Audit	
FS&A - Finance and Accounts	PAR - Parliament & Coordination	
IT - Information Technology	HR - Human Resources	
ERP - Enterprise Resource Planning	RE - Renewable Energy	
RGVY - Rajiv Gandhi Gramin Vidyutikaran Yojna	CSR - Corporate Social Responsibility	
CSC - Chief Executive Officer	SD - Sustainable Development	
Gen - Generation	EC - Environmental Compliance	
CS - Company Secretary	EA - Entry Appraisal	
CC-PR - Corporate Communication/Public Relations	PM - Project Monitoring	
BD - Business Development	SC - Steering Committee	
T&D - Transmission and Distribution		

Z.O (West) - Maharashtra, Gujarat, Karnataka
Z.O (Southern) - T.N., A.P., Kerala
Z.O (Eastern) - W.B., N.E. States
Z.O (East Central) - J.P., Orissa, Bihar, Jharkhand
Z.O (Central) - U.P., Chhattisgarh, Madhya Pradesh

## V. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS

### SUMMARY OF BUSINESS

We are a public financial institution in the Indian power infrastructure sector. We are engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout India. We believe our organization occupies a key position in the GoI's plans for the growth of the Indian power sector.

We assist our clients in formulating and implementing a broad array of power projects and finance those projects. Our clients primarily include both Indian public sector power utilities at the central and state levels and private sector power utilities. We service our clients through a network of project offices spread across India and one national level training centre at Hyderabad. Our project offices play an integral role in the development of our relationships with our clients, the operation and promotion of our business and in our loan appraisal, loan sanction and post-sanction monitoring processes. Our primary financial product is project-based long-term loans. We fund our business with market borrowings of various maturities, including bonds and term loans. Because our sources enable us to raise funds at competitive costs, we are able to price our financial products competitively.

We commenced our operations in 1969 for the purpose of developing the power infrastructure in rural areas. We have contributed to the development of rural India and India's agriculture through our funding of transmission and distribution projects in rural areas. Our mandate has evolved in accordance with the development priorities of the GoI and, since Fiscal 2003 we are permitted to finance all segments of the power sector, including generation, transmission and distribution, throughout the country. For Fiscal 2013, 34.52 % of our loan sanctions related to generation projects(which includes generation and renewable energy projects),60.21% related to transmission and distribution projects(including International Co-operation and Development Project – "IC&D") and 5.27% related to other sanctions relating to short term loans, bridge loans and debt refinancing. Our mandate was further extended to include financing other activities with linkages to power projects, such as coal and other mining activities, fuel supply arrangements for the power sector and other power-related infrastructure. In June 2011, we have set up a separate division for funding renewable projects in order to further achieve the goal of conserving fossil fuels and reducing our carbon foot prints.

REC is one of only 14 Indian public sector undertakings to be granted "Navratna" status by the Department of Public Enterprise by virtue of our operational efficiency and financial strength. The GoI has rated our performance as "Excellent" continuously since Fiscal 1994. We have also been ranked among the top ten public sector undertakings in India by the Ministry of Heavy Industries and Public Enterprises for Fiscal 2000, Fiscal 2001, Fiscal 2002, Fiscal 2004 and Fiscal 2005.

Domestically, we hold the highest credit rating for long-term borrowing consisting of domestic credit rating from each of CRISIL, ICRA, IRRPL and CARE. On an international basis, we hold long-term borrowing ratings from Fitch and Moody's that are at par with sovereign ratings for India.

The President of India, acting through nominees from the Ministry of Power ("MoP"), currently holds 66.80% of the issued and paid up equity capital of our Company. The GoI, acting through the MoP, oversees our operations and has the power to appoint Directors to our Board.

We have experienced growing demand for our financial products, and therefore have demonstrated consistent growth in our business.

- Our loan sanctions and loan disbursements have grown from ₹ 40653.94 crores and ₹ 17157.34 crores in Fiscal 2009 to ₹ 79470.49 crores and ₹ 39275.17 crores in Fiscal 2013.
- For Fiscal 2013, we sanctioned ₹ 79470.49 crores of loans, including ₹ 27434.85 crores relating to generation projects, ₹ 47845.64 crores relating to transmission and distribution projects and ₹4190.00 crores under short-term loans.
- For Fiscal 2013, we disbursed ₹ 39275.17 crores of loans, including ₹ 12,496.87 crores relating to generation projects, ₹ 22359.30 crores relating to transmission and distribution projects and ₹ 4419.00 crores under short-term loans.

- Our Company's loan assets have grown at a CAGR of 25.92% from ₹ 50652.80 crores in Fiscal 2009 to ₹ 127355.54 crores in Fiscal 2013 as per its standalone financial statements.
- Our Company's profit after tax as per its standalone financial statements for Fiscal 2009, 2010, 2011, 2012 and 2013 was ₹ 1,272.08 crores, ₹ 2,001.42 crores, ₹ 2,569.93 crores, ₹ 2,817.03 crores and ₹ 3817.62 crores, respectively. Our Company's profit after tax as per its consolidated financial statements for Fiscal 2011, 2012 and 2013 was ₹ 2,584.89 crores, ₹ 2,838.66 crores and ₹ 3832.78 crores, respectively.
- As on March 31, 2013, our Company had total loan assets of ₹ 127355.54 crores and a net worth of ₹ 17454.00 crores as per its standalone financial statement.

## OUR STRENGTHS

We believe that the following are our primary strengths:

- Our financial position is strong and our business is profitable.
- We are uniquely positioned to access and appraise borrowers in the Indian power sector.
- We occupy a key strategic position in the GoI's plans for growth of the power sector.
- We have an experienced management team with sector expertise.
- Pan India presence through our zonal/project offices in most of state capitals.

## OUR STRATEGY

The key elements of our business strategy are as follows:

- Continue to fund the increased investment in the Indian power sector.
- Maintain the diversity of our asset portfolio and seek higher yielding loan assets.
- Increase our involvement in consortium lending and private sector participation in the Indian power sector.
- Increase our fee-based income.
- Implement technological innovation to manage our growth and remain a dynamic organisation.

## HIGHLIGHTS OF REC

1. Rural Electrification Corporation Limited was incorporated on July 25, 1969 under Companies Act, 1956. REC is a Government of India, Public Sector Enterprise.
2. REC was declared as Public Financial Institution under Section 4A of the Companies Act, 1956 on February 11, 1992 and registered as Non-Banking Financial Company under Section 45-IA of the RBI Act 1934 from February 10, 1998.
3. REC has been categorized as Infrastructure Finance Company by RBI *vide* its letter dated September 17, 2010.
4. Nodal Agency for channelizing finance to aid Rajiv Gandhi Gramin Vidyutikaran Yojana having the object of achieving 100% rural electrification.
5. National Electricity Fund (Interest Subsidy Scheme) has been set up by Ministry of Power 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. REC is the nodal agency for the scheme with a mandate to operationalize the scheme through which amount for interest subsidy will be provided.

## OFFICES

REC has its registered office at New Delhi and has an all India presence through its branch network of 18 project offices and 2 sub-offices spread across India.

## FUNCTIONS

The registered office at New Delhi looks at the matters relating to Planning and Policy formulation, Resource Mobilization, Financial Operations etc. Project/Field offices attend functions relating to preliminary processing of new schemes, monitoring of ongoing schemes, scrutiny of loan claims, recovery of dues and maintain liaison with SEBs and State Governments for effective implementation of rural electrification programme funded by the Corporation.

## PRODUCTS AND SERVICES

REC offers a comprehensive basket of products to meet the financing needs of its borrowers with respect to rural electrification, strengthening of transmission and distribution, generation projects, working capital needs and bulk loans. In addition, REC also offers consultancy and training services to the power sector.

### Systems Improvement

In the 1990s, the power distribution network was inadequate to cater to the rapid increases in power demand. In the mid-1990s, the Corporation felt the need to provide further impetus to system improvements, and stepped up its support to the system improvement programme. The main objectives of the schemes are:

- (i) Reduction in energy losses in the distribution, sub-transmission and transmission systems;
- (ii) Improving the voltage regulation so as to bring it within the prescribed limit;
- (iii) Improving the quality and reliability of supply;
- (iv) Improving the power factor in sub-transmission and distribution systems so as to improve the available system capacities; and
- (v) Providing adequate system support for load development in the project area for the next five years.

The schemes shall cater primarily to the needs of the distribution, sub-transmission and transmission systems of the scheme area for the purpose of system improvement as well as meeting system inadequacies.

### High Voltage Distribution System

One such system improvement project is the High Voltage Distribution System ("HVDS") sanctioned by REC on a large scale. The projects envisage reduction of the technical and commercial losses by implementation of HVDS in place of conventional Low Voltage Distribution System ("LVDS") for all Low Tension ("LT") feeders feeding agriculture loads. Apart from reducing LT line losses, the voltage profile is improved; failure of Distribution Transformers is reduced leading to improved reliability and quality of power supply to consumers.

### Bulk Loans

Keeping in tune with the needs of its borrowers, REC has a category of bulk loan portfolio for providing financial assistance to SEBs for the procurement of equipment like Meters, Transformers etc. These schemes allow the borrowers flexibility about the use of the equipment.

### Intensification of Electrified Villages

The scheme for intensive electrification of villages" aims at intensive load development for providing connections to consumers in electrified areas, keeping in view the concept of area development to ensure



electrification of left out hamlets and dalit bastis in the vicinity of a selected designated unit. This scheme can extend to all districts of a state. This scheme has an operational period of two years.

### **Pumpset Energisation Programme**

Loan assistance under the Pump Set Energisation Programme shall provide for the energisation of pump sets on well/lift irrigation in a compact area in a selected designated unit. This scheme has an operational period of two years.

### **Short Term Loans**

REC is also providing short-term loans to its borrowers for meeting their working capital requirements such as purchase of fuel for power plant, purchase of power, purchase of material and minor equipment etc. The Short Term Loans are provided for a period of six months to three year with an option to the borrower for roll over of the loan for matching period. The interest amount is payable monthly, while the borrower has the option to pay the principal in lump sum or equal monthly/quarterly installments.

### **Rajiv Gandhi Grameen Vidyutikaran Yojana**

Government of India, in April 2005, launched the scheme “*Rajiv Gandhi Grameen Vidyutikaran Yojana – (RGGVY) Scheme– of Rural Electricity Infrastructure and Household Electrification*” vide O.M. No. 44/19/2004 D (RE), dated March 18, 2005, for providing access to electricity to all rural households. The scheme is being implemented through REC. Under the scheme 90% capital subsidy is being provided by GoI for overall cost of the projects.

576 RGGVY projects covering 118555 un-electrified villages (provisional revised coverage-110886) and 247.25 lakh below poverty line (“BPL”) household (provisional revised coverage-229.39 lakhs) with the total sanction project cost of INR 26427.78 (revised sanction of INR 34365.39) crores have been sanctioned under X and XI-Plan.

Under Phase-II of RGGVY, 33 new and 39 supplementary projects have been sanctioned during September, 2011 to March, 2012 covering 1909 un-electrified villages, 53505 partially electrified village & 45.59 lakh BPL households at a total project cost of INR 8110.03 crores. These projects are at various stages of implementation and progress from these projects is yet to come.

Cumulatively, the scheme works in 107083 un-electrified villages have been completed and connections to 207.22 Lakhs BPL households have been provided up to March 31, 2013.

### **Generation**

REC provides funds to SEBs/ State Power Utilities/ Private Sector for generation projects like hydro, thermal (coal and gas based), renovation & modernisation, non-conventional etc. REC is also taking up the job of lead financier for the power projects.

Previously, REC used to finance generation schemes consisting mainly mini hydro projects. After June 2002 mandate of REC expanded to include all generation projects without limits on size or location. There after there has been remarkable growth in the sanctions & disbursements in the Generation schemes.

During the year 2012-13, the Company sanctioned 41 nos. of loans against generation category, including 13 nos. of additional loan assistance, with total financial outlay of INR 26854.79 crores and has also disbursed INR 12496.86 crores against the ongoing Generation Projects. With these the cumulative sanctions and disbursements since 2002-03 upto March 31, 2013 are INR 193622.59 crores and INR 64488.36 crores respectively.

### **Debt Refinancing**

The Corporation assists borrowers in the power sector to reduce their cost of borrowings by offering access to a debt-refinancing scheme. Under this scheme, REC assists borrowers who have borrowed funds from

other lending institutions at a higher rate of interest to refinance their loans at a lower interest rate. The re-financing facility is available only for commissioned projects. We offer our refinancing products on the same interest rate terms as our long-term loans; however, the maturity of our debt refinancing products is not later than the maturity of the refinancing indebtedness.

## **OPERATING HIGHLIGHTS**

### **Pump sets Energisation**

The total number of pump sets energized in the country is about 188.60lakhs as on March 31, 2013. Out of these energized pump sets, REC financed pump sets constitutes 54% of the national achievement. The programme provides the necessary impetus to the production of agriculture output and to the expansion of agro-based rural industrial sector. With the availability of energized pump sets, the farmers' dependence on the unpredictable, erratic and inadequate rainfall has substantially reduced and has helped the country to achieve self-sufficiency in food grain production. With REC financing pump sets energization programme resulting in higher agricultural yield, the income of the farmers has increased in manifolds and many more employment opportunities are created in the villages. The programme also contributes to the saving of diesel by converting diesel pump sets to the electrical pump sets.

The programme aims at resource mobilization for pump sets energization in the planned manner and optimum utilization and management of ground water resources.

### **System Improvement**

In order to improve the efficiency of electrical network especially with respect to reduction of line losses and the voltage profiles, REC has been encouraging implementation and projectization of the System Improvement programme. To strengthen and improve the Transmission, Sub-transmission and Distribution System in the rural areas and to reduce the Transmission and Distribution (**T&D**) losses, REC provides loan assistance to the power utilities under its System Improvement portfolio. This programme was taken up on a regular basis from the year 1987-88. As value added service, REC provides the power utilities with technical expertise for identifying the system deficiencies and weaknesses and suggesting various alternatives to improve the system, out of which the most cost effective and technically feasible solution is adopted.

### **Dalit Bastis and Rural Electric Cooperatives**

REC accords high priority to the development of dalitbastis, tribal villages and backward areas. It promotes rural electric cooperatives to encourage decentralization of rural power distribution system. These organizations intensify electrification efforts by involving local consumers. These co-operatives help conserve energy and minimize pilferage by functioning on democratic lines.

### **Central Institute of Rural Electrification (CIRE)**

In Fiscal 1979, we established the Central Institute for Rural Electrification at Hyderabad, a training institute established for the purpose of designing and conducting training programmes on various aspects of power transmission and distribution systems and non-conventional energy systems. We have conducted training in broad array of power-related areas, including best technical practices in transmission and distribution systems, legal aspects of power sector operations and power sector accounting. Beginning in Fiscal 2006, CIRE was empanelled to conduct training for foreign nationals.

## **OUR PRODUCTS**

Our principal products are long-term loans and short-term loans. Additionally, we may offer debt-refinancing and bridge loans from time to time.

## Long-term Loans

We offer our long-term loans to central-sector power utilities, state-sector power utilities, joint-sector power utilities, state power departments, private sector power utilities and rural electricity cooperatives. Our long-term loans generally are sanctioned with respect to a specific power-related project at project inception or as bulk loans for procurement of equipment. In the transmission and distribution sector, we generally provide long-term loans upto 90% of the project cost for state sector projects and up to 50% of the project cost for private sector projects. In the generation sector, we generally provide long-term loans up to 100% of the debt component in state sector projects and small private projects of up to 100 MW and for all other projects long-term loans of up to 50% of the project cost for private sector borrowers and 80% for government sector borrowers.

Both types of long-term loans are disbursed in one or more instalments. The first disbursement is intended to allow our borrowers to fund initial procurement related to the project. Upon satisfactory completion of the initial procurement stage and evidence of fund utilization, we will make additional loan disbursements, subject to our satisfactory receipt of evidence of fund utilization.

In the transmission and distribution sector, our long-term loans typically have a maturity of up to thirteen years from the date of the first disbursement, inclusive of a three year moratorium period on payment of principal. In the generation sector, our long-term loans have a maturity of up to 20 years, inclusive of a moratorium period of up to five years on payment of principal.

The long-term loans typically bear fixed interest rates that are determined on each date of disbursement pursuant to our then prevailing interest rates. Our long-term loans also provide for re-pricing mechanisms, usually effective after three or ten years, to adjust for changes in interest rates. Our long-term loans also typically provide for pre-payment penalties, as well as the payment of additional interest in the case of default (or, historically, rebates in the case of timely payment).

Where we issue long-term loans as part of consortium financing, we vary the terms if required. In the event that our pricing terms are more favourable to us than the proposed consortium terms, we typically seek to maintain our pricing terms. In certain instances, we offer comfort letters as an ancillary feature to our sanctioned long-term loans to enable borrowers to establish a letter of credit with their lenders.

Our long-term loans to the public sector for transmission and distribution projects typically require the borrower to obtain a state government guarantee of the loan and/or hypothecate a portion of its existing assets or hypothecate all of its project assets to secure the loan. The percentage of guarantee and hypothecation of assets differs on a case-to-case basis. Our long-term loans to the private sector for transmission and distribution projects typically require the borrower, which is typically a SPV, to pledge substantially all of its assets to secure the loan and secure a pledge of the project promoters' shares in the SPV.

Our long-term loans to the public sector for generation projects typically require the borrower to obtain a state government guarantee of the loan and/or pledge substantially all of its assets to secure the loan. The percentage of guarantee and hypothecation of assets differs on a case-by-case basis. Our long-term loans to the private sector for generation projects require the borrower, which is typically a SPV, to pledge substantially all of its assets to secure the loan and secure a pledge of the project promoters' shares in the SPV.

However, in case of renewable energy power generation projects, apart from the main security, additional security in the form of mortgage of immoveable assets, personal guarantees or corporate guarantee are also obtained.

We propose to give corporate term loans/guarantee assistance to the borrowers, which can be extended/used either for the purpose for equity infusion in new projects or acquisition of an existing power project. Presently, Company has not extended any such loans/guarantees to the borrowers.

## **Short-term Loans**

We offer short-term loans to our state sector borrowers to meet their immediate working capital requirements, including for the purchase of fuel for power plants, system and network maintenance, including transformer repairs, the purchase of power, the purchase of materials and minor equipment.

We offer our short-term loans with a maturity of up to three years. Our current short-term loans also contain a roll-over provision that permits the borrower to extend the term of the loan, subject to our approval. Our short-term loan facilities bear either a floating or fixed interest rate. Interest on short-term loans is payable monthly and principal may be repaid in monthly instalments or in a lump-sum at maturity, at the option of the borrower.

Our short-term loans permit the borrower to provide one or more of the following types of any of the security: a pledge of assets; a state-government guarantee; a bank guarantee; a corporate guarantee. In addition, a suitable escrow arrangement is typically required unless a bank guarantee covering the full loan amount is provided.

## **Other**

### **Debt Refinancing**

We may offer a debt refinancing scheme for borrowers who have borrowed funds from other lending institutions at a higher rate of interest. The refinancing facility is available generally for commissioned projects. We offer our debt refinancing products on the same interest rate terms as our long-term loans; however, the maturity of our debt refinancing products is generally not later than the maturity of the refinanced indebtedness.

### **Bridge Loans**

We may provide short-term bridge loan financing for borrowers that have been sanctioned financial assistance from or through us, primarily in the form of grants or long-term loans, and have received a sanction letter for the funding but are awaiting disbursements pending formalities or clearances.

### **Short-term Loans to Equipment Manufacturers**

We may offer short-term loans to manufacturers of equipment or materials. To be eligible to receive these loans the equipment manufacturers must have been awarded a firm order for executing contracts in power projects in India by power utilities. We do not currently have any such loans outstanding.

### **Equipment Leasing**

We may offer lease financing to fund the purchase of major capital equipment and machinery essential for power and associated infrastructure projects. We do not currently have any such financing arrangements outstanding.

### **Medium-term Loans**

We may offer medium-term loans to SEBs and the relevant power departments of state governments that are not in default with our Company for the purchase of capital equipment. These loans have a repayment period of two to five years. We do not currently have any such loans outstanding.

### **Loans for Power Purchase through Indian Energy Exchange**

In December 2009, our Board of Directors approved a new scheme pursuant to which we intend to finance power purchases made through the India Energy Exchange, which is one of two energy exchanges operating in India. It is currently intended that these power purchase loans may be offered to our existing public sector borrowers for the purpose of non-speculative purchases of power through the exchange with a maturity of

90 days from disbursement. Power purchase loans will be secured by escrow arrangements or bank guarantees, at the discretion of the borrower.

### Resource Mobilisation

We generally fund our assets, primarily comprising loans to the power sector, with borrowings of various maturities in the domestic and international markets. Our market borrowings include bonds, short-term loans, medium-term loans, long-term loans and external commercial borrowings. As on March 31, 2013, we had total outstanding borrowing of INR 1,07,791.17 crores.

The following table sets forth our indebtedness classified by Rupee-denominated and foreign currency-denominated sources and the percentages such resources constituted of our total indebtedness as on March 31, 2011, 2012 and 2013. The Rupee equivalents of foreign currency-denominated debts (other than those that are already fully hedged) are translated with reference to rates of exchange prevailing as at the end of all the periods indicated.

(All figures are in (INR) crores, except in percentages)

Resource Denomination	As on March 31,					
	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Rupee	62,433.80	89.14	79,358.38	88.12	92,552.98	85.86
Foreign currency	7,605.90	10.86	10,698.09	11.88	15,238.19	14.14
<b>Total</b>	<b>70,039.70</b>	<b>100</b>	<b>90,056.47</b>	<b>100</b>	<b>107,791.17</b>	<b>100</b>

### Domestic Borrowings

In terms of domestic resources, a significant proportion of our Rupee denominated funds are raised through privately placed bond issues in the domestic market and term loans. We have a diverse investor base of banks, financial institutions, mutual funds, insurance companies, provident fund trusts, gratuity fund trusts and superannuation trusts and individuals.

The following table sets forth our outstanding Rupee-denominated indebtedness by type and the percentage such indebtedness constituted of our total Rupee-denominated indebtedness as on March 31, 2011, 2012 and 2013.

(All figures are in (INR) crores, except in percentages)

Rupee Denominated	As on March 31,					
	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Taxable bonds	39,840.01	63.812	54,654.85	68.871	64,037.81	69.19
54EC Capital Gain Tax Exemption bonds	11,098.36	17.776	13,341.03	16.811	15,186.50	16.41
Infrastructure bonds	217.16	0.348	376.32	0.474	376.32	0.41
Tax-free bonds	0.00	0.00	3,000.00	3.78	5,648.41	6.10
SLR bonds	53.00	0.085	0.00	0.00	0.00	0.00
Commercial term loans	11,189.14	17.922	7,961.54	10.032	6,308.80	6.82
GoI loans	36.13	0.058	24.64	0.031	15.14	0.01
Commercial paper	0.00	0.00	0.00	0.00	980.00	1.06
<b>Total</b>	<b>62433.80</b>	<b>100.00</b>	<b>79,358.38</b>	<b>100.00</b>	<b>92,552.98</b>	<b>100.00</b>

## Taxable Bonds

We issue secured, non-convertible, redeemable, taxable bonds typically with a maturity of three to ten years from the date of issuance and bearing a fixed interest rate that depends upon market conditions at the time of issuance.

The weighted average annualised interest rate on taxable bonds issued during the Fiscal 2011, Fiscal 2012 and Fiscal 2013 was 8.44%, 9.36% and 9.08% respectively. The weighted average annualised interest rate on all of our outstanding taxable bonds as on March 31, 2013 was 9.05%.

The taxable bonds are offered on a domestic private placement basis and listed on the “whole sale debt market segment” of the NSE and/or BSE.

## 54EC – Capital Gain Tax Exemption Bonds

We began issuing 54 EC – capital gain tax exemption bonds in Fiscal 2001. Section 54EC of the Income Tax Act, relating to exemption of taxes on long term capital gains, if invested in these bonds, subject to limits and qualifications. We are, therefore, able to price such bonds at a lower rate of interest than would otherwise be available to us. In order to qualify for the tax exemption, these bonds must be held for no less than three years. These bonds have put dates or maturity dates at three years from issuance, up to Fiscal 2007 and thereafter automatic redemption after lock in period and maturity i.e. at end of three years.

Since January 2007, the GoI has limited that amount of our bonds that an individual investor can utilise to offset long term capital gains to INR 0.50 crore in a financial year which has reduced the amount of bonds we have been able to offer for subsequent periods.

The weighted average annualised interest rate on 54EC – capital gain tax exemption bonds issued during the year ended Fiscal 2011, Fiscal 2012 and Fiscal 2013 was 6.00%. The weighted average annualised interest rate on all of our outstanding 54EC –capital gain tax exemption bonds, as on March 31, 2013 was 6.00%.

The 54EC – capital gain tax exemption bonds are offered on a domestic private placement basis and are not listed on any exchange.

## Infrastructure Bonds

We have issued infrastructure bonds, in Fiscal 2002 to 2005 u/s 88 of the Income Tax Act, and in Fiscal 2011 and 2012, issued u/s 80CCF of the Income Tax Act.

Under provisions of Section 88 of the Income Tax Act 1961, deduction is allowed from the amount of income tax (as computed before allowing the deductions under Chapter VI) on investor's total income, on investment of these bonds.

Under provisions Section 80CCF of the Income Tax Act 1961, deduction is allowed from gross total income of an assessee on investment in these bonds and terms of the issue were subject to Notification No. 48/2010/F NO 149/84/2010-SO (TPL) issued by CBDT.

The weighted average annualised interest rate on Infrastructure Bonds issued during the year ended Fiscal 2011 and Fiscal 2012 was 8.14% and 8.98% respectively. The weighted average annualised interest rate on all of our outstanding Infrastructure Bonds, as on March 31, 2013 was 8.49%.

Our infrastructure bonds typically have a maturity of five, ten and fifteen years from the date of issuance and bear a fixed interest rate with put option after three, five and seven years.

The infrastructure bonds were offered on a domestic private placement basis and bond issued in fiscal 2011 are listed on NSE and tradable after lock in period.

## Tax-free Bonds

We have issued tax-free bonds up to Fiscal 2002 and thereafter issued in Fiscal 2012 and Fiscal 2013. Under provisions of the Income Tax Act, interest on these bonds was tax exempt for bondholders and we were therefore able to price such bonds at a lower rate of interest than would otherwise have been available to us. The weighted average interest annual rate on all of our outstanding tax free bonds as on March 31, 2013 was 7.80%.

The tax-free bonds issued up to fiscal 2002, were offered on a domestic private placement basis and listed on the “whole sale debt market segment” of the NSE.

The tax-free bonds issued in fiscal 2012, were offered under domestic public issue and listed on the “whole sale debt market segment” of the BSE.

The tax-free bonds issued in fiscal 2013, were offered under domestic public issue & private placement and listed on the "retail debt market segment" and “whole sale debt market segment” respectively of the BSE and NSE.

Our tax free bonds typically have a maturity of ten and fifteen years from the date of issuance and bear a fixed interest rate.

## SLR bonds

We have not issued SLR bonds since Fiscal 1999. SLR bonds were issued pursuant to permission granted by the RBI and are guaranteed by the GoI. SLR bonds typically have a maturity of ten or twenty years from the date of issuance and bear a fixed interest rate that depended upon market conditions at the time of issuance. There are no outstanding SLR bonds as on March 31, 2013.

The SLR bonds were offered on a domestic private placement basis on the terms specified by the RBI and listed on the “whole sale debt market segment” of the NSE.

## Term loans from commercial banks and financial institutions

As on March 31, 2013 we had a total of 8 Rupee denominated term loan facilities from commercial banks and financial institutions, 6 (six) of which were secured and 2 (two) of which were unsecured. These facilities are obtained on commercial terms and have varying maturity dates and interest rates.

The weighted average annualised interest rate on all of our outstanding indebtedness under term loan facilities from commercial banks and financial institutions as on March 31, 2013 was 7.92%.

**Loans from the GoI:** As on March 31, 2013, we had a total of 17 (seventeen) Rupee-denominated unsecured loans from the GoI. These loans are unsecured, have a maturity of thirty years and have a five-year moratorium on payment of principal. The weighted average annualised interest rate on our outstanding loans from the GoI was 7.40%.

**Commercial Paper:** The Company mobilised funds through Commercial Paper during various years. These are obtained on varying maturity dates and interest rates.

The weighted average annualised interest rate on all new borrowings through Commercial Paper during Fiscal 2013 was 8.76% respectively.

## Foreign Currency Resources

We first began arranging for foreign currency borrowings during Fiscal 2007. As on March 31, 2013, outstanding liability is Rs.15238.19 Crores.

## Commercial borrowings in foreign currency

In Fiscal 2007, we entered into a syndicated loan agreement through Standard Chartered Bank, London and DEPFA Investment Bank Limited, Cyprus for the Japanese Yen equivalent of US\$ 200 million (which, at the time of draw-down, equated to JPY 23,570 million). Loans under this agreement bear a variable interest at a spread of 48 basis points over six-month JPY LIBOR and matured in 2011. As at March 31, 2013, this loan facility has been repaid and outstanding balance is nil.

## External Commercial borrowings in foreign currency.

In Fiscal 2011, the Issuer raised ECB under

- Syndicated loan agreement through Bank of Tokyo-Mitsubishi, UFJ, Ltd., Singapore Branch and State Bank of India, New York Branch for USD 400 million. Loan under this agreement bear a variable interest at a spread of 139 basis points over six-month USD LIBOR and mature in 2015. As at March 31, 2013, this loan facility was fully drawn and fully hedged USD 200 million at 7.51% and principal only swap for USD 200 million at 3.689% per annum.
- Syndicated loan agreement through HSBC Mauritius for USD 70 million. Loans under this agreement bear a variable interest at a spread of 175 basis points over six-month USD LIBOR and mature in 2015. As at March 31, 2013, this loan facility was fully drawn and hedged with principal only swap for USD 70 million at 3.8139% per annum.
- International Bond through Reg S for USD 500 million. Loan under this agreement bear fixed rate of interest at 4.25% pa and mature in 2016. As at March 31, 2013, this loan facility was fully drawn and hedged with principal only swap for USD 250 million at 4.1810% per annum and balance USD 250 million is unhedged.
- Two bilateral loan agreements with Mizuho Corporate Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd. of USD 100 million each. Loans under these agreement bear a variable interest at a spread of 129 basis points over six-month USD LIBOR and will mature in 2016. As on March 31, 2013, these loans facility was fully drawn and fully hedged each of the loans each at 7.45 % per annum.

In Fiscal 2012, the Issuer raised ECB under:

- Syndicated loan agreement through Bank of Tokyo-Mitsubishi, UFJ, Ltd., Mizuho Corporate Bank Ltd., ANZ Ltd and SMBC bank for USD 300 million. Loan under this agreement bear a variable interest at a spread of 142 basis points over six-month USD LIBOR and mature in 2016. As on March 31, 2013, this loan facility was fully drawn and fully hedged USD 300 million at 7.3325% per annum.
- CHF Bond through Reg S for CHF 200 million. Loan under this agreement bear fixed rate of interest at 3.50% p.a. and will mature in 2017. As on March 31, 2013, this loan facility was fully drawn and is not hedged.
- Syndicated loan agreement through Bank of Tokyo-Mitsubishi, UFJ, Ltd., Mizuho Corporate Bank Ltd. and SMBC bank for JPY 19,029 million. Loan under this agreement bear a variable interest at a spread of 220 basis points over six-month JPY LIBOR and mature in 2017. As at March 31, 2013, this loan facility was fully drawn and hedged with principal only swap for JPY 6,504 million at 4.8450% pa and balance loan is not hedged.



In Fiscal 2013, the Issuer raised ECB under

- Syndicated loan agreement through State Bank of India and Sumitomo Mitsui Banking Corporation for USD 250 million. Loan under this agreement bear a variable interest at a spread of 190 basis points over six-month USD LIBOR and mature in 2015. As on 31 March 2013, this loan facility was fully drawn and fully hedged USD 150 million at 7.5845% and principal only swap for USD 100 million at 5.592% pa.
- Syndicated loan agreement through Bank of America N.A and State Bank of India for USD 250 million. The loan under this agreement bear a variable interest at a spread of 145 basis points over six-month USD LIBOR and mature in 2015. As on 31 March 2013, this loan facility was fully drawn and is unhedged
- Bilateral loan agreement with State Bank of India for USD 250 million. Loan under this agreement bear a variable interest at a spread of 140 basis points over six-month USD LIBOR and mature in 2015. As at 31 March 2013, this loan facility was fully drawn and is unhedged.

Bilateral credit agreements: We also have five foreign currency loan facilities from external bilateral credit agencies.

In Fiscal 2006, we also entered into a loan agreement with JICA for financial assistance of JPY 20,629 million restated to 16,949.38 million w.e.f. 29.08.2012. This agreement bears a fixed interest rate of 0.75% per annum and matures in 2021. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As of March 31, 2013, entire amount of JPY 16,949.38 million (equivalent to INR 820.12 crores) has been drawn under this facility.

In Fiscal 2008, we entered into a second loan agreement with JICA for financial assistance of JPY 20,902 million restated to JPY 13,000 million w.e.f. 18.02.2012. This agreement bears a fixed interest rate of 0.65% per annum and matures in 2023. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As on March 31, 2013, JPY 10,102.61million (equivalent to INR 545.40 crores) has been drawn under this facility.

In Fiscal 2007, we entered into a loan agreement with KfW for financial assistance of Euro 70 million. Loans under this agreement bears a fixed interest rate of 3.73% per annum and matures in 2018. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As of March 31, 2013, entire loan amount of Euro 70 million (equivalent to INR 454.02 crores) has been drawn under this facility.

In Fiscal 2009, we entered into a second loan agreement with KfW for financial assistance of Euro 70 million. This agreement bears a fixed interest rate of 2.89% per annum and matures in 2020. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As of March 31, 2013, entire loan amount of Euro 70 million (equivalent to INR 480.97 crores) has been drawn under this facility.

In Fiscal 2012, we entered into a third loan agreement with KfW for financial assistance of Euro 100 million. This agreement bears a fixed interest rate of 1.86% per annum and matures in 2020. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As on March 31, 2013, Eur 25.00million (equivalent to INR 180.31 crores) has been drawn under this facility.

## VI. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

### CONSTITUTION

REC was incorporated on July 25, 1969 under the Companies Act. REC is a Government of India ("GOI") Public Sector Enterprise with net worth of over INR 17454.38 crores as on March 31, 2013. It provides financial assistance to SEB, State Government Departments and Rural Electric Cooperatives for village electrification and energisation of pump sets for increasing agricultural production and to other Centre / State utilities as also the private sector utilities. REC was declared as a Public Financial Institution under section 4A of the Companies Act in February 1992 and registered as Non Banking Financial Company under Section 45-IA of the RBI Act, 1934 in February 1998. It is also the nodal agency for channelizing finance to aid the GOI's social and economic objective of achieving 100% rural electrification. REC's importance has been further enhanced by the virtual absence of private sector investments in rural electrification.

### OWNERSHIP

REC is a GOI Public Sector Enterprise. In the past, it has received funding support from the GOI in the form of regular equity infusion, loans, guarantees and allocation of tax-free bonds. The Government has also allowed raising Capital Gains Tax Exemption Bonds (u/s 54EC of the IT Act), Infrastructure Bonds (u/s 80CCF of the IT Act) and Tax Free Bonds. The GOI support has also been forthcoming in the form of State Government Guarantee and access to the Central Plan Appropriation ("CPA") for recovering over dues from various SEBs.

### INDUSTRY OUTLOOK

Rural electrification, transmission and distribution are key focus area in the power sector and REC is well placed to service the growing financing needs of this segment. It is a key entity in driving the policy objective of the Ministry of Power in terms of spreading electrical power to rural areas and catalysing investments in the T&D Sector. REC plans to maintain its position as the dominant financial institution catering to the needs of the State Power Sector entities the T&D side especially for projects catering to the rural and semi –urban areas. REC has diversified its activities by introducing short-term loans for financing the purchase of T&D equipments. It is also funding private sector/joint sector power projects and Centre / State PSUs. It has also taken initiatives to launch new products like debt refinancing & debt swapping to enable its borrowers to reduce their cost of borrowing.

### Changes in the Registered and Corporate Office

Our Registered and Corporate Office is currently situated at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India. Our registered office was initially situated at Floor No. 3, JeevanVihar, Parliament Street, New Delhi 110 001, India, pursuant to a resolution of our Board dated September 5, 1969. The table below encapsulates changes in our registered office since our incorporation.

Date of shareholders' resolution	Change in address of the Registered Office
September 5, 1969	Floor No. 3, JeevanVihar, Parliament Street, New Delhi 110 001, India.
March 3, 1970	D-5, NDSE, Part-II, South Extension, New Delhi 110 049, India.
November 30, 1976	2nd and 3rd Floor, DDA Building, Nehru Place, New Delhi 110 019, India.
November 28, 1995	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India.

## Major Events and Milestones

Calendar Year	Event
1969	Incorporation of our Company
1970	Commenced lending operations to SEBs
1974	Authorised by the Ministry of Irrigation and Power to finance rural electrification under the „Minimum Needs Programme“
1979	CIRE set up in Hyderabad
1988	Launch of KutirJyoti and JalDhara programmes for rural electrification
1992	Declared a Public Financial Institution under Section 4A of the Companies Act
1993	Entered into MoU with the Ministry of Power for the year 1993-1994 for the first time to achieve certain performance related targets
1998	Registered as a NBFC under Section 45(IA) of the RBI Act.
2001	Allowed to issue Capital Gains Tax Exemption Bonds under Section 54 EC of the IT Act.
	Upgradation from Schedule „B“ to Schedule „A“ Corporation
2002	Grant of Mini Ratna- I status
2005	Appointed as the nodal agency for RGGVY
2006	Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,629 million
	Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 million
2008	Launch of Initial Public Offer and dilution of Promoter’s shareholding. Gross proceeds from IPO was Rs. 819.63 crores.
	Listed Equity Shares of the Company on NSE and BSE
	Accorded “Navratna” status by the Department of Public Enterprise, GoI for our operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making.
2009	Received „LAAA“ rating from ICRA in relation to INR 25,000 crores long term borrowing programme for the Fiscal 2010
2010	Follow-on issue of Equity Shares resulting in (a) raising INR 2,647.50 crores of gross proceeds through fresh issue and (b) GoI reducing its ownership to 66.80%
	RBI categorised REC as an Infrastructure Finance Company (“IFC”)
	Entered into two offshore syndicated facility agreements for availing loan facilities of USD 400 million and USD 70 million respectively
2011	REC was included in the MSCI emerging marketing index
	REC successfully priced a USD 500 million 4.25% 5-year Reg S Senior Unsecured Notes transaction. REC was the first Indian NBFC –IFC to enter into the international debt market
	Entered into two offshore bilateral loan agreements for availing a loan facility of USD 100 million each from the Bank of Tokyo-Mitsubishi UFJ Ltd. and Mizuho Corporate Bank, Ltd.
2012	Completed a US\$ 300 Million Syndicated Term Loan Facility with Australia and New Zealand Banking Group Limited, the Bank of Tokyo-Mitsubishi UFJ Ltd. and Mizuho Corporate Bank, Ltd.
	REC has been rated excellent for fiscal 2011 in terms of MoU signed with Govt of India for the 18th year in succession since fiscal 1994 when the first MoU was signed.
	REC was appointed as Nodal Agency for implementation of National Electricity

Calendar Year	Event
	<p>Fund.</p> <p>REC has issued tax free bond of INR 3,000 crores under Section 10(15)(iv)(h) of the IT Act in the Fiscal 2012.</p> <p>CHF Bond through Reg S for CHF 200 million were issued by REC which were listed in the Six Swiss Exchange, Switzerland.</p>
2013	<p>REC has issued tax free bond of ₹ 2648.41 crores under Section 10(15)(iv)(h) of the IT Act in the Fiscal 2013.</p> <p>REC has been rated excellent for fiscal 2012 in terms of MoU signed with GoI for the 19<sup>th</sup> year in succession since fiscal 1994 when the first MoU was signed.</p> <p>REC received DSIJ PSU Award, 2012 for "Fastest Growing Operational Metrics" in Non-Manufacturing Navratna Category.</p> <p>REC received CIDC Vishwakarma Award 2013 in the category of "Achievement Award for Industry Doyen.</p> <p>REC received Award in the Category of "Non-Banking Financial Services" by India Pride Awards, DainikBhaskar and DNA.</p>

#### Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamation, or revaluation of assets in the last fiscal.

#### Holding entity- Our Promoter

Our Promoter is the President of India, acting through the MoP, holding 66.80% of our Equity Share capital.

#### List of Subsidiaries, Joint Ventures and Associates

##### Subsidiaries

The following are the Subsidiaries of our Company:

- 1) REC Transmission Projects Company Limited;
- 2) REC Power Distribution Company Limited;
- 3) Nellore Transmission Limited;
- 4) Unchahar Transmission Limited;
- 5) Baira Siul Sarna Transmission Limited.
- 6) NRSS XXIX Transmission Limited
- 7) NRSS XXXI(A) Transmission Limited
- 8) NRSS XXXI(B) Transmission Limited

##### Joint Ventures

Energy Efficiency Services Limited (“EESL”)

##### Associates

Indian Energy Exchange Limited (IEX)

## ENTITIES IN WHICH WE HAVE EQUITY INVESTMENT

### Indian Energy Exchange Limited (“IEX”)

Pursuant to a resolution dated July 31, 2007, our Company approved the acquisition of 8% of the initial capital of INR 10 crores of IEX and pursuant to resolution dated August 13, 2007, the equity stake of our Company was reduced from 8% to 5% of the then equity share capital of IEX, reducing the amount of consideration paid by our Company to INR 1.25 crores. Consequent upon further allotment of shares by IEX to Jindal Power Limited, the percentage of shareholding of REC in IEX has reduced from 5% to 4.68%. Certain significant details of IEX are provided hereunder:

IEX was incorporated on March 26, 2007 and received its certificate of commencement of business on April 17, 2007. Its registered office is situated at First Floor, Malkani Chambers, Off Nehru Road, Vile Parle (East), Mumbai 400 099, Maharashtra, India. The Company is engaged in the business of setting up trading in power in India and is India’s first power exchange having national wide automated and online electricity trading platform.

The equity shares of IEX are not listed on any stock exchange. As per the latest available shareholding pattern, REC holds less than 5% shareholding in IEX.

### Universal Commodity Exchange Limited (“UCX”)

Pursuant to a Board resolution dated December 16, 2011, our Company approved the acquisition of 16% of the initial capital of INR 100 crores of UCX by paying the consideration amount of INR 16 crores. Certain significant details of UCX are provided hereunder:

UCX was incorporated on February 25, 2008. Its registered office is situated at Exchange House, Building No. 8 (105), Sector II, Millennium Business Park, Mahape, Navi Mumbai, Maharashtra 400710. UCX is engaged in the business of commodity exchange.

The equity shares of UCX are not listed on any stock exchange. As per the latest available shareholding pattern, REC holds 16% shareholding in UCX.

### „Small is Beautiful“ Fund (“SBF”)

SBF is an Indian venture capital fund organised and settled as a contributory trust and registered with SEBI as a Venture Capital Fund. KSK Trust Private Limited is the trustee for SBF. The office of SBF is situated at Plot No. 84, Kaveri Hills, Phase II, Madhapur, Hyderabad – 500033, Andhra Pradesh, India. SBF is engaged in the business of making investments in power generation and other allied projects in Indian power sector.

## CAPITAL STRUCTURE

- The equity share capital of our Company, as on December 31, 2013, is set forth below:

(₹ in crores, except share data)

		Aggregate value at nominal value
<b>A)</b>	<b>AUTHORISED SHARE CAPITAL</b>	
	1,200,000,000 Equity Shares	1,200.00
<b>B)</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>	
	987,459,000 Equity Shares	987.46
<b>C)</b>	<b>SECURITIES PREMIUM ACCOUNT</b>	3223.72

**Note:**

- a sum of ₹0.05 crore was received on November 21, 2012 on private placement of tax free bonds (Series 2A & 2B) during 2012-13.
- A sum of ₹0.98 crore and ₹0.26 crore were received on August 29, 2013 and October 11, 2013 on private placement of tax free bonds Series 3A & Series 3B and Series 4A & 4B

- Changes in the Capital Structure for last five years**

There is no change in the capital structure of the Company as on December 31, 2013, for the last five years other than as mentioned below.

### 3. Share Capital History

Date of Issue/allotment	No. of Equity Shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Consideration in Cash/other than cash	Equity Share Capital (₹)	Cumulative		
							Cumulative Share Premium (₹)	Cumulative Equity Share Capital (₹)	Cumulative Equity Share
March 5, 2010**	128,799,000	10	(193-215)	Further public offering	Cash	1,287,990,000	***	9,874,590,000	9,874,590,000

\*\* Allotment pursuant to the FPO of our Company comprising of a fresh issue of 128,799,000 Equity Shares and an offer for sale of 42,933,000 Equity Shares by the President of India, acting through the MoP, at an issue price of ₹ 193- ₹ 215 per Equity Share.

\*\*\* The cumulative share premium of our Company (net of issue expenses), consequent to its IPO and FPO is ₹ 3,222.43 crores.

Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Prospectus Tranche - II.

### 4. Our Shareholding Pattern

The table below represents the shareholding pattern of our Company as per clause 35 of the Listing Agreement, as on December 31, 2013:

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup> (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
<b>(A)</b>	<b>Promoter and Promoter Group<sup>2</sup></b>							
<b>(1)</b>	<b>Indian</b>							
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	0.00	0	0
(b)	Central Government/ State Government(s)	1	659607000	659607000	66.80	66.80	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(d)	Financial Institutions/Banks	0	0	0	0.00	0.00	0	0
(e)	Any Other (Total)	0	0	0	0.00	0.00	0	0
	<b>Sub-Total (A)(1)</b>	1	659607000	659607000	66.80	66.80	0	0.00
<b>(2)</b>	<b>Foreign</b>							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (Total)	0	0	0	0.00	0.00	0	0.00
	<b>Sub-Total (A)(2)</b>	0	0	0	0.00	0.00	0	0.00
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	1	659607000	659607000	66.80	66.80	0	0.00
<b>(B)</b>	<b>Public shareholding<sup>3</sup></b>							
<b>(1)</b>	<b>Institutions</b>							
(a)	Mutual Funds/UTI	35	22206160	22206160	2.25	2.25	N.A.	N.A.
(b)	Financial Institutions/Banks	19	2183036	2183036	0.22	0.22	N.A.	N.A.
(c)	Central Government/State Government(s)	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0.00	0.00	N.A.	N.A.

Sr. no. (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup> (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX) = (VIII) / (IV) * 100
(e)	Insurance Companies	25	54069969	54069969	5.48	5.48	N.A.	N.A.
(f)	Foreign Institutional Investors	406	191544923	191544923	19.40	19.40	N.A.	N.A.
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	N.A.	N.A.
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(i)	Any Other (Total)	0	0	0	0.00	0.00	N.A.	N.A.
	<b>Sub-Total (B)(1)</b>	485	270004088	270004088	27.34	27.34	N.A.	N.A.
<b>(2)</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	1267	27839748	27839748	2.82	2.82	N.A.	N.A.
(b)	Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >₹1 Lakh.	231420	27046961	27035439	2.74	2.74	N.A.	N.A.
	Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of ₹1 Lakh	68	1685640	1685640	0.17	0.17	N.A.	N.A.
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Any Other (Total)	2013	1275563	1275563	0.13	0.13	N.A.	N.A.
(d1)	Clearing Members	207	340339	340339	0.03	0.03	N.A.	N.A.
(d2)	Non-Resident Indians	1784	621492	621492	0.06	0.06	N.A.	N.A.
(d3)	Trusts	22	313732	313732	0.03	0.03	N.A.	N.A.
	<b>Sub-Total (B)(2)</b>	234768	57847912	57836390	5.86	5.86	N.A.	N.A.
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	235253	327852000	327840478	33.20	33.20	N.A.	N.A.
	<b>TOTAL (A)+(B)</b>	235254	987459000	987447478	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	N.A.	0.00	N.A.	N.A.
C1	Promoter and Promoter Group	0	0	0	N.A.	0.00	N.A.	N.A.
C2	Public	0	0	0	N.A.	0.00	N.A.	N.A.
	<b>GRAND TOTAL (A)+(B)+(C)</b>	235254	987459000	987447478	N.A.	100.00	0	0.00

5. Except as set forth below, none of our Directors hold any Equity Shares as on December 31, 2013

1. Mr. Rajeev Sharma- 60 Equity Shares
2. Mr. Prakash Thakkar - 4030 Equity Shares
3. Mr. Ajeet Kumar Agarwal – 242 Equity Shares

6. Our top ten shareholders and the number of Equity Shares held by them, as on December 31, 2013 are as follows:

S.No.	Name of the shareholders	Shares	% to total no. of Equity Shares	Category
1	PRESIDENT OF INDIA	659607000	66.80%	POI
2	LIFE INSURANCE CORPORATION OF INDIA	39521830	4.00%	INS
3	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	18371346	1.86%	LTD
4	DB INTERNATIONAL (ASIA) LTD	17386468	1.76%	FII
5	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GIF MAURITIUS	15733220	1.59%	FII
6	HDFC TRUSTEE COMPANY LIMITED-HDFC	8583350	0.87%	MUT

S.No.	Name of the shareholders	Shares	% to total no. of Equity Shares	Category
	EQUITY FUND			
7	VANGUARD EMERGING MARKETS STOCK INDEX FUND ASERIE	6720955	0.68%	FII
8	HDFC TRUSTEE COMPANY LIMITED - HDFC TOP 200 FUND	6160603	0.62%	MUT
9	LIC OF INDIA MARKET PLUS 1 GROWTH FUND	4713443	0.48%	INS
10	GOVERNMENT PENSION FUND GLOBAL	4432803	0.45%	FII
	<b>Total</b>	<b>781231018</b>	<b>79.12%</b>	

#### 7. List of Top 10 Bondholders of the Company as on December 31, 2013:

S.No.	Name	Total (₹ in crore)
1	NPS TRUST- A/C SBI PENSION FUND SCHEME - CENTRAL GOVT	939.70
2	THE STATE BANK OF INDIA EMPLOYEES PROVIDENT FUND	1,027.30
3	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	1,034.50
4	HDFC TRUSTEE COMPANY LTD A/C HDFC MEDIUM TERM OPPORTUNITIES FUND	1,169.20
5	COAL MINES PROVIDENT FUND ORGANISATION	1,282.90
6	RELIANCE CAPITAL TRUSTEE CO LTD A/C RELIANCE INCOME FUND	1,377.30
7	PUNJAB NATIONAL BANK	2,105.88
8	STATE BANK OF INDIA	2,465.00
9	CBT EPF-05-C-DM	8,215.74
10	LIFE INSURANCE CORPORATION OF INDIA	13,502.20

8. No Equity Shares of the Company as on December 31, 2013, are pledged or otherwise encumbered by the Promoters.
9. The Company has not issued any Equity Shares or debt securities for consideration other than cash, whether in whole or part, since its incorporation.
10. Our Company has not undertaken any acquisition or amalgamation in the last one year prior to filing of this Prospectus Tranche - II.
11. Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Prospectus Tranche - II.
12. Other than debt securities issued by the Company, as detailed below and outstanding as on date, our Company has not issued any debt securities:
- for consideration other than cash;
  - at a premium or a discount; and/or
  - in pursuance of an option.

#### A. Zero Coupon Bonds:

Sr. No.	Instrument Type	Date of Issuance	Number of Bonds/instruments	Face Value per Bond (₹)	Discount Per Bond (₹)
1	Zero Coupon Bonds	15.12.2010	3,92,700	30,000	16,422
2	Zero Coupon Bonds	03.02.2011	89,510	30,000	17,033

#### B. Foreign Currency Bonds:

Sr. No.	Instrument Type	Date of Issuance	Issue Size	Issue Value (%)	Discount (%)
1	International Bonds	25.01.2011	USD 500 million	98.971	1.029
2	International Bonds	07.03.2012	CHF 200 million	99.932	0.068

#### C. Commercial Papers

Sr. No.	Date Of Issuance/Value Date	Number of Commercial	Face Value per CP	Discount Per CP (₹)
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		Papers (CP/s) issued	(₹)	
1.	08.08.2013	24800	500000	45155
2.	01.10.2013	26000	500000	43823

#### D. Bonds issued at premium

Sr. No.	Date Of Issuance/Value Date	Number of Bonds/ instrument	Face Value per Bond (₹)	Premium per Bond (₹)
1.	29.11.2012	500	1000000	1000
2.	29.08.2013	13500	1000000	726
3.	11.10.2013	1500	1000000	1727

### BRIEF NOTE ON PUBLIC OFFERS

#### A. INITIAL PUBLIC OFFER (IPO)

Our Company had made an IPO of 156,120,000 Equity Shares for cash at a price of INR 105 per Equity Share (including a premium of INR 95 per Equity Share) aggregating to INR 1,639.30 crores through a prospectus dated February 28, 2008. The said IPO comprised a fresh issue of 78,060,000 Equity Shares and an offer for sale of 78,060,000 Equity Shares by our Promoter. Further, the said IPO comprised a net issue of 152,217,000 Equity Shares to the public and a reservation of 3,903,000 Equity Shares for subscription by certain eligible employees.

The IPO opened on February 19, 2008 and closed on February 22, 2008. Allotment of Equity Shares and dispatch of refunds pursuant to the IPO of our Company was made on March 5, 2008 and March 8, 2008, respectively. Trading at NSE and BSE in equity shares allotted in IPO commenced on March 12, 2008.

Our Company had made public issue of tax free secured redeemable non convertible bonds of face value of ` 1,000 each in the nature of debentures having tax benefits under section 10(15) (iv)(h) of the Income Tax Act, 1961, as amended for an amount of ` 1000 crores with an option to retain oversubscription upto ` 2500 crores aggregating to ` 3,500 crores through a prospectus tranche – I dated August 26, 2013. The opening date of the issue under prospectus tranche – I was August 30, 2013 and was pre-closed on September 16, 2013. The tax-free bonds under the tranche – I issue was allotted on September 24, 2013. The dispatch of refunds pursuant to the issue of bonds under tranche – I was made on September 26, 2013. The trading at BSE for tranche - I issue commenced on September 30, 2013. Subsequently, the Bonds issued under tranche – I issue were also listed at NSE with commencement of trading from October 30, 2013.

Under the above mentioned public issues the total amount allotted was ` 3,440.6042 crores.

#### B. FURTHER PUBLIC OFFER (FPO)

Our Company had made an FPO of 171,732,000 Equity Shares for cash at a price of INR 193 – INR 215 per Equity Share (including a premium of INR 183 - INR 205 per Equity Share) aggregating to INR 3,529.94 crores through a prospectus dated February 25, 2010. The said FPO comprised a fresh issue of 128799000 Equity Shares and an offer for sale of 42933000 Equity Shares by our Promoter. Further, the said FPO comprised a net issue of 171382000 Equity Shares to the public and a reservation of 350000 Equity Shares for subscription by certain eligible employees. The opening date of FPO was February 19, 2010 and the closing date was February 23, 2010. Dispatch of refunds pursuant to the FPO was made on and March 6, 2010 and trading at NSE and BSE in equity shares allotted in FPO commenced on March 8, 2010

## FINANCIAL INDEBTEDNESS (ON STANDALONE BASIS)

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of ₹ 52,580.07 crores and unsecured borrowings of ₹ 68,430.23 crores, as on December 31, 2013 together with a brief description of certain significant terms of such financing arrangements.

Secured term loans from banks and financial institutions availed by our Company

(All figures are in (₹) crores, except in percentages)

Sr. No.	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2013	Rate of interest (%)	Repayment Date/Schedule	Security
1	State Bank of Saurashtra	Term Loan	Agreement for Hypothecation of Goods and Assets dated March 23, 2005	100.00	29.10	7.25 being BPLR minus 4.25, subject to a maximum of 7.25, payable on monthly rests.	10 year tenor with a 5 year moratorium, repayable in 10 half-yearly equal instalments commencing from September 2010.	The term loan is secured by a charge on the receivables of our Company, both present and future, save and
2	IIFCL	Term Loan	Agreement for Availing of Refinance from IIFCL dated March 29,	870.00	870.00	7.85 payable on monthly rests.	Repayable by a bullet payment at the expiry of 4 years from the date of	

Sr. No.	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2013	Rate of interest (%)	Repayment Date/Schedule	Security
			2010				disbursement.	except certain
3	IIFCL	Term Loan	Agreement for Availing of Refinance from IIFCL dated December 31, 2010	1000.00	1000.00	7.85 payable on monthly rests.	Repayable by a bullet payment at the expiry of 3 years from the date of disbursement.	specific receivables hypothecated to IL&FS Trust Company
4	LIC	Term Loan	Term loan Agreement dated August 6, 2004	2000.00	1200.00	7.35 being annualised G-Sec for 10 years + 100 bps, for a period of seven days reckoned two working days prior to the date of disbursement.	Repayable in 10 equal annual instalments after a moratorium of 5 years starting from October 1, 2010	Limited ("ITCL"), and the security trustee for the charged receivables is ITSL on the basis of joint hypothecation agreement last updated on
5	LIC	Term Loan	Term loan Agreement dated March 24, 2004	500.00	200.00	6.231 being average 10 years" G-Sec for a period of seven days reckoned two working days prior	Repayable in 10 equal annual instalments after a moratorium of 5 years starting from October 1, 2008	September 24, 2010.

Sr. No.	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2013	Rate of interest (%)	Repayment Date/Schedule	Security
						to the date of disbursement.		
6	LIC	Term Loan	Term loan Agreement dated January 29, 2004	1000.00	400.00	6.242 being average 10 years G-Sec reckoned from one week prior to the date of disbursement.	Repayable in 10 equal annual instalments after a moratorium of 5 years starting from October 1, 2008	The Term loan is secured by general book debts of the Company.
7	IIFCL	Term Loan	Term loan Agreement dated September 10, 2013	1195.00	1195.00	10% p.a. with monthly rests with annual reset	10 years with prepayment option on reset with 7 days notice period	
	Total of Term Loans from banks and financial institutions				4894.10			

#### Unsecured loans availed by our Company

Set forth below is a brief summary of our outstanding unsecured borrowings.

(All figures are in (₹) Crores, except in percentages)

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
A.	Unsecured Term Loans; Set forth below is a brief summary of our outstanding unsecured term loans.						
1	Bank of Maharashtra	Term Loan	Term Loan Agreement	250.00	250.00	8 (fixed) payable	50% principal

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	ra		dated June 30, 2010			with monthly rests	payable at the end of fourth year and remaining at the end of 5th year from the date of drawal.
B.	Long term loans availed by our Company from the MoF** Set forth below is a brief summary of our outstanding unsecured long term borrowings from the MoF, GoI with a brief description of certain significant terms of such financing arrangements.						
1	MoF Sanction letter 37(3)/PF-I/83-22 dated January 30, 1984	Unsecured Loans	Sanction letter	15.00	0.60	6.00% for the first 10 years; 6.25% for the next 10 years, and 7.00% for the remaining 10 years	
2	Sanction letter 37(3)PF-I/83-122 dated March 26, 1984	Unsecured Loans	Sanction letter	13.86	0.55	6.00% for the first 10 years; 6.25% for the next 10 years, and 7.00% for the remaining 10 years	
3	MoF Sanction letter 37(6)PF-I/84-4	Unsecured Loans	Sanction letter	7.47	0.30	6.00% for the first 10 years; 6.25%	

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	dated April 10, 1984					for the next 10 years, and 7.00% for the remaining 10 years	
4	MoF Sanction letter 37(6)PF-I/84-13 dated June 2, 1984	Unsecured Loans	Sanction letter	10.00	0.40	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50% for the remaining 10 years	
5	MoF Sanction letter 37(6)PF-I/84-30 dated September 14, 1984	Unsecured Loans	Sanction letter	10.00	0.40	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50% for the remaining 10 years	
6	MoF Sanction letter 37(6)PF-I/84.39 dated November 12, 1984	Unsecured Loans	Sanction letter	10.00	0.40	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50%	

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
						for the remaining 10 years	
7	MoF Sanction letter 37(6)PF-I/84-49 dated January 18, 1985	Unsecured Loans	Sanction letter	7.40	0.59	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50% for the remaining 10 years	
8	MoF Sanction letter 37(2)PF-I/85-4 dated April 17, 1985	Unsecured Loans	Sanction letter	7.50	0.60	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50% for the remaining 10 years	
9	MoF Sanction letter 37(2)PF-I/85-16 dated June 18, 1985	Unsecured Loans	Sanction letter	7.50	0.60	6.50% for the first 10 years; 6.75% for the next 10 years, and 7.50% for the remaining 10 years	
10	MoF	Unsecured	Sanction letter	7.50	0.60	7.00%	

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	Sanction letter 37(2)PF-I/85-25 dated July 8, 1985	Loans				for the first 10 years; 7.25% for the next 10 years, and 8.00% for the remaining 10 years	
11	MoF Sanction letter 37(2)/PF-I/85-59 dated November 22, 1985	Unsecured Loans	Sanction letter	20.00	1.60	7.00% for the first 10 years; 7.25% for the next 10 years, and 8.00% for the remaining 10 years	
12	MoF Sanction letter 37(2)PF-I/85-88 dated February 4, 1986	Unsecured Loans	Sanction letter	20.00	2.40	7.00% for the first 10 years; 7.25% for the next 10 years, and 8.00% for the remaining 10 years	
13	MoF Sanction letter 37(2)/PF-I/85-100 dated	Unsecured Loans	Sanction letter	14.16	1.70	7.00% for the first 10 years; 7.25% for the	



Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	March 6, 1986					next 10 years, and 8.00% for the remaining 10 years	
C.	Foreign Currency Borrowings						
1	Japan Bank for International Cooperation	Multilateral Loan	Loan Agreement No. ID-P169 dated March 31, 2006 (1)	JPY 16,949 million (Revised wef August 29, 2012)	₹ 584.04 crores i.e. JPY 11055.37 million	0.75%	15 years tenor with a moratorium of 5 years. Repayable in semi-annual instalments beginning March 20, 2011 (JPY 982.34 million), and in equal instalments ending Sep 20, 2018, instalment of JPY 638.94 million & Instl of JPY 148.27 million each from March 20, 2019 till March 20, 2021
2	Japan	Multilateral	Loan	JPY	₹ 447.45	0.65%	15 years

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	Bank for International Cooperation	al Loan	Agreement No ID-P190 dated March 10, 2008 (1)	13,000 million (Revised wef February 18, 2012)	Crores i.e. JPY 8249.84 million		tenor with a moratorium of 5 years. Repayable in semi-annual instalments beginning March 20, 2013 ending March 20, 2023
3	KfW, Frankfurt am Main <sup>^</sup>	Multilateral Loan	Loan Agreement dated August 8, 2006 (1)	Euro 70 million	₹ 246.17 crores i.e. Euro 36.84 million	3.73%	12 years tenor with a moratorium of 3 years. Repayable in 19 semi-annual instalments beginning December 30, 2009
4	KfW, Frankfurt am Main <sup>^</sup>	Multilateral Loan	Loan agreement dated March 16, 2009 (1)	Euro 70 million	₹ 374.10 Crores i.e. Euro 54.45 million	2.89%	12 years tenor with a moratorium of 3 years. Repayable in 18 semi-annual instalments beginning June 30, 2012
5	KfW,	Multilateral	Loan	Euro 100	₹ 426.82	1.86%	12 years

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	Frankfurt am Main^	al Loan	agreement dated March 30, 2012 (1)	million	Crores i.e. Euro 50.00 million		tenor with a moratorium of 3 years. Repayable in 19 semi-annual instalments beginning June 30, 2015
6	Syndicated Unsecured Borrowings	Syndicated loan	Credit Agreement dated September 6, 2010	USD 400 million	₹ 1,788.96 crores i.e. USD 400 million	6 Months USD Libor plus 1.39%	5 Years Tenor, Repayable on September 22, 2015
7	Bilateral Unsecured Borrowings	Bilateral loan	Loan Agreement dated October 18, 2010	USD 70 million	₹ 311.36 crores i.e. USD 70 million	6 Months USD Libor plus 1.75%	5 Years Tenor, Repayable on October 28, 2015
8	Bilateral Unsecured Borrowings	Bilateral loan	Agreement dated March 23, 2011	USD 100 million	₹ 446.50 crores i.e. USD 100 million	6 Months USD Libor plus 1.29%	5 Years Tenor, Repayable on March 30, 2016
9	Bilateral Unsecured Borrowings	Bilateral loan	Credit Agreement dated March 23, 2011	USD 100 million	₹ 446.50 crores i.e. USD 100 million	6 Months USD Libor plus 1.29%	5 Years Tenor, Repayable on March 30, 2016
10	Syndicated Unsecured Borrowings	Syndicated loan	Syndicated Term Loan Facility Agreement dated August 12, 2011	USD 300 million	Rs.1,367.24 crores i.e. USD 300 million	6 Months USD Libor plus 1.42%	5 Years Tenor, Repayable on August 19, 2016
11	Syndicated Unsecured	Syndicated loan	Syndicated Facility Agreement	JPY 19,029 million	Rs.1,184.43 crores i.e. JPY 19,029 million	6 Months JPY	5 Years Tenor, Repayable

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
	Borrowings		dated March 6, 2012			Libor plus 2.20%	on April 10, 2017
12	Syndicated Unsecured Borrowings	Syndicated loan	Syndicated Facility Agreement dated September 07, 2012	USD 250 million	₹ 1366.49 Crores i.e. USD 250 million	6 months USD LIBOR plus 1.90%	3 years Tenor, Repayable USD 150 Million & USD 100 Million on September 17, 2015 & November 19, 2015 resp
13	Syndicated Unsecured Borrowings	Syndicated loan	Syndicated Facility Agreement dated January 28, 2013	USD 250 million	₹ 1528.81 Crores i.e. USD 250 million	6 months USD LIBOR plus 1.45%	3 years Tenor. Repayable USD 250 Million on February 05, 2016
14	Bilateral Unsecured Borrowings	Bilateral loan	Bilateral Facility Agreement dated March 11, 2013	USD 250 million	₹ 1509.01 Crores i.e. USD 250 million	6 months USD LIBOR plus 1.40%	3 years Tenor. Repayable USD 250 Million on March 20, 2016
15	Syndicated Unsecured Borrowings	Syndicated loan	Syndicated Facility Agreement dated November 22, 2013	USD 285 million	₹ 1780.28 Crores i.e. USD 285 million	6 months USD LIBOR plus 1.50%	5 years Tenor. Repayable USD 285 Million on December 02, 2018
16	International Bond	International Bond	Rural Electrification Corporation	USD 500 million	₹ 2686.24 Crores i.e. USD 500	4.25% p.a.	5 Years Tenor, Repayable

Sr. No	Name of the Lender	Type of Facility	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Rate of interest (% p.a.)	Repayment Date/ Schedule
			Limited U.S.\$500,000,000 4.250 per cent. Notes due 2016		million		on January 25, 2016
17	International Bond	International Bond	Rural Electrification Corporation Limited 3.5% Bonds 2012 – 2017 of CHF 200 million	CHF 200 million	Rs.1386.59 Crores i.e. CHF 200 million	3.50% pa	5 Years Tenor, Repayable on March 7, 2017
	Total Unsecured Loans from banks and other institutions				18,141.73		

\*\* These loans were sanctioned for relending to the state governments to be used for relending to state governments/state electricity board for rural electrification programme in the state plans under the „Minimum Needs Programme“. There is a rebate of 0.25% for prompt repayment or interest payments on these loans.

(1) The loan shall be utilised only for such purposes for which the facility has been granted and is secured by a guarantee provided by the Republic of India, represented by its President for the entire amount

^ Our Company has also entered into three financing agreements with KfW, dated August 8, 2006, March 16, 2009 and March 30, 2012 for a grant of Euro 500,000 each, to be utilised for strengthening the power distribution companies by capacity building measures initiated by our Company. The amount received by our Company under this agreement is not repayable except in the event that (a) certain obligations cast upon our Company are violated, or (b) the said amount is not used for the stipulated purpose(s).

#### Bonds issued by our Company

(All figures are in ₹ crores, except in percentages)

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, as on December 31, 2013 (₹ Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
A.	Secured taxable bonds Set forth below is a brief summary of our secured outstanding taxable bonds.									See Below Table
1	Secured non-	January 23,	669.20	133.84	6.05 payable	10 years	Redeemable at par	CRISIL: AAA/St	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	convertible redeemable „taxable non-priority sector bonds – 2014“ („69th Series“ ) in the nature of debentures.	2004			annually		in 5 equal instalments at the end of each sixth/ seventh/ eighth/ ninth and tenth year respectively from the date of allotment	able		
2	Secured non-convertible redeemable „taxable non-priority sector bonds – 2014“ („73rd Series“ ) in the nature of debentures.	October 8, 2004	233.90	46.78	6.90 payable annually	10 years	Redeemable at par in 5 equal instalment at the end of each sixth/seventh/ eighth/ ninth and tenth year, respectively, from the Deemed Date of Allotment.	CRISIL: AAA/Stable	Secured	
3	Secured non-convertible	March 17, 2005	500.00	150.00	7.20 payable annually	10 years with morato	Redeemable at par in ten equal	CRISIL: AAA/Stable; CARE:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	redeemable „taxable non-priority sector bonds – 2015“ („75th Series“ ) in the nature of debentures.					Term of 5 years	instalment redeemed at the end of each fifth year and 6 months, sixth, sixth year and 6 months, seventh year and 6 months, eighth year and six months, ninth, ninth year and six months, and tenth year, respectively, from the date of allotment.	CARE AAA; FITCH: AAA(ind)		
4	Secured non-convertible redeemable „taxable bonds – 2015“	June 30, 2005	985.50	394.20	7.30 payable annually	10 years with moratorium of 5 years	Redeemable at par in 5 equal instalment at the end of each sixth, seventh, eighth, ninth and	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	(„77th Series“ ) in the nature of debentures.						tenth year, respectively, from the date of allotment			
5	Secured non-convertible redeemable „taxable bonds – 2016“ („78th Series“ ) in the nature of debentures.	January 31, 2006	1795.70	1795.70	7.65 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . January 31, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d)	Secured	
6	Secured non-convertible redeemable „taxable bonds- 2016“ („79th Series“ ) in the nature of debent	March 14, 2006	500.00	500.00	7.85 payable half yearly	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . March 14, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d)	Secured	



S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	ures.									
7	Secured non-convertible redeemable „taxable bonds – 2016“ („80th Series“) in the nature of debentures.	March 20, 2006	500.00	500.00	8.20 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . March 20, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	
8	Secured non-convertible redeemable „taxable bonds – 2017“ („81st Series“) in the nature of debentures.	January 20, 2007	314.80	314.80	8.85 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . January 20, 2017	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	
9	Secured non-convertible	September 28, 2007	883.10	883.10	9.85 payable annually	10 years	Redeemable at par on the expiry of	CRISIL: AAA/ Stable; ICRA:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	redeemable „taxable bonds – 2017“ („82nd Series“ ) in the nature of debentures.						10 years from the date of allotment . September 28, 2017	LAAA; FITCH: AAA(in d)		
10	Secured non-convertible redeemable „taxable bonds – 2018“ („83rd Series“ ) in the nature of debentures	February 28, 2008	685.20	685.20	9.07 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment .	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
11	Secured non-convertible redeemable „taxable bonds – 2018“	June 13, 2008	500.00	500.00	9.68 payable annually	5 years	Redeemable at par on the expiry of 10 years from the date of allotment . June 13, 2018	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	(„85th Series“ ) in the nature of debentures.									
12	Secured non-convertible redeemable „taxable bonds - 2018“ („86th A Series“ ) in the nature of debentures	July 29, 2008	500.00	500.00	10.70 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . July 29, 2018	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
13	Secured non-convertible redeemable „taxable bonds – 2018“ („86th B – III Series“ ) in the nature of debent	August 14, 2008	432.00	432.00	10.85 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . August 14, 2018	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
14	Secured non-convertible redeemable „taxable bonds – 2018“ („87th – II Series“ ) in the nature of debentures.	September 30, 2008.	657.40	657.40	10.85 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . September 30,2018	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
15	Secured non-convertible redeemable „taxable bonds – 2018“ („87th A – III Series“ ) in the nature of debentures.	October 24, 2008	61.80	61.80	11.15 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . October 24, 2018	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
16	Secured non-convertible	January 15, 2009	1495.00	1495.00	8.65 payable annually	10 years	Redeemable at par on the expiry of	CRISIL: AAA/ Stable; CARE:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	redeemable „taxable bonds – 2019“ („88th Series“ ) in the nature of debentures,						10 years from the date of allotment . January 15, 2019	CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
17	Secured non-convertible redeemable „taxable bonds – 2014“ („89th II Series“ ) in the nature of debentures.	June 2, 2009	255.00	255.00	7.70 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment . June 02, 2014	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
18	Secured non-convertible redeemable „taxable bonds –	August 3, 2009	2000.00	2000.00	8.80 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . August	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	2019 <sup>th</sup> („90th Series <sup>th</sup> ) in the nature of debentures.						03, 2019	LAAA		
19	Secured non-convertible redeemable „taxable bonds – 2014 <sup>th</sup> („90th A Series II <sup>th</sup> ) in the nature of debentures.	August 5, 2009	1000.00	1000.00	8.00 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment . August 05, 2014	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
20	Secured non-convertible redeemable „taxable bonds – 2014 <sup>th</sup> („90th B Series-I <sup>th</sup> ) in	September 4, 2009	883.90	883.90	8.35 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment . September 04, 2014	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	the nature of debentures.									
21	Secured non-convertible redeemable „taxable bonds – 2019“ („90th B Series-II“) in the nature of debentures.	September 4, 2009	868.20	868.20	8.72 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . September 04, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
22	Secured non-convertible redeemable „taxable bonds – 2019“ („90th C Series-II“) in the nature of	October 6, 2009	1040.00	1040.00	8.80, payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment . October 06, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	debentures.									
23	Secured non-convertible redeemable „taxable bonds – 2019“ („91st Series-II“) in the nature of debentures.	November 17, 2009	995.90	995.90	8.80 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment - November 17, 2019	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
24	Secured non-convertible redeemable „taxable bonds – 2020“ („92nd Series-II“) in the nature of debentures.	January 22, 2010	945.30	945.30	8.65 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment - January 22, 2020	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
25	Secured non-convertible	February 19, 2010	443.10	443.10	8.45 payable annually	5 years	Redeemable at par on the	CRISIL: AAA/ Stable;	Secured	



S. No	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	ible redeemable „taxable bonds – 2015“ („93rd Series-II“) in the nature of debentures.				y		expiry of 5 years from the date of allotment . February 19, 2015	CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
26	Secured non-convertible redeemable „taxable bonds – 2016“ („116 Series-I“) in the nature of debentures.	October 17, 2013	430.00	430.00	9.05 payable annually	3 years	Redeemable at par on the expiry of 3 years from the date of allotment . October 17, 2016	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
27	Secured non-convertible redeemable „taxable	October 17, 2013	850.00	850.00	9.24 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	bonds – 2018“ („116 Series-II“) in the nature of debentures.						October 17, 2018	d) ICRA: LAAA		
28	Secured non-convertible redeemable „taxable bonds – 2018“ („117 Series“ ) in the nature of debentures.	November 06, 2013	2878.00	2878.00	9.38 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment . November 06, 2018	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
B.	Capital gains tax exemption bonds under Section 54EC of the Income Tax Act Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the IT Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not proposed to be listed on any stock exchange.									
1.	Secured non-convertible redeemable taxable – 54 EC	On Tap Basis	5,043.89	1,872.48	6.00 payable annually	3 years	Redemption at par on the expiry of 3 years from the Deemed Date of Allot-	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) d)	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	long term capital gains tax exemption bonds Series VIII <sup>ec</sup> issued in Fiscal 2011						ment. **	ICRA: LAAA		
2.	Secured non-convertible redeemable taxable -54 EC long term capital gains tax exemption bonds Series VIII <sup>ec</sup> issued in Fiscal 2012	On Tap Basis	5,239.36	5239.36	6.00 payable annually	3 years	Redemption at par on the expiry of 3 years from the Deemed Date of Allotment. **	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
3.	Secured non-convertible redeemable taxable	On Tap Basis	4903.25	4903.25	6.00 payable annually	3 years	Redemption at par on the expiry of 3 years from the Deemed	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	-54 EC long term capital gains tax exemption bonds Series VIII <sup>o</sup> issued in Fiscal 2013						Date of Allotment. **	AAA(in d)		
4.	Secured non-convertible redeemable taxable -54 EC long term capital gains tax exemption bonds Series IX <sup>o</sup> issued in Fiscal 2014	On Tap Basis	3442.65	3442.65	6.00 payable annually	3 years	Redemption at par on the expiry of 3 years from the Deemed Date of Allotment. **	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d)	Secured	
C.	Tax Free Bonds under Section 10(15)(iv)(h) of the IT Act Set forth below is a brief summary of our outstanding Tax Free Bonds issued under Section 10(15)(iv)(h) of the IT Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are listed on BSE and/or NSE.									
1.	Tax	March	3,000	3,000.0	Categor	10	Redempti	CRISIL:	Secure	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Free Secured Redeemable Non – Convertible Bonds, in the nature of debentures.	27, 2012		0	Category I & II – Series I 7.93%	years	on at par on the expiry of 10 years from the date of allotment.	AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d)	d	
					Category I & II – Series II 8.12 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment.	ICRA: LA AAA		
					Category III – Series I 8.13 %	10 years	Redemption at par on the expiry of 10 years from the date of allotment.			
					Category III – Series II 8.32 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment.			
2.	Series 2-A Tax free secured redeemable	November 21, 2012	255.00	255.00	7.21% p.a.	10 years	November 21, 2022	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	non-convertible bonds							d) ICRA: LAAA		
3.	Series 2-B Tax free secured redeemable non-convertible bonds	November 21, 2012	245.00	245.00	7.38% p.a.	15 years	November 21, 2027	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	
4.	Series 2012-13 Tranche – 1 Tax free secured redeemable non-convertible bonds	December 19, 2012	2017.35	2017.35	7.38% p.a.	15 years	December 19, 2027	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	
5.	Series 2012-13 Tranche – 1 Tax free secured redeemable non-				7.22% p.a.	10 years	December 19, 2022	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	convertible bonds									
6.	Series 2012-13 Tranche – 2 Tax free secured redeemable non-convertible bonds	March 25, 2013	131.06	131.06	6.88% p.a.	10 years	March 25, 2023	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
7.	Series 2012-13 Tranche – 2 Tax free secured redeemable non-convertible bonds	March 25, 2013			7.54% p.a.	15 years	March 25, 2028	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
8.	Series 3A Tax free secured redeemable non-convertible bonds	August 29, 2013	209.00	209.00	8.01% p.a.	10 years	August 29, 2023	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA:	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	ible bonds							LAAA		
9.	Series 3B Tax free secured redeemable non-convertible bonds		1141.00	1141.00	8.46% p.a.	15 years	August 29, 2028	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
10.	Series1 A - 2013-14 Tranche – 1 Tax free secured redeemable non-convertible bonds	September 24, 2013	3440.60	3440.60	8.01%	10 years	September 24, 2023	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
11.	Series2 A - 2013-14 Tranche – 1 Tax free secured redeemable non-convertible bonds				8.46%	15 years	September 24, 2028	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	



S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	ible bonds									
12.	Series3 A - 2013-14 Tranche – 1 Tax free secured redeemable non-convertible bonds				8.37%	20 years	September 24, 2033	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
13.	Series1 B - 2013-14 Tranche – 1 Tax free secured redeemable non-convertible bonds				8.26%	10 years	September 24, 2023	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
14.	Series2 B - 2013-14 Tranche – 1 Tax free secure				8.71%	15 years	September 24, 2028	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	redeemable non-convertible bonds							ICRA: LAAA		
15.	Series 3 B - 2013-14 Tranche - 1 Tax free secured redeemable non-convertible bonds				8.62%	20 years	September 24, 2033	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
16.	Series 4A Tax free secured redeemable non-convertible bonds	October 11, 2013	105.00	105.00	8.18% p.a.	10 years	October 11, 2023	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Secured	
17.	Series 4B Tax free secured redeemable non-	October 11, 2013	45.00	45.00	8.54% p.a.	15 years	October 11, 2028	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(in	Secured	

S. No.	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	convertible bonds							d) ICRA: LAAA		

#### **Security Details of the Secured Borrowings –**

The bond series 69 of institutional bonds is secured by a (a) mortgage of premises at 51 and 52/58-B, 5th Floor, Mittal Towers, Block-II, Backbay Scheme, Nariman Point, Colaba, Mumbai – 400005, Maharashtra, India and (b) a charge on the fixed and/or current assets (book debts) of the corporation in favour of IL&FS Trust Co. Ltd.

The bond series 73,75 of institutional bonds are secured by a (a) mortgage of premises at 51 and 52/58-B, 5th Floor, Mittal Towers, Block-II, Backbay Scheme, Nariman Point, Colaba, Mumbai – 400005, Maharashtra, India and (b) pari-passu charge on the receivables, both present & future, save & except receivables hypothecated to IL&FS Trust Co. Ltd. on the basis of joint hypothecation dated Sept. 24'2010 in favour of IDBI Trusteeship Services Ltd.

The bond series 77,78,79,80,81,82,83,84,85,86,86A,86B-II,86B-III,87-I,87-II, 87A-III, 88,89-II,90,90A-II,90B-I,90B-II,90C-II,91-II,92-II,93-II of institutional bonds and all 54EC capital gains tax exemption bonds are secured by a charge on a (a) mortgage of Flat No. 640, Asiad Games Village, New Delhi – 110049, India and (b) pari-passu charge on the receivables of our company, both present & future, save & except receivables hypothecated to IL&FS Trust Co. Ltd. on the basis of joint hypothecation dated Sept. 24'2010 in favour of IDBI Trusteeship Services Ltd.

The bond series 116-I & 116-II are secured by first pari-passu charge on the book debts of the issuer which are not specifically charged to any other lender/trustee and on which existing lenders/trustees have ceded their first charge, and as may be agreed between the issuer & the trustee, to the extent of collection made under the issue.

The bond series 117 is secured by first pari-passu charge on the book debts of the issuer both present & future which are charged to other lender/trustee and as may be agreed between the issuer & the trustee, pursuant to the terms of debenture/bond trust cum hypothecation deed with a minimum security cover of one time of the aggregate face value of the bonds outstanding at all times.

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 Rs.4,998.66 crores of MSEDCL in favour of IL&FS Trust Co. Ltd.

Tax Free Bonds (issued during FY 2012-13) are secured by first pari-passu charge on (a) mortgage of premises at sub-plot no. 8, TPS No.2, FP No. 584P, situated at village Subhanpura, distt. Vadodara and (b) hypothecation of receivables in favour of SBI Cap Trustee Co. Ltd.

Tax Free Bonds (issued during FY 2013-14) are secured by first pari-passu charge on hypothecation of receivables in favour of SBI Cap Trustee Co. Ltd.

All the term loans are secured by a charge on the receivables of the company, both present & future, save & except certain specific receivables hypothecated to IL&FS Trust Co. Ltd. on the basis of joint hypothecation agreement last updated on Sept. 24'2010.

D.	Unsecured bonds issued by our Company Set forth below is a brief summary of certain of our other outstanding unsecured bonds. These bonds are listed on the whole sale debt market segment in the NSE.									
1	„74th Taxabl	Decem ber 31,	250.0 0	250.00	7.22 payable	10 years	Decembe r 31,	CRISIL: AAA/St	Unsecu red	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	„non-priority sector bond“	2004			half yearly.		2014	able; CARE: CARE AAA; FITCH: AAA(ind)		
2	„94th Taxable non-priority sector bond“	June 08, 2010	1250.00	1250.00	8.75 payable yearly.	15 years	June 08, 2025	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
3	„95-Ith Taxable non-priority sector bond“	July 12, 2010	200.00	200.00	8.70 payable yearly.	9 years	July 12, 2019	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(In d) ICRA: LAAA	Unsecured	-
4	„95th - II Taxable non-priority sector bond“	July 12, 2010	1800.00	1800.00	8.75 payable yearly.	15 years	July 12, 2025	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
5	„96th Taxable non-	October 25, 2010	1150.00	1150.00	8.80 payable yearly.	10 years	October 25, 2020	CRISIL: AAA/ Stable;	Unsecured	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	priority sector bond"							CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
6	„97th Taxable non-priority sector bond"	November 29, 2010	2120.50	2120.50	8.80 payable yearly.	10 years	November 29, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
7	„ZCB-I Taxable non-priority sector bond"	December 15, 2010	533.21 at issue price	678.97	8.25 (yield)	10 years	December 15, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
8	„ZCB-II Taxable non-priority sector bond"	February 03, 2011	116.07 at issue price	148.23	8.75 (yield)	10 years	February 03, 2021	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
9	„98th Taxable	March 15,	3000.00	3000.00	9.18 payable	10 years	March 15, 2021	CRISIL: AAA/St	Unsecured	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	“e non-priority sector bond”	2011			yearly.			able; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA		
10	“99th - II Taxable non-priority sector bond”	June 07, 2011	445.20	445.20	9.75 payable yearly.	3 years	June 07, 2014	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICROR ESA: LAAA	Unsecured	-
11	“100th Taxable non-priority sector bond”	July 15, 2011	1500.00	1500.00	9.63 payable yearly.	10 years	July 15, 2021	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICROR ESA: LAAA	Unsecured	-
12	“101st-I Taxable non-priority sector bond”	August 10, 2011	395.60	395.60	9.43 payable yearly.	3 years	August 10, 2014	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICRA:	Unsecured	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
								LAAA		
13	"101st-II Taxable non-priority sector bond"	August 10, 2011	394.60	394.60	9.45 payable yearly.	5 years	August 10, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
14	"101st-III Taxable non-priority sector bond"	August 10, 2011	3171.80	3171.80	9.48 payable yearly.	10 years	August 10, 2021	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
15	"102nd Taxable non-priority sector bond"	September 06, 2011	2216.20	2216.20	9.38 payable yearly.	5 years	September 06, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind)	Unsecured	-
16	"103rd-I Taxable non-priority sector bond"	October 19, 2011	915.00	50.00	9.35 payable yearly.	5 years	October 19, 2016	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
17	"105th Taxable non-priority sector bond"	November 11, 2011	3922.20	3922.20	9.75 payable yearly.	10 years	November 11, 2021	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
18	"106th Taxable non-priority sector bond"	February 15, 2012	1500.00	1500.00	9.28 payable yearly.	5 years	February 15, 2017	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
19	"107th Taxable non-priority sector bond"	June 15, 2012	2378.20	2378.20	9.35% p.a. payable yearly.	10 years	10 Years 15th June, 2022	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Unsecured	-
20	"108th – I Taxable non-priority sector bond"	July 20, 2012	2125.00	2125.00	9.40% p.a. payable yearly	5 years	5 Years July 20, 2017	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
21	"108th	July	960.0	960.00	9.39%	7 years	7 Years	CRISIL:	Unsecured	-



S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	– II Taxable non-priority sector bond”	20, 2012	0		p.a. payable yearly		July 20, 2019	AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	red	
22	“109th Taxable non-priority sector bond”	August 27, 2012	1734.70	1734.70	9.25% p.a. payable yearly	5 years	5 Years August 27, 2017	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
23	“110th Taxable non-priority sector bond”	October 16, 2012	3475.00	3475.00	8.84% p.a. payable yearly	2 Years	October 16, 2014	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
24	“111th – I Taxable non-priority sector bond”	November 19, 2012	452.80	452.80	9.02% p.a.	7 years	November 19, 2019	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
25	“111th – II	November 19,	2211.20	2211.20	9.02% p.a.	10 years	November 19,	CRISIL: AAA/ Stable	Unsecured	-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Taxable non-priority sector bond"	2012					2022	able; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	red	
26	"112th Taxable non-priority sector bond"	Feb 01, 2013	1500.00	1500.00	8.70% p.a.	5 years	Feb 01, 2018	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Unsecured	-
27	"113th Taxable non-priority sector bond"	March 08, 2013	1542.00	1542.00	8.87% p.a.	7 years	March 08, 2020	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Unsecured	-
28	"114th Taxable non-priority sector bond"	April 12, 2013	4300.00	4300.00	8.82% p.a.	10 years	April 12, 2023	CRISIL: AAA/St able; CARE: CARE AAA; FITCH: AAA(in d) ICRA: LAAA	Unsecured	-
29	"115th	May 31	2500.	2500.0	8.06%	10	May 31,	CRISIL:		-

S. No	Nature of the Bond's	Date of Allotment	Total value of bonds ( Crores)	Amount outstanding, as on December 31, 2013 ( Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Taxable non-priority sector bond"	, 2013	00	0	p.a.	years	2020	AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured (Sub-Debt)	
E.	Unsecured Infrastructure bonds issued by our Company Set forth below is a brief summary of certain of our other outstanding unsecured bonds. Some of bonds are listed on the whole sale debt market segment in the NSE									
1.	u/s 80CCF of IT Act 1961 Taxable, Non-convertible Bonds.	March 31, 2011	218.73	218.73	8, 8.1 and 8.2 payable annually	10 years	Redeemable at par on the expiry of 10 years with put option after five years from the date of allotment	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
2.	u/s 80CCF of IT Act 1961 Taxable, Non-convertible Bonds.	February 15, 2012	157.59	157.59	8.95 and 9.15 payable annually and cumulative	10 years 15 years	Redeemable at par on the expiry of 10/15 years with put option after 5/7 years respectively from the date of allotment February 15, 2022;	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-

S. No.	Nature of the Bond's	Date of Allotment	Total value of bonds (Crores)	Amount outstanding, as on December 31, 2013 (Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
							February 15, 2027			
Total Bonds				95,434.49						

\*\*The bonds have been issued on private placement basis and are currently listed on the „whole sale debt market segment“ in the NSE.

### Corporate Guarantees

Our Company has not issued any Corporate Guarantee as on December 31, 2013.

### Details of Commercial Paper

Set forth below is a brief summary of our Company's outstanding Commercial Paper as on December 31, 2013.

Sr. No.	Maturity Date	Amount Outstanding
1.	July 31, 2014	1240.00
2.	September 26, 2014	1300.00
Total		2540.00

(₹ crores)

### Short Term Loan From Banks

Our Company has no outstanding short-term loans as on December 31, 2013.

### Details of Rest of the Borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on December 31, 2013.

Our Company has no outstanding borrowings in form of hybrid debt as on December 31, 2013.

**VII. FINANCIAL INFORMATION (ON STANDALONE BASIS)**
**(₹in Crores)**

Particulars	As on/for the year ended 30.09.13 (Limited Review)	As on/for the year ended 31.03.13 (Audited)	As on/for the year ended 31.03.12 (Audited)	As on/for the year ended 31.03.11 (Audited)
Net worth	18,939.48	17,454.38	14,563.04	12,788.62
Total Debt	1,17,790.97	1,07,791.17	90,056.47	70,039.70
of which – Non Current Maturities of Long Term Borrowing	1,01,383.02	90,960.38	76,553.68	61,173.02
- Short Term Borrowing	2,770.00	2,480.00	2,500.00	375.00
- Current Maturities of Long Term Borrowing	13,637.95	14,350.79	11,002.79	8,491.68
Net Fixed Assets	83.52	80.05	78.48	68.26
Non-Current Assets	1,25,156.52	1,15,408.30	91,032.19	74,441.43
Cash and Cash Equivalents	1,311.48	1,484.26	5,311.48	2,831.89
Current Investments	94.32	47.16	47.16	47.16
Current Assets	15,411.71	15,098.99	17,514.52	12,071.24
Current Liabilities	4,654.98	21,823.83	17,320.82	12,501.27
Asset Under Management	N.A.	N.A.	N.A.	N.A.
Off Balance Sheet Assets	N.A.	N.A.	N.A.	N.A.
Interest Income	8,081.26	13,290.95	10,264.02	8,108.77
Interest Expense(including other borrowing costs)	4,667.89	8,083.76	6,431.35	4,851.01
Net interest income	3,413.37	5,207.19	3,832.67	3,257.76
Provisioning & Write-offs	89.12	130.68	52.27	0.22
PAT	2,264.33	3,817.62	2,817.03	2,569.93
Gross NPA (%)	0.35%	0.39%	0.48%	0.02%
Net NPA (%)	0.27%	0.32%	0.42%	0.00%

Tier I Capital Adequacy Ratio (%)		16.50	15.05	18.04
Tier II Capital Adequacy Ratio (%)		1.21	0.95	1.05
Total Loan Assets (net)	1,38,362.90	1,27,266.00	1,01,361.74	81,707.69
Capital Adequacy ratio (%)		17.71	16.00	19.09
Net interest margin	4.91%	4.55%	4.18%	4.48%
Yield on Loan Assets	12.16%	11.62%	11.21%	10.98%
Cost of funds	8.55%	8.17%	8.03%	7.70%
Return on Net worth (average)	12.44%	23.85%	20.60%	21.53%
Debt equity ratio (times)	6.22	6.18	6.18	5.48
Total Assets	1,42,057.55	1,30,507.29	1,08,546.71	86,512.67
Return on assets (average)	1.66%	3.19%	2.89%	3.29%

**STANDALONE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES**

(₹ in Crores)

	Particulars	Note No.	As at 30.09.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>							
<b>(1)</b>	<b>Shareholders' Funds</b>							
	(a) Share Capital	A	987.46	987.46	987.46	987.46	987.46	858.66
	(b) Reserves and Surplus	B	17,952.02	16,466.92	13,575.58	11,801.16	10,092.88	5,331.42
	<b>Sub-total (1)</b>		<b>18,939.48</b>	<b>17,454.38</b>	<b>14,563.04</b>	<b>12,788.62</b>	<b>11,080.34</b>	<b>6,190.08</b>
<b>(2)</b>	<b>Non-current Liabilities</b>							
	(a) Long-term Borrowings	C	1,01,383.02	90,960.38	76,553.68	61,173.02	45,834.75	31,860.91
	(b) Deferred Tax Liabilities (Net)		310.08	-	-	-	-	956.69
	(c) Other Long-term Liabilities	D	109.00	80.25	23.01	-	-	-
	(d) Long-term Provisions	E	253.04	188.45	86.16	49.76	33.62	28.17
	<b>Sub-total (2)</b>		<b>1,02,055.14</b>	<b>91,229.08</b>	<b>76,662.85</b>	<b>61,222.78</b>	<b>45,868.37</b>	<b>32,845.77</b>
<b>(3)</b>	<b>Current Liabilities</b>							
	(a) Short-term Borrowings	F	2,770.00	2,480.00	2,500.00	375.00	3,080.00	2,595.00
	(b) Other current liabilities	G	18,245.34	19,116.40	14,502.37	11,625.58	8,994.84	12,926.50
	(c) Short-term Provisions	E	47.59	227.43	318.45	500.69	529.60	311.32
	<b>Sub-total (3)</b>		<b>21,062.93</b>	<b>21,823.83</b>	<b>17,320.82</b>	<b>12,501.27</b>	<b>12,604.44</b>	<b>15,832.82</b>
	<b>Total (1+2+3)</b>		<b>1,42,057.55</b>	<b>1,30,507.29</b>	<b>1,08,546.71</b>	<b>86,512.67</b>	<b>69,553.15</b>	<b>54,868.67</b>
<b>II.</b>	<b>ASSETS</b>							
<b>(1)</b>	<b>Non-current Assets</b>							
	(a) Fixed assets	H						
	(i) Tangible Assets		70.93	67.59	68.24	62.17	63.16	56.62
	(ii) Intangible Assets		3.07	3.71	2.22	3.08	3.94	0.02
	(iii) Capital work-in-progress		9.52	8.75	7.92	3.01	3.02	4.47
	(iv) Intangible Assets under Development		-	-	0.10	-	-	-
			83.52	80.05	78.48	68.26	70.12	61.11
	(b) Non-current Investments	I	566.29	613.45	710.43	789.65	862.70	957.70
	(c) Deferred Tax Assets (Net)		-	9.51	10.05	12.77	7.37	-
	(d) Long-term Loans & Advances	J	1,24,522.17	1,14,574.53	89,985.31	73,206.57	58,931.50	45,544.08
	(e) Other Non-current Assets	K	68.06	130.76	247.92	364.18	434.99	760.46
	<b>Sub-total (1)</b>		<b>1,25,240.04</b>	<b>1,15,408.30</b>	<b>91,032.19</b>	<b>74,441.43</b>	<b>60,306.68</b>	<b>47,323.35</b>
<b>(2)</b>	<b>Current Assets</b>							
	(a) Current Investments	I	94.32	47.16	47.16	47.16	47.16	47.16
	(b) Cash & Bank Balances	L	1,311.48	1,484.26	5,311.48	2,831.89	1,390.31	1,886.04
	(c) Short-term Loans & Advances	M	2,190.75	1,915.95	2,972.75	1,215.17	1,757.58	4.44
	(d) Other Current Assets	N	13,220.96	11,651.62	9,183.13	7,977.02	6,051.42	5,607.68
	<b>Sub-total (2)</b>		<b>16,817.51</b>	<b>15,098.99</b>	<b>17,514.52</b>	<b>12,071.24</b>	<b>9,246.47</b>	<b>7,545.32</b>
	<b>Total (1+2)</b>		<b>1,42,057.55</b>	<b>1,30,507.29</b>	<b>1,08,546.71</b>	<b>86,512.67</b>	<b>69,553.15</b>	<b>54,868.67</b>

## STANDALONE REFORMATTED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Particulars	Notes No.	Year ended 30.09.2013	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009
I.	Revenue from Operations	O	8,191.99	13,518.86	10,423.75	8,301.67	6,570.12	4,794.36
II.	Other Income	P	33.64	79.81	85.32	193.59	137.48	136.92
III.	<b>Total Revenue (I+II)</b>		<b>8,225.63</b>	<b>13,598.67</b>	<b>10,509.07</b>	<b>8,495.26</b>	<b>6,707.60</b>	<b>4,931.28</b>
IV.	<b>Expenses</b>							
(i)	Interest, Finance & Other Charges	Q	4,667.89	8,083.76	6,431.35	4,851.01	3,912.85	2,898.70
(ii)	Employee Benefits Expense	R	72.18	151.84	170.97	127.47	117.10	87.22
(iii)	Depreciation & Amortization		2.10	3.75	3.27	3.03	2.15	1.36
(iv)	Other Expenses	S	33.52	64.69	58.35	34.02	28.07	24.28
(v)	Allowance for Bad & Doubtful Debts		22.32	25.00	49.09	0.22	0.22	2.37
(vi)	Contingent Allowance against Standard Loan Assets		66.80	105.68	-	-	-	-
(vii)	Allowance for Rescheduled Loans		-	-	3.18	-	-	-
(viii)	Allowance for Diminution in Investments		-	-	-	-	-	1.06
	<b>Total Expenses (IV)</b>		<b>5,018.23</b>	<b>8,434.72</b>	<b>6,716.21</b>	<b>5,015.75</b>	<b>4,060.39</b>	<b>3,014.99</b>
V.	<b>Profit before Prior Period Items &amp; Tax (III-IV)</b>		<b>3,207.40</b>	<b>5,163.95</b>	<b>3,792.86</b>	<b>3,479.51</b>	<b>2,647.21</b>	<b>1,916.29</b>
VI.	Prior Period Items		-	-	-	3.23	0.10	-0.39
VII.	<b>Profit before Tax (V-VI)</b>		<b>3,207.40</b>	<b>5,163.95</b>	<b>3,792.86</b>	<b>3,476.28</b>	<b>2,647.11</b>	<b>1,916.68</b>
VIII	Tax Expense :							
(i)	Current Year		664.21	1,345.79	974.59	908.12	693.53	504.99
(ii)	Earlier Years/ (Refunds)		13.74	-	-1.48	3.64	-48.35	-
(iii)	Deferred Tax		265.12	0.54	2.72	-5.41	0.51	139.61
	<b>Total Tax Expense (i+ii+iii)</b>		<b>943.07</b>	<b>1,346.33</b>	<b>975.83</b>	<b>906.35</b>	<b>645.69</b>	<b>644.60</b>
IX.	<b>Profit for the period from Continuing Operations (VII-VIII)</b>		<b>2,264.33</b>	<b>3,817.62</b>	<b>2,817.03</b>	<b>2,569.93</b>	<b>2,001.42</b>	<b>1,272.08</b>
X.	<b>Profit from Discontinuing Operations (after tax)</b>		-	-	-	-	-	-
XI.	<b>Profit for the period (IX+X)</b>		<b>2,264.33</b>	<b>3,817.62</b>	<b>2,817.03</b>	<b>2,569.93</b>	<b>2,001.42</b>	<b>1,272.08</b>
XII.	<b>Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)</b>							
	(1) Basic		<b>22.93</b>	<b>38.66</b>	<b>28.53</b>	<b>26.03</b>	<b>23.06</b>	<b>14.81</b>



	(2) Diluted		22.93	38.66	28.53	26.03	23.06	14.81
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## STANDALONE REFORMATTED STATEMENT OF CASH FLOWS

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
<b>A. Cash Flow from Operating Activities :</b>					
Net Profit before Tax	5,163.95	3,792.86	3,476.28	2,647.11	1,916.68
<b>Adjustments for:</b>					
1. Profit / Loss on Sale of Fixed Assets	0.33	0.18	0.01	-0.02	-0.01
2. Depreciation	3.75	3.27	3.03	2.15	1.36
3. Provision for fall in value of investments	-	-	-	-	1.06
4. Allowance for bad & doubtful debts	25.00	49.09	0.22	0.22	2.37
5. Allowance for Rescheduled Loan Assets	-	3.18	-	-	-
6. Contingent Allowance against Standard Loan Assets	105.68	-	-	-	-
7. Interest on Commercial Paper	86.49	-	-	-	-
8. Excess Provision written back	-0.04	-	-29.21	-1.08	-
9. Profit on sale/redemption of investments	-18.85	-11.75	-2.28	-0.67	-0.11
10. Loss/ Gain(-) on Exchange Rate fluctuation	77.51	52.55	-85.33	-	-11.42
11. Dividend from Subsidiary Co.	-0.15	-0.05	-0.05	-0.05	-
12. Dividend from Investments	-0.25	-0.13	-3.59	-9.79	-2.15
13. Interest on 8% Government of Madhya Pradesh Power Bonds-II	-54.71	-62.25	-	-	-
14. Provision made for Interest on Advance Income Tax	2.06	0.25	-	1.70	1.56
15. Discount on Bonds written off	4.83	4.71	0.85	-	-
16. Interest Accrued on Zero Coupon Bonds	59.88	55.46	14.48	-	-
17. Dividend & Dividend Tax paid in excess of provision	0.01	-	0.01	0.01	-
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>5,455.49</b>	<b>3,887.37</b>	<b>3,374.42</b>	<b>2,639.58</b>	<b>1,909.34</b>
<b>Increase / Decrease :</b>					
1. Loan Assets	-25,929.26	-19,703.14	-15,746.71	-15,356.61	-12,074.10
2. Other Operating Assets	89.29	30.29	171.98	1,897.16	4.21
3. Operating Liabilities	1,676.09	940.47	377.99	-1,221.33	640.85
<b>Cash flow from Operations</b>	<b>-18,708.39</b>	<b>-14,845.01</b>	<b>-11,822.32</b>	<b>-12,041.20</b>	<b>-9,519.70</b>
1. Income Tax Paid (including TDS)	-1,375.84	-981.21	-964.23	-674.30	-481.09
2. Income Tax refund	-	1.48	-	20.50	-
<b>Net Cash Flow from Operating Activities</b>	<b>-20,084.23</b>	<b>-15,824.74</b>	<b>-12,786.55</b>	<b>-12,695.00</b>	<b>-10,000.79</b>
<b>B. Cash Flow from Investing Activities</b>					
1. Sale of Fixed Assets	0.05	0.17	0.02	0.09	0.13
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-4.95	-13.84	-1.22	-11.23	-4.49
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32	141.48
4. Redemption of units of "Small is Beautiful" Fund (Net)	0.15	0.90	3.11	2.39	-
5. Profit on sale/redemption of investments	18.85	11.75	2.28	0.67	0.11
6. Investment in Shares of Energy Efficiency Services Ltd.	-	-	-24.38	-0.63	-
7. Refund of Share Application Money in Energy Efficiency Services Ltd.	2.50	-	-	-	-
8. Investment in Shares of Universal Commodity Exchange Ltd.	-	-16.00	-	-	-
9. Dividend from Subsidiary Co.	0.15	0.05	0.05	0.05	-
10. Interest on 8% Government of Madhya Pradesh	54.71	62.25	-	-	-

PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
Power Bonds-II					
11. Dividend from Investments	0.25	0.13	3.59	9.79	2.15
<b>Net Cash Flow from Investing Activities</b>	<b>166.03</b>	<b>139.73</b>	<b>77.77</b>	<b>95.45</b>	<b>139.38</b>
<b>C. Cash Flow from Financing Activities</b>					
1. Issue of Bonds (Net of redemptions)	13,816.96	20,108.21	10,334.23	8,229.53	8,541.87
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-1,652.74	-3,227.60	677.71	1,060.38	388.25
3. Raising of Foreign Currency Loan (Net of redemptions)	4,484.19	2,857.01	5,591.43	582.69	456.65
4. Grants received from GOI including interest ( Net of refund)	606.77	2,238.28	4,841.31	5,019.76	5,446.22
5. Disbursement of grants	-940.37	-2,766.93	-4,025.42	-6,003.67	-5,114.10
6. Repayment of Govt. Loan	-9.50	-11.49	-13.29	-15.33	-17.18
7. Payment of Final Dividend	-246.86	-394.98	-345.61	-214.67	-257.60
8. Payment of Interim Dividend	-666.54	-493.73	-345.61	-257.60	-171.73
9. Payment of Corporate Dividend Tax	-148.16	-144.17	-114.80	-80.25	-72.97
10. Issue of Shares	-	-	-	128.80	-
11. Premium on issue of Securities	0.05	-	0.41	2,499.18	-
12. Issue of Commercial Paper (Net of repayments)	847.18	-	-2,450.00	1,155.00	1,295.00
<b>Net Cash flow from Financing Activities</b>	<b>16,090.98</b>	<b>18,164.60</b>	<b>14,150.36</b>	<b>12,103.82</b>	<b>10,494.41</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>-3,827.22</b>	<b>2,479.59</b>	<b>1,441.58</b>	<b>-495.73</b>	<b>633.00</b>
Cash & Cash Equivalents as at the beginning of the year	<b>5,311.48</b>	<b>2,831.89</b>	<b>1,390.31</b>	<b>1,886.04</b>	<b>1,253.04</b>
Cash & Cash Equivalents as at the end of the year	<b>1,484.26</b>	<b>5,311.48</b>	<b>2,831.89</b>	<b>1,390.31</b>	<b>1,886.04</b>

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

## CONSOLIDATED REFORMATTED STATEMENT OF ASSETS & LIABILITIES

(₹ in Crores)

	Particulars	Note No.	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>						
(1)	<b>Shareholders' Funds</b>						
	(a) Share Capital	A	987.46	987.46	987.46	987.46	858.66
	(b) Reserves and Surplus	B	16,542.38	13,635.91	11,839.98	10,116.80	5,334.56
	<b>Sub-total (1)</b>		<b>17,529.84</b>	<b>14,623.37</b>	<b>12,827.44</b>	<b>11,104.26</b>	<b>6,193.22</b>
(2)	<b>Non-current Liabilities</b>						
	(a) Long-term Borrowings	C	90,925.38	76,553.68	61,173.02	45,834.75	31,860.91
	(b) Deferred Tax Liability (Net)		-	-	-	-	956.69
	(c) Other Long-term Liabilities	D	80.57	23.32	0.29	5.48	0.06
	(d) Long-term Provisions	E	188.47	86.16	49.76	33.62	28.17
	<b>Sub-total (2)</b>		<b>91,194.42</b>	<b>76,663.16</b>	<b>61,223.07</b>	<b>45,873.85</b>	<b>32,845.83</b>
(3)	<b>Current Liabilities</b>						
	(a) Short-term Borrowings	F	2,485.55	2,501.71	375.00	3,080.00	2,595.00
	(b) Trade Payables		3.97	4.23	3.87	0.64	-
	(c) Other current liabilities	G	19,125.84	14,517.12	11,640.27	9,005.86	12,927.61
	(d) Short-term Provisions	E	227.48	318.48	500.75	528.25	310.89
	<b>Sub-total (3)</b>		<b>21,842.84</b>	<b>17,341.54</b>	<b>12,519.89</b>	<b>12,614.75</b>	<b>15,833.50</b>
	<b>Total (1+2+3)</b>		<b>1,30,567.10</b>	<b>1,08,628.07</b>	<b>86,570.40</b>	<b>69,592.86</b>	<b>54,872.55</b>
<b>II.</b>	<b>ASSETS</b>						
(1)	<b>Non-current Assets</b>						
	(a) Fixed assets	H					
	(i) Tangible Assets		68.09	68.60	62.49	63.42	56.71
	(ii) Intangible Assets		3.78	2.24	3.09	3.94	0.02
	(iii) Capital work-in-progress		8.75	7.92	3.01	7.54	6.73
	(iv) Intangible Assets under Development		-	0.10	-	-	-
			80.62	78.86	68.59	74.90	63.46
	(b) Non-current Investments	I	590.85	685.32	789.55	862.60	957.60
	(c) Deferred Tax Assets (Net)		9.65	10.02	12.76	7.36	-
	(d) Long-term Loans & Advances	J	1,14,574.67	89,985.40	73,206.66	58,931.59	45,544.08
	(e) Other Non-current Assets	K	130.91	247.92	364.18	436.96	760.68
	<b>Sub-total (1)</b>		<b>1,15,386.70</b>	<b>91,007.52</b>	<b>74,441.74</b>	<b>60,313.41</b>	<b>47,325.82</b>
(2)	<b>Current Assets</b>						
	(a) Current Investments	I	47.41	47.26	47.16	47.16	47.16
	(b) Trade Receivables	L	28.53	37.36	18.10	42.49	1.08
	(c) Cash & Bank Balances	M	1,529.54	5,375.36	2,866.79	1,394.23	1,888.27
	(d) Short-term Loans & Advances	N	1,916.02	2,972.20	1,216.50	1,743.87	2.44
	(e) Other Current Assets	O	11,658.90	9,188.37	7,980.11	6,051.70	5,607.78
	<b>Sub-total (2)</b>		<b>15,180.40</b>	<b>17,620.55</b>	<b>12,128.66</b>	<b>9,279.45</b>	<b>7,546.73</b>
	<b>Total (1+2)</b>		<b>1,30,567.10</b>	<b>1,08,628.07</b>	<b>86,570.40</b>	<b>69,592.86</b>	<b>54,872.55</b>

## CONSOLIDATED REFORMATTED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Particulars	Notes No.	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009
I.	Revenue from Operations	P	13,525.70	10,429.39	8,302.90	6,570.12	4,794.36
II.	Other Income	Q	110.88	124.23	229.30	177.51	142.19
III.	<b>Total Revenue (I+II)</b>		<b>13,636.58</b>	<b>10,553.62</b>	<b>8,532.20</b>	<b>6,747.63</b>	<b>4,936.55</b>
IV.	<b>Expenses</b>						
(i)	Finance Costs	R	8,005.86	6,378.84	4,851.11	3,912.85	2,898.70
(ii)	Employee Benefits Expense	S	155.33	174.62	130.21	122.05	89.10
(iii)	Depreciation & Amortization		3.90	3.34	3.06	2.18	1.37
(iv)	Other Expenses	T	75.77	66.02	45.52	31.55	25.40
(v)	Allowance for Bad & Doubtful Debts		25.56	49.09	0.22	0.22	2.37
(vi)	Contingent Allowance against Standard Loan Assets		105.68				
(vii)	Allowance for Rescheduled Loans		-	3.18	-	-	-
(viii)	Allowance for Diminution in Investments		-	-	-	-	1.06
(ix)	Foreign Currency Exchange Fluctuation Loss		77.51	52.55	-	-	-
	<b>Total Expenses (IV)</b>		<b>8,449.61</b>	<b>6,727.64</b>	<b>5,030.12</b>	<b>4,068.85</b>	<b>3,018.00</b>
V.	<b>Profit before Prior Period Items &amp; Tax (III-IV)</b>		<b>5,186.97</b>	<b>3,825.98</b>	<b>3,502.08</b>	<b>2,678.78</b>	<b>1,918.55</b>
VI.	Prior Period Items		0.76	0.18	3.28	0.11	-0.39
VII.	<b>Profit before Tax (V-VI)</b>		<b>5,186.21</b>	<b>3,825.80</b>	<b>3,498.80</b>	<b>2,678.67</b>	<b>1,918.94</b>
VIII.	Tax Expense :						
(i)	Current Year		1,353.07	985.33	915.62	704.25	505.80
(ii)	Earlier Years/ (Refunds)		-0.01	-0.97	3.70	-48.35	-
(iii)	Deferred Tax		0.37	2.78	-5.41	0.52	139.61
	<b>Total Tax Expense (i+ii+iii)</b>		<b>1,353.43</b>	<b>987.14</b>	<b>913.91</b>	<b>656.42</b>	<b>645.41</b>
IX.	<b>Profit for the period from Continuing Operations (VII-VIII)</b>		<b>3,832.78</b>	<b>2,838.66</b>	<b>2,584.89</b>	<b>2,022.25</b>	<b>1,273.53</b>
X.	<b>Profit from Discontinuing Operations (after tax)</b>		-	-	-	-	-
XI.	<b>Profit for the period (IX+X)</b>		<b>3,832.78</b>	<b>2,838.66</b>	<b>2,584.89</b>	<b>2,022.25</b>	<b>1,273.53</b>
XII.	<b>Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)</b>						
	(1) Basic		<b>38.81</b>	<b>28.75</b>	<b>26.18</b>	<b>23.30</b>	<b>14.83</b>
	(2) Diluted		<b>38.81</b>	<b>28.75</b>	<b>26.18</b>	<b>23.30</b>	<b>14.83</b>

## CONSOLIDATED REFORMATTED STATEMENT OF CASH FLOWS

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
<b>A. Cash Flow from Operating Activities :</b>					
Net Profit before Tax	5,186.21	3,825.80	3,498.80	2,678.67	1,918.94
<b>Adjustments for:</b>					
1. Profit / Loss on Sale of Fixed Assets	0.33	0.19	0.01	-0.02	-0.01
2. Depreciation	3.90	3.33	3.06	2.18	1.37
3. Preliminary Expenses written off	-	-	-	-	0.12
4. Provision for fall in value of investments	-	-	-	-	1.06
5. Allowance for bad & doubtful debts	25.56	49.09	0.22	0.22	2.37
6. Allowance for Rescheduled Loans	-	3.18	-	-	-
7. Contingent Allowance against Standard Loan Assets	105.68	-	-	-	-
8. Interest on Commercial Paper	86.49	-	-	-	-
9. Excess Provision written back	-0.04	-	-29.21	-1.08	-
10. Profit on sale/redemption of investments	-18.85	-11.75	-2.28	-0.67	-0.11
11. Loss/ Gain(-) on Exchange Rate fluctuation	77.51	52.55	-85.33	-	-11.42
12. Dividend from Subsidiary Co.	-	-0.05	-0.05	-0.05	-
13. Dividend from Investments	-0.25	-0.13	-3.59	-9.79	-2.15
14. Interest on 8% Government of Madhya Pradesh Power Bonds-II	-54.71	-62.25	-	-	-
15. Provision made for Interest on Advance Income Tax	2.06	0.25	-	1.70	1.56
16. Discount on Bonds written off	4.83	4.71	0.85	-	-
17. Interest Accrued on Zero Coupon Bonds	59.88	55.46	14.48	-	-
18. Dividend & Dividend Tax paid in excess of provision	0.01	-	0.01	0.01	-
19. Interest Income	-	-	-1.43	-0.17	-0.24
20. Interest Expenses	-	-	0.10	0.02	-
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>5,478.61</b>	<b>3,920.38</b>	<b>3,395.64</b>	<b>2,671.02</b>	<b>1,911.49</b>
<b>Increase / Decrease :</b>					
1. Loan Assets	-25,929.26	-19,703.14	-15,746.71	-15,356.61	-12,074.10
2. Other Operating Assets	106.16	8.60	200.25	1,850.85	0.93
3. Operating Liabilities	1,672.41	940.52	365.79	-1,190.77	644.77
<i>Cash flow from Operations</i>	<b>-18,672.08</b>	<b>-14,833.64</b>	<b>-11,785.03</b>	<b>-12,025.51</b>	<b>-9,516.91</b>
1. Income Tax Paid (including TDS)	-1,384.09	-993.00	-971.89	-685.94	-482.35
2. Income Tax refund	-	1.50	-	20.50	-
<b>Net Cash Flow from Operating Activities</b>	<b>-20,056.17</b>	<b>-15,825.14</b>	<b>-12,756.92</b>	<b>-12,690.95</b>	<b>-9,999.26</b>
<b>B. Cash Flow from Investing Activities</b>					
1. Sale of Fixed Assets	0.05	0.17	0.03	0.09	0.13
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-5.29	-13.92	-1.30	-13.68	-6.65
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32	141.48
4. Redemption of units of "Small is Beautiful" Fund (Net)	0.15	0.90	3.11	2.39	-
5. Profit on sale/redemption of investments	18.85	11.75	2.28	0.67	0.11
6. Investment in Shares of Energy Efficiency Services Ltd.	-	-	-24.38	-0.63	-
7. Investment in Shares of Universal Commodity	-	-16.00	-	-	-

PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
Exchange Ltd.					
8. Investment in Shares of Fellow subsidiaries	-0.20	-0.10		-0.05	-
9. Redemption of shares of Subsidiary companies	0.05	-	0.15	-	-
10. Interest on 8% Government of Madhya Pradesh Power Bonds-II	54.71	62.25	-	-	-
11. Interest Income	-	-	1.43	0.17	0.24
12. Dividend from Subsidiary Co.	0.15	0.05	0.05	0.05	-
13. Dividend from Investments	0.25	0.13	3.59	9.79	2.15
<b>Net Cash Flow from Investing Activities</b>	<b>163.04</b>	<b>139.55</b>	<b>79.28</b>	<b>93.12</b>	<b>137.46</b>
<b>C. Cash Flow from Financing Activities</b>					
1. Issue of Bonds (Net of redemptions)	13,781.96	20,108.21	10,334.23	8,229.53	8,541.87
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-1,648.90	-3,225.89	677.71	1,060.38	388.25
3. Raising of Foreign Currency Loan (Net of redemptions)	4,484.19	2,857.01	5,591.43	582.69	456.65
4. Grants received from GOI including interest ( Net of refund)	606.77	2,238.28	4,841.31	5,019.76	5,446.22
5. Disbursement of grants	-940.37	-2,766.93	-4,025.42	-6,003.67	-5,114.10
6. Repayment of Govt. Loan	-9.50	-11.49	-13.29	-15.33	-17.18
7. Payment of Final Dividend	-246.86	-395.03	-345.66	-214.72	-257.60
8. Payment of Interim Dividend	-666.54	-493.73	-345.61	-257.60	-171.73
9. Payment of Corporate Dividend Tax	-148.19	-144.18	-114.81	-80.26	-72.97
10. Issue of Shares	-	-	-	128.85	-
11. Security Premium on issue of shares	0.05	-	0.41	2,499.18	-
12. Issue of Commercial Paper	847.18	-	-	3,150.00	1,295.00
13. Repayment of Commercial Paper	-	-	-2,450.00	-1,995.00	-
14. Interest Paid	-	-	-0.10	-0.02	-
<b>Net Cash flow from Financing Activities</b>	<b>16,059.79</b>	<b>18,166.25</b>	<b>14,150.20</b>	<b>12,103.79</b>	<b>10,494.41</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>-3,833.34</b>	<b>2,480.66</b>	<b>1,472.56</b>	<b>-494.04</b>	<b>632.61</b>
Cash & Cash Equivalents as at the beginning of the year	5,334.67	2,854.01	1,394.23	1,888.27	1,255.66
Cash & Cash Equivalents as at the end of the year	1,501.33	5,334.67	2,866.79	1,394.23	1,888.27
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>-3,833.34</b>	<b>2,480.66</b>	<b>1,472.56</b>	<b>-494.04</b>	<b>632.61</b>

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

**IMPORTANT FINANCIAL INDICATORS (ON STANDALONE BASIS)**
**(₹in Crores)**

Particulars	As on/for the year ended 31.03.13 (Audited)	As on/for the year ended 31.03.12 (Audited)	As on/for the year ended 31.03.11 (Audited)
Net worth	17,454.38	14,563.04	12,788.62
Total Debt	1,07,791.17	90,056.47	70,039.70
of which – Non Current Maturities of Long Term Borrowing	90,960.38	76,553.68	61,173.02
- Short Term Borrowing	2,480.00	2,500.00	375.00
- Current Maturities of Long Term Borrowing	14,350.79	11,002.79	8,491.68
Net Fixed Assets	80.05	78.48	68.26
Non-Current Assets	1,15,408.30	91,032.19	74,441.43
Cash and Cash Equivalents	1,484.26	5,311.48	2,831.89
Current Investments	47.16	47.16	47.16
Current Assets	15,098.99	17,514.52	12,071.24
Current Liabilities	21,823.83	17,320.82	12,501.27
Asset Under Management	N.A.	N.A.	N.A.
Off Balance Sheet Assets	N.A.	N.A.	N.A.
Interest Income	13,290.95	10,264.02	8,108.77
Interest Expense(including other borrowing costs)	8,083.76	6,431.35	4,851.01
Net interest income	5,207.19	3,832.67	3,257.76
Provisioning & Write-offs	130.68	52.27	0.22
PAT	3,817.62	2,817.03	2,569.93
Gross NPA (%)	0.39%	0.48%	0.02%
Net NPA (%)	0.32%	0.42%	0.00%
Tier I Capital Adequacy Ratio (%)	16.50	15.05	18.04
Tier II Capital Adequacy Ratio (%)	1.21	0.95	1.05
Total Loan Assets (net)	1,27,266.00	1,01,361.74	81,707.69
Capital Adequacy ratio (%)	17.71	16.00	19.09
Net interest margin	4.70%	4.32%	4.48%
Yield on Loan Assets	11.62%	11.21%	10.98%
Cost of funds	8.17%	8.03%	7.70%
Return on Net worth (average)	23.85%	20.60%	21.53%
Debt equity ratio (times)	6.18	6.18	5.48
Total Assets	1,30,507.29	1,08,546.71	86,512.67
Return on assets (average)	3.19%	2.89%	3.29%



## VIII. LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENT

*Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, our Subsidiaries and our Directors and there are no defaults including non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or our Subsidiaries except as stated below, and no disciplinary action has been taken by SEBI or any stock exchange against our Company or Directors or Subsidiaries.*

*Neither our Company nor our Subsidiaries, associates and Directors were associated in the past, have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this Section in relation to litigation, there are no violations of securities laws committed by us in the past or pending against us.*

#### I. Litigation involving our Company

##### A. Income Tax Matters

###### Assessment year 2005-2006

- I. The Assessing Officer, IT Department vide order dated December 07, 2011 raised a demand of ₹ 0.97 crores after reopening the earlier assessment under Section 143 (3) of the IT Act for the assessment year 2005-2006. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 07, 2011 on the grounds, *inter alia*, of addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. Further the IT Department vide order dated 30.08.2012 under Section 154/ 143(3) raised an additional demand of ₹0.48 crores. The matter is currently pending before CIT (Appeals).

###### Assessment Year 2006-2007

- II. The Assessing Officer, IT Department vide order dated December 07, 2011 raised a demand of ₹ 0.94 crores after reopening the earlier assessment under Section 143 (3) of the IT Act for the assessment year 2006-2007. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 07, 2011 on the grounds, *inter alia*, of addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

###### Assessment Year 2008-2009

- III. The Assessing Officer, Income Tax Department vide order dated December 28, 2010 raised a demand of ₹ 8.15 crores under Section 143 (3) of the IT Act for the assessment year 2008-2009. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 35/10-11) on February 01, 2011, challenging the assessment order dated December 28, 2010 on the grounds, *inter alia*, of disallowance of deduction under Section 36(1)viii of the IT Act in respect of Bridge Loan, disallowance of expenditure towards provision for Post-Retirement Medical Benefit and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).
- IV. The Assessing Officer, IT Department vide order dated December 28, 2010 raised a demand of ₹ 0.48 under Section 115WE (3) of the IT Act for the assessment year 2008-2009. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 36/10-11) on February 01, 2011, challenging the order dated December 28, 2010 on the grounds, *inter alia*, of disallowance of Fringe Benefit Tax. The matter is currently pending before CIT (Appeals).

###### Assessment Year 2009-2010

- V. The Assessing Officer, Income Tax Department vide order dated December 14, 2011 raised a demand of ₹ 2.17 crores under Section 143 (3) of the Income Tax Act for the assessment year 2009-10. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 14, 2011 on the grounds, *inter alia*, of disallowance of expenditure towards provision for Post-Retirement Medical Benefit, disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

#### Assessment Year 2010-11

- VI. The Assessing Officer, Income Tax Department vide order dated February 28, 2013 raised a demand of ₹ 3.21 crores under Section 143 (3) of the Income Tax Act for the assessment year 2010-11. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 14, 2011 on the grounds, *inter alia*, of disallowance of expenditure towards provision for post retirement benefit, disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

#### Others

- VII. The Commissioner of Income Tax (Large Taxpayer Unit) has filed Writ petitions in Delhi High court (ITA 1393, 1397, 1401 & 1402 of 2010) for Assessment year 1997-1998 to 2000-2001 challenging the ITAT decision of allowing Deduction u/s36 (1) viii of Income Tax Act in respect of Lease income in their consolidated order dated July 17, 2009. All the appeals were disposed off by High Court of Delhi on 17.09.2010 as the approval of the Committee on Disputes (COD) has not been taken by the Income tax Department with the liberty to file fresh appeals in case Committee on Disputes grants approval. Income Tax Department has now filed applications for revival on the ground that the COD clearance is no longer required. Issue is pending in High Court of Delhi.

#### Civil Cases

There are 26 civil cases filed against our Company, pending before various courts in India. Brief details of these cases are as follows:

- (i) **JoydebChowdhury & Others** has filed a Writ Petition numbered as **WP No. 23541(W) of 2009**, titled as **JoydebChowdhury & Others v/s. Station Manager, Laxmikantapur Group Electricity & Ors.**, before Calcutta High Court. The Petitioner has stated in the writ that a master plan (RGGVY) was prepared for electrification of the concerned area and poles were installed but some points were left out. It is alleged in the writ that there is no electricity in the area where the Petitioners are residing. The Petitioner further alleges that no steps are being taken to install the poles on common passage. The Petitioner has mainly prayed to the Court to get poles installed on common passage within specified time so that the residents get electricity. REC is a Performa Party as there are no allegations against it. The matter is pending before the Court.
- (ii) **GraminVidyutSahkariSamiti, District Sidhi, Madhya Pradesh** has filed a Writ Petition (**W.P No. 6477 of 2001**) before the Madhya Pradesh High Court at Jabalpur, against MPERC, MPSEB, our Company and others challenging the order of the MPERC which had increased the tariff rate on the supply of electricity. GVSS has claimed that the said tariff was not fixed in consultation with our Company and that the said order of MPERC lacked transparency and justification. GVSS has contended that it would suffer irreparable losses in the event the increased tariff rate was allowed to be implemented and has sought directions to quash the notifications that increased the tariff. The case was fixed on August 10, 2012. The matter is pending before High Court, Jabalpur. The matter is currently pending before the Court.
- (iii) **Mr. N. Mishra**, an ex-employee of our Company, has filed three Writ Petitions (**C.W.P. No. 7166 of 2001**, **C.W.P. No. 5253 of 2002**) against our Company, before the Delhi High Court. He has challenged the validity of the orders passed by the disciplinary authority and appellate authority of our Company, whereunder, he was held guilty of various offences, including, misuse of leave travel concession and medical reimbursement schemes, for having availed loans by submitting false documents. Consequently, his pay scale was reduced considerably and he was shifted to a lower post. Mr. Mishra, in all these cases, has prayed for quashing the

respective orders of our Company and has contended that levy of such a huge penalty was misconceived and without any basis. The matters are admitted for regular hearing and pending before the Court.

- (iv) **Mr. S. K. N. Haider**, an ex-employee of our Company, has filed a Writ Petition (**S.W.P. No. 1119 of 2001**) against our Company, before the Jammu and Kashmir High Court, challenging the validity of an order dated May 23, 2001 passed by our Company, whereby Mr. S. K. N. Haider was found guilty of certain offences which resulted in his reversion from the post of „Joint Chief“ to „Deputy Chief“. He has challenged the orders issued by our Company and has claimed release of his retirement benefits and all other outstanding dues. The claim amount has not been quantified. The High Court, vide its interim order dated June 1, 2001 admitted the Writ Petition and directed our Company to maintain *status quo* with respect to the present status of the Petitioner. The matter is currently pending before the Court.
- (v) **Mr. S.K.N. Haider**, an ex-employee of our Company, has filed a **Contempt Petition (No. CoA SW-19-A/01)** against our Company, before the Jammu and Kashmir High Court on the grounds of non-implementation of the interim order of the High Court dated June 1, 2001, whereby the writ Petition was admitted and our Company was directed to maintain *status quo* with respect to the present status of the Petitioner. Reply has been filed by REC clarifying that no contempt has been committed. The matter is currently pending before the Court.
- (vi) **Mr. T. C. Jindgar, an ex-employee** of our Company, has filed a Writ Petition (**C.W.P. No. 4790 of 2002**) against our Company, before the Delhi High Court, challenging the validity of the orders passed for not granting him higher scale with effect from October 31, 1998 by our Company holding him guilty for certain offences due to his not submitting factual report to Competent Authority on installation of 27 Nos X410 KW WEG in these projects. The Court dismissed the writ Petition vide order dated 31.08.2009 for non-Prosecution. Application was filed by Petitioner for restoration of the Petition which was allowed by the Court. The matter is currently pending before the Court.
- (vii) **Mr. G. JawaharLal**, an ex-employee of our Company, had filed a Civil Writ Petition (**WP No. 3578/09**) before the Andhra Pradesh High Court against our Company for grant of annual memento for the year 2002-2003 only to those employees who were on the roles of our Company. He had prayed for declaration of the decision as arbitrary and award him with the annual memento for the year 2002. After hearing the parties Writ Petition is admitted and same is pending before the Court
- (viii) **Mr. K. Rajaiah** has filed a civil suit (**O.S. No. 25660/2007**) before City Civil Judge before the Hon'ble High Court against RCMC Share Registry Private Limited, our Company and others before the City Civil Judge, Bangalore. Mr. K. Rajaiah is disputing the validity of will dated September 27, 2006 in favour of certain other beneficiaries who are also impleaded as parties to the suit, who invested about ₹8.00 crores in the capital gains exempted bonds of our Company, from the money received pursuant to the will. Mr. K. Rajaiah has sought a declaration that the nominations pursuant to the will are illegal and void and for an injunction restraining our Company from dispatching the interest/dividend warrants or paying any amount either accrued or invested by way of various bonds until further order. The next date of hearing has not been scheduled. The City Civil Court has passed an order dated April 08, 2008, wherein M/s RCMC and REC were directed to maintain proper accounts of dividend, interest etc. disbursed to other defendant in respect of bond and produce said account before Court as and when disbursing such dividend and interest. Aggrieved by the said order, the Plaintiff has filed an appeal MFA No.6118/2008 before High Court of Karnataka, Bangalore, to set aside order dated April 08, 2008 and grant order of temporary injunction to protect estate of Late ShriKuppuSwamy till disposal of suit. The matter is currently pending before the Court.
- (ix) **AREVA T&D India Limited** has filed a Writ Petition (**W.P. No. 12358 of 2009**) before the Madras High Court against the Union of India, the Assistant Commissioner of Income Tax, Chennai, the Central Board of Direct Taxes, New Delhi and our Company. AREVA T&D India Limited has challenged the constitutionality of explanation (b) of sub-Section (3) to Section 54 EC of the Income Tax Act, 1961 and the proviso thereto introduced by the Finance Act of 2007, and sought directions that our Company make available bonds to it for subscription to the extent of ₹10.18 crores. On September 1, 2009, the High Court passed interim order. AREVA T&D India Limited challenged the interim order by filing Writ Appeals (W.A. Nos. 1327 and 1328 of 2009) before the Madras High Court. REC has been made a Proforma Respondent in this case. Counter reply has been filed by REC. The matter is currently pending before the Court.
- (x) **K. Vasanti Ben, Raman Bhai Master and sister of the deceased Ashok BhaiRamanlal Master** has filed **case no. 12/2010** before Add. Senior Civil Judge Bharuch (Gujarat) against Harsad Raman lal Master and 6 others for getting Succession certificates stating that they are the real sisters of the deceased as the deceased was unmarried and the parents of the deceased expired before his death. Among the moveable properties for which succession certificate has been prayed from the Court includes REC Bonds. REC has been made Proforma

- Respondent. Reply has been filed by REC and all necessary documents have been filed in the Court on September 28, 2011. The matter is currently pending before the Court.
- (xi) **Shri T. Surya Raju, Ex-UDC, PO, Hyderabad** has filed W.P.No.21481/2011 before Andhra Pradesh High Court at Hyderabad challenging the termination orders in unauthorised absence from the duties and subsequent disciplinary action on account of Misconduct in respect Sh. Raju, of REC dated March 31, 2008 praying to issue an order or direction for setting aside the orders as illegal, arbitrary, denial of reasonable opportunity and further directions to REC to reinstate the Petitioner in service with all consequential benefits and suspension of impugned order dated March 31, 2008. Reply of the Writ Petition has been filed and the matter is currently pending before the Court.
- (xii) **Mr. Tanmay Gupta**, a subscriber of our capital gains bonds, has filed a complaint (**Complaint No. 113 of 2006**) against our Company before the District Consumer Disputes Redressal Forum, Chennai (South), under Section 12 of the Consumer Protection Act, 1986 claiming deficiency in our services for not crediting the redemption amount of ₹0.03 crore as principal and interest in relation to bonds on the date of maturity and has sought a compensation of ₹0.02 crores as damages for the financial loss suffered due to the delay in payment. Next date of hearing has not been fixed by the Court.
- (xiii) **Mr. Y. S. Sastry** had initially applied for 500 bonds and later requested in writing for allotment of 150 bonds and refund amount of ₹0.35 crores for 350 bonds. The complainant later communicated over phone and requested not to refund ₹0.35 crores and consider full allotment of bonds. M/s RCMC replied that since allotment/refund is over, no change/request can be considered at this stage and accordingly ₹0.35 crores was refunded. Aggrieved by the same, the complaint has been filed Complaint No.151 of 2009 against REC and others before District Consumer Dispute Redressal Forum, Chennai and claimed ₹49, 048 towards interest on ₹0.35 crores and further interest on the said interest, ₹ 20,000 towards mental agony and hardship and suffering and ₹ 10,000 towards deficiency in service. Reply has been filed by REC. The matter is currently pending before the Consumer District Dispute Redressal Forum.
- (xiv) **Mr. Nafe Singh and Mr. Ranveer Singh, have** filed a Writ Petition (**C.W.P. No. 799 of 2007**) against the Union of India, CBDT, our Company and others before the Rajasthan High Court at Jaipur. They have challenged the validity of the conditions stipulated in a notification dated December 22, 2006 issued by the CBDT that imposed a cap of ₹0.50 crores on individual investments in relation to bonds allotted by our Company during the period from December 26, 2006 to March 31, 2007 for the purpose of exemption from capital gains tax under Section 54 EC of the IT Act. They have prayed that the Court issue directions to our Company to issue direction to our Company to issue the requisite bonds as per their application. The matter is currently pending before the Court.
- (xv) **Ram Mohan and Sons (HUF)** has filed a Writ Petition (**C.W.P. No. 6489 of 2007**) against the Union of India, CBDT, our Company and others before the Delhi High Court challenging the validity of the conditions stipulated in a notification dated December 22, 2006 issued by the CBDT imposing a cap of ₹0.50 crores on individual investments in relation to bonds and the legality and validity of clause (b) of Section 54 (EC) Income Tax Act. Reply on behalf of REC has been filed. The matter was fixed for hearing on April 27, 2010 wherein the Court has directed Union of India & Commissioner of Income Tax to file their replies. Union of India has filed its reply. The matter is currently pending before the Court.
- (xvi) **Mr. M. Saravana Kumar** filed a suit (**No. 751/2007**) against our Company and others before the Court of District Judge, Coimbatore for partition of family property including 80 bonds of ₹10,000 each allotted by our Company to Mr. Saravana Kumar's family. He has sought an injunction to restrain the Respondents from alienating and encumbering the properties and assets until final disposal of the suit and also to divide the property into three equal shares. The Court has granted interim stay order not to disburse the amount of deposit/investment set out in Petition. Written Statements have been filed. The matter is currently pending before the Court.
- (xvii) **Mr. Devassy Mundatt** and others filed a writ Petition (W.P. No. 17822 of 2007) against the Kerala State Electricity Board and others before the Kerala High Court challenging an estimate report prepared by the Assistant Engineer, Kozikode, for electrification of the area surrounding the Urumi hydroelectric project to electrify 146 beneficiaries on grounds of non-consultation with the „GramaSabha“ while deciding the list of beneficiaries. Kerala State Electricity Board also filed a Writ Petition before the Kerala High Court challenging an order passed by the LokAyuktha fixing the time limit for implementation of the project. The Court after hearing the parties directed the Kerala State Electricity Board to cancel the contract awarded for giving 146 electrical connections. Further, the Court also disposed off the Writ Petitions. Aggrieved by the order of the Court, one of the Respondents, Simon Thonakkara has filed a writ appeal (**No. 2023 of 2007**) before the Kerala

- High Court to set aside the said order. Directed Kerala State Electricity Board to complete the project at the earliest. REC has been impleaded as a Proforma Respondent. The matter is currently pending before the Court.
- (xviii) **West Bengal State Electrical Contractors** has filed a Writ Petition (**WP No.18624 (W) of 2008**) before the Calcutta High Court against the West Bengal State Electricity Distribution Company Limited, our Company and others, seeking directions to act in accordance with the National Electricity Policy, 1972, and to recall or set aside tender notice and formulate a policy so that West Bengal State Electrical Contractors and others can take part and compete in all tenders in respect of rural electrification and other related works. West Bengal State Electrical Contractors has alleged that it was wrongfully not allotted 25% work of the tender value, which it had sought for, under the RGGVY, from the Director, West Bengal State Electricity Distribution Company Limited. REC has filed the reply. The matter is currently pending before the Court.
- (xix) **Mr. K. Rajaiah** has filed an administration suit (**O.S. No.25413 of 2008**) against M/s RCMC Share Registry (Private) Limited, our Company and others before Court of City Civil Judge, Bangalore relating to estate of ShriKuppuSwamy, which includes REC Bonds. Mr. Rajaiah has filed this suit seeking grant of administration of the entire estate of Late Mr. KuppuSwamy in his favour and for an enquiry to be made in relation to the amounts taken by our Company and M/s RCMC Share Registry (Private) Limited. The matter is currently pending before the Court.
- (xx) **Shri S.K. Sharma** has filed a complaint (**Case No.190/2010**) before Consumer Dispute Redressal Forum-II, C-22/23, UdyogSadan, Qutab Institutional Area, New Delhi, regarding denial of reimbursement of Medical Bills on the pretext of exceeding the ceiling of reimbursement limit during 2009-10. It is alleged that as per Revision Petition No. 570 of 2002 **Jagdish Kumar Bajpai Vs. Union of India** the Hon'ble Commission has ruled that the retired employee is a consumer as defined in Section 2(1) (d) (ii) of Consumer Protection Act, for providing medical facilities to him. An application has been filed before Hon'ble Court for grant of relief in terms of the decision in the said case. Reply has been filed including affidavit of evidence. The matter is pending before the Court.
- (xxi) **Smt. PoojaDhamani** has filed a civil suit against Smt. ShamaDhamani titled as civil suit no. 12/2010 before District and Session Judge, Dehradun (UP). Court has passed orders restraining REC from encashing the bonds as there is a family dispute. Reply has been filed in the Court. The matter is currently pending before the Court.
- (xxii) A complaint has been filed by **R.C. Chugh Highway Consultants Pvt. Ltd.** against **REC Ltd. (Complaint No.3654/2010)** before Consumer Disputes Redressal Forum at Indore, that their bonds matured on March 31, 2010 have not been en-cashed by REC. As per REC, bonds have not been en-cashed as the signature of the signatory has not been attested by Bank. Further verified copy of Board resolution in respect of change of authorised signatory has also not been submitted. Reply on behalf of the Corporation duly signed has been filed in the Court. Next date of hearing is not fixed.
- (xxiii) **Mr. Bijendra Kumar Jain** filed a consumer complaint ( **No. 295 of 2008**) before the District Consumer Disputes Redressal Forum, Meerut alleging that he had invested ₹0.03 crores in our Company's „54EC Capital Gains Tax Exemption Bonds“ but did not receive the interest thereon, in time. He has claimed ₹0.01 crores on account of outstanding interest. Reply has been filed by REC. Next date of hearing is 13/03/2014.
- (xxiv) **WBSECA and others** have filed a Writ Petition (**W.P. No. 30748(W) of 2008**) against West Bengal State Electrical Distribution Company Limited, our Company and others. The Petition has been filed seeking directions to act in accordance with the National Electricity Policy, 1972, and to recall or set aside tender notice and formulate a policy so that WBSECA and others can take part and compete in all tenders in respect of rural electrification and other related works. REC has been made Proforma Respondent. Next date of hearing is yet to be fixed.
- (xxv) Special Leave Petition has been filed by us before the Supreme Court of India, titled as **REC Ltd. vs. Sh. Ravi Sawlani, SLP Number 23944/2011** challenging the order dated May 27, 2011 of High Court of Delhi wherein a compensation of ₹7.50 lacs has been granted to Shri Ravi Sawlani against his termination order. The Supreme Court after hearing the parties issued notice and stayed the operation of the said order of High Court Delhi. The matter is pending before the Hon'ble Supreme Court.
- (xxvi) REC has filed CM (Main) No. 923/2013 REC VS IP Pathak, before Honourable High Court New Delhi challenging the order dated 07.08.2013 of Additional District Judge, Saket New Delhi dismissing the application under section 8 of Arbitration & Consultation Act 1996 of REC. The Honourable High Court after hearing the petition have stayed the order dated 07.08.2013 by the Additional District Judge, Saket New Delhi and has fixed 22.11.2013 for further hearing.

## Arbitration Matters

There are three arbitration matters, wherein claims aggregating to approximately ₹ 5.24 crores have been filed against us. The details of which are as follows:

- (i) **Capital Building and Furnishing Company** has filed a claim of ₹ 1.78 crores along with interest against our Company on account of recovery of monies due from us in relation to certain interior decoration work done by them in our corporate office. The claimant has contended that we failed to make timely payment of their final bill of ₹ 1.04 crores and also claimed 00.20 crores and have claimed ₹ 1.78 crores along with interest, as compensation for losses suffered on account of outstanding dues, price escalation, loss of labour and reputation. Arbitral Tribunal has pronounced the Award on April 12, 2012. The Award was challenged u/s 28 & 34 of Arbitration & Conciliation Act, 1996 before High Court Delhi. The Hon'ble High Court Delhi after hearing the parties has upheld the award. The Judgment of single Judge was challenged before the Division Bench. The Division bench after hearing the parties has stayed the operation of the Arbitration Award. The matter is kept as regular item.
- (ii) **Design Consultants** have filed the claim of ₹ 1.51 crores against REC regarding partition work of PalikaBhawan before the sole Arbitrator appointed by REC. REC has filed the rejoinder and counter claim of ₹ 1.24 Crores. Arguments of the claimant and respondent are concluded and matter is fixed by Arbitrator for clarification.
- (iii) **M/s Concept Communication Pvt. Ltd. has filed a claim against us amounting to ₹ 1.95 crores with interest @ 24% p.a.** before the Hon'ble sole Arbitrator appointed by REC on September 24, 2010 on account of disputes and differences that arose with respect to IPO publication. REC has filed reply to the claim. Evidence of the claimant have been concluded and evidence of REC is to commence. Next date of hearing is 03/02/2014.

## Debt Recovery Matters

- (i) Our Company has filed a suit against **Classic Global Securities Limited** ("CGSL") and others (O.A no. 344 of 1999) before the DRT seeking repayment of an outstanding loan amount of ₹ 3.65 crores along with interest and costs out of the total sanctioned term loan of ₹ 5.25 crores. The matter is pending before the Recover Officer.
- (ii) Our Company has filed a suit against **Madhya Pradesh State Electricity Board**, State of Madhya Pradesh and others (O.A no. 344 of 1999) before the DRT seeking repayment of an outstanding loan of ₹ 12, 38.93 crores along with interests and costs, which had been sanctioned by our Company to Madhya Pradesh State Electricity Board. Due to revision of allocation of assets and liabilities between Madhya Pradesh State Electricity Board and **Chhattisgarh State Electricity Boards** some additional amount has also become due from Madhya Pradesh State Electricity Board. The matter has not been listed for hearing due to pending petition of Madhya Pradesh State Electricity Board in the Supreme Court.
- (iii) Our Company has filed a suit against **Uttar Pradesh Power Corporation Limited** and others, (O.A. no. 69 of 2001) before the DRT seeking recovery of ₹ 7, 87.05 crores in relation to certain term loans sanctioned by our Company to Uttar Pradesh Power Corporation Limited. Compromise was entered into between REC and UPPCL. After inclusion of Government of Uttrakhand and Uttranchal Power Corporation Limited, a joint application on behalf of our Company, Uttar Pradesh Power Corporation Limited, Uttrakhand and Uttranchal Power Corporation Limited has been filed before the DRT for obtaining a compromise decree. The matter is pending before the recovery officer.
- (iv) Our Company has filed a suit against **Silicon Valley Infotech Limited** and others, (O.A. No. 343 of 1999) before the DRT seeking repayment of outstanding loan amount of ₹ 3.69 crores along with interest and costs out of a total sanctioned term loan of ₹ 5.25 crores. Recovery certificate has been issued and matter is being proceeded before Recovery Officer for recovery against assets mortgaged to REC.
- (v) Our Company has filed a suit against **Lynx India Limited and others** (O.A. No. 44 of 2001) before the DRT seeking repayment of outstanding loan amount of ₹ 2.46 crores along with the interest and costs, out of sanctioned term loan of ₹ 5.25 crores which had been sanctioned by our Company to Lynx India Limited. Winding up proceedings of the Company are pending before High Court of Kolkata and recovery proceedings are pending before DRT officer, Delhi.
- (vi) Our Company has filed a suit against **ATN Arihant International Limited** and others (O.A. No. 342 of 1999)

before the DRT seeking repayment of outstanding loan amount of ₹ 11.27 crores along with the interest and costs. Recovery certificate has been issued and the matter is pending before the Recovery Officer for recovery against the assets mortgaged to REC.

### Miscellaneous proceedings

- (i) Lynx India Limited and others, against whom our Company has filed recovery proceedings before the DRT, have defaulted in payment of hire charges to a certain party, Magma Leasing Limited, for certain equipment leased from them. Accordingly, Magma Leasing Limited have filed an application (A.P. no. 53 of 2000) before the Calcutta High Court under Section 9 of the Arbitration and Conciliation Act, 1996 for grant of an interim order for attachment of the assets of Lynx India Limited and bank account with Bank of Madura Limited. The High Court granted a limited order of injunction to interim relief, in favor Magma Leasing Limited from operating the bank account with the Bank of Madura Limited. Aggrieved by the order of the High Court, our Company has filed an appeal (G.A. No. 4155 of 2000) before the High Court. The High Court dismissed the appeal of our Company. Aggrieved by the said order, our Company has filed a Special Leave Petition (SLP no. 322 of 2001) before the Supreme Court of India challenging the order passed by the Calcutta High Court. The Supreme Court of India disposed off the matter with directions to approach Official Liquidator in Kolkatta. Application has been filed with Official Liquidator in Kolkata with a copy to ICICI Bank for not allowing Magma Leasing Limited from encashing of the amount.
- (ii) The State of Madhya Pradesh has filed a suit (O.S. No. 6 of 2004) against Union of India and others before the Supreme Court challenging a notification of the central government which allocated liabilities between Madhya Pradesh and Chhattisgarh. Our Company had granted long-term loans to Madhya Pradesh State Electricity Board. But, pursuant to the Madhya Pradesh Reorganization Act, 2000, the State of Madhya Pradesh was split into the states of Madhya Pradesh and Chhattisgarh. Thereafter, our Company entered into a settlement agreement with Chhattisgarh which allocated a portion of the liabilities outstanding under our existing loans to the Madhya Pradesh State Electricity Board and the rest to Chhattisgarh State Electricity Board in a manner that all the concerned parties believed was consistent with the Reorganization Act. In accordance with the provisions of the settlement agreement, our Company received payment of full amount due from the Chhattisgarh State Electricity Board. The Government of Madhya Pradesh has challenged this subsequent allocation of liabilities vide the notification. The matter is pending before Hon'ble Supreme Court.
- (iii) Indian council of Investors has filed a writ petition bearing no. 439 of 2013 before Bombay High Court against REC, IFCI, IIFCL etc. stating that the said entities are issuing Bonds to the public in garb of private placement. REC has filed the reply in the matter denying the allegations of the petitioner. Reply has been filed by REC before High Court Bombay. The matter is currently pending before High Court of Bombay

### II. Proceedings initiated against our Company for economic offences.

There are no proceedings initiated against our Company for any economic offences.

### III. Details of past penalties imposed on our Company by the authorities concerned.

Except as stated in this section, there are no past penalties imposed on our Company by the authorities concerned.

### IV. Potential Litigation against our Company

Except as stated in this section, there are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice.

### V. Adverse findings against our Company as regards compliance with the securities laws

There are no adverse findings against our Company as regards compliance with the securities laws.

### VI. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above ₹ 0.01 crores to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

### VII. Outstanding Litigation against other companies whose outcome could have an adverse effect on our Company

Except as disclosed in this section, there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against any company whose outcome could have a material adverse effect on the position of our Company.

### VIII. Litigation involving our Subsidiary

Apart from below mention case there is no pending litigation against our Subsidiaries, which may have material adverse effect.

- i) In respect of “Transmission System associated with IPPs of Vemagiri are : Package – A” awarded by RECTPCL to M/s Power Grid Corporation of India Ltd., a petition no 156/MP/2012 was filed by M/s Spectrum Power Generation Limited, Hyderabad (SPGL) in Central Electricity Regulatory Commission Praying to terminate the Bulk Power in Central Electricity Regulatory Commission praying to terminate the Bulk Power Transmission Agreement (BPTA), Long Term Access Agreement dated December 24, 2010 signed with Power Grid Corporation of India Limited (PGCIL) and Transmission Service Agreement (TSA) dated December 15, 2011 signed with project – specific SPV – Vemagiri Transmission System Limited (the erstwhile wholly owned subsidiary of RECTPCL which was subsequently acquired by PGCIL on April 18, 2012 ) for the subject project. SPGL has made PGCIL, vamagiri Transmission System Limited and RECTPCL as Respondent to this petition. Also, M/s PGCIL has filed a petition no. 127/MP/2012 for termination of the TSA since associated generation projects will not come up due to non- availability of gas. The hearing on above mentioned petitions is presently scheduled on August 27, 2013.

### IX. Litigation involving our Directors

There is no pending litigation against our Directors.

### MATERIAL DEVELOPMENTS (Post December 31, 2013)

#### 1. Bonds issued by our Company

S. No.	Nature of the Bond's	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding (₹ Crores)	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
1.	Secured non-convertible redeemable „taxable non-priority sector bonds“ („118 Series“) in the nature of debentures	January 3, 2014	1655.00	1655.00	9.61 payable annually	5 years	Redeemable at par at the end of 5 years from the date of allotment.	“CRISIL AAA/Stable” by CRISIL Ltd. “IND AAA” by IRRPL “CARE AAA (Triple A)” by CARE Ltd. “[ICRA]AAA” by ICRA Ltd.	Secured	First pari-passu charge on the book debts of the issuer both present & future which are charged to other lender/trustee
2.	Secured non-convertible redeemable „taxable non-priority sector bonds“ („119 Series“) in the nature of debentures	February 5, 2014	2090.00	2090.00	9.63 payable annually	5 years	Redeemable at par at the end of 5 years from the date of allotment.	“CRISIL AAA/Stable” by CRISIL Ltd. “IND AAA” by IRRPL “CARE AAA (Triple A)” by CARE Ltd. “[ICRA]AAA” by ICRA Ltd.	Secured	



## IX. SUMMARY TERM SHEET FOR BOND SERIES 120

Security Name	9.67% Rural Electrification Corporation Limited 2017
Issuer	Rural Electrification Corporation Limited
Type of Instrument	3 year Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures (“Bonds”). Bullet Redemption (At the end of 3rd Year).
Seniority	Secured Bond Series
Nature and status of Instrument	Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures (“Bonds”)
Mode of Issue	Private placement
Eligible Investors	<ul style="list-style-type: none"> <li>• Commercial Banks, Co-operative Banks, Urban Cooperative Bank and Regional Rural Bank</li> <li>• Financial Institutions</li> <li>• Companies, including NBFCs and RNBFCs, Body Corporate registered under the applicable laws in India and authorized to invest in bonds</li> <li>• Insurance Companies</li> <li>• Mutual Funds</li> <li>• Provident/ Superannuation/ Gratuity / Pension Funds and other Trusts authorized to invest in Bonds</li> </ul> <p>However, out of the aforesaid class of investors eligible to invest, this Information Memorandum is intended solely for the use of the person to whom it has been sent by REC for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Information Memorandum from REC).</p>
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	<p>The Bonds are proposed to be listed on WDM segment of the National Stock Exchange and / or Bombay Stock Exchange within 15 days from the date of allotment of debt securities. The in-principle approvals for listing of the Bonds have been obtained by the Company from NSE and BSE vide their letter no. NSE/LIST/231622-M dated February 27, 2014 and DCS/COMP/SP/IP-PPDI/346/13-14 dated February 25, 2014 respectively.</p> <p>In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investors.</p>
Rating of the Instrument	<p>“CRISIL AAA/Stable” by CRISIL Ltd.</p> <p>“IND AAA” by India Ratings &amp; Research Private Limited.</p> <p>“CARE AAA (Triple A)” by CARE Ltd.</p> <p>“ [ICRA]AAA” by ICRA Ltd.</p>
Issue Size	INR 500 crores plus green shoe option
Option to retain oversubscription (Amount )	Green Shoe Option
Objects of the Issue	To augment long-term resources of the Company for the purpose of carrying out its functions authorised under the object clause of the Memorandum of Association of REC.
Details of the utilization of the Proceeds	The funds raised through this private placement are not meant for any specific project as such and therefore the proceeds of this Issue shall be utilized for the regular business activities of REC. Therefore, the management shall ensure that the

	funds raised via this private placement shall be utilized only towards satisfactory fulfilment of the Objects of the Issue.
Coupon Rate	9.67% p.a.
Step Up/Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	1st Interest payment on 10th March 2015, thereafter, every year on 10th March
Coupon Type	Fixed
Coupon Reset	None
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	@9.67% p.a. (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment. The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by REC within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) along with the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant. *
Default Interest Rate	2% p.a. over the coupon rate will be payable by the Company for the defaulting period in case of default in payment of interest/redemption amount.
Tenor	36 months from the Deemed Date of Allotment
Redemption Date	10th March 2017
Redemption Amount	At par (INR10 lakh per Bond) at the end of 3 Years from the Deemed Date of Allotment.
Redemption Premium /Discount	NIL
Issue Price	At par (INR10 lakh per Bond)
Discount at which security is issued and the effective yield as a result of such discount.	Since there is no discount or premium on either issue price or redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the Bonds at the time of issue.
Put option Date	N/A
Put option Price	N/A
Call Option Date	N/A
Call Option Price	N/A
Put Notification Time	N/A
Call Notification Time	N/A
Face Value	10 lakh per Bond
Minimum Application and in multiples of Debt securities thereafter	Application must be for a minimum size of INR 10 Crores (100 bonds) and in multiple of INR 1 Crore (10 bond) thereafter.

Issue Timing 1. Issue Opening Date* 2. Issue Closing Date * 3. Pay-in Date * 4. Deemed Date of Allotment *	Issue Opening: 05.03.2014 Issue Closing: 05.03.2014 Pay-in Date: 05.03.14 – 05.03.14 Deemed Date of Allotment: 10.03.2014
No. of Applications	The application form will be restricted to 49 investors.
Issuance mode of the Instrument	In Dematerialised mode
Trading mode of the Instrument	In Dematerialised mode
Settlement mode of the Instrument	The Bonds held in the Dematerialised Form shall be taken as discharged on payment of the redemption amount by REC on maturity to the registered Bondholders whose names appear in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders.
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Business Day Convention	If any interest payment date falls on a day which is not a Business Day („Business Day“ being a day on which Commercial Banks are open for Business in the city of New Delhi), then payment of interest will be made on the next day that is a business day but without liability for making payment of interest for the intervening period.  If redemption date falls on a day which is not a Business Day („Business Day“ being a day on which Commercial Banks are open for Business in the city of New Delhi), then maturity amount on the redemption date will be made on the previous day i.e. a business day.
Record Date	15 days prior to each Coupon Payment / Redemption date.
Security	The Bonds has been secured by way of first pari passu charge on 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 Debenture/Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of bonds outstanding at all times.  The Issuer undertakes that it has obtained requisite permission/ consent from the earlier creditor(s)/trustees to create pari passu charge and execute the necessary documents for creation of the charge, including the Bond Trust cum Hypothecation Deed, within time frame prescribed in the relevant regulations/ act/ rules etc and submit with NSE/BSE within five working days of execution of the same for uploading on its website. The creation of such security shall be sufficient compliance of the Issuer’s obligation to create security.
Transaction Documents	Bond Trustee Agreement and any other document designated by the Bond Trustee.
Additional Covenants	Security Creation: The Issuer has obtained permission/ consents from the existing creditor(s) to create pari passu charge including for the execution of Bond Trust Cum Hypothecation Deed in compliance with the relevant regulations/ act/ rules etc. and has submitted with the Stock Exchanges for uploading on its website. In case of delay in execution of Bond Trust cum Hypothecation Deed, the Company will refund the subscription with penal/additional interest of 2% p.a. over the coupon rate till the execution of the Bond Trust cum Hypothecation Deed.  Listing: The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment.

Events of Default	As specified the Bond Trust cum Hypothecation Deed
Cross Default	Not Applicable
Trustee	IDBI Trusteeship Services Limited
Registrars	RCMC Share Registry Pvt. Ltd.
Role and Responsibilities of Debenture Trustee	The Trustees shall protect the interest of the Bondholders in the event of default by REC in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of REC. No Bondholder shall be entitled to proceed directly against REC unless the Trustees, having become so bound to proceed, fail to do so.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of courts of New Delhi

*\* The Issuer reserves its sole and absolute right to modify (pre-poned/ postpone) the above issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.*

#### Illustration of Bond Cash Flows in respect of Series 120

<b>Company</b>	Rural Electrification Corporation Limited
<b>Face Value (per security)</b>	10,00,000.00
<b>Issue Date/Date of Allotment</b>	10.03.2014
<b>Redemption</b>	10.03.2017
<b>Coupon Rate</b>	9.67%
<b>Frequency of the Interest Payment with specified dates</b>	First Interest on 10.03.2015 and subsequently on March 10 every year till maturity
<b>Day Count Convention</b>	Actual / Actual

Cash Flows	Date	No. of Days in Coupon Period	Amount in Rupees
1st Coupon	Tuesday 10.03.2015	365	1063700000/-
2nd Coupon	Thursday 10.03.2016	366	1063700000/-
3rd Coupon	Friday 10.03.2017	365	1063700000/-
Principal	Friday 10.03.2017		11000000000/-
<b>TOTAL</b>			<b>14191100000/-</b>

**X. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTORS)**

**PRIVATE PLACEMENT OF SECURED REDEEMABLE NON-CONVERTIBLE NON-CUMULATIVE TAXABLE BONDS IN THE NATURE OF DEBENTURES OF INR10 LAKH EACH AGGREGATING TO INR 500 CRORE PLUS GREEN SHOE OPTION TO RETAIN OVER-SUBSCRIPTION**

**Eligibility of REC to come out with the Issue**

REC, its Directors and authorised Officers have not been prohibited from accessing the debt market under any order or directions passed by SEBI/any other Government authority.

**Issue Size**

Rural Electrification Corporation Ltd. proposes to raise INR 500 crore plus Green Shoe Option to retain Over-Subscription through issue of secured, redeemable, non-convertible, non-cumulative, taxable Bonds in the nature of Debentures (“**Bonds**”) of the face value of INR10 Lakh each by way of private placement (“**the Issue**”).

**Registration and Government Approvals**

This present issue of Bonds is being made in accordance with extant guidelines for floatation of PSU Bonds as amended from time to time. The Corporation can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by the Corporation to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

**Authority for the Placement**

The Issue is made pursuant to Article 84(21), 84 - A, 84 - B of the Articles of Association of Rural Electrification Corporation Limited and has been authorized by the Board of Directors of REC by the resolutions passed at its 394th meeting held on March 18<sup>th</sup>, 2013 & 396th meeting held on July 04<sup>th</sup>, 2013. The proposed issue of Bonds is within the overall borrowing limit approved in the Annual General Meeting of the shareholders of the Corporation held on September 20<sup>th</sup>, 2012.

REC can issue the Bonds proposed by it in view of the present approvals and no further approvals in general from any Government Authority are required by REC to undertake the proposed activity.

**Objects of the Issue**

The Main Object Clause of REC as contained in the Memorandum of Association and Articles of Association of REC enables REC to undertake the activities for which the funds are being raised under the present issue. Also, the Main Objects of REC as contained therein, adequately covers its existing and proposed activities. The funds raised by way of the Issue will be utilized for various operations of REC.

**Utilisation of Issue Proceeds**

The funds raised through this private placement are not meant for any specific project as such and therefore the proceeds of this Issue shall be utilized for the regular business activities of REC which is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. Therefore, the management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfilment of the Objects of the Issue. REC further confirms that the proceeds of the current issue of Bonds shall not be used for providing loan to or acquisition of shares of any person who is part of the same

group or who is under the same management.

### Minimum Subscription

As the current issue of Bonds is being made on private placement basis, the requirement of minimum subscription shall not be applicable and Therefore REC shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size

### Nature of Bonds

Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds. These Bonds shall be fully paid-up.

### Put & Call Option

Neither the Bondholder(s) shall have any right to exercise Put option nor shall the Company have right to exercise Call Option.

### Maximum Investors for the Issue

In view of RBI notification No.DNBD(PD) CC No. 330 /03.10.001/2012-13 dated June 27, 2013 and subsequent clarificatory notification No. DNBS(PD) CC No.349/03.10.001/2013-14 dated July 02, 2013, this issuance shall be restricted to not more than 49 investors, identified upfront by REC.

### Face Value, Issue Price, Effective Yield for Investor

Each Bond has a face value of INR10 Lakh each and is issued at par. The Bonds shall be redeemable at par i.e. for INR10 Lakh per Bond. Since there is no discount or premium on either issue price or redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the Bonds.

### Security

The Bonds has been secured by way of first pari-passu charge on 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 Debenture/Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of Bonds outstanding at all times

The Issuer has obtained requisite permission/ consent from the earlier creditor(s)/trustees to create pari passu charge and execute the necessary documents for creation of the charge, including the Bond Trust cum Hypothecation Deed, within time frame prescribed in the relevant regulations/ act/ rules etc and submit with NSE/BSE within five working days of execution of the same for uploading on its website. The creation of such security shall be sufficient compliance of the Issuer's obligation to create security.

As per the RBI circular dated July 02, 2013 in case the security is not created at the time of the Issue of the Bonds or the security created is not sufficient then the amount collected shall be placed in a escrow account until the full security is created for the Bonds.

### Terms of Payment

The full Issue price of the Bonds applied for is to be paid along with the Application Form. Investor(s) need to send in the Application Form and the cheque(s)/ demand draft(s)/ RTGS for the full face value of the Bonds applied for.

Issue Price of the Bond	Minimum Application for	Amount Payable on Application per Bond
INR10 Lakh	100 Bond and in multiples of 10 Bond thereafter	Full Issue Price i.e. INR10 Lakh

### Deemed Date of Allotment

Interest on Bonds shall accrue to the Bondholder(s) from and including i.e. 10<sup>th</sup> March, 2014 which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. REC reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case, if the issue closing date is changed (i.e. pre-pond/ postponed), the Deemed Date of Allotment may also be changed (pre-pond/ postponed) by REC at its sole and absolute discretion.

### Letter(s) of Allotment/ Bond Certificate(s)/ Refund Order(s) Issue of Letter(s) of Allotment

The beneficiary account of the investor(s) with National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL)/ Depository Participant will be given initial CREDIT within 15 days from the Deemed Date of Allotment. The initial CREDIT in the account will be akin to the Letter of Allotment. On completion of the all-statutory formalities, such CREDIT in the account will be akin to a Bond Certificate.

### Bonds to be issued in demat format only

The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in DEMAT form only. However, if any Bondholder wants to convert bonds into physical form he/she make appropriate application to the Depositories as per relevant rules and regulations of concerned Depository.

### Depository Arrangements

REC has entered into depository arrangements with NSDL and CDSL. The securities shall be issued in dematerialized form as per the provisions of Depositories Act, as amended from time to time.

REC has signed two tripartite agreements in this connection viz.

1. Tripartite Agreement dated August 01, 2003 between REC, National Securities Depository Limited (NSDL) and the Registrar i.e., RCMC Share Registry Pvt. Ltd.
2. Tripartite Agreement dated August 10, 2004 between REC, Central Depository Services Limited (CDSL) and the Registrar RCMC Share Registry Pvt. Ltd.

The Bonds will be issued in dematerialised form and the same shall be in accordance with the provisions of the SEBI Debt Regulations, Depositories Act, 1996 and the regulations made there under and are to be issued as per the terms and conditions stipulated under the Disclosure Document. The BOND Holder will have the right to convert the dematerialized Bonds into physical form as per the Applicable Law.

### Procedure for applying for Demat Facility

1. Investor(s) should have / open a beneficiary account with any Depository Participant of NSDL or CDSL.
2. For allotment of Bonds in dematerialized form, the beneficiary account number and depository participants ID shall be specified in the relevant columns of the Application Form.
3. If incomplete/incorrect beneficiary account details are given in the Application Form which do not match with the details in the Depository system, the Allotment of Bonds shall be held in abeyance till such time satisfactory Demat account details are provided by the investor.

4. The Bonds allotted to investor in dematerialized form would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice/refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the confirmation of the CREDIT of the Bonds to the investor's Depository Account will be provided to the investor by the investor's Depository Participant.
5. Interest or other benefits with respect to the Bonds held in dematerialized form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the depositories to REC as on the Record Date or to the Bondholders who have converted the demat securities to physical form and their names are registered as Bondholders on the registers maintained by Company/Registrar. In case, the beneficial owner is not identified by the Depository on the Record Date due to any reason whatsoever, REC shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the Depository and intimated to REC. On receiving such intimation, REC shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.
6. Investors may please note that the Bonds in dematerialised form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL.

### **Fictitious applications**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who—*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name.*

*shall be liable for action under section 447.”*

### **Market Lot**

The market lot for trading of Bonds will be one Bond (“**Market Lot**”).

### **Trading of Bonds**

The marketable lot for the purpose of trading of Bonds shall be ONE BOND. Trading of Bonds would be permitted in dematerialised mode only in standard denomination of INR10 Lakh and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nation-wide trading terminal or such other platform as may be specified by SEBI.

### **Mode of Transfer of Bonds**

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery



instructions containing details of the buyer's DP account to his Depository Participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with REC.

### **Interest on Application Money**

Interest at the coupon rates as per term sheet (subject to deduction of income tax under the provisions of the IT Act, or any other statutory modification or re-enactment thereof, as applicable) will be paid to all the applicants on the application money for the Bonds. Such interest shall be paid from the date of CREDIT of the proceeds to REC account up to the day prior to the Deemed Date of Allotment. Such interest would be paid on all the valid applications.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by REC within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) along with the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

### **Interest on the Bonds**

The Bonds shall carry interest at the coupon rates as per term sheet (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof for which a certificate will be issued by REC) on the outstanding principal amount of Bonds till final redemption. Interest will be paid annually on 10<sup>th</sup> March each year throughout the tenure of the Bonds till final redemption. The first interest payment from and including the Deemed Date of Allotment upto but excluding 10<sup>th</sup> March 2015 shall be made by REC on 10<sup>th</sup> March 2015. Interest on Bonds will cease from the date of final redemption in all events.

If any interest payment date falls on a day which is not a Business Day („Business Day“ being a day on which Commercial Banks are open for business in the city of New Delhi), then payment of interest will be made on the next day that is a Business Day but without liability for making payment of interest for the intervening period.

### **Computation of Interest**

The Bonds will carry interest rates as per the term sheet from the Deemed Date of Allotment. The interest will be paid from the Deemed Date of Allotment (subject to deduction of tax at source at the rates prevailing from time to time under the IT Act, or any other statutory modification or re-enactment thereof) as per term sheet. The Interest shall be computed on “Actual / Actual” day count basis.

### **Record Date**

Record date of interest shall be 15 days prior to each interest payment date and 15 days prior to the date of Maturity. Interest shall be paid to the person whose name appears as sole/first in the Register of Bondholders/beneficiaries position of the Depositories on Record Date or to the Bondholders who have converted the Bonds to physical form and their name is registered on the registers maintained by Company/Registrar. In the event of REC not receiving any notice of transfer at least 15 days before the respective due date of payment of interest and at least 15 days prior to the maturity date, the transferees for the Bond shall not have any claim against REC in respect of interest so paid to the registered Bondholder.

### **Deduction of Tax at Source**

Tax as applicable under the IT Act, or any other statutory modification or re-enactment thereof will be deducted at source. The investor(s) desirous of claiming exemption from deduction of income tax at source on the interest on Application money are required to submit the necessary certificate(s), in duplicate, along with the Application Form in terms of Income Tax rules.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as “Interest on Securities” as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, at the head office of REC, at least 45 days before the payment becoming due.

Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s). FII’s will be subject to withholding tax as applicable under section 195 of the Income Tax Act, 1961.

### **Redemption**

The face value of the Bonds will be redeemed at par, on the expiry of the tenor of the Bonds series as per details in the summary term sheet, from the Deemed Date of Allotment. The Bonds will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds shall be taken as discharged on payment of the redemption amount by REC on maturity to the registered Bondholders whose names appear in the Register of Bondholders on the Record Date/ or the beneficial owners as per the list provided by the Depositories. Such payment will be a legal discharge of the liability of the Company towards the Bondholders.

In case if the redemption date falls on a day which is not a Business Day (“Business Day being a day on which Commercial Banks are open for Business in the city of Delhi), then the payment due shall be made on the previous Business Day but without liability for making payment of interest for the intervening period.

### **Settlement/ Payment on Redemption**

Payment on redemption will be made by way of cheque(s)/ redemption warrants(s)/ demand draft(s)/ CREDIT through RTGS system in the name of the Bondholders whose name appear on the list of Beneficial Owners given by Depository to REC/or the Bondholders( who have converted the Bonds to physical form), whose names are registered on the register maintained by the REC/Registrar as on the Record Date. Book Closure Date.

The Bonds shall be taken as discharged on payment of the redemption amount by REC on maturity to the list of Bondholders as provided by NSDL/ CDSL/ Depository Participant. Such payment will be a legal discharge of the liability of REC towards the Bondholders. On such payment being made, REC shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted.

REC’s liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further REC will not be liable to pay any interest or compensation from the date of redemption. On REC dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of REC shall stand extinguished.

### **Right of Bondholder(s)**

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Company. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of Joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, 1956, the Articles of Association of REC, the terms of this issue of Bonds and the other terms and conditions as may be incorporated in the Bond Trustee Agreement and other documents that may be executed in respect of these Bonds.

### **Effect of Holidays**

Should any of dates defined above or elsewhere in the Disclosure Document, except the Deemed Date of allotment, fall on a Saturday, Sunday or a Public Holiday, the previous/next working day, as the case may be shall be considered as the effective date(s). In case any Interest Payment Date(s) fall on a holiday, interest will be paid on the next working day (i.e. a day on which scheduled commercial RECs are open for business in New Delhi). In case of date of redemption of bonds fall on a holiday, the previous working day shall be considered as date of maturity/redemption of bonds

### **List of Beneficial Owners**

REC shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount, as the case may be.

### **Succession**

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, REC will recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). REC shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. REC may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bonds by way of succession, the following steps have to be complied:

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b. Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

### **Who Can Apply**

The following categories are eligible to apply for this private placement of Bonds:

- Commercial Banks, Co-operative Banks, Urban Cooperative Bank and Regional Rural Bank
- Financial Institutions
- Companies, including NBFCs and RNBFCs, Body Corporate registered under the applicable laws in India and authorized to invest in bonds
- Insurance Companies
- Mutual Funds
- Provident/ Superannuation/ Gratuity / Pension Funds and other Trusts authorized to invest in Bonds

However, out of the aforesaid class of investors eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by REC for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be

reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Disclosure Document from REC)

The applications must be accompanied by certified true copies of (1) Memorandum and Articles of Association/ Constitution/ Bye-laws (2) Resolution authorizing investment and containing operating instructions (3) Specimen signatures of authorized signatories (4) Necessary forms for claiming exemption from deduction of tax at source on the interest income/ interest on application money, wherever applicable and (5) Documents relating to withholding tax applicability in case of FIIs, additionally.

### **Application under Power of Attorney or by Limited Companies**

In case of Applications made under a Power of Attorney or by a Limited Company or a Body Corporate or Registered Society or Mutual Fund, and scientific and/or industrial research organizations or Trusts etc, the relevant Power of Attorney or the relevant resolution or authority to make the Application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws as the case may be must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form and REC's branch where the Application has been submitted, at the office of the Registrars to the Issue after submission of the Application Form to REC's bankers to the Issue or any of their designated branches as mentioned on the reverse of the Application Form, failing which the applications are liable to be rejected. Such authority received by the Registrars to the Issue more than 10 days after closure of the subscription list may not be considered.

### **Mode of Subscription / How to Apply**

This being a Private Placement Offer, Investors have been addressed through this Communication directly, only are eligible to apply.

Copies of Disclosure Document and Application Form may be obtained from the registered office of REC. Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein.

Applications complete in all respects must be submitted before the last date indicated in the issue time table or such extended time as decided by REC, at any of the designated collection centres, accompanied by the subscription amount by way of cheque(s)/draft(s)/RTGS drawn on any bank including a co-operative bank which is situated at and is a member of the Bankers' clearing house located at a place where the Application Form is submitted. The Original Applications Forms (along with all necessary documents as detailed in the memorandum of information), pay-in slip and other necessary documents should be sent to corporate office through respective Arrangers at New Delhi on the same date.

Outstation cheque(s)/Bank draft(s) drawn on Bank(s) not participating in the clearing process at the designated clearing centres will not be accepted. Money orders/postal orders will also not be accepted. Investors in centres, which do not have any bank, including a Co-operative Bank, which is a member or sub member of the Banker's clearing house located at the above mentioned centres would be required to make payment only through Demand Draft payable at any one of the above mentioned centres. The Corporation assumes no responsibility for any applications/cheques/ DDs lost in mail. All cheques /drafts should be in favour of "Rural Electrification Corporation Ltd. – Bond Issue" and Crossed "Account Payee only". The entire amount of Rs. 10 Lakhs (Rupee Ten Lakhs only) per bond is payable on application.

Applications should be for the number of Bonds applied for, by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The applicant or in the case of an application in joint names, each of the Applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not

been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. In case neither the PAN nor the GIR Number has been Allotted, the Applicant shall mention “Applied for” and in case the applicant is not assessed to income tax, the applicant shall mention „Not Applicable” (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

Unless the Issuer Corporation specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque/ demand draft must accompany each Application Form. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

All Applicants are requested to tick the relevant column “Category of Investor” in the Application Form. Public/ Private/ Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring “approved security” status for making investments.

**For further instructions, please read General Instructions along with the Application Form carefully.**

### **Force Majeure**

REC reserves the right to withdraw the Issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. REC reserves the right to change the Issue schedule.

### **Acknowledgements**

No separate receipts will be issued for the application money. However, the bankers to the Issue receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the „Acknowledgement Slip” at the bottom of each Application Form.

### **Applications under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Corporation or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Corporation from time to time through a suitable communication.

### **Application by Mutual Funds**

In case of Applications by Mutual Funds, a separate Application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the Application has been made.

### **Right to Accept or Reject Applications**

REC reserves its full, unqualified and absolute right to accept or reject any Application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. The Application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the Application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of Bonds applied for is less than the minimum application size;

- b. Applications exceeding the issue size;
- c. REC account details not given;
- d. Details for issue of Bonds in electronic/ Dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
- e. In case of Applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

### **PAN/GIR Number**

All Applicants should mention their PAN or the GIR Number allotted under I T Act, and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

### **Signatures**

Signatures should be made in English or in any of the Indian languages. Thumb impressions must be attested by an authorized official of a REC or by a Magistrate/ Notary Public under his/her official seal.

### **Nomination Facility**

As per Section 109 A of the Companies Act, 1956, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

### **Bondholder not a Shareholder**

The Bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of REC, such resolution will first be placed before the Bondholders for their consideration.

### **Modification of Rights**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against REC where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to REC.

### **Future Borrowings**

REC shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as *pari-passu* basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as REC may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

### **Ranking of Bonds**

The Bonds would constitute direct obligation of our Company and shall rank *pari-passu* to the claims of the other secured creditors of the Company. The claims of the Bondholders shall in *pari-passu* to the claims of other secured creditors, subject to applicable laws.

## Bond/ Debenture Redemption Reserve

As per clarification issued by the Department of Company Affairs, Govt. of India vide No.11/02/2012-CL-V (A) circular no. 04/2013 dated February 11, 2013, DRR is not required to be created in the case of privately placed debentures issued by NBFC's registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997

## Notices

All notices required to be given by REC or by the Bond Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under "Payment of Interest" and "Payment on Redemption" shall be sent by registered post or by hand delivery to REC or to such persons at such address as may be notified by REC from time to time.

## Tax Benefits to the Bondholders of REC

The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

## Disputes & Governing Law

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the jurisdiction of courts of New Delhi.

## Investor Relations and Grievance Redressal

Arrangements have been made to redress investor grievances expeditiously as far as possible, REC endeavors to resolve the investors grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of bonds applied for, amount paid on application and Bank and Branch/REC collection centre where the Application was submitted, may be addressed to the Resource Mobilization Unit at the Head office. All investors are hereby informed that the Company has appointed a Compliance Officer who may be contracted in case of any problem related to this issue.

## COMPLIANCE OFFICER AND CHIEF FINANCIAL OFFICER

The investors can contact the Compliance Officer in case of any pre-issue/ post-issue related problems such as non-CREDIT of letter(s) of allotment/ bond certificate(s) in the Demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc.

<p><b>Compliance Officer:</b>            Mr. B. K. Johar            Deputy General Manager(Finance)            Rural Electrification Corporation Limited            Core-4, SCOPE Complex            7, Lodhi Road, New Delhi 110 003, India            Tel: +91 11 43091675            Facsimile: +91 11 24369849            E-mail: <a href="mailto:bkjohar@rediff.com">bkjohar@rediff.com</a></p>	<p><b>Chief Finance Officer:</b>            Mr. Ajeet Kumar Agarwal,            Director (Finance)            Rural Electrification Corporation Limited            Core-4, SCOPE Complex            7, Lodhi Road,            New Delhi 110 003, India            Tel: +91 11 24361914            Facsimile: +91 11 2436 5090            E-mail: <a href="mailto:ak.agarwal@recl.nic.in">ak.agarwal@recl.nic.in</a></p>
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## XI. CREDIT RATING & RATIONALE THEREOF

CRISIL Limited (“**CRISIL**”) vide its letter no. MS/FSR/REC/2013-14/1994 dated February 18, 2014 has assigned a credit rating of “AAA/Stable” (Pronounced “Triple A with Stable outlook”) to the long term borrowing programme of REC aggregating to Rs. 34500 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from CRISIL is enclosed elsewhere in this Draft Disclosure Document.

India Ratings & Research Private Limited (“**IRRPL**”) vide its letter dated February 18, 2014 has assigned a credit rating of “IND AAA” to the long term borrowing programme of REC aggregating to Rs. 37000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from IRRPL is enclosed elsewhere in this Draft Disclosure Document.

Credit Analysis & Research Limited (“**CARE**”) vide its letter dated February 18, 2014, has assigned a credit rating of “CARE AAA (Triple A)” to the long term borrowing programme of REC aggregating to Rs. 37000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from CARE is enclosed elsewhere in this Draft Disclosure Document.

ICRA Limited (“**ICRA**”) vide its letter no. D/RAT/2013-14/R7/12 dated February 18, 2014 has assigned a credit rating of “[ICRA]AAA” to the long term borrowing programme of REC aggregating to Rs. 37000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter from ICRA is enclosed elsewhere in this Draft Disclosure Document.

Other than the four CREDIT ratings mentioned hereinabove, REC has not sought any other CREDIT rating from any other CREDIT rating agency (ies) for the Bonds offered for subscription under the terms of this Draft Disclosure Document.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

### International Ratings

FITCH has assigned us an international long-term credit rating of “BBB-”. Fitch's international long-term credit rating of “BBB” in the investment grade (the scale being “AAA”, “AA”, “A” and “BBB”) signifies good credit quality and indicates that there are currently expectations of low default risk. The capacity for payment of financial commitments is considered adequate but adverse changes in business and economic conditions are more likely to impair this capacity. The modifiers “+” or “-” appended to a rating denote relative status within major rating categories.

Moody's Investors Service has assigned us an international issuer rating of “Baa3” with stable outlook. Moody's scales its ranking from “AAA” to “C”, with obligations rated “AAA” is considered to be of the highest quality with minimal risk and obligations rated “C” Judged to be highly speculative and likely to default. A Moody's international long-term rating of “Baa” signifies obligations that are subject to moderate credit risk. According to Moody's, such obligations are considered medium-grade and as such may possess certain speculative characteristics. The numerical modifiers of 1, 2 and 3 appended to each generic rating classification indicate the relative ranking within each generic rating category. Rating outlooks of “Positive”, “Stable” or “Negative” are also assigned to ratings by Moody's, indicating the direction in which a rating may move over a medium-term horizon. A stable rating outlook indicates no foreseeable change in the medium term.

The ratings of these rating agencies may be revised or withdrawn at anytime.



## XII. NAME OF BONDTRUSTEE

In accordance with the provisions of Section 117B of the Companies Act, 1956 (1 of 1956) and Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, REC has appointed **IDBI Trusteeship Services Ltd. (ITSL)** to act as Bond Trustee (“**Bond Trustee**”) for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:



### **IDBI Trusteeship Services Ltd.**

Registered Office,  
Asian Building, Ground Floor,  
17, R KamaniMarg,  
Mumbai – 400 001.  
Tel No.(022) 40807000.  
Fax No. 91-22-66311776.  
E-mail: itsl@idbitrustee.co.in

A copy of letter from IDBI Trusteeship Services Ltd. conveying their consent to act as Bond Trustee for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

REC hereby undertakes that the rights of the Bondholders will be protected as per the agreement/deed executed/to be executed between REC and the Bond Trustee. The Bond Trustee Agreement/Deed shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Bond Trustee Agreement/Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Bond Trustee or REC in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the SEBI Act; SEBI Debt Regulations and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or REC for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the holder(s) of the Bonds. Any payment made by REC to the Bond Trustee on behalf of the Bondholder(s) shall discharge REC *pro tanto* to the Bondholder(s). The Bond Trustee shall protect the interest of the Bondholders in the event of default by REC in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of REC. No Bondholder shall be entitled to proceed directly against REC unless the Bond Trustee, having become so bound to proceed, fail to do so. In the event of REC defaulting in payment of interest on Bonds or redemption thereof, any distribution of dividend by REC shall require approval of the Bond Trustee.

### XIII. STOCK EXCHANGE WHERE SECURITIES ARE PROPOSED TO BE LISTED

The Secured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures (“Bonds”) (120<sup>th</sup> Series) are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the NSE and / or BSE. The company has received the in-principle approval of NSE and BSE for listing of the bonds vide their letter no. NSE/LIST/231622-M dated February 27, 2014 and DCS/COMP/SP/IP-PPDI/346/13-14 dated February 25, 2014 respectively. REC shall make an application to the NSE and/or BSE to list the Bonds to be issued and allotted under this Disclosure Document and complete all the formalities relating to listing of the Bonds within stipulated time (as per applicable law) from the date of closure of the Issue. If such permission is not granted within stipulated time from the date of closure of the Issue or where such permission is refused before the expiry, REC shall forthwith repay without interest, all monies received from the Applicants in pursuance of the Disclosure Document, and if such money is not repaid within 8 days after REC becomes liable to repay it, then REC and every director of REC who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest.

In connection with listing of Bonds with NSE and/or BSE, REC hereby undertakes that:

- (a) It shall comply with conditions of listing of Bonds as may be specified in the Listing Agreement with NSE and/or BSE.
- (b) Ratings obtained by REC shall be periodically reviewed by the CREDIT rating agencies and any revision in the rating shall be promptly disclosed by REC to NSE and/or BSE.
- (c) Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as NSE and/or BSE may determine from time to time.
- (d) REC, the Bond Trustee and NSE and/or BSE shall disseminate all information and reports on Bonds including compliance reports filed by REC and the Trustees regarding the Bonds to the holder(s) of Bonds and the general public by placing them on their websites.
- (e) Bond Trustee shall disclose the information to the holder(s) of the Bonds and the general public by issuing a press release in any of the following events:
  - (i) default by REC to pay interest on Bonds or redemption amount;
  - (ii) revision of rating assigned to the Bonds;
- (f) The information referred to in para (e) above shall also be placed on the websites of the Trustees, REC, NSE and/or BSE.

#### XIV. DETAILS OF HIGHEST TEN HOLDERS OF EACH CLASS OR KIND OF SECURITIES, DEBT EQUITY RATIO)

##### 1. Debt - Equity Ratio

(INR in crores)

Particulars	Pre-Issue*	Post-Issue <sup>#</sup>
<b>Debt</b>		
Short Term Debt	2,540.00	2,540.00
Long Term Debt	1,20,125.32	1,20,625.32
<b>Total Debt (A)</b>	<b>1,22,665.32</b>	<b>1,23,165.32</b>
<b>Equity</b>		
Share Capital	987.46	987.46
Reserves & Surplus	18,447.78	18,447.78
<b>Total Equity (B)</b>	<b>19,435.24</b>	<b>19,435.24</b>
<b>Debt / Equity (A/B)</b>	<b>6.31</b>	<b>6.34</b>

\*Pre-Issue figures are as on December 31, 2013.

# No effect has been given for changes in equity and debt subsequent to December 31, 2013 except for INR 500 crore towards proposed Issue of the Bonds.

#### XV. SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES AND OTHER BORROWINGS

REC hereby confirms that:

- The main constituents of REC's borrowings have been in the form of borrowings from Banks and Financial Institutions, Bonds etc.
- REC has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- REC has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

#### XVI. UNDERTAKING REGARDING COMMON FORM OF TRANSFER

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with REC.

REC undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Disclosure Document.

## **XVII. MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE**

REC hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/ continue to invest in the debt securities of REC.

## **XVIII. PERMISSION/ CONSENT FROM PRIOR CREDITORS**

The Corporation hereby confirms that it is entitled to raise money through current issue of Bonds and has obtained the consent/ permission/ approval from the Bondholders/ Trustees/ Lenders/ other Creditors of REC in case the same is required.

## **XIX. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER**

By very nature of its business, REC is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of REC. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by REC) which are or may be deemed to be material have been entered into by REC. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Head Office of REC between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

### **MATERIAL DOCUMENTS**

1. Memorandum and Articles of Association of the Company, as amended to date.
2. Certificate of Incorporation dated July 3, 1969 and Fresh Certificate of Incorporation dated July 18, 2003.
3. Copy of shareholders resolution dated September 20, 2012 u/s 293 (1) (a) and 293 (1) (d) for borrowing limit and creation of security respectively.
4. Credit Rating letters issued by CRISIL, CARE, India Ratings & Research and ICRA respectively.
5. Consents of Registrar to the Issue, Bankers to the Issue, Trustee for the Bonds, and the Credit Rating Agencies.
6. Auditor's Report and standalone financial statements for the financial year March 31, 2011, 2012 and 2013 and consolidated financial statements prepared under Indian GAAP for the financial year 2011, 2012 and 2013.
7. Annual Report of the Company for the last three Fiscals.
8. Board Resolution dated July 04, 2013 authorizing issue of Bonds offered under terms of this Draft Disclosure Document.
9. Board Resolution dated March 18, 2013 authorizing issue of Bonds offered on private placement basis.
10. Letter of consent from IDBI Trusteeship Services Ltd. for acting as Trustees for and on behalf of the holder(s) of the Bonds.
11. Letter of consent from RCMC Share Registry Pvt. Ltd. for acting as Registrars to the Issue.
12. Tripartite Agreement between REC, NSDL and RCMC Share Registry Pvt. Ltd. for issue of Bonds in Dematerialized form.
13. Tripartite Agreement between REC, CDSL and RCMC Share Registry Pvt. Ltd. for issue of Bonds in Dematerialized form.
14. Bond Trustee Agreement dated 04<sup>th</sup> March 2014 between the Company and Bond Trustee.
15. Bond Trust Cum Hypothecation Deed dated 04<sup>th</sup> March 2014 in favour of Trustee.

## **XX. ANNEXURES**

### **A. APPLICATION FORM ALONGWITH GENERAL INSTRUCTIONS**

As enclosed

### **B. CONSENT LETTER OF TRUSTEE**

Annexure - I

### **C. CREDIT RATING LETTERS & RATING RATIONALE**

Annexure - II



**CREDIT ANALYSIS & RESEARCH LTD.**

13th Floor, E-1 Block, Videocon Tower  
Jhandewalan Extension, New Delhi-110055  
Tel : + 91 11 45333200  
Fax : + 91 11 45333238  
Website : www.careratings.com

**Mr. Rakesh Kumar Arora**  
GM – Finance  
**Rural Electrification Corporation Ltd.**  
Core 4, Scope Complex,  
7, Lodhi Road, New Delhi - 110003

February 18, 2014

**Confidential**

Dear Sir,

**Credit rating of Market Borrowing Programme for FY14 aggregating to Rs. 37,000 crore**

Please refer to our letter dated October 1, 2013 and your request for revalidation of the rating assigned to the long-term Market Borrowing Programme for FY14 aggregating to Rs. 37,000 crore of Rural Electrification Corporation Ltd. (REC).

2. It has been decided to reaffirm the rating of 'CARE AAA' [Triple A] to the long-term Market Borrowing Programme for FY14 of the company, aggregating to Rs. 37,000 crore.
3. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long-term instruments and explanatory notes thereon are annexed.
4. Please arrange to get the rating revalidated, in case the issue is not made within six months from the date of this letter.
5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

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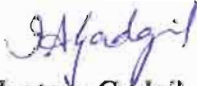
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7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.
8. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

  
**Jyotsna Gadgil**  
[Joint General Manager]  
Encl : As above

  
**Jasraj Kaur**  
[Dy. Manager]

**Disclaimer**

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure

**Rating Symbols and Definitions for Long /Medium Term Debt Instruments**

<b>Symbols</b>	<b>Rating Definition</b>
<b>CARE AAA</b>	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
<b>CARE AA</b>	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
<b>CARE A</b>	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
<b>CARE BBB</b>	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
<b>CARE BB</b>	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
<b>CARE B</b>	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
<b>CARE C</b>	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
<b>CARE D</b>	Instruments with this rating are in default or are expected to be in default soon.

*Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.*

## RURAL ELECTRIFICATION CORPORATION LIMITED

### Ratings

Facilities/ Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Market Borrowing Programme (FY'05)	951.79	CARE AAA [Triple A]	Reaffirmed
Market Borrowing Programme (FY'06)	3,584.10	CARE AAA [Triple A]	Reaffirmed
Market Borrowing Programme (FY'07)	314.80	CARE AAA [Triple A]	Reaffirmed
Market Borrowing Programme (FY'08)	1,568.30	CARE AAA [Triple A]	Reaffirmed
Long Term Market Borrowing programme (FY'09)	9,921.30	CARE AAA [Triple A]	Reaffirmed
Long Term Market Borrowing programme (FY'10)	13,660.78	CARE AAA [Triple A]	Reaffirmed
Long Term Market Borrowing programme (FY'11)	15,798.10	CARE AAA [Triple A]	Reaffirmed
Market Borrowing programme (FY'12)	25,862.55	CARE AAA [Triple A]	Reaffirmed
Market Borrowing programme (FY'13)	36,000.00	CARE AAA [Triple A]	Reaffirmed
Market Borrowing programme (FY'14) (including short term borrowing programme)	37,000.00	CARE AAA/CARE A1+ [Triple A/ A One Plus]	Reaffirmed
<b>TOTAL</b>	<b>144,661.72</b>		

### Rating Rationale

The ratings continue to factor in the majority ownership by Government of India (GoI), Rural Electrification Corporation Ltd.'s (REC) status as the nodal agency of GoI for financing rural electrification programme and its strategic importance in funding the power infrastructure in India. The ratings also draw comfort from REC's comfortable asset quality, comfortable capital adequacy, diversified resource profile and stable profitability. The rating strengths are partially offset by REC's high exposure to weak state power utilities and high sectoral as well as borrower concentration risk.

Continued ownership and support by GoI by way of extension of favourable policy regime and asset quality are the key rating sensitivities.

### Background

REC was established in 1969 under the Companies Act, 1956, in pursuance of the recommendations of the All India Rural Credit Review Committee constituted by the Reserve Bank of India. It was declared a Public Financial Institution in 1992 under Sec. 4A of the Companies Act and also registered as "systemically important" Non-Banking Financial Company under Sec. 45- IA of the RBI Act in 1998. The GoI has a majority shareholding of 66.8% in REC.

REC is a nodal agency of the government for financing rural electrification programmes and also holds the responsibility for monitoring and channelizing funds under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), which was launched in April 2005 with the aim of electrifying all villages. The company was conferred the Navratna status in 2008-09.

REC caters to the financing needs of all segments of the power sector viz generation, transmission and distribution. The company received the status of an Infrastructure Finance Company (IFC) in September 2010.

### Credit Risk Assessment

#### Government ownership and support and status of nodal agency

The Government of India (GoI) is the major shareholder of REC with 66.8% stake in the company. The government has been supporting REC by way of guaranteeing its borrowings from international agencies like Japan International cooperation Agency (JICA) and KfW. Besides, REC is a strategically important entity for the government, as it is the nodal agency for implementing the RGGVY scheme aimed at providing electricity to rural India. REC also acts as the nodal agency for the National Electricity Fund (NEF), an interest subsidy scheme started by the Ministry of Power to provide interest subsidy to loans disbursed to

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications



DISCOMs to improve infrastructure in the distribution sector. REC also plays a pivotal role in financing power projects from both the state and private sector, thereby being instrumental in strengthening the power infrastructure of the country.

### **Healthy growth in advances profile with continued sectoral and borrower concentration**

During FY13, REC had disbursed Rs. 39,275 crore against sanction of Rs. 79,528 crore (including RGGVY) as compared to Rs. 27,820 crore of disbursement against sanction of Rs. 50,836 crore in FY12. The growth in the disbursement had mainly come from transmission and distribution segment which accounted for 60% of the total disbursement in FY13 (45% in FY12) followed by generation (35%) and short term loans (5%).

REC's gross advances portfolio grew by 26% to Rs. 127,356 crore as on March 31, 2013. The growth in loans to the generation sector increased 23% to Rs. 55,478 crore and accounted for 44% of the total loan portfolio as on March 31, 2013. Loans to Transmission & Distribution sector increased 31% to Rs. 65,296 crore and accounted for 51% of the loan portfolio as on March 31, 2013. As on June 30, 2013, loan portfolio stood at Rs. 132,915 crore. Yield on the advances portfolio was stable at approximately 11.63% in FY13 (refers to the period April 1 to March 31).

REC continues to remain exposed to high sector and borrower concentration risk as it caters only to the power sector with approximately 82% of the total advances as on March 31, 2013 towards State power utilities (SPUs). Furthermore, top 10 exposures contributed 45% to the total outstanding loan book as on March 31, 2013.

### **Comfortable capital adequacy**

REC had a comfortable capital adequacy ratio of 17.71% at the end of FY13 (16% as on March 31, 2012). It had improved as compared with FY12 due to healthy internal capital generation during FY13.

### **Comfortable asset quality, however, high exposure to weak state power utilities**

REC's asset quality continued to remain comfortable with no new slippage during FY13 as well as Q1FY14. The Gross NPA and Net NPA as on March 31, 2013, stood at 0.39% and 0.315% against 0.48% and 0.42% as on March 31, 2012. Further, corporation has also not restructured any account in FY13 and Q1FY14.

REC's portfolio mainly includes loans to SPUs with approximately 27% of the advances portfolio backed by guarantee from the respective state governments. Exposure to private sector borrowers accounted for 13% of the total portfolio as on March 31, 2013. Since majority of the state power utilities have weak financial profile, it exposes REC to vulnerability in asset quality. However, REC has been able to maintain good collection efficiency from its state as well private sector entities (collection efficiency of 99.04% in 2012-13).

### **Diversified resource profile**

REC has a well-diversified resource profile, since it can mobilize funds at cost effective rates from various sources such as external commercial borrowings (ECB), international agencies like JICA and KfW, domestic financial institutions, long-term bonds, bank loans, commercial paper, capital gains tax exemption bonds, infrastructure bonds and tax free bonds. After getting the status of Infrastructure Finance Company in September 2010, REC has become eligible for issuance of infrastructure bonds and for raising funds up to US\$ 750 million through ECB in a year under automatic route.

During FY13, REC had raised Rs.30,759 crore mainly through institutional and zero coupon bonds (53% of the total borrowing in FY13), Capital gain bonds (16%), foreign currency loans (15%), tax-free bonds (9%) and bank loans (7%).

### **Prospects**

REC has demonstrated sustained business growth in FY13 as well as Q1FY14 with comfortable asset quality despite weak financial health of state power utilities. Going forward, the continued support of the GoI by way of extension of favorable policy regime and the ability of the company to maintain comfortable profitability and asset quality would be the key rating sensitivities.

**Financial Performance**

(Rs. Crore)

Particulars / Year ended as on March 31,	2011 (A) 12M	2012 (A) 12M	2013 (A) 12M
Interest from loans	8,109	10,264	13,291
Investment & Other Income	386	245	308
<b>Total Income</b>	<b>8,495</b>	<b>10,509</b>	<b>13,599</b>
Interest Expense	4,851	6,379	8,006
<b>Net Interest Income</b>	<b>3,258</b>	<b>3,885</b>	<b>5,285</b>
Operating Expenses	167	233	220
Provision on bad loans	0.22	52	131
<b>PBT</b>	<b>3,477</b>	<b>3,793</b>	<b>5,164</b>
<b>PAT</b>	<b>2,570</b>	<b>2,817</b>	<b>3,818</b>
Tangible Net worth	12,788	14,563	17,454
Total Borrowings	70,040	90,056	1,07,791
Loans & Advance (Net of provisions)	81,707	101,362	1,27,266
Total Assets	86,513	1,08,546	1,30,507
<b>Key Ratios (%)</b>			
<b>Solvency</b>			
Overall Gearing (times)	5.48	6.18	6.18
Capital Adequacy Ratio (CAR) (%)	19.09	16.00	17.71
Tier I CAR (%)	18.04	15.05	16.51
Interest Coverage (times)	1.72	1.59	1.68
<b>Profitability</b>			
Interest Income/Avg. Loans (%)	10.98	11.21	11.63
Interest/Avg. Borrowed Funds	7.70	7.97	8.09
Interest Spread	3.28	3.24	3.54
Net Interest Margin	3.52	3.98	4.42
Return on Total Assets (ROTA)	3.29	2.89	3.19
<b>Asset Quality</b>			
Gross NPA / Gross Advances	0.02	0.48	0.39
Net NPA / Net Adv	0.002	0.42	0.31
Net NPA/ Net worth	0.02	2.89	2.30

(This follows our brief rational for entity published on 18 October 2013)

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CONFIDENTIAL

Ref.no. MS/FSR/REC/2013-14/1994

February 18, 2014

Mr. Ajeet Agarwal  
Director - Finance  
Rural Electrification Corporation Limited  
Core-4, SCOPE Complex  
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New Delhi-110 003  
Tel.: 011- 24365162  
Fax: 011- 24366 948 / 2436 9846



Dear Mr. Agarwal,

Re: CRISIL Rating for the Rs.345.0 Billion Long Term Borrowings Programme\*of Rural Electrification Corporation Limited.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our letter dated January 23, 2014 bearing Ref No. MS/FSR/REC/2013-14/1896

CRISIL has, after due consideration, reaffirmed "CRISIL AAA/Stable" (pronounced "CRISIL Triple A with stable outlook") rating for the captioned Debt Programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular<sup>11</sup> on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crisil.com](mailto:debtissue@crisil.com)

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Rupali Shanker  
Director – Financial Sector Ratings

Manish Saraf  
Associate Director – Financial Sector Ratings

\* Subject to total long term bank borrowing and borrowing under the rated long term bonds programme not exceeding Rs.345.0 Billion at any point in time during the year 2013-14 (refers to financial year, April 1 to March 31)

<sup>11</sup> Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com) or at (+91 22) 6694 3001 - 09

CRISIL Limited



May 07, 2013  
Mumbai

## Rural Electrification Corporation Limited

### 'CRISIL AAA/Stable/CRISIL A1+' assigned to long-term borrowing and short-term debt programme

Rs.345 Billion Long-Term Borrowing Programme <sup>^</sup>	CRISIL AAA/Stable (Assigned)
Rs.25 Billion Short Term Debt Programme <sup>@</sup>	CRISIL A1+ (Assigned)
Bond Programme Aggregating Rs.506 Billion	CRISIL AAA/Stable (Reaffirmed)
Rs.90 Billion Non-Convertible Debentures Programme	CRISIL AAA/Stable (Reaffirmed)
Long-Term Borrowing Programme Aggregating Rs.1,225 Billion	CRISIL AAA/Stable (Reaffirmed)
Rs.2.25 Billion Tax Free Bond Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.2.75 Billion Taxable Bond Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.100 Billion Short Term Debt Programme	CRISIL A1+ (Reaffirmed)
Rs.25 Billion Short Term Debt Programme	CRISIL A1+ (Reaffirmed)

<sup>^</sup> Total incremental long-term bank borrowing, and borrowing under the rated long-term bonds programme, not to exceed Rs.345 billion at any point in time during 2013-14 (refers to financial year, April 1 to March 31).

<sup>@</sup> Includes short-term bank borrowing; total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.25 billion at any point during 2013-14.

CRISIL has assigned its '**CRISIL AAA/Stable**' rating to Rural Electrification Corporation Ltd's (REC's) Rs.345 billion long-term borrowing programme and its '**CRISIL A1+**' rating to REC's Rs.25 billion short-term debt programme, while reaffirming the ratings on the other debt programmes at '**CRISIL AAA/Stable/CRISIL A1+**'.

The ratings continue to reflect REC's strategic importance to, and majority ownership by, the Government of India (GoI) because of its key role in financing the Indian power sector. The ratings also continue to reflect REC's sound resource profile, and comfortable capitalisation and profitability. These rating strengths are partially offset by the inherent vulnerability of REC's asset quality to the weak financial profiles of its main borrowers, the state power utilities (SPUs), and significant sectoral and customer concentration.

REC is strategically important to GoI because it is the nodal agency for channeling finance towards GoI's rural electrification programme carried out under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). REC has been nominated as the sole nodal agency to operate the National Electricity Fund Scheme – an interest subsidy scheme introduced by GoI – to promote the capital investment in the distribution sector. The company also plays a developmental role in channelling finance to meet the power sector's large funding requirements; REC is the second-largest lender to the sector, with a share of around 17 per cent. GoI supports the company financially and operationally in various ways, including conferring special status to raise capital gains tax exemption bonds. CRISIL believes that GoI has strong strategic reason and moral obligation to extend support to REC, both on an ongoing basis and in the event of distress, given REC's role in implementing GoI's power sector policies and GoI's majority ownership in the company (66.8 per cent as on December 31, 2012).

REC's credit risk profile is supported by its sound resource profile, with competitive borrowing costs and a diversified, albeit wholesale, resource base. Its cost of borrowings is better than that of its peers; REC's borrowing cost was around 8.3 per cent (on an annualised basis; including foreign currency fluctuation losses) for the first nine months of 2012-13 (refers to financial year, April 1 to March 31; 8.2 per cent for 2011-12). REC's capitalisation remains comfortable, thereby providing cushion against asset-side risks arising from its high sectoral and customer concentration. The company's absolute net worth was Rs.168.3 billion as on December 31, 2012. Its overall capital adequacy ratio was 16.0 per cent as on March 31, 2012. The company's capitalisation is supported by healthy accruals, as reflected in its return on net worth ratio of around 24 per cent (on an annualised basis) during the nine months ended December 31, 2012 (20 per cent in 2011-12). REC's comfortable net worth will support its growth plans, while it maintains adequate gearing over the medium term. REC's comfortable profitability is supported by its ability to maintain healthy interest spreads and low operating expenses ratio. Its return on assets ratio was around 3.4 per cent (on an

annualised basis) during the first nine months of 2012-13.

However, REC has weak inherent asset quality because of the poor financial risk profiles of its main customers, the SPUs. The aggregate losses (excluding subsidy) of all SPUs were around Rs.620 billion in 2010-11 and are estimated to have increased further in 2011-12 and 2012-13. Additionally, REC has high sectoral and customer concentration. It caters only to the power sector, with around 83 per cent of its advances to SPUs as on December 31, 2012. REC's top 10 customers accounted for about 45 per cent of its advances as on March 31, 2012. REC is making efforts to de-risk its customer profile by diversifying its asset portfolio through lending to private power sector projects. However, these measures offset the risks only partially, given REC's sectoral concentration and the SPUs' weak financial risk profiles. Additionally, given the long gestation period of the projects, and heightened uncertainties related to regulatory clearances, fuel linkages, and financial closure, CRISIL believes that REC will reap the benefits of financing private power sector projects only over the long term.

#### **Outlook: Stable**

CRISIL believes that REC will continue to benefit from Gol's support, given REC's strategic role in the implementation of Gol's power sector initiatives and majority ownership in the company. REC will maintain its healthy position in the infrastructure-financing segment along with comfortable capitalisation and earnings. The outlook may be revised to 'Negative' if there is a decline in REC's strategic importance to, or in the support it receives from, Gol. The outlook may also be revised to 'Negative' if there is deterioration in REC's asset quality or profitability.

#### **About the Company**

REC is a public financial institution under the administrative control of the Ministry of Power (MoP), Gol. Until 2003, REC's primary objective was to provide financial assistance on concession to SPUs for rural electrification. REC's mandate was broadened in 2003 to include financing of all segments of the power sector; REC finances generation projects, including independent power projects (IPPs). It was conferred the Navratna status in 2008-09, giving it more financial and administrative autonomy. REC is allowed to issue long-term infrastructure and tax-free bonds.

For 2011-12, REC reported a total income (net of interest expense) and a profit after tax (PAT) of Rs.41.3 billion and Rs.28.2 billion, respectively, against Rs.36.4 billion and Rs.25.7 billion, respectively, for the previous year. For the nine months ended December 31, 2012, REC reported a total income (net of interest expense) and a PAT of Rs.41.0 billion and Rs.28.6 billion, respectively, compared with Rs.30.3 billion and Rs.20.6 billion, respectively, for the corresponding period of the previous year.

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#### **About CRISIL LIMITED**

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

### About CRISIL Ratings

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 60,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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Last updated: March 7, 2013

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May 07, 2013

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**ICRA Limited**

An Associate of Moody's Investors Service

D/RAT/2013-14/R7/12

February 18, 2014

Mr. Sanjay Kumar  
Dy. General Manager (Finance)  
Rural Electrification Corporation Limited  
Core 4 A, SCOPE Complex  
7, Lodhi Road  
New Delhi – 1100 03

Dear Sir,

**Re: ICRA Credit Rating of the Rs. 37,000 crore Long- Term Borrowing Programme of Rural Electrification Corporation Limited for the Financial Year 2013-14**

This is with reference to your request dated February 17, 2014 for re-validating your rating for the Long Term Borrowing Programme of Rs 37,000 crore.

We hereby confirm that the rating of “[ICRA]AAA” (pronounced ICRA triple A) assigned to the captioned Long Term Borrowing Programme of Rs. 37,000 crore of your company and last communicated to you vide our letter dated January 27, 2014 stands. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref No: D/RAT/2013-14/R7/1 dated May 7, 2013.

With kind regards,  
For ICRA Limited

Vivek Mathur  
Senior Group Vice President

Jaskirat S. Chadha  
Assistant Vice President

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**RATING • RESEARCH • INFORMATION**





## Rural Electrification Corporation Limited

Instrument	Amount	Rating Action
Long Term Borrowing Programme 2013-014	Rs.37,000 crore *	[ICRA]AAA (assigned)
Short Term Borrowing Programme 2013-014	Rs.2,500 crore *	[ICRA]A1+ (assigned)

\*Rs. 2,500 crore short term borrowing programme is interchangeable with long term borrowings, subject to total long term borrowings not exceeding Rs. 37,000 crore

ICRA has assigned [ICRA]AAA (pronounced ICRA triple A) rating to the long term borrowing programme for 2013-14 of Rs. 37,000 crore of Rural Electrification Corporation Limited (REC)<sup>†</sup>. ICRA has also assigned the rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs. 2,500 crore short term borrowing programme of the corporation. ICRA has ratings outstanding of [ICRA]AAA on the various long-term bond and bank borrowing programmes and [ICRA]A1+ (pronounced ICRA A one plus) on the commercial paper/short-term debt programme and short term bank borrowing programme of the corporation<sup>†</sup>.

The [ICRA]AAA ratings are underpinned by REC's sovereign ownership (66.8% as on March 31, 2013) and the important role the corporation plays as a nodal agency for the Government of India's rural electrification schemes under the Rajiv Gandhi Grameen Vidhyutikaran Yojna (RGGVY) and also a sole nodal agency for operationalisation of NEF<sup>†</sup> scheme. Further, REC, as one of the major power sector financiers, remains strategically important for the Government of India (GoI), given the latter's objective of augmenting power capacities across the country. The ratings continue to draw comfort from REC's comfortable earnings profile, its comfortable liquidity position, and its strong financial flexibility, which, along with its access to low-cost capital gains bonds and Tax Free Bonds (together accounting for around 19% of total borrowings as on Mar-13<sup>‡</sup>), enables it to raise long-term funds at competitive rates. These strengths are however moderated by the corporation's exposure to a single sector and the high concentration of weaker-credit-quality State power utilities. Credit risk for a large number of REC's borrowers remains a concern given the significant losses that State power distribution entities have been reporting for quite some time now. REC's exposure to state sector utilities accounted for 76% of its total portfolio as in Mar-13, while its exposure to the power distribution entities is around 36% of total portfolio. Based on ICRA estimate, REC exposure to state power distribution companies in weaker<sup>§</sup> states accounts for around 18% of total portfolio as on Mar-13; however after adjusting for state government guarantees REC's direct exposure to discoms in weaker states accounts for around 6.3% of its total advances as on March 31, 2013. ICRA however has taken note of the approval of a scheme for financial restructuring of State Distribution Companies (Discoms) by GoI in September 2012; the scheme is expected to improve the liquidity profile of power distribution companies in short-term; whether this also leads to a structural improvement in the financial health of state utilities remains to be seen and is contingent upon the extent to which measures such as timely tariff revision, and timely action from state governments as per the requirement of scheme. ICRA continues to closely monitor the developments in the power sector, and has also taken note of the Appellate Tribunal of Electricity (APTEL) recommendations on timely tariff finalization by SERCs, the revision/ proposed revision in power sale tariffs by certain states. A timely implementation of the aforesaid recommendations and also speeding up of technical and commercial loss measures by state utilities will thus be critical for maintaining the health of the power sector companies. Similarly, policy level changes to alleviate concerns with respect to fuel linkages for private sector projects will have a critical bearing on REC's credit profile.

<sup>†</sup> For complete rating scale and definitions, please refer ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

\* The long term borrowing programme for 2013-14 includes the amount against the ICRA rated short term borrowing programme Rs. 2,500 crore, which can be utilized interchangeably as Long term borrowings, subject to total long term and short term borrowing utilization of Rs. 37,000 crore

<sup>†</sup> National Electricity Fund – an interest subsidy scheme introduced by GoI to promote the capital investment in the distribution sector

<sup>‡</sup> The figures for March 31, 2013 are provisional and are subject to statutory audit

<sup>§</sup> Rajasthan, Uttar Pradesh, Tami Nadu, Haryana, Madhya Pradesh, Punjab and Bihar



ICRA has also taken note of the rising proportion of REC's exposures to the Independent Power Producers (IPP) segment which accounted for 13.0% of total advances as on March 31, 2013. As on March 31, 2013 REC's gross NPA% stood at 0.38%, while the gross NPA% in the private sector portfolio stood at 2.96%; several of REC's exposures in the private sector are facing delays in project implementation and have been/would require re-scheduling. Vulnerability of some of these exposures is high on account of fuel availability constraints, environmental & land acquisition issues and disputed/competitive power sale tariffs. . Going forward, it would be important for the corporation to maintain a strict control over collections from the IPP segment. As on March 31, 2013 REC had a total advance base of Rs.1,27,330 crore, out of which exposure to state power utilities accounted for 76% of its total advances, followed by exposures to Central entities at 4.4%, central & state power utilities at 4.1%, joint sector utilities at 2.14% and IPP's at 13%.

As on December 31, 2012, REC had a gearing of around 6 times, and going forward, its ability to maintain this ratio at a prudent level would be an important rating consideration. REC enjoys a comfortable asset-liability matching profile, with low cumulative mismatches in the short term. Un-hedged foreign currency borrowings of REC accounted for around 30% of its net worth as on March 31, 2013, which exposes it to foreign currency variations. While such borrowings have been raised at relatively longer tenures, which would keep potential crystallization of losses low over the short term, going forward ability of the corporation to manage its foreign currency risks would have an important bearing over the stability of its earnings profile.

#### **About the Corporation**

REC was incorporated in 1969 to exclusively fund the GOI's rural electrification programmes. The GoI has a majority shareholding of 66.8% in REC, while the balance is held by the public. The corporation was conferred the status of 'Navratna' in May 2008. While the initial mandate of REC was to finance village electrification, pump-set energising and T&D\*\* projects, since 2002-03 the mandate has been extended to cover power generation projects larger than 25 MW and IPPs. REC is also the nodal agency for implementing of the GoI's rural electrification scheme, the Rajiv Gandhi Grameen Vidhyutikaran Yojna. According to audited results for the financial year ended March 31, 2012, REC reported a 10% growth in its profit after tax (PAT) to Rs. 2817 crore that year. As on March 31, 2012, the corporation's gross non-performing asset (Gross NPA) percentage stood at 0.48% and its Net NPA percentage at 0.42%. During 9M 2012-13, REC report PAT of Rs 2,857 crore as against PAT of Rs 2,056 crore during 9M 2011-12. REC's gross and net NPAs were 0.41% and 0.34% respectively as on December 31, 2012.

**May 2013**

*For further details please contact:*

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**Mr. A. K. Agarwal**  
Director Finance,  
**Rural Electrification Corporation Limited,**  
Core-4, SCOPE Complex,  
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New Delhi - 110003

February 18, 2014

**Kind Attn: Mr. A. K. Agarwal, Director Finance**

Dear Sir,

**Re: Rural Electrification Corporation Limited – FY2013-14 INR370bn Borrowing Programme.**

India Ratings & Research Private Limited (India Ratings) is pleased to communicate the following ratings:-

INR 370bn Borrowing Programme for FY2013-14 : 'IND AAA'

India Ratings notes that the ratings are assigned to the programme and not to the notes issued under the programme. There is no assurance that notes issued under the programme will be assigned a rating, or that the rating assigned to specific issue under the programme will have the same rating as the rating assigned to the programme.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.



India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient

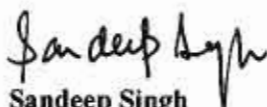
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In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings

  
Sandeep Singh  
Senior Director

  
Deep N Mukherjee  
Director



Ind-Ra Affirms Rural Electrification Corp at 'IND AAA'; Rates Additional Debt

Ind-Ra-New Delhi-16 April 2013: India Ratings & Research (Ind-Ra) has affirmed Rural Electrification Corporation Limited's (REC) Long-Term Issuer rating at 'IND AAA'. The Outlook is Stable.

Also, the agency has also assigned REC's INR370bn annual borrowing programme for FY13-FY14 a Long-Term 'IND AAA' rating, and its INR25bn short-term debt/commercial paper programme, which is part of its total debt programme, a Short-Term 'IND A1+' rating.

#### Key Rating Drivers

REC's ratings continue to derive support from the government of India (GoI), its sponsor and principal owner (66.8%). The GoI's support to the ratings is based on the company's position as a strategically important financial institution that is a major source of credit to the financially weak state power utilities (SPUs). REC enjoys strong operational and financial linkages with the GoI as the nodal agency to finance rural electrification projects, which, in turn, is a socially and politically important objective of the government.

The ratings continue to reflect a high probability of distress support from the GoI, should the need arise. In FY12, REC has also been appointed as the nodal agency for operationalisation of the National Electricity Fund scheme, an interest subsidy scheme introduced by the GoI to promote capital investments in the distribution sector by linking the interest subsidy to reform measures undertaken by the discoms.

Despite the overall slowdown in the power sector, REC's loan book growth remained healthy and grew at 25% yoy in 9MFY13 (FY12: 24% yoy). The overall growth during 9MFYE13 was on account of 31% yoy growth in the transmission & distribution (T&D) segment (FY07-FY12 CAGR: 22%) while the growth in the generation segment slowed to 22% yoy (FY07-12 CAGR: 44% yoy). The lower growth in the generation segment led to the T&D segment forming 51% of the loan book as of 9MFY13 (FY12: 49%). The sanction book during 9MFY13 was also tilted in favor of the T&D segment (9MFY13: 64%, FY12: 45%), indicating the possibility of a higher share of the T&D segment in the loan book.

The increasing share of the T&D segment in sanctions and loan book, dominance of SPUs as in the loan book (9MFY13: 83%, FY12: 84%) and the continued weak financial profile of SPUs are major causes of concern which could impact REC's financial profile. Also, issues related to fuel availability and pricing may impact lending in the generation segment over the medium term, thus increasing REC's dependence for loan book growth on the T&D segment.

The GoI has been pushing reforms in the power sector since FY12 including timely and cost reflective tariff hikes. Also, the Cabinet Committee on Economic Affairs has announced a package for the restructuring of banks' lending to SPUs. However, an improvement in the financial position of SPUs will be sensitive to the successful and timely implementation of the SPU restructuring package, an operational turnaround of the discoms through lower aggregate technical and commercial losses, a reduction in power purchase costs, timely revisions in tariffs and timely receipt of subsidy from state governments.

REC's net non-performing assets (NPAs) as a percentage of net advances continue to be low (9MFY13: 0.34%, FY12: 0.42%) compared with the banking system. However, the absolute level of net NPAs increased significantly during FY12 to INR4.26bn (FY11: INR0.01bn) due to non-servicing of loans by two customers facing project implementation delays and low gas availability. Nonetheless, recovery rates from SPUs continued to be high in FY13 as defaults to REC could lead to the loss of a low-cost and dedicated source of funding.

#### Rating Sensitivities

A significant dilution in the GoI's stake in REC or any other implied or actual material reduction in the government support is likely to put downward pressure on the company's ratings.

#### Company Profile

REC's disbursements stood at INR249bn during 9MFY13 (FY12: INR278bn), while the total loan outstanding was INR1,187bn (FY12: INR1,014bn). REC's net interest margin was 4.75% in 9MFY13 (FY12: 4.32%).

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Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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Applicable criteria, 'Corporate Rating Methodology', dated 12 September 2012, are available at [www.indiaratings.co.in](http://www.indiaratings.co.in).

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\*\*\*

India Ratings & Research (India Ratings) has six rating offices located at Mumbai, Delhi, Chennai, Kolkata, Bangalore and Hyderabad. India Ratings is recognised by Reserve Bank of India, Securities Exchange Board of India (SEBI) and National Housing Bank.

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# **IDBI Trusteeship Services Ltd.**



No.4146/ITSL/OPR/CL/13-14/DEB/855  
February 25, 2014

**Mr. B.K.Johar (DGM Finance)**  
**Rural Electrification Corporation Ltd.**  
Core 4, SCOPE Complex  
7, Lodhi Road, New Delhi 110 003

**Regd. Office :**  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001.

Dear Sir,

## **Consent to act as Debenture Trustee for Secured Non-Convertible Non-Cumulative Redeemable Taxable Bonds Series 120, aggregating Rs.500 Crore plus Green Shoe Option.**

This is with reference to your email dated 25.02.2014 on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for your Secured Non-Convertible Non-Cumulative Redeemable Taxable Bonds Series 120, aggregating Rs.500 Crore plus Green Shoe Option.

It would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee for the captioned issuances on trusteeship remuneration as under.

**Acceptance fee:** Rs.20,000/- plus applicable taxes; payable on appointment

**Service charges:** Rs.30,000/- p.a. plus applicable taxes. First such payment would become payable immediately for pro-rata period from Execution of Debenture Trustee Agreement till 31.03.2014, there after service charges are payable on annual basis in advance on 1<sup>st</sup> April each year till full redemption of the NCD's.

**Out of Pocket Expenses:** To be claimed on actual basis.

Any enforcement consequent to Event of Default would attract separate fees.

Other conditions with regard to issuances are provided in our Consent Letter of even date Issued for listing on Stock Exchange/s.

Please provide your acceptance to the above by signing at the space provided below.

Looking forward to a fruitful association with your organization and assuring you of our best services at all times.

Yours faithfully,  
For IDBI Trusteeship Services Limited

Authorised Signatory

for Rural Electrification Corporation Ltd

Authorised Signatory



# **IDBI Trusteeship Services Ltd.**



No.4146/ITSL/OPR/CL/13-14/DEB/855  
February 25, 2014

**Mr. B.K.Johar (DGM Finance)**  
**Rural Electrification Corporation Ltd.**  
Core 4, SCOPE Complex  
7, Lodhi Road, New Delhi 110 003

**Regd. Office :**  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001.

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This is with reference to your email dated 25.02.2014 on appointment of IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee for your Secured Non-Convertible Non-Cumulative Redeemable Taxable Bonds Series 120, aggregating Rs.500 Crore plus Green Shoe Option.

In this connection, we confirm our acceptance to act as Debenture Trustee for the same, subject to the company agreeing the conditions as set out in annexure A.

We are also agreeable for inclusion of our name as trustees in the Company's offer document / disclosure document / listing application / any other document to be filed with SEBI / ROC / the Stock Exchange(s) or any other authority as required.

**Rural Electrification Corporation Ltd.** shall enter into Debenture Trustee Agreement for the said issue of the NCDs before the opening of list for subscription.

Thanking you,

Yours faithfully,  
For IDBI Trusteeship Services Limited

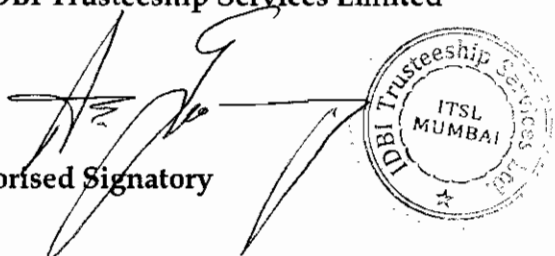
Authorised Signatory

## Annexure A

1. The Company agrees and undertakes to create the securities wherever applicable over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the closure of the issue.
2. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
3. The Company agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009 as amended from time to time, the Companies Act, 1956 and other applicable provisions as amended from time to time and agrees to furnish to Trustees such information in terms of the same on regular basis.

For IDBI Trusteeship Services Limited

Authorised Signatory

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "IDBI Trusteeship Services Limited" around the perimeter, "ITSL MUMBAI" in the center, and a small star at the bottom. A horizontal line extends from the signature towards the stamp.

## DECLARATION

It is hereby declared that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 & the regulations to amend Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 vide Circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012.

REC also confirms that this Disclosure Document does not omit disclosure of any material fact, which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

REC accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of REC and that any one placing reliance on any other source of information would be doing so at his own risk.

SIGNED PURSUANT TO THE AUTHORITY GRANTED BY BOARD OF DIRECTORS OF REC AT ITS MEETING HELD ON 04/07/2013.

FOR RURAL ELECTRIFICATION CORPORATION LTD.



(B.K. Johar)  
Dy. General Manager (Finance)

Place: New Delhi  
Date: 04.03.2014