



**RURAL ELECTRIFICATION CORPORATION LIMITED**  
(A Government of India Enterprise)

**Regd. Office:** Core-4, SCOPE Complex, 7 Lodi Road, New Delhi 110003  
**Tel.:**+91-11 41020101; **Facsimile:** +91-112436 9849;  
**E-mail:** reccorp@recl.nic.in  
**Website:** www.recindia.com & www.recindia.nic.in  
**CIN No. – L40101DL1969GOI005095**

**FOR PRIVATE CIRCULATION ONLY**

This Private Placement Offer Letter is issued in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debenture) Rules, 2014, Circular No. RBI/2014-15/475DNBR (PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015 issued by the Reserve Bank of India on “Raising Money through Private Placement by NBFCs-Non-Convertible Debentures (NCDs) by NBFCs”

**PRIVATE PLACEMENT OFFER LETTER DATED DECEMBER 08<sup>th</sup> 2016**

**PRIVATE PLACEMENT OFFER LETTER FOR PRIVATE PLACEMENT OF UNSECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE BONDS IN THE NATURE OF DEBENTURES UPTO ₹ 500 CRORE WITH OPTION TO RETAIN OVERSUBSCRIPTION.**

**NEITHER THE ISSUER NOR ANY OF THE CURRENT DIRECTORS OF THE ISSUER HAS BEEN DECLARED AS WILFUL DEFAULTER.**

<b>TRUSTEE FOR THE BONDHOLDERS SBICAP TRUSTEE COMPANY LIMITED</b>	<b>REGISTRAR TO THE ISSUE KARVY COMPUTERSHARE PRIVATE LIMITED</b>
<p><b>Registered Office:</b> 202, Maker Tower – ‘E’, Cuffe Parade, Colaba, Mumbai 400 005; and Apeejay House, 6th floor, 3, West Wing, Dinshaw Wachha Road, Churchgate, Mumbai 400 020</p> <p><b>Also having one of the offices at:</b> 424-425, 4th Floor, World Trade Centre, Babar lane, New Delhi – 110001</p>	<p><b>Registered Office:</b> Karvy Selenium Tower B, Plot No. 31-32, Gachibowli Financial District Nanakramguda, Hyderabad Tel: +91 40 6716 2222; Facsimile: +91 40 2343 1551; Contact Person: Sh. S. P. Venugopal, DGM (Corp. Reg.) Email: venu.sp@karvy.com SEBI Registration No.: INR000000221</p>

**ISSUE PROGRAMME**

**ISSUE OPENS ON: DECEMBER 09, 2016**

**ISSUE CLOSES ON: DECEMBER 09, 2016**

**LISTING**

The Bonds are proposed to be listed on Wholesale Debt Market segment of the National Stock Exchange of India Ltd. and/or BSE Ltd. The BSE and NSE have granted the in-principle approval vide letter dated December 05, 2016 and December 06, 2016 respectively.

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<b>SECTION I DEFINITIONS/ABBREVIATIONS</b>	
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.
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Private Placement Offer Letter and the Application Form.
Auditing Standards	Standards of auditing or any addendum thereto for companies or class of companies referred to in sub-section (10) of Section 143 of the Companies Act, 2013.
Associate Company	A company in which the Issuer has a significant influence, but which is not a subsidiary company of Issuer having such influence and includes a joint venture company. Significant influence means control of at least 20% of total share capital, or of business decisions under an agreement.
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 141.
Arrangers to the Issue	Arrangers to the issue are the entities as listed in this Private Placement Offer Letter.
Board/ Board of Directors	The Board of Directors of Rural Electrification Corporation Limited or Committee thereof.
Bonds	Unsecured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures of face value of ₹10 Lakh each offered through private placement route under the terms of this Private Placement Offer Letter.
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.
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996).
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/Beneficial Owners 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
CDSL	Central Depository Services (India) Limited
CMD	Chairman & Managing Director of REC
CRISIL	CRISIL Limited
The Companies Act	The Companies Act, 1956, as amended(to the extent applicable) and/or the Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, as applicable.

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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 cut-off date on which the duly authorized committee approves the Allotment of the Bonds i.e. the date from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholders. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment.
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	BSE Limited
DER	Debt Equity Ratio
DP	Depository Participant
EPS	Earnings Per Share
FIs	Financial Institutions
FIIs	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995) and registered with the SEBI under applicable laws in India.
FPI	Foreign Portfolio Investors as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014 registered with SEBI.
Financial Year/ FY/ Fiscal	Period of twelve months period ending on March 31, of that particular year
ICRA	ICRA Limited
IRRPL	India Ratings & Research Private Limited
GoI	Government of India/Central Government
HUF	Hindu Undivided Family
Trustee	SBICAP Trustee Company Limited
Independent Director	An independent director referred to in sub-section (5) of Section 149 of the Companies Act, 2013
Issuer/ REC/ Corporation/Company	Rural Electrification Corporation Limited. A company incorporated under Companies Act, 1956 and having its registered office at Core-4, SCOPE Complex, 7 Lodi Road, New Delhi 110003 and bearing CIN L40101DL1969GOI005095.
“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 of Bonds of ₹500 Crore with option to retain oversubscription under this Private Placement Offer Letter.
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
Key Managerial Personnel	Key managerial personnel, in relation to the Company, shall mean: i. Managing Director & Chief Executive Officer or the Manager; ii. Company Secretary; iii. Whole-Time Directors; iv. Chief Financial Officer; and any such other officer as may be prescribed under the Companies Act, 2013.
Listing Agreement	Listing Agreement under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015
Memorandum/Memorandum of	Memorandum of Association of the Company as originally framed or as

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Association	altered from time to time in pursuance of any previous company law or of the Companies Act, 2013.
MF	Mutual Fund
NRIs	Non Resident Indians
NSE	National Stock Exchange of India Ltd.
NSDL	National Securities Depository Ltd.
PAN	Permanent Account Number
Private Placement	Offer of Bonds or invitation to subscribe to the Bonds of the Issuer (other than by way of public offer) through issue of this Private Placement Offer Letter investors on such conditions including the form and manner of private placement as prescribed under the Companies Act, 2013 and RBI Circular No. RBI/2014-15/475 DNBR(PD) CC NO. 021/03.10.001/2014-15 dated February 20, 2015.
Private Placement Offer Letter	Private Placement Offer Letter shall mean this Private Placement Offer Letter
GIR	General Index Registration Number
₹/INR/Rupee/Rs./₹	Indian National Rupee
RBI	Reserve Bank of India
RBI Act, 1934	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
ROC	Registrar of Companies, National Capital Territory of Delhi & Haryana
Registrar to the Issue	Karvy Computershare Private Limited
RBI Guidelines	Any rule, regulations, guideline or amendment as may be issued by RBI from time to time.
SEB	State Electricity Board(s)
SEBI	Securities and Exchange Board established under Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	Any rule, regulation or amendment as may be issued by SEBI from time to time.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2012 as amended from time to time.
TDS	Tax Deducted at Source

## SECTION II DISCLAIMERS

### DISCLAIMER OF THE ISSUER

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in conformity with Companies Act, 2013, Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI Guidelines and RBI Guidelines and the relevant rules and regulations therein. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by REC. This document is for the exclusive use of the investors to whom it has been specifically addressed and it should not be circulated or distributed to third party (s). 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 Private Placement Offer Letter, no offer document or prospectus is being prepared in connection with the offering of this Issue or in relation to Issuer.

This Private Placement Offer Letter 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 Private Placement Offer Letter 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 Private Placement Offer Letter is true and correct as of the date hereof. REC does not undertake to update this Private Placement Offer Letter 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 subscribers 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 subscribers 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 Private Placement Offer Letter 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 Private Placement Offer Letter is not intended for distribution and as per sub-section (8) of section 42 of the Companies Act, 2013, the Issuer shall not release any public advertisements or utilise any media, marketing or distribution channels or agents to inform the public at large in relation to this Issue. 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 Private Placement Offer Letter has not been approved by Securities & Exchange Board of India. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter 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 Private Placement Offer Letter. Pursuant to rule 14 (3) of the Companies (Prospectus and Allotment of Securities)

Rules, 2014, a copy of this Private Placement Offer Letter shall be filed with the Registrar of Companies, National Capital Territory of Delhi & Haryana along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 and the same shall also be filed with SEBI along with fee as provided in the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2014 within a period of thirty days of circulation of the Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with REC, any irregularities or lapses in this Private Placement Offer Letter.

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

It is advised that REC has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Private Placement Offer Letter. 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 Private Placement Offer Letter 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 Private Placement Offer Letter. The Arrangers to the Issue shall use this Private Placement Offer Letter 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 Private Placement Offer Letter by the Arrangers to the Issue shall neither in any way be deemed or construed that this Private Placement Offer Letter 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 Private Placement Offer Letter; 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 Private Placement Offer Letter.

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

As required, a copy of this Private Placement Offer Letter has been submitted to BSE and/or NSE (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 BSE and/or NSE or hosting the same on its website should not in any way be deemed or construed that this Private Placement Offer Letter has been cleared or approved by the Exchanges; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do they warrant that the Issuer’s bonds will be listed or continue to be listed on the Exchanges; nor do they 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 bonds 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 Bonds have not been recommended or approved by the RBI nor does RBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the Bonds have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the Bonds being issued by the Issuer or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. The potential investors may make investment decision in respect of the Bonds offered in terms of this Private Placement Offer Letter solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/repayment of such investment.

## SECTION III GENERAL INFORMATION

### 3.1. ISSUER

Name of the Issuer	:	<b>Rural Electrification Corporation Ltd.</b>
Registered/ Head Office/ Corporate Office	:	Core-4, SCOPE Complex, 7, Lodi Road New Delhi 110003
Website	:	www.recindia.gov.in
E-mail	:	investorcell@recl.nic.in
Telephone Number	:	+911124361320
Fax Number	:	+911124369849
CIN	:	L40101DL1969GOI005095

Our Company was incorporated as a private limited company under the Companies Act, 1956 on July 25, 1969 at New Delhi as "Rural Electrification Corporation Private Limited". The word "private" was deleted from the name of our Company on June 3, 1970. Our Company became a deemed public limited company with effect from July 1, 1975. Our Company was converted into a public limited company with effect from July 18, 2003.

### 3.2. COMPLIANCE/NODAL OFFICER AND DIRECTOR (FINANCE)

COMPLIANCE/NODAL OFFICER	DIRECTOR (FINANCE)
<b>Mr. Vijay Kumar</b> <b>Addl. General Manager (Finance)</b> Rural Electrification Corporation Limited Core-4, SCOPE Complex 7, Lodi Road, New Delhi 110 003 Tel: +91 11 4309 1620 Facsimile: +91 11 2436 9849 E-mail: vij_kr1960@yahoo.co.in,	<b>Mr. Ajeet Kumar Agarwal,</b> Rural Electrification Corporation Limited Core-4, SCOPE Complex 7, Lodi Road New Delhi-110003 Tel: +91 11 24361914 Facsimile: +91 11 24365090 E-mail: ak.agarwal@recl.nic.in

### 3.3. ARRANGERS TO THE ISSUE

<b>A.K. CAPITAL SERVICES LIMITED</b> <b>A. K. Capital Services Limited</b> 609, 6th Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi – 110 001 Telephone No. (011) 23739628 Fax No. (011) 23739627 E-mail: akdelhi@akgroup.co.in	<b>IDFC BANK LIMITED</b> <b>IDFC Bank Limited</b> Sood Tower, 4th Floor, 25 Barakhamba Road, New Delhi – 110001 Telephone No. (011) 66712000 Fax No. (011) 23328553 E-mail: anuj.chhabra@idfcbank.com
<b>AXIS BANK LIMITED</b> <b>Axis Bank Ltd.,</b> 13th Floor, Statesman House, 148 Barakhamba Road, New Delhi - 110 001 Telephone No. (011) 43682422 Fax No. (011) 41515449 E-mail: premanshu.sharma@axisbank.com	<b>LKP SECURITIES LIMITED</b> <b>LKP Securities Limited</b> Suite No.38, 3rd Floor, Indra Palace, Connaught Place, New Delhi – 110001 Telephone No. (011) 41517624 Fax No. (011) 41517627 E-mail: nitin_upadhyay@lkpsec.com
<b>EDELWEISS FINANCIAL SERVICES LIMITED</b> <b>Edelweiss Financial Services Limited</b> Upper Ground Floor, Mercantile House, 15, K.G. Marg, New Delhi – 110001 Telephone No. (011) 43571111 Fax No. (011) 43571122 E-mail: dcmfic@edelweissfin.com	<b>ICICI SECURITIES PRIMARY DEALERSHIP LIMITED</b> <b>ICICI Securities Primary Dealership Limited</b> ICICI Tower, 3rd Floor, NBCC Place, Pragati Vihar, Lodi Road, New Delhi – 110003 Telephone No. (011) 24390025/26 Fax No. (011) 43560036 / 24390074 E-mail: <a href="mailto:s.venkatakrishnan@isedpd.com">s.venkatakrishnan@isedpd.com</a>



<b>YES BANK LIMITED</b>	<b>TIPSONS CONSULTANCY SERVICES PRIVATE LIMITED</b>
<b>Yes Bank Limited</b> 48 – Nyaya Marg, Chanakyapuri, New Delhi - 110021 Telephone No. (011) 66569094 Fax No. (011) 41680310 E-mail: ankush.siddhu@yesbank.in	<b>Tipsons Consultancy Services Private Limited</b> 401, Sheraton House, Opp. Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad – 380015 Telephone No. (079) 30002004, (079) 30427790, (011) 23351155 Fax No. (079) 30480298, (011) 23351188 E-mail: dharmendra@tipsons.com
<b>ICICI BANK LIMITED</b>	<b>TRUST INVESTMENT ADVISORS PRIVATE LIMITED</b>
<b>ICICI Bank Limited</b> ICICI Bank Towers Bandra Kurla Complex, Bandra (East), Mumbai – 400051 Telephone No. (022) 26531414, (011) 4221 8275 Fax No. (022) 26531063, (022) 26531122, ( 011) 24360072 E-mail: gmfixedincome@icicibank.com	<b>Trust Investment Advisors Private Limited</b> 1101, Naman Centre, G Block, C-31, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Telephone No. (022) 40845000 Fax No. (022) 40845066 / 40845007 E-mail: mbd.trust@trustgroup.co.in

### 3.4. CREDIT RATING AGENCIES

<b>INDIA RATINGS &amp; RESEARCH PRIVATE LIMITED</b>	<b>CREDIT ANALYSIS &amp; RESEARCH LIMITED</b>
A Fitch Group Company Wockhardt Tower, Level 4, West Wing BandraKurla Complex, Bandra (E) Mumbai - 400051 Tel: + 91 22 40001700 Fax: +91 22 40001701 Website: <a href="http://www.indiaratings.co.in">www.indiaratings.co.in</a>	13 <sup>th</sup> Floor, E-1, Block, Videocon Tower, Jhandewalan Extension, New Delhi 110055 Tel:+91 11 4533 3200 Fax: +91 114533 3238 Website: <a href="http://www.careratings.com">www.careratings.com</a>
<b>CRISIL LIMITED</b>	<b>ICRA LIMITED</b>
CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076 Tel: + 91 22 3342 3000 Fax: +91 22 3342 3050 Website: <a href="http://www.crisil.com">www.crisil.com</a>	1105, Kailash Building, 11 <sup>th</sup> Floor, 26, Kasturba Gandhi Marg, New Delhi – 110001 Tel: +91 11 23357940/50 Fax: +91 11 23357014 Website: <a href="http://www.icra.in">www.icra.in</a>

### 3.5. STATUTORY AUDITORS OF THE ISSUER

S.No.	Name	Address	Auditors of the Company Since
1	<b>M/s A R &amp; Co.,</b> Chartered Accountants, ICAI Firm Registration: 002744C	A 403, Gayatri Apartments, Airlines Group Housing Society, Plot No.27, Sector 10, Dwarka, New Delhi- 110075 Tel: +91 120 6451160 Email: pawankgoel@gmail.com Contact Person: Mr.Pawan K. Goel	July 01, 2015
2	<b>M/s Raj Har Gopal &amp; Co.,</b> Chartered Accountants, ICAI Firm Registration: 002074N	412, Ansal Bhawan,16, Kasturba Gandhi Marg,New Delhi – 110001 Tel:+91 11 4152 0698/99 Email: rajhargopal1@hotmail.com Contact Person: Mr.GopalKrishan	July 26, 2013

Being a Government Company, the statutory auditors of the Issuer are appointed by the Controller and Auditor General of India (“CAG”). The annual accounts of the Issuer are reviewed every year by CAG and a report is published.

**3.6. Details of change in Auditors of the Company since last three years:**

S. No.	Financial Year	Name	Address	Date of Appointment/ Resignation	Remark (if any)
1.	2013-14	M/s Raj HarGopal& Co., Chartered Accountants, having Firm Registration No.002074N  M/s P.K. Chopra &Co., Chartered Accountants, having FirmRegistrationNo.006747N	412, AnsalBhawan, 16, Kasturba Gandhi Marg, New Delhi – 110001.  N-Block, Bombay Life Building, 2 <sup>nd</sup> Floor, Above Post Office Connaught Place, NewDelhi-110001	Appointed on 26.07.2013	M/s Raj Har Gopal & Co. was appointed by CAG.
2.	2015-16	M/s A R & Co., Chartered Accountants, having Firm Registration No. 002744C  M/s Raj HarGopal& Co., Chartered Accountants, having Firm Registration No.002074N	A 403, Gayatri Apartments, Airlines Group Housing Society, Plot No.27, Sector 10, Dwarka, New Delhi- 110075  412, AnsalBhawan, 16, Kasturba Gandhi Marg, New Delhi – 110001.	Appointed on 01.07.2015	M/s A R & Co. was appointed by CAG.

## SECTION IV BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES UNDERTAKEN, ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION

### 4.1. CONSTITUTION

REC is a Government of India ("GoI") Public Sector Enterprise, incorporated on July 25, 1969 under the Companies Act, having net worth of over ₹28,893.40 crores (on consolidated basis) as on March 31, 2016. 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 and State utilities as also to the private sector utilities. REC was declared as a Public Financial Institution under Section 4A of the Companies Act, 1956 (corresponding Section 2(72) of the Companies Act, 2013) 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.

### 4.2. CHANGES IN THE REGISTERED AND CORPORATE OFFICE

Our Registered and Corporate Office is currently situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India. Our registered office was initially situated at Floor No. 3, Jeevan Vihar, Parliament Street, New Delhi-110001, 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, Lodi Road, New Delhi 110 003, India.

### 4.3. 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, 1956.
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, 1934.
2001	Allowed to issue Capital Gains Tax Exemption Bonds under Section 54 EC of the IT Act. Up gradation from Schedule 'B' to Schedule 'A' Corporation
2002	Grant of Mini Ratna- I status
2005	Appointed as the nodal agency for RGGVY (presently known as Deendayal Upadhyaya Gram Jyoti Yojana).
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.

Calendar Year	Event
2008	<p>Launch of Initial Public Offer and dilution of Promoter's shareholding from 100% to 81.82%. Gross proceeds from IPO were ₹ 819.63 crores.</p> <p>Listed Equity Shares of the Company on NSE and BSE.</p> <p>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.</p> <p>Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,902 million.</p>
2009	<p>Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 million.</p> <p>Received 'LAAA' rating from ICRA in relation to ₹ 25,000 crores long term borrowing programme for the Fiscal 2010.</p>
2010	<p>Follow-on issue of Equity Shares resulting in (a) raising ₹ 2,647.53 crores of gross proceeds through fresh issue and (b) GoI reducing its ownership to 66.80%.</p> <p>RBI categorised REC as an Infrastructure Finance Company ("IFC").</p> <p>REC was included in the MSCI emerging marketing index.</p>
2011	<p>REC successfully priced a USD 500 million 4.25% 5-year Reg S Senior Unsecured Notes transaction.</p> <p>REC was the first Indian NBFC –IFC to enter into the international debt market.</p>
2012	<p>CHF Bonds through Reg S for CHF 200 million were issued by REC, which were listed in the SIX Swiss Exchange, Switzerland.</p> <p>Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 100 million.</p> <p>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.</p>
2013	<p>REC received DSIJ PSU Award, 2012 for "Fastest Growing Operational Metrics" in Non-Manufacturing Navratna Category.</p> <p>REC received CIDCVishwakarma 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>
2014	<p>Entered into offshore syndicated facility agreements for availing loan facility of USD 285 million from Hong Kong and Shanghai Banking Corporation Limited, State Bank of India, Singapore Branch and Sumitomo Mitsui Banking Corporation as Mandated Lead Arrangers and Book runners (MLAB's) in November.</p> <p>REC named 'Best Employer India 2013' and also been awarded 'The Aon Hewitt Voice of Employee Award Public Sector Enterprise India 2013' by Aon Hewitt.</p> <p>Received 'Best HR Practices' Award in the Navratna PSU's category from India Today PSUs Award 2014</p>

Calendar Year	Event
	<p>REC received DSIJ PSU Award, 2014 for "Fastest Growing Navratna of the Year in Non-Manufacturing Category.</p> <p>'Rural sector PSE of the Year making Grass Root Infrastructure Impact' from IPSE Award 2014.</p> <p>'Best Power Financing Company' for outstanding contribution in terms of providing financial assistance and promoting Rural electrification Projects all over the Country having consistent record of Excellent all round Performance Growth and Profitability since inception and Contribution to the Growth of Nation from CBIP</p> <p>"Best Governed Company" by Institute of Company Secretaries of India and REC has been awarded "ICSI National Award for excellence in corporate governance".</p> <p>Nodal Agency for operationalization of Deendayal Upadhyaya Gram JyotiYojana on December 3, 2014 (including Rural Electrification (RE) component - the erstwhile Rajiv Gandhi Grameen VidyutikaranYojana - RGGVY) mainly for separation of agriculture and non-agriculture feeders; strengthening and augmentation of sub-transmission &amp; distribution infrastructure in rural areas; and rural electrification for completion of the targets laid down under RGGVY for XII and XIII Plans.</p>
2015	<p>"Fastest Growing Navratna PSU" award from India Today.</p> <p>Third Largest Financier in RE in FY 2015-16 from Ministry of Non-Conventional and Renewable Energy (MNRE)</p>
2016	<p>Rated "Excellent" for Fiscal 2015 in terms of MoU signed with GoI for the 22<sup>nd</sup> year in succession,</p> <p>Nodal Agency for implementation of Outage Management System and 11 KV Rural Feeder Management System.</p>

#### 4.4. 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.

#### 4.5. HOLDING ENTITY- OUR PROMOTER

Our Promoter is the President of India, acting through the Ministry of Power, holding 60.64% of our Equity Share Capital as on September 30, 2016.

#### 4.6. JOINT VENTURES

##### Energy Efficiency Services Limited (“EESL”)

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC and PFC as partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. During the financial year 2016-17, the Equity investment of REC in EESL was increased to 14,65,00,000 Equity Shares of ₹ 10/- each w.e.f April 25, 2016. Accordingly, as on date REC holds 31.7% of the paid up equity share capital of EESL.

EESL is formed to create & sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, Government of India. EESL is also leading the market related activities of the National Mission for Enhanced Energy Efficiency (NMEEE), one of the 8 national missions under National Action Plan on Climate Change. The Business verticals of the company inter-alia include implementing projects in Energy Service Company (ESCO) mode in Agriculture Demand Side Management (AgDSM), Municipal Demand Side Management (MuDSM), Distribution Energy Efficiency projects, Building,

Small & Medium Enterprises (SMEs), Perform, Achieve and Trade-Joint Implementation Plan (PAT-JIP), Corporate Social Responsibility activities, etc. Currently, EESL is implementing Municipal Street Lighting projects with various Municipal Corporation and AgDSM projects for replacement of inefficient Agricultural Pump sets in agriculture sector, Unnat Jyoti by Affordable LEDs for all formerly Domestic Efficient Lighting Programme (DELP) in domestic residential sector in ESCO mode with various Utilities and CSR projects of various companies.

#### **4.7. ENTITIES IN WHICH WE HAVE EQUITY INVESTMENT**

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

Pursuant to the approval of Board of Directors in year 2007, our Company acquired 5% (12,50,000 equity shares of face value of ₹10 each) of the then equity share capital of IEX. 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 Unit No. 3-6, 4th Floor, TDI Centre, District Centre, Jasola, New Delhi – 110025. IEX offers national level electronic platform to facilitate trading in electricity, subject to supervision of the Central Electricity Regulatory Commission (“CERC”). Entities listed to undertake trading in electricity, distribution licensees and grid connected entities use the platform offered by IEX to purchase and sell electricity. Currently, IEX operates Day-Ahead Market (DAM) and Term-Ahead Market (TAM) in electricity as well as Renewable Energy Certificate (REC) Market. The Exchange provides a transparent, demutualised and automated platform enabling efficient price discovery and price risk management for participants. The equity shares of IEX are not listed on any stock exchange. As on March 31, 2016, REC holds 4.34% in the equity share capital of 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.

##### **Investment in NHPC**

REC has invested in 26,05,42,050 equity shares of NHPC Limited at the rate of ₹ 21.78 per share (including STT, brokerage and other charges) amounting to ₹ 567.50 Crore in April 2016 during disinvestment by Government of India through OFS route.

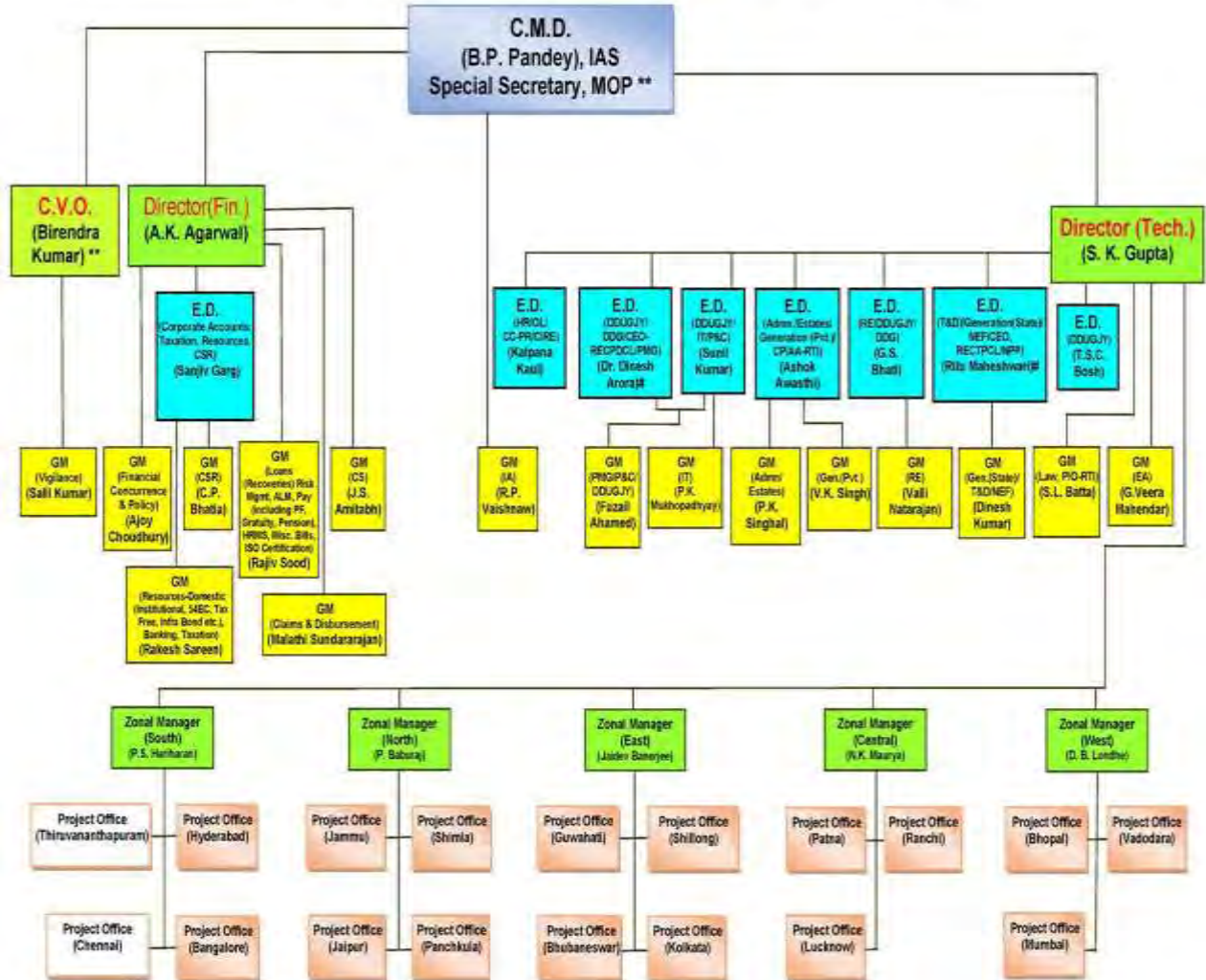
REC holds around 2.35% total equity share capital of NHPC Ltd.

NHPC Limited, a Govt. of India Enterprise, was incorporated in the year 1975 with an objective to plan, promote and organise an integrated and efficient development of hydroelectric power in all aspects. Later on NHPC expanded its objects to include development of power in all its aspects through conventional and non-conventional sources in India and abroad. At present, NHPC is a Mini Ratna Category-I Enterprise of the Govt. of India with an authorised share capital of ₹15,000 crores and issued share capital is ₹ 11,070.67 crores.

NHPC has been assigned credit rating of AAA / stable by CRISIL.

## SECTION V EXISTING CORPORATE ORGANOGRAM

**EXISTING CORPORATE ORGANOGRAM (AS ON 28<sup>th</sup> NOVEMBER, 2016)**



# On deputation  
\*\* Additional Charge

Abbreviation	
CP	- Corporate Planning
Fin	- Finance
IT	- Information Technology
DDUGJY	- Deen Dayal Upadhyaya Gramin Jyoti Yojna
CEO	- Chief Executive Officer
Gen	- Generation
CS	- Company Secretary
CO-PR	- Corporate Communication-Public Relations
RTI	- Right to Information
P&C	- Parliament & Coordination
MOP	- Ministry of Power
IAS	- Indian Administrative Service

Abbreviation	
PIO	- Public Information Officer
AA	- Appellate Authority
IA	- Internal Audit
HR	- Human Resources
RE	- Renewable Energy
CSR	- Corporate Social Responsibility
SD	- Sustainable Development
EA	- Entry Appraisal
PMG	- Project Monitoring Group
NPP	- National Power Portal
CIRE	- Central Institute for Rural Electrification

Abbreviation	
CMD	- Chairman and Managing Director
ED	- Executive Director
GM	- General Manager

## SECTION VI

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

#### 6.1. OVERVIEW

We are public financial institution in the Indian power infrastructure sector and are engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout India. 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 GoI and since Fiscal 2003, we are permitted to finance all segments of the power sector, including generation, transmission and distribution, throughout the country. 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 IRRPL, CRISL, ICRA 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 60.64% 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 a branch network of 18 project offices and 3 sub-offices spread across India. 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 on-going 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.

#### *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.



## 6.2. OUR PRODUCTS

### *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. 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.

### *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.

### *Others*

- **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.

- **Medium-term Loans**

We offer medium-term loans (MTL) to the Central/State Government Power Utilities and State Governments that are not in default to our Company for the following purposes:

- purchase of fuel for power plant
- system and network maintenance including transformer repairs
- purchase of power
- any other requirement due to inadequate tariff revision, repayment of loan obligation, delay in receipt of support from Govt. etc.

MTL are not provided to the following category of customer:

- who are in default to REC, or
- utilities categorised as Grade "C"
- utilities that have availed Transitional Financing Loan (TFL) facility

These loans have a loan period of more than one to three years. As on March 31<sup>st</sup> 2016, MTL outstanding amounted to ₹5867.36 crores.

### ***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.

### ***Deendayal Upadhyaya Gram Jyoti Yojana***

Government of India, in April 2005, launched the "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. REC is the Nodal Agency for implementation of the Scheme. Under the scheme 90% capital subsidy is being provided by GoI which is released through REC to the respective Implementing Agencies of the State. Subsequently, RGGVY scheme has been subsumed in new 'Deendayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) scheme which was approved by Government of India vide OM No. 44/44/2014-RE dated December 3, 2014. Under DDUGJY, 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) is provided by Government of India on achievement of prescribed milestones.

The main components of the scheme are as under:

- i. Separation of agriculture and non-agriculture feeders facilitating judicious fostering of supply to agricultural & non- agricultural consumers in the rural areas; and
- ii. Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers; and
- iii. Rural electrification for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) will have an estimated outlay of INR 43,033 Crores including budgetary support of INR 33,453 Crore from GOI during the entire implementation period. For component (iii) above, scheme cost of INR 39,275 Crore including a budgetary support of INR 35,447 Crores has been approved.

Rural Electrification Corporation Limited (REC) is the Nodal Agency for operationalization of the scheme and REC would be paid 0.5% of the total project cost as Agency fee.

### ***National Electricity Fund (NEF)***

National Electricity Fund (NEF) - Interest Subsidy Scheme, has become operational during the year 2012-13. The scheme has been introduced by GoI to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy, linked with reform measures, on loans taken by private and public power distribution utilities for approved power Distribution Infrastructure projects.

NEF would provide interest subsidy aggregating to INR 84,660 million (USD 1,355 million spread over maximum loan tenure of 13 years against loan amount of INR 250,000 million (USD 4,000 million)) for distribution projects approved during 2012-13 and 2013-14. The pre-conditions for eligibility are linked to certain reform measures to be achieved by Discoms. Interest subsidy to the tune of 3-7%, is linked to the achievement of mainly two efficiency benchmark i.e., reduction of AT&C losses & reduction in revenue gap (ACS & ARR).

Rural Electrification Corporation is the Nodal Agency for the scheme with a mandate to operationalize the scheme and pass on the benefit of interest subsidy to eligible distribution utilities. REC will receive service charges at the rate of 0.5% of the total loan amount approved by the NEF Steering Committee.

REC, during Fiscal 2013 & Fiscal 2014, has conveyed approval for projects of loan amounting to INR 264,067 million (USD 4,226 million) to 25 discoms of 15 states. Since, the interest subsidy shall be released on the basis of continual improvement in performance of discom (mainly reduction of AT&C losses & reduction in revenue gap-ACS & ARR) to be evaluated on annual basis during the loan tenure. Further, Independent Evaluators have been appointed for evaluation of interest subsidy proposal. It is expected that NEF scheme will supplement the efforts of Govt. of India and result in improvement in distribution sector in the country. NEF scheme has given an opportunity to REC to enhance its business prospects in the power distribution sector.

NEF Steering Committee till 30th June 2016, has approved interest subsidy amounting to INR 169.20 million to eligible Discoms based on the performance criterion evaluated by Independent Evaluators and REC. Discoms have started getting the interest subsidy amount under the Scheme and the benefits shall ultimately be passed on to the consumers of the respective Discoms.

## **UDAY SCHEME**

The recent initiative by Ministry of Power, Government of India through Ujwal DISCOM Assurance Yojana (UDAY), launched in November 2015, is a path breaking reform for realizing the Hon'ble Prime Minister's vision of affordable and accessible 24x7 power for all. It is another decisive step furthering the landmark strides made in the Power sector over the past two years, with the sector witnessing a series of historic improvements across the entire value chain, from fuel supply (highest coal production growth in over 2 decades), to generation (highest ever capacity addition), transmission (highest ever increase in transmission lines) and consumption (over 2.3 crore LED bulbs distributed).

Financially stressed DISCOMs are not able to supply adequate power at affordable rates, which hampers quality of life and overall economic growth and development. Efforts towards 100% village electrification, 24X7 power supply and clean energy cannot be achieved without performing DISCOMs. Power outages also adversely affect national priorities like "Make in India" and "Digital India".

Due to legacy issues, DISCOMs are trapped in a vicious cycle with operational losses being funded by debt. Outstanding debt of DISCOMs has increased from about 2.4 lakh crore at the end of 2011-12 to about 4.3 lakh crore at the end of 2014-15. UDAY assures the rise of vibrant and efficient DISCOMs through a permanent resolution of past as well as potential future issues of the sector. It empowers DISCOMs with the opportunity to break even in the next 2-3 years. This is through four initiatives (i) Improving operational efficiencies of DISCOMs; (ii) Reduction of cost of power; (iii) Reduction in interest cost of DISCOMs; and (iv) Enforcing financial discipline on DISCOMs through alignment with State finances.

### ***ERP and Information Security Management System (ISMS)***

REC remains committed to use of technology to increase its efficiency, and in its efforts to increase its efficiency by use of technology and reduce the time involved in business functions like Central Accounting, Project Appraisal and Sanction, Disbursement etc., REC has implemented Enterprise Resource Planning (ERP) system in the Corporation, which has resulted in increase in efficiency and greater customer satisfaction. Employee processes are also on-line through HR-ERP System. Towards achieving efficient e-governance and transparency, in procurement, now all procurement of goods and services above a cut-off value are being done through the E-procurement system which is also capable of conducting e-Reverse Auction. Additionally, Document Management System ("DMS") and other in-house developed systems viz. Annual Property Return, Bill Payment and Tracking System, Visitor Management System, File Movement System etc. have been implemented to improve the efficiency of REC. Also, for better operational environment & internal control and to mitigate security risk, REC Data Centre and Disaster Recovery Centre comply with Information Security Management System ("ISMS") policies and are ISO/IEC 27001:2013 certified, which is the global security standard, by British Standard Institution (BSI).

### 6.3. 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, 2016, we had total outstanding borrowing of 169106.38 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, 2014, 2015 and 2016. 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 percentages)

Resource Denomination	As on March, 31 <sup>st</sup>					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Rupee	108,619.04	86.04	126,995.92	84.09	147,182.66	87.04
Foreign currency	17,621.15	13.96	24,028.20	15.91	21,923.72	12.96
<b>Total</b>	<b>126,240.19</b>	<b>100</b>	<b>151,024.12</b>	<b>100</b>	<b>169,106.38</b>	<b>100</b>

### 6.4. 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, 2014, 2015 and 2016.

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

Rupee Denominated	As on March 31					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Taxable bonds	75289.46	69.32	97068.18	76.43	109677.54	74.52
54EC Capital Gain Tax Exemption bonds	15492.52	14.26	15590.94	12.28	17164.39	11.66
Infrastructure bonds	376.32	0.35	376.32	0.30	242.39	0.17
Tax-free bonds	11648.41	10.72	11648.41	9.17	12648.41	8.59
Term loans	3264.40	3.01	1575.00	1.24	1100.00	0.75
GoI loans	7.93	0.01	3.07	0.00	0.00	0.00
Commercial paper	2540.00	2.34	0.00	0.00	5600.00	3.80
WCDL	0.00	0.00	734.00	0.58	749.93	0.51
<b>Total</b>	<b>108619.04</b>	<b>100.00</b>	<b>126995.92</b>	<b>100.00</b>	<b>147,182.66</b>	<b>100.00</b>

#### *Taxable Bonds*

We issue secured/ unsecured, non-convertible, non-cumulative, redeemable, taxable, senior/subordinate 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.

#### *54EC – Capital Gain Tax Exemption Bonds*

We began issuing 54 EC – Capital Gain Tax Exemption bonds from Fiscal 2001. Section 54EC of the Income Tax Act, 1961 relates 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 period not less than three years. Up to Fiscal 2007, these bonds have put dates or maturity dates at the end of three years from issuance and thereafter automatic redemption after the lock in period of three years. Since January 2007, the GoI has limited the 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 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, 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 of 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 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, 2016 was 8.74%.

Our infrastructure bonds typically have a maturity of ten and fifteen years from the date of issuance and bear a fixed interest rate with buyback option after specified years i.e., 5/6/7/8/9 years. The infrastructure bonds were offered on a domestic private placement basis and bond issued in Fiscal 2011 & 2012 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 to Fiscal 2014 and Fiscal 2016. 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 that would otherwise have been available to us. The weighted average annualise cost of borrowing on all of our outstanding tax free bonds as on March 31, 2016 was 8.07%.

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 & Fiscal 2014, 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. The tax-free bonds issued in Fiscal 2016 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. Our tax free bonds typically have a maturity of ten, fifteen and twenty years from the date of issuance and bear a fixed interest rate.

### ***Term loans from commercial banks and financial institutions***

As on March 31, 2016 we had a total of three Rupee denominated secured term loan facilities from Life Insurance Corporation of India having outstanding balance of ₹ 1100 crore as on 31/03/2016. 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, 2016 was 7.03%.

**WCDL:** As on March 31, 2016, an amount of ₹ 749.93 crore is outstanding on account of WCDL.

**STL:** As on March 31, 2016, nothing is outstanding on account of STL.

**Loans from GoI:** As on March 31, 2016, nothing is outstanding on account of GOI.

**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 2016 was 7.75%. Commercial Paper of ₹ 5600 crore are outstanding as on March 31, 2016.

#### 6.5. Foreign Currency Resources

We first began arranging for foreign currency borrowings during Fiscal 2007. As on March 31, 2016, outstanding foreign currency loans are ₹ 21923.72 crores.

#### 6.6. External Commercial borrowings in foreign currency

In Fiscal 2014, the Issuer raised ECB as under:

- Syndicated loan agreement through State Bank of India, Sumitomo Mitsui Banking Corporation and Hong Kong and Shanghai Banking Corporation for USD 285 million. Loan under this agreement bear a variable interest at a spread of 150 basis points over six-month USD LIBOR and will mature in Fiscal 2019. As on March 31, 2016, this loan facility was fully drawn and hedged through principal only swap at 6.2031% pa.

In Fiscal 2015, the Issuer raised ECB as under:

- Syndicated loan agreement through State Bank of India and Mizuho Bank Limited for USD 250 million. Loan under this agreement bear a variable interest at a spread of 170 basis points over six-month USD LIBOR and will mature in Fiscal 2020. As on March 31, 2016, this loan facility was fully drawn and USD 190 million hedged through principal only swap at 5.9160% pa and the balance is unhedged.
- Syndicated loan agreement through State Bank of India, Hong Kong and Shanghai Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Bank of India, BNP Paribas and The Australia and New Zealand Banking Group Limited for USD 400 million. Loan under this agreement bear a variable interest at a spread of 150 basis points over six-month USD LIBOR and will mature in Fiscal 2020. As on March 31, 2016, this loan facility was fully drawn and hedged through principal only swap at 5.4157% p.a.
- Syndicated loan agreement through Mizuho Bank, Ltd, State Bank of India and Sumitomo Mitsui Banking Corporation for USD 400 million. Loan under this agreement bear a variable interest at a spread of 117 basis points over six-month USD LIBOR and will mature in Fiscal 2020. As on March 31, 2016, this loan facility was fully drawn and USD 300 million hedged through principal only swap at 4.8877% pa and the balance is unhedged.

In Fiscal 2016, the Issuer raised ECB as under:

- Syndicated loan agreement through Mizuho Bank, Ltd, State Bank of India and Bank of Baroda for USD 300 million. Loan under this agreement bear a variable interest at a spread of 100 basis points over six-month USD LIBOR and will mature in Fiscal 2021. As on March 31, 2016, this loan facility was fully drawn and entire USD 300 million hedged through principal only swap at 4.9155% pa.
- Syndicated loan agreement for USD 250 million through Sumitomo Mitsui Banking Corporation, Mizuho Bank Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd. to refinance the ECB of USD 250 Million raised in Fiscal 2013, as per approval of RBI. Loan under this agreement bear a variable interest at a spread of 70 basis points over six-month USD LIBOR and will mature in Fiscal 2019. As on March 31, 2016, this loan facility was fully drawn and USD 50 million hedged through principal only swap at 5.5295% pa, USD 50 million hedged through call spread options at 4.4985% pa and balance USD 150 million is unhedged.

- Syndicated loan agreement through State Bank of India and HSBC Banks (Mauritius) Limited for USD 300 million. Loan under this agreement bear a variable interest at a spread of 105 basis points over six-month USD LIBOR and will mature in Fiscal 2021. As on March 31, 2016, this loan facility was fully drawn and USD 75 million hedged through principal only swap at 4.9760% pa and USD 225 million hedged through call spread options at 4.0088% pa
- Syndicated loan agreement for USD 250 million through Mizuho Bank Ltd. and The Bank of Tokyo-Mitsubishi UFJ Ltd. to refinance the ECB of USD 250 Million raised in Fiscal 2013, as per approval of RBI. Loan under this agreement bear a variable interest at a spread of 65 basis points over six-month USD LIBOR and will mature in Fiscal 2019. As on March 31, 2016, this loan facility was fully drawn and entire USD 300 million hedged through call spread options at 4.1859% pa.
- Syndicated loan agreement for USD 120 million through Australia and New Zealand Banking Group Limited to part-refinance the ECB of USD 250 Million raised in Fiscal 2013, as per approval of RBI. Loan under this agreement bear a variable interest at a spread of 95 basis points over six-month USD LIBOR and will mature in Fiscal 2019. As on March 31, 2016, this loan facility was fully drawn and entire USD 75 million hedged through call spread options at 4.44% pa.

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, 2019, entire outstanding amount of JPY 16,949.38 million 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 and further restated to JPY 11,809 million w.e.f. 31.03.2016. This agreement bears a fixed interest rate of 0.65% per annum and matures in Fiscal 2023. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As on March 31, 2016, JPY 11,809 million have been fully 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 bear a fixed interest rate of 3.73% per annum and mature in 2018. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As of March 31, 2016, entire loan amount of Euro 70 million 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, 2016, entire loan amount of Euro 70 million 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 2024. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As March 31, 2016, Euro 100 million has been fully drawn under this facility.

## 6.7. Business details of subsidiaries and their special purpose vehicles (SPVS):

### 6.7.1. REC Transmission Projects Company Limited

RECTPCL was incorporated on January 8, 2007 as a public limited company and its registered office is situated at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India. It received its certificate of commencement of business on February 5, 2007. RECTPCL is engaged inter alia in the business of, to promote, organise or carry on the business of consultancy services and/or project implementation in any field of activity relating to transmission and distribution of electricity in India or abroad.

### **6.7.2. REC Power Distribution Company Limited**

RECPDCL was incorporated on July 12, 2007 as a public limited company and its registered office is situated at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India. It received its certificate of commencement of business on July 31, 2007. RECPDCL is presently engaged inter alia in the business of, to promote, develop, construct, own, operate, distribute and maintain 66KV and below voltage class electrification, distribution, electric supply lines or distribution system.

### **6.7.3. NER II Transmission Limited**

NER II Transmission Limited has been incorporated as a Special Purpose Vehicle as a wholly owned subsidiary of REC Transmission Projects Company Limited on April 21, 2015 to undertake activities for transmission systems relating to a NER System Strengthening Scheme– II(B) & V. A two stage Bidding process featuring separate Request for Qualification (RFQ) and Request for Proposal (RfP) has been adopted in accordance with tariff based competitive bidding guidelines of Ministry of Power, GoI for selection of developer as Transmission Service Provider. The RFQ of the project was issued on November 27, 2015. Five bidders have participated at the RFQ stage and all five have qualified to participate in next stage of bidding i.e. RFP. The RFP for the project has been issued w.e.f September 15, 2016 and the bidding process is expected to conclude during FY 2016-17.

### **6.7.4. Dinchang Transmission Limited**

Dinchang Transmission Limited has been incorporated as a Special Purpose Vehicle as a wholly owned subsidiary of REC Transmission Projects Company Limited December 2, 2015 as transmission service provider for Transmission system for Phase-I Generation Projects in Arunachal Pradesh. A two stage Bidding process featuring separate Request for Qualification (RFQ) and Request for Proposal (RFP) has been adopted in accordance with tariff based competitive bidding guidelines of Ministry of Power, GoI for selection of developer as Transmission Service Provider. The RfQ of the project was issued on December 4, 2015. Five bidders have participated at the RFQ stage and all five bidders have qualified to participate in next stage of bidding i.e. RFP. The RFP for the project has been issued w.e.f April 13, 2016 and the bidding process is expected to conclude during FY 2016-17.



## SECTION VII OUR MANAGEMENT

### 7.1. DETAILS OF THE BOARD

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 and one is Government Nominee Director and three are Part time Non Official Independent Directors.

The following table sets forth details regarding our Board as on the date of this Private Placement Offer Letter (as on December 5, 2016).

Name, Father's Name, Designation, Occupation, DIN, Age and Nationality	Residential Address	Director of the Company Since	Other Directorships	Appointment / Resignation
<b>Shri Bhagwati Prasad Pandey</b>  S/o Shri Goverdhan Pandey  Chairman and Managing Director  Occupation: Service DIN: 01393312 Age: 59 years Nationality: Indian	C-II/9 Tilak Lane New Delhi 110001.	October 1, 2016	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited</li> <li>• REC Power Distribution Company Limited</li> </ul>	No. 46/8/2011-RE dated September 30, 2016
<b>Shri Ajeet Kumar Agarwal</b>  S/o Late Shri Shree Gopal Agarwal  Director (Finance)  Occupation: Service DIN: 02231613 Age: 56 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</li> <li>• Indian Energy Exchange Limited</li> </ul>	No. 46/9/2011-RE dated May 17, 2012
<b>Shri Sanjeev Kumar Gupta</b>  S/o Shri Bhukan Saran Gupta  Director (Technical)  Occupation: Service DIN: 03464342 Age: 55 years Nationality: Indian	16-C, Nilgiri-1 Apartment, Sector 34, Noida 201307, Uttar Pradesh, India	October 16, 2015	<ul style="list-style-type: none"> <li>• REC Power Distribution Company Limited</li> <li>• REC Transmission Projects Company Limited</li> </ul>	No. 46/14/2014-RE dated October 16, 2015
<b>Dr. Arun Kumar Verma</b>  S/o Late Shri Siya Kant Prasad  Government Nominee Director  Occupation: Service	E-203, Central Government Residential Complex, Deen Dayal Upadhyay Marg, New Delhi – 110002, India	October 6, 2015	<ul style="list-style-type: none"> <li>• Power Finance Corporation Limited</li> </ul>	No. 46/8/2015-RE dated October 6, 2015

Name, Father's Name, Designation, Occupation, DIN, Age and Nationality	Residential Address	Director of the Company Since	Other Directorships	Appointment / Resignation
DIN: 02190047 Age: 57 years Nationality: Indian				
<b>Shri Arun Singh</b> S/o Shri Vijay Narain Singh  Part time Non Official (Independent) Director  Occupation: Chartered Accountant DIN: 00891728 Age: 51 years Nationality: Indian	A-57, Parwana Apartments, MayurVihar, New Delhi – 110091, India	November 13, 2015	None	No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015
<b>Shri Aravamudan Krishna Kumar</b> S/o Shri K. Aravamudan  Part time Non Official (Independent) Director  Occupation: Retired Banker DIN: 00871792 Age: 62 years Nationality: Indian	Flat No. 1001, Block C, Fortune Towers, Madhapar, Hyderabad – 500081, India	November 13, 2015	<ul style="list-style-type: none"> <li>• Andhra Bank</li> <li>• Suraksha Asset Reconstruction Private Limited</li> <li>• Sathguru Catalyst Advisors Private Limited</li> <li>• Central Depository Services Limited (India)</li> </ul>	No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015
<b>Prof. Tiruvallur Thattai Rammohan</b> S/o Shri T.T. Vijayaraghavan  Part time Non Official (Independent) Director  Occupation: Professor DIN:00008651 Age: 60 years Nationality: Indian	House No. 306, Indian Institute of Management, Vastrapur, Ahmedabad – 380015, India	November 13, 2015	<ul style="list-style-type: none"> <li>• SBICAP Securities Limited</li> <li>• IndusInd Bank Limited</li> </ul>	No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015

None of the current Directors of the Issuer appear in the RBI's defaulter list and/or ECGC default list.

### Corporate Governance

Our Company has been complying with the requirements of Corporate Governance as prescribed under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. As on date, the composition of the Board of Directors is three (3) Executive Directors, three (3) Part-time Non-official (Independent) Directors and one (1) Government Nominee Director, thereby short of one (1) Part Time Non-official (Independent) Director/ one (1) Woman Director. Hence, our Company is required to appoint one (1) Part Time Non-official (Independent) Director / one (1) Woman Director on its Board. The Company has already requested the Ministry of Power, Government of India to expedite the appointment of one (1) Part-time Non-official Independent Director/ one (1) Woman Director, and the same is under process. As soon as appointment of one (1) Part-time Non-official Independent Director/ one (1) Woman Director is made, the Company will be in compliance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 relating to composition of the Board.

**Details of Changes in Directors in last 3 years:**

Name	DIN	Designation	Date of Appointment	Date of Completion of tenure/ Resignation Date	Reason
Dr. Devi Singh	00015681	Part time Non-official Independent Director	June10, 2011	June 09, 2014	Ceased to be a Director pursuant to a notification by MoP, GoI.
Shri Venkataraman Subramanian	00357727	Part time Non-official Independent Director	June 10, 2011	June 09, 2014	Ceased to be a Director pursuant to a notification by MoP, GoI.
Shri Prakash Thakkar	01120152	Director (Technical)	May 2, 2011	October 12, 2015	Ceased to be a Director pursuant to resignation.
Shri Rajeev Sharma	00973413	Chairman & Managing Director	November 29, 2011	October 1, 2016	Ceased to be a Director pursuant to relinquishment of charge as CMD.
Dr. Sunil Kumar Gupta	00948089	Part time Non-official Independent Director	March 16, 2012	March 15, 2015	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Shri BadriNarain Sharma	01221452	Government Nominee Director	August 23, 2012	October 6, 2015	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr.Arun Kumar Verma	02190047	Government Nominee Director	October 6, 2015	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Sanjeev Kumar Gupta	03464342	Director (Technical)	October 16, 2015	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Arun Singh	00891728	Part time Non Official (Independent) Director	November 13, 2015	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Aravamudan Krishna Kumar	00871792	Part time Non Official (Independent) Director	November 13, 2015	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Prof. Tiruvallur Thattai Rammohan	00008651	Part time Non Official (Independent) Director	November 13, 2015	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Bhagwati Prasad Pandey	01393312	Chairman & Managing Director	October 1, 2016	Continuing	Assigned with additional charge as CMD REC pursuant to a notification by the MoP, GoI.

## SECTION VIII DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION, ETC.

### 8.1. INTERESTS OF OUR DIRECTORS

Except as otherwise stated in “Financial Statements – Related Party Transactions” our Company has not entered into any contract, agreements and arrangement during the three financial years preceding the date of this Private Placement Offer Letter in which the directors are interested directly or indirectly and no payments have been made to them in respect of such contracts or agreements.

All our Directors, including our Independent Director, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them.

### 8.2. INTEREST OF KEY MANAGERIAL PERSONS/PROMOTERS IN THE OFFER

All KMPs, may be deemed to be interested to the extent of remuneration and reimbursement of expenses if any payable to them, as well as to the extent of shareholding held by them in the Company.

Promoter (i.e. President of India) may be deemed to be interested to the extent of shareholding held in the Company.

### 8.3. LITIGATION

Since the Government of India is the Promoter of the Company, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of the Company during the last three years.

### 8.4. REMUNERATION OF DIRECTORS

#### 8.4.1. Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid to the Whole Time Directors as on September 2016:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (₹)	Other Benefits (₹)	Total (₹)
Shri Rajeev Sharma, CMD	35,84,371	6,09,449	41,93,820
Shri Ajeet Kumar Agarwal, Director (Finance)	29,74,571	3,29,527	33,04,098
Shri Sanjiv Kumar Gupta, Director (Technical)	28,52,516	1,02,004	29,54,520

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2016:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (₹)	Other Benefits (₹)	Total (₹)
Shri Rajeev Sharma, CMD	47,77,084	10,48,630	58,25,714
Shri Ajeet Kumar Agarwal, Director (Finance)	42,46,990	2,60,905	45,07,895
Shri Prakash Thakkar, Director (Technical) upto 12.10.2015	47,07,475	11,61,156	58,68,631
Shri Sanjiv Kumar Gupta, Director (Technical) w.e.f 16.10.2015	20,00,858	2,20,612	22,21,470

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2015:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (₹)	Other Benefits (₹)	Total (₹)
Shri Rajeev Sharma, CMD	54,96,408	10,64,892	65,61,300
Shri Ajeet Kumar Agarwal, Director (Finance)	40,55,935	7,32,450	47,88,385
Shri Prakash Thakkar, Director (Technical)	47,46,923	11,18,630	58,65,553

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2014:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (₹)	Other Benefits (₹)	Total (₹)
Shri Rajeev Sharma, CMD	54,27,152	2,91,107	57,18,259
Shri Ajeet Kumar Agarwal, Director (Finance)	44,28,692	4,39,554	48,68,246
Shri Prakash Thakkar, Director (Technical)	48,16,081	1,98,140	50,14,221

#### 8.4.2. Remuneration of Part-time Non official Directors

The Part-time Non official Independent Directors do not have any material pecuniary relationship or transaction with the Company. The Board of Directors in their meeting held on May 28, 2013 decided to pay following as sitting fee to Part time Non-official Independent Directors for Board/Committee meeting:

S. No	Meetings	Sitting fees per Meeting (in ₹)
1	Board Meeting	20,000
2	Committee Meeting	20,000

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2016:

Sl. No.	Name of Part-time Non-official Independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri Arun Singh	60,000	60,000	1,20,000
2.	Shri A. Krishna Kumar	80,000	1,40,000	2,20,000
3.	Prof. T.T. Ram Mohan	80,000	1,20,000	2,00,000
	Total			5,40,000

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2015:

S. No	Name of the Part time Non official Independent Directors	Sitting fees (in ₹)		Total (in ₹)
		Board Meeting	Committee Meeting	
1	Dr. Devi Singh*	40,000	1,00,000	1,40,000
2	Shri Venkataraman Subramanian	40,000	60,000	1,00,000
3	Dr. Sunil Kumar Gupta	1,80,000	2,60,000	4,40,000

\* Dr. Devi Singh was additionally paid ₹10,000 by way of honorarium for attending meeting of Departmental Promotion Committee (DPC).

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2014

S. No	Name of the Part time Non official Independent Directors	Sitting fees (in ₹)		Total (in ₹)
		Board Meeting	Committee Meeting	
1	Dr. Devi Singh	1,60,000	3,55,000	5,15,000
2	Shri Venkataraman Subramanian	1,60,000	2,40,000	4,00,000
3	Dr. Sunil Kumar Gupta	40,000	-	40,000

Set forth below are the details of the sitting fees paid to Independent Directors during Fiscal 2013

S. No	Name of the Part time Non official Independent Directors	Sitting fees (in ₹)		Total (in ₹)
		Board Meeting	Committee Meeting	
1	Dr. Devi Singh	135000	240000	375000
2	Shri Venkataraman Subramanian	135000	150000	285000
3	Dr. Sunil Kumar Gupta	105000	30000	135000
4	Dr. Govinda Marapalli Rao*	120000	135000	255000

\* Dr. Govinda Marapalli Rao ceased to be Director pursuant to a Presidential Notification No. 10/(2)-B(S)/2012 dated January 02, 2013 w.e.f. February 05, 2013

#### 8.5. Relationship with other Directors

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

#### 8.6. RELATED PARTY TRANSACTIONS

Related party transactions entered during the last 3 financial years immediately preceding the year of circulation of this Private Placement Offer Letter including with regard to loans made or guarantees given or securities provided:

##### FY 2015-16, 2014-15 and FY 2013-14:

Details of amount due from/ to the related parties:

Particulars	(₹ in Crores)		
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014
<b>Long-term Debt</b>			
RECTPCL	60.00	60.00	60.00
RECPDCL	10.44	7.00	7.00
Key Managerial Personnel	0.10	0.17	0.08
<b>Loans &amp; Advances</b>			
RECTPCL	0.22	2.04	3.32
RECPDCL	0.73	-	0.31
Key Managerial Personnel	0.83	0.29	0.09
<b>Other Current Liabilities</b>			
RECPDCL	5.37	2.27	2.57
RECTPCL	-	1.05	-

Details of Transactions with the related parties:

Particulars	(₹ in Crores)		
	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014
<b>Long Term Debt - Amount Invested</b>			
RECTPCL	-	-	25.00
RECPDCL	3.44	-	7.00
Key Managerial Personnel	0.01	-	0.04
<b>Loans &amp; Advances</b>			
Key Managerial Personnel	0.53	0.04	0.09
<b>Sale of Fixed Assets</b>			
RECPDCL	0.01	-	0.05

Particulars	As at 31.03.2016	As at 31.03.2015	As at 31.03.2014
<b>Investment in Share Capital (including applied for)</b>			
EESL	124.00	-	-
<b>Disbursement from Subsidy/ Grant Received from Govt. of India</b>			
RECPDCL	6.90	-	-
<b>Dividend from Subsidiaries</b>			
RECTPCL	9.51	0.10	0.10
RECPDCL	0.50	0.25	0.05
<b>Interest Income - Loans &amp; Advances</b>			
RECTPCL	-	-	0.34
Key Managerial Personnel	0.04	0.06	0.01
<b>Apportionment of Employee Benefit and Other Expenses</b>			
RECTPCL	2.35	2.58	4.96
RECPDCL	4.32	2.20	3.04
<b>Finance Cost</b>			
Interest Paid to RECTPCL	4.70	4.70	2.95
Interest Paid to RECPDCL	0.64	0.54	0.10
Interest Paid to Key Managerial Personnel	0.01	0.01	-
<b>Employee Benefits Expense - Managerial Remuneration</b>	2.33	1.91	1.56
<b>CSR Expenses</b>			
RECPDCL	91.77	19.04	0.17
EESL	0.28	1.59	3.98
<b>Other Expenses</b>			
RECPDCL	2.22	7.31	6.30

**8.7. DETAILS OF ANY INSPECTIONS/INVESTIGATION/INQUIRY CONDUCTED UNDER COMPANIES ACT, 2013 AND PREVIOUS COMPANY LAW DURING THE LAST THREE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES**

NIL

**8.8. FRAUDS COMMITTED AGAINST COMPANY**

NIL

**8.9. DETAILS OF ANY INQUIRY, INSPECTIONS OR INVESTIGATIONS INITIATED OR CONDUCTED UNDER THE COMPANIES ACT OR ANY PREVIOUS COMPANY LAW IN THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF CIRCULATION OF PRIVATE PLACEMENT OFFER LETTER AGAINST THE COMPANY AND ITS SUBSIDIARIES**

There has been no inquiry, inspection or investigation initiated or conducted against the Company or its subsidiaries under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Company or its subsidiaries in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**8.10. DETAILS OF DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF ANY KIND OF STATUTORY DUES, DEBENTURES/ BONDS/ DEBT SECURITIES AND INTEREST**

**THEREON, DEPOSITS AND INTEREST THEREON, LOANS FROM ANY BANK OR FINANCIAL INSTITUTION AND INTEREST THEREON AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY.**

- 8.10.1. The Issuer has not defaulted on payment of any kind of statutory dues to the Government of India, State Government(s), statutory/ regulatory bodies, authorities, departments etc., since inception.
- 8.10.2. The main constituents of the Issuer's borrowings are generally in form of debentures/bonds/debt securities, commercial paper, medium term notes ("MTNs"), external commercial borrowings ("ECBs"), loans from banks and financial institutions, assistance from multilateral and bilateral financing agencies etc. In respect of such borrowings, the Issuer certifies that:
- (i) it has serviced all the principal and interest liabilities on all its borrowings on time and there has been no instance of delay or default since inception; and
  - (ii) it has not affected any kind of roll over or restructuring against any of its borrowings in the past.
- 8.10.3. The Issuer has not defaulted on any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its subsidiaries, joint venture entities, group companies etc. in the past.

**8.11. DETAILS OF ACTS OF MATERIAL FRAUDS COMMITTED AGAINST THE COMPANY IN THE LAST THREE YEARS, IF ANY, AND IF SO, THE ACTION TAKEN BY THE COMPANY**

There has been no act of material fraud committed against the Company in the last three years immediately preceding the year of circulation of Private Placement Offer Letter.

**8.12. OUTSTANDING BORROWINGS/DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION**

Other than and to the extent mentioned elsewhere in the Private Placement Offer Letter, the Issuer has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

**8.13 AUDITORS' QUALIFICATIONS**

Details with respect to qualifications, reservations and adverse remarks of the auditors of the Company in the last five financial years immediately preceding the year of circulation of Private Placement Offer Letter and their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said qualifications, reservations and adverse remarks are given as under:

Financial Year	Auditors' qualifications, reservations and adverse remarks
2015-16	Nil
2014-15	Nil
2013-14	Nil
2012-13	Nil
2011-12	Nil



## SECTION IX MANAGEMENT'S PERCEPTION OF RISK FACTORS

### MANAGEMENT PERCEPTION OF RISK FACTOR

The Investor should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, prospects, results of operations and financial condition.

### RISK RELATING TO BUSINESS OR INDUSTRY

1. Our business depends upon policies and support provided by GoI. We are also regulated by other laws i.e. Companies Act, 2013, guidelines by RBI, SEBI, stock exchanges and other applicable laws. GoI may withdraw its support, tax incentives etc. and can come up with the policies/regulations/laws which may be inconsistent with our business objectives. Any such adverse change in policies of the GoI may affect our business. Also, as a majority stake holder and Promoter, GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximize our profits.
2. Our competitive efficiency depends on our capacity to maintain low cost of funds. Any increase in cost of funds will adversely affect our business. Adverse change in exchange rates on account of our foreign currency borrowings and volatility of interest rates both in International and Domestic Debt Markets may lead to increase in the cost of funds.
3. Any negative trends or financial difficulties, particularly among the borrowers and borrower groups to whom we have the greatest exposure, including SEBs and SPUs, could increase the level of NPAs in our portfolio and that may make us unable to service our outstanding indebtedness. SEBs which were our borrowers and have been restructured may not have transferred liabilities related with loans to new entity, which may affect our ability to enforce the applicable provisions of the original agreement.
4. We may face potential liquidity risks due to varying periods over which our assets and liabilities mature.
5. We are involved in large number of litigations and any adverse decision in these cases may affect our financial conditions.
6. We may not have obtained sufficient security and collateral from our borrowers, or we may not be able to recover or enforce, or there may be a delay in recovering or enforcing, the expected value from any security and collateral which could have a material adverse effect on our business, financial condition and results of operations.
7. The escrow account mechanism for the payment obligations of our state sector borrowers may not be effective, which may reduce our recourse in the event of defaulted loans and could have a material adverse effect on our business, financial condition and results of operations.
8. We have granted loans to the private sector on a non-recourse or limited recourse basis, which may increase the risk of non-recovery and could expose us to significant losses.
9. Our Directors may have interests in companies/entities similar to ours, which may result in a conflict of interest that may adversely affect future financing opportunity referrals and there can be no assurance that these or other conflicts of interest will be resolved in an impartial manner. We have entered and may enter into certain transactions with related parties, which may not be on an arm's length basis or may lead to conflicts of interest.

10. We are subject to restrictive covenants, in the agreements entered into with certain banks and financial institutions for our borrowings, like to maintain credit ratings, financial ratios etc. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Further non-compliance by our borrowers to comply with terms and conditions like security and insurance etc. will affect our ability to recover the loan.
11. Power projects carry various project specific and general risk, which are beyond control of REC including non conversion of letter of assurance/ MoU by coal suppliers into binding fuel supply agreement, delays in development of captive coal mines, adverse changes in demand for, or the price of, power generated or distributed by the projects to which we lend, the willingness and ability of consumers to pay for the power produced by projects to which we lend, increased cost due to environmental changes etc. Any adverse change in such conditions may affect our business.
12. We have been granted certain exemption by various authorities like RBI etc. Withdrawal of such exemptions may affect our competitive strength.
13. We may not be in compliance with certain regulations like corporate governance etc. and the same may result in imposition of penalties on us.
14. With the computerization of the accounting, payroll, human resource systems and other areas of our Company, there is every possibility of cybercrimes and frauds related to hacking of internal systems, possibility of manual intervention which may lead to destruction of our data.

#### **RISKS RELATING TO INVESTMENT IN THE BONDS**

1. There has been only limited trading in these Bonds. Further, there is no guarantee that these bonds will be listed on the stock exchanges in a timely manner or at all.
2. Our ability to pay interest and redemption depends on variety of factors including our financial conditions, Indian and global market conditions, event of bankruptcy, winding up and liquidation. We cannot assure you of payment of principal amount or interest in a timely manner or at all.
3. No Debenture Redemption Reserve is envisaged against the Bonds being issued under the terms of this Private Placement Offer Letter. In absence of Debenture Redemption Reserve investor may find it difficult to recover their money.
4. Any down grading in rating of bonds will affect the prices of these Bonds.

#### **EXTERNAL RISK FACTOR**

1. A slow- down in economic growth of India, shortages in the supply of crude oil, natural gas or coal, political instability, labour unrest, strikes, or changes in the government, international financial regulations, natural calamity, act of terrorism, war, riot etc. may affect our business. Any adverse change in such conditions may result in difficulties in obtaining funding on attractive terms.
2. Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial terms at which such financing is available to us.
3. The Indian capital market is developing and maturing at good pace and the same may cause a shift in the pattern of power sector financing. In case our borrowers start directly accessing the market same may affect our business.

## SECTION X CAPITAL STRUCTURE AND FINANCIAL POSITION OF THE ISSUER

### 10.1. CAPITAL STRUCTURE

10.1.1. The equity share capital of our Company, as on September 30, 2016, is set forth below:

(₹incrores, except share data)

		Aggregate value at nominal value
<b>A)</b>	<b>AUTHORISED SHARE CAPITAL</b>	
	500,00,00,000 Equity Shares of face value of ₹10/- each	5,000.00
<b>B)</b>	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>	
	197,49,18,000 Equity Shares of face value of ₹10/- each fully paid up	1974.92
<b>C)</b>	<b>SECURITIES PREMIUM ACCOUNT</b>	3223.72

**Notes:**

Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid-up equity share capital or share premium account of the Company after the offer.

### 10.1.2. Changes in the Capital Structure for last five years

There is no change in the capital structure of the Company as on September 30, 2016, for the last five years other than as mentioned below.

### 10.1.3. 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	Cumulative Share Premium	Equity Share Capital (₹)	Cumulative Equity Share Capital (₹)
October 7, 1969	2,000	1,000	1,000	Initial subscription <sup>(1)</sup>	Cash	Nil	2,000,000	2,000,000
January 30, 1970	28,000	1,000	1,000	Further issue	Cash	Nil	28,000,000	30,000,000
December 2, 1970	60,000	1,000	1,000	Further issue	Cash	Nil	60,000,000	90,000,000
April 30, 1971	20,000	1,000	1,000	Further issue	Cash	Nil	20,000,000	110,000,000
January 28, 1972	10,000	1,000	1,000	Further issue	Cash	Nil	10,000,000	120,000,000
August 28, 1972	80,000	1,000	1,000	Further issue	Cash	Nil	80,000,000	200,000,000
September 27, 1973	70,000	1,000	1,000	Further issue	Cash	Nil	70,000,000	270,000,000
March 23, 1974	40,000	1,000	1,000	Further issue	Cash	Nil	40,000,000	310,000,000
October 31, 1974	100,000	1,000	1,000	Further issue	Cash	Nil	100,000,000	410,000,000
February 20, 1975	90,000	1,000	1,000	Further issue	Cash	Nil	90,000,000	500,000,000
March 8, 1976	50,000	1,000	1,000	Further issue	Cash	Nil	50,000,000	550,000,000
August 17, 1976	50,000	1,000	1,000	Further issue	Cash	Nil	50,000,000	600,000,000
July 30, 1977	70,000	1,000	1,000	Further issue	Cash	Nil	70,000,000	670,000,000
September 4, 1978	100,000	1,000	1,000	Further issue	Cash	Nil	100,000,000	770,000,000
July 25, 1979	100,000	1,000	1,000	Further issue	Cash	Nil	100,000,000	870,000,000
April 23, 1980	40,000	1,000	1,000	Further issue	Cash	Nil	40,000,000	910,000,000
August 23, 1980	15,000	1,000	1,000	Further issue	Cash	Nil	15,000,000	925,000,000

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Date of Issue/ allotment	No. of equity shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Consideration in Cash/ other than cash	Cumulative Share Premium	Equity Share Capital (₹)	Cumulative Equity Share Capital (₹)
September 22, 1980	75,000	1,000	1,000	Further issue	Cash	Nil	75,000,000	1,000,000,000
July 27, 1981	100,000	1,000	1,000	Further issue	Cash	Nil	100,000,000	1,100,000,000
May 10, 1982	16,600	1,000	1,000	Further issue	Cash	Nil	16,600,000	1,116,600,000
August 16, 1982	83,400	1,000	1,000	Further issue	Cash	Nil	83,400,000	1,200,000,000
May 28, 1983	16,600	1,000	1,000	Further issue	Cash	Nil	16,600,000	1,216,600,000
August 3, 1983	83,400	1,000	1,000	Further issue	Cash	Nil	83,400,000	1,300,000,000
August 17, 1984	110,000	1,000	1,000	Further issue	Cash	Nil	110,000,000	1,410,000,000
May 29, 1985	30,000	1,000	1,000	Further issue	Cash	Nil	30,000,000	1,440,000,000
August 6, 1985	60,000	1,000	1,000	Further issue	Cash	Nil	60,000,000	1,500,000,000
December 17, 1985	110,000	1,000	1,000	Further issue	Cash	Nil	110,000,000	1,610,000,000
May 21, 1986	40,000	1,000	1,000	Further issue	Cash	Nil	40,000,000	1,650,000,000
July 16, 1986	220,000	1,000	1,000	Further issue	Cash	Nil	220,000,000	1,870,000,000
June 8, 1987	47,000	1,000	1,000	Further issue	Cash	Nil	47,000,000	1,917,000,000
August 6, 1987	239,000	1,000	1,000	Further issue	Cash	Nil	239,000,000	2,156,000,000
May 27, 1988	53,300	1,000	1,000	Further issue	Cash	Nil	53,300,000	2,209,300,000
July 30, 1988	266,700	1,000	1,000	Further issue	Cash	Nil	266,700,000	2,476,000,000
June 14, 1989	58,300	1,000	1,000	Further issue	Cash	Nil	58,300,000	2,534,300,000
July 20, 1989	291,700	1,000	1,000	Further issue	Cash	Nil	291,700,000	2,826,000,000
November 15, 1990	300,000	1,000	1,000	Further issue	Cash	Nil	300,000,000	3,126,000,000
January 28, 1991	70,000	1,000	1,000	Further issue	Cash	Nil	70,000,000	3,196,000,000
May 27, 1991	30,000	1,000	1,000	Further issue	Cash	Nil	30,000,000	3,226,000,000
August 21, 1991	200,000	1,000	1,000	Further issue	Cash	Nil	200,000,000	3,426,000,000
November 27, 1991	200,000	1,000	1,000	Further issue	Cash	Nil	200,000,000	3,626,000,000
June 11, 1992	65,000	1,000	1,000	Further issue	Cash	Nil	65,000,000	3,691,000,000
September 17, 1992	210,000	1,000	1,000	Further issue	Cash	Nil	210,000,000	3,901,000,000
June 18, 1993	190,000	1,000	1,000	Further issue	Cash	Nil	190,000,000	4,091,000,000
September 10, 1993	295,000	1,000	1,000	Further issue	Cash	Nil	295,000,000	4,386,000,000
February 23, 1994	40,000	1,000	1,000	Further issue	Cash	Nil	40,000,000	4,426,000,000
August 23, 1994	200,000	1,000	1,000	Further issue	Cash	Nil	200,000,000	4,626,000,000
November 22, 1994	240,000	1,000	1,000	Further issue	Cash	Nil	240,000,000	4,866,000,000
August 25, 1995	240,000	1,000	1,000	Further issue	Cash	Nil	240,000,000	5,106,000,000
September 13, 1995	240,000	1,000	1,000	Further issue	Cash	Nil	240,000,000	5,346,000,000

Date of Issue/ allotment	No. of equity shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Consideration in Cash/ other than cash	Cumulative Share Premium	Equity Share Capital (₹)	Cumulative Equity Share Capital (₹)
August 27, 1996	370,000	1,000	1,000	Further issue	Cash	Nil	370,000,000	5,716,000,000
November 21, 1996	110,000	1,000	1,000	Further issue	Cash	Nil	110,000,000	5,826,000,000
July 31, 1997	170,000	1,000	1,000	Further issue	Cash	Nil	170,000,000	5,996,000,000
September 5, 1997	310,000	1,000	1,000	Further issue	Cash	Nil	310,000,000	6,306,000,000
June 29, 1998	160,000	1,000	1,000	Further issue	Cash	Nil	160,000,000	6,466,000,000
September 4, 1998	340,000	1,000	1,000	Further issue	Cash	Nil	340,000,000	6,806,000,000
December 14, 2000	500,000	1,000	1,000	Further issue	Cash	Nil	500,000,000	7,306,000,000
March 13, 2002	500,000	1,000	1,000	Further issue	Cash	Nil	500,000,000	7,806,000,000
<i>The face value of equity shares of our Company were split from a face value of ₹ 1,000 per equity share to ₹10 per equity share pursuant to a resolution of our shareholders dated September 27, 2002.</i>								
March 5, 2008	78,060,000	10	105	Initial public offering	Cash	***	780,600,000	8,586,600,000
March 5, 2010	128,799,000	10	(193-215)	Further public offering	Cash	***	1,287,990,000	9,874,590,000
September 30, 2016	98,74,59,000	10	NIL	Bonus shares	--	--	987,45,90,000	1974,91,80,000

Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Private Placement Offer Letter.

#### 10.1.4. Our Shareholding Pattern

The table below represents the shareholding pattern of our Company as SEBI (Listing Obligation and Disclosure Requirements), 2015, as on September 30, 2016:

Table I - Summary Statement holding of specified securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Share holding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class X	Class Y									Total
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(A)	Promoter & Promoter Group	1	598767680	0	0	598767680	60.64	598767680	0	598767680	60.64	0	60.64	0	0.00	0	0.00	598767680
(B)	Public	266420	388691320	0	0	388691320	39.36	388691320	0	388691320	39.36	0	39.36	0	0.00	NA	NA	388667779
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	<b>Total:</b>	<b>266421</b>	<b>987459000</b>	<b>0</b>	<b>0</b>	<b>987459000</b>	<b>100.00</b>	<b>987459000</b>	<b>0</b>	<b>987459000</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>987435459</b>



Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y									Total
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(1)	Indian																		
(a)	Individuals/ Hindu undivided Family		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Central Government/State Government(s)		1	598767680	0	0	598767680	60.64	598767680	0	598767680	60.64	0	60.64	0	0.00	0	0.00	598767680
	PRESIDENT OF INDIA	EXEMPT CATG	1	598767680	0	0	598767680	60.64	598767680	0	598767680	60.64	0	60.64	0	0.00	0	0.00	598767680
(c)	Financial Institutions/Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	<b>Sub-Total (A)(1)</b>		<b>1</b>	<b>598767680</b>	<b>0</b>	<b>0</b>	<b>598767680</b>	<b>60.64</b>	<b>598767680</b>	<b>0</b>	<b>598767680</b>	<b>60.64</b>	<b>0</b>	<b>60.64</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>598767680</b>
(2)	Foreign																		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0



Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y									Total
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	<b>Sub-Total (A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>		<b>1</b>	<b>598767680</b>	<b>0</b>	<b>0</b>	<b>598767680</b>	<b>60.64</b>	<b>598767680</b>	<b>0</b>	<b>598767680</b>	<b>60.64</b>	<b>0</b>	<b>60.64</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>598767680</b>

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc

**Note:**

- (1) PAN would not be displayed on website of Stock Exchange(s).
- (2) The term "Encumbrance" has the meaning as assigned under regulation 28 (3) of SEBI (Substantial Acquisition of of Shares and Takeovers) regulations, 2011.



**Table III - Statement showing shareholding pattern of the Public shareholder**

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y									Total
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(1)	Institutions																		
(a)	Mutual Funds		38	24659117	0	0	24659117	2.50	24659117	0	24659117	2.50	0	2.50	0	0.00	NA	NA	24659117
	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	AAATH1809A	6	16630769	0	0	16630769	1.68	16630769	0	16630769	1.68	0	1.68	0	0.00	NA	NA	16630769
(b)	Venture Capital Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Foreign Portfolio Investors		316	162971517	0	0	162971517	16.50	162971517	0	162971517	16.50	0	16.50	0	0.00	NA	NA	162971517
(f)	Financial Institutions/Banks		21	7465741	0	0	7465741	0.76	7465741	0	7465741	0.76	0	0.76	0	0.00	NA	NA	7465741
(g)	Insurance Companies		22	84376726	0	0	84376726	8.54	84376726	0	84376726	8.54	0	8.54	0	0.00	NA	NA	84376726
	LIFE INSURANCE CORPORATION OF INDIA	AAACL0582H	17	78398021	0	0	78398021	7.94	78398021	0	78398021	7.94	0	7.94	0	0.00	NA	NA	78398021
(h)	Provident		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0

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Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y									Total
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)	(XIV)		
	Funds/Pension Funds																		
(i)	Any Other																		
	FOREIGN NATIONALS		2	129100	0	0	129100	0.01	129100	0	129100	0.01	0	0.01	0	0.00	NA	NA	129100
	FOREIGN BANK		1	406600	0	0	406600	0.04	406600	0	406600	0.04	0	0.04	0	0.00	NA	NA	406600
	<b>Sub Total (B)(1)</b>		<b>400</b>	<b>280008801</b>	<b>0</b>	<b>0</b>	<b>280008801</b>	<b>28.36</b>	<b>280008801</b>	<b>0</b>	<b>280008801</b>	<b>28.36</b>	<b>0</b>	<b>28.36</b>	<b>0</b>	<b>0.00</b>	<b>NA</b>	<b>NA</b>	<b>280008801</b>
	Central Government/State Government(s)/President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	<b>Sub Total (B)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>NA</b>	<b>NA</b>	<b>0</b>
(3)	Non-Institutions																		
(a)	i. Individual shareholders holding nominal share capital up to ₹2 lakhs		261181	48830766	0	0	48830766	4.95	48830766	0	48830766	4.95	0	4.95	0	0.00	NA	NA	48807225
	ii. Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs		241	25968796	0	0	25968796	2.63	25968796	0	25968796	2.63	0	2.63	0	0.00	NA	NA	25968796

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Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights					Total as a % of (A+B+C)	No.	As a % of total Shares held	No.		As a % of total Shares held
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(b)	NBFCs Registered with RBI		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Employee Trusts		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Overseas Depositories (Holding DRs)(Balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Any Other																		
	BODIES CORPORATES		1670	26565310	0	0	26565310	2.69	26565310	0	26565310	2.69	0	2.69	0	0.00	NA	NA	26565310
	NON RESIDENT INDIAN NON REPATRIABLE		844	899336	0	0	899336	0.09	899336	0	899336	0.09	0	0.09	0	0.00	NA	NA	899336
	NON RESIDENT INDIAN REPATRIABLE		1811	1432924	0	0	1432924	0.15	1432924	0	1432924	0.15	0	0.15	0	0.00	NA	NA	1432924
	TRUSTS		36	1616235	0	0	1616235	0.16	1616235	0	1616235	0.16	0	0.16	0	0.00	NA	NA	1616235
	CLEARING MEMBERS		237	3369152	0	0	3369152	0.34	3369152	0	3369152	0.34	0	0.34	0	0.00	NA	NA	3369152
	<b>Sub Total (B)(3)</b>		<b>266020</b>	<b>108682519</b>	<b>0</b>	<b>0</b>	<b>108682519</b>	<b>11.01</b>	<b>108682519</b>	<b>0</b>	<b>108682519</b>	<b>11.01</b>	<b>0</b>	<b>11.01</b>	<b>0</b>	<b>0.00</b>			<b>108658978</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>		<b>266420</b>	<b>388691320</b>	<b>0</b>	<b>0</b>	<b>388691320</b>	<b>39.36</b>	<b>388691320</b>	<b>0</b>	<b>388691320</b>	<b>39.36</b>	<b>0</b>	<b>39.36</b>	<b>0</b>	<b>0.00</b>			<b>388667779</b>



Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)	(XIV)	
	(3)																	

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %)

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc

**No. of share holders – 266– Number of shares credited to demat/unclaimed suspense account/voting writes freezed - 21756**

**Note:**

- (1) PAN would not be displayed on website of Stock Exchange(s).
- (2) The above format needs to be disclosed along with the name of following persons: Institutions/Non Institutions holding more than 1% of total number of shares.
- (3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available and the balance to be disclosed as held by custodian,

NOTE: The shareholders of REC, in its 47th AGM held on 21st September, 2016 inter-alia approved the proposal for issue of Bonus shares in the ratio 1:1 to the shareholders of the Company. Subsequently, the Bonus Issue Committee of Directors approved the allotment of Bonus shares to eligible shareholders, in its 1st Meeting held on 30th September, 2016. Considering that the credit action/dispatch of share certificates in respect of the said Bonus shares was pending as on 30th September 2016, therefore, the figures in the above table do not include Bonus shares allotted to respective shareholders.

**10.1.5. Except as set forth below, none of our Directors hold any Equity Shares as on September 30, 2016**

1.	Mr. Rajeev Sharma*	-	60 Equity Shares
2.	Mr. Ajeet Kumar Agarwal	-	242 Equity Shares
3.	Mr. Sanjeev Kumar Gupta	-	Nil
4.	Dr. Arun Kumar Verma	-	NIL
5.	Mr. Arun Singh	-	NIL
6.	Mr. Aravamudan Krishna Kumar	-	NIL
7.	Mr. T.T. Ram Mohan	-	NIL

\* Shri Rajeev Sharma has ceased to be Chairman of the Company from October 1, 2016

**10.1.6. Our top ten shareholders and the number of Equity Shares held by them, as on September 30, 2016 are as follows:**

S.No	Name	Shares	% To Equity	Category
1	PRESIDENT OF INDIA	598767680	60.64%	POI
2	LIFE INSURANCE CORPORATION OF INDIA	73622024	7.46%	INS
3	EAST BRIDGE CAPITAL MASTER FUND LIMITED	8835880	0.89%	FPI
4	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	7427000	0.75%	MUT
5	EASTSPRING INVESTMENTS (SINGAPORE) LIMITED A/C THE	7239829	0.73%	FII
6	EASTSPRING INVESTMENTS INDIA EQUITY OPEN LIMITED	6132210	0.62%	FII
7	VANGUARD EMERGING MARKETS STOCK INDEX FUND ASERIE	5857780	0.59%	FII
8	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	5644000	0.57%	MUT
9	STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	5049290	0.51%	FPI
10	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	4775627	0.48%	IFI
	Total	723351320	73.25%	

**NOTE:** The shareholders of REC, in its 47th AGM held on 21<sup>st</sup> September, 2016 inter-alia approved the proposal for issue of Bonus shares in the ratio 1:1 to the shareholders of the Company. Subsequently, the Bonus Issue Committee of Directors approved the allotment of Bonus shares to eligible shareholders, in its 1st Meeting held on 30th September, 2016. Considering that the credit action/dispatch of share certificates in respect of the said Bonus shares was pending as on 30th September 2016, therefore, the figures in the above table do not include Bonus shares allotted to respective shareholders.

**10.1.7. List of Top ten Bondholders of the Company as on September 30, 2016:**

S. No.	Name	Total face value amount of bonds held in ₹
1.	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	82,47,00,00,000
2.	LIFE INSURANCE CORPORATION OF INDIA	75,72,70,00,000
3.	STATE BANK OF INDIA	36,35,00,00,000
4.	CBT EPF-05-C-DM	21,98,10,00,000
5.	COAL MINES PROVIDENT FUND ORGANISATION	20,60,80,00,000
6.	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	15,29,70,00,000
7.	PUNJAB NATIONAL BANK	13,63,80,00,000
8.	RELIANCE INDUSTRIES LIMITED	12,80,57,20,000
9.	THE STATE BANK OF INDIA EMPLOYEES PROVIDENT FUND	10,32,30,00,000



10.	BIRLA SUN LIFE INSURANCE COMPANY LIMITED	9,47,22,15,040
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**10.1.8.** No Equity Shares of the Company as on September 30, 2016, are pledged or otherwise encumbered by the Promoters.

**10.1.9.** The Company has not issued any Equity Shares or debt securities for consideration other than cash, whether in whole or part, since its incorporation.

**10.1.10.** Our Company has not undertaken any acquisition or amalgamation in the last one year prior to filing of this Private Placement Offer Letter.

**10.1.11.** Our Company has not undergone any reorganization or reconstruction in the last one year prior to issue of this Private Placement Offer Letter.

**10.1.12.** Other than debt securities issued by the Company, outstanding as on September 30, 2016 as detailed below, 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.

**(i) 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	December 15, 2010	3,92,700	30,000	16,422
2	Zero Coupon Bonds	February 03, 2011	89,510	30,000	17,033

**(ii) Foreign Currency Bonds:**

Sr. No.	Instrument Type	Date of Issuance	Issue Size	Issue Value (%)	Discount (%)
1.	International Bonds	March 07, 2012	CHF 200 million	99.932	0.068

**(iii) Commercial Papers**

S.No.	Date of Issue/ Value Date	Number of Commercial Papers (CP/s) issued	Face Value per CP (₹)	Discount Per CP (₹)
1.	September 06, 2016	54,000	5,00,000	4054
2	September 08, 2016	26,000	500000	8042
3.	September 30,2016	17,000	500000	5414

**(iv) Bonds issued at premium**

Sr. No.	Date Of Issuance/Value Date	Number of Bonds/ instrument	Face Value per Bond (₹)	Premium per Bond (₹)
1.	November 29, 2012	500	1000000	1000
2.	August 29,2013	13500	1000000	726
3.	October 11, 2013	1500	1000000	1727
4.	July 23, 2015	3000	1000000	954

**10.1.13.** Amount of corporate guarantees issued by the Issuer in favour of various counter parties including its Subsidiaries, Joint Venture entities, Group Companies etc. – Nil

**10.2. FINANCIAL INDEBTEDNESS (ON STANDALONE BASIS)**

**10.2.1.** Set forth below is a brief summary of our Company's significant outstanding secured borrowings of ₹62786.77 crores and unsecured borrowings of ₹99472.41 crores, as on September 30, 2016 together with a brief description of certain significant terms of such financing arrangements.

**(1) 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	Loan documentation	Facility/ Amount Sanctioned (₹crores)	Amount outstanding (₹crores) as on September 30, 2016	Rate of interest (%)	Repayment Date/Schedule	Security
1	LIC	Term loan Agreement dated August 6, 2004	2000.00	800.00	7.35 being 48 annualized 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	The term loan is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables
2	LIC	Term loan Agreement dated March 24, 2004	500.00	100.00	6.231 being average 10 years' G-Sec 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, 2008	hypothecated to IL&FS Trust Company Limited ("ITCL"), and the security trustee for the charged
3	LIC	Term loan Agreement dated January 29, 2004	1000.00	200.00	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	receivables is ITSL on the basis of joint hypothecation agreement last updated on September 24, 2010.
<b>Total of Term Loans from banks and financial institutions</b>				<b>1100.00</b>			

**(2) 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	Loan documentation	Facility/ Amount Sanctioned (₹crores)	Amount outstanding, as on September 30, 2016	Rate of interest (% p.a.)	Repayment Date/ Schedule
A.	<b>Unsecured Term Loans;</b> Nil					
B.	<b>Unsecured Long term loans availed by our Company from the MoF</b> Nil					
C.	<b>Foreign Currency Borrowings</b>					

Sr. No	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹crores)	Amount outstanding, as on September 30, 2016	Rate of interest (% p.a.)	Repayment Date/ Schedule
1	Japan Bank for International Cooperation	Loan Agreement No. ID-P169 dated March 31, 2006 <sup>(1)</sup>	JPY 16,949 million (Revised wef August 29, 2012)	₹340.91 crores i.e. JPY 5161.38 million	0.75%	15 years tenor with a moratorium of 5 years. Repayable in semi-annual equal instalments beginning March 20, 2011 of JPY 982.34 million, and instalment on Sep 20, 2018 of JPY 638.94 million & Instalment of JPY 148.27 million each from March 20, 2019 till March 20, 2021
2	Japan Bank for International Cooperation	Loan Agreement No ID-P190 dated March 10, 2008 <sup>(1)</sup>	JPY 11,809 million (Revised wef March 31, 2016)	₹254.08 crores i.e. JPY 3846.81 million	0.65%	15 years tenor with a moratorium of 5 years. Repayable in semi-annual equal instalments beginning March 20, 2013 of JPY 995.34 million, and instalment on Sep 20, 2017 of JPY 777.11 million & Instalment of JPY 188.58 million each from March 20, 2018 till March 20, 2023
3	KfW, Frankfurt am Main <sup>^</sup>	Loan Agreement dated August 8, 2006 <sup>(1)</sup>	Euro 70 million	₹137.70 crores i.e. Euro 18.42 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>	Loan agreement dated March 16, 2009 <sup>(1)</sup>	Euro 70 million	₹261.64 crores i.e. Euro 35.00 million	2.89%	12 years tenor with a moratorium of 3 years. Repayable in 18 semi-annual instalments beginning June 30, 2012
5	KfW, Frankfurt am Main <sup>^</sup>	Loan agreement dated March 30, 2012 <sup>(1)</sup>	Euro 100 million	₹629.49 crores i.e. Euro 84.21 million	1.86%	12 years tenor with a moratorium of 3 years. Repayable in 19 semi-annual instalments beginning June 30, 2015
6	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated March 6, 2012	JPY 19,029 million	₹1,256.87 crores i.e. JPY 19,029 million	6 Months JPY Libor plus 2.20%	5 Years Tenor, Repayable on April 10, 2017
7	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated November 22, 2013	USD 285 million	₹1899.80 crores i.e. USD 285 million	6 months USD LIBOR plus 1.50%	5 years Tenor. Repayable USD 285 Million on December 02, 2018
8	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated May 21, 2014	USD 250 million	₹1666.49 crores i.e. USD 250 million	6 months USD LIBOR plus 1.70%	5 years Tenor. Repayable USD 250 Million on May 29, 2019
9	Syndicated Unsecured Borrowings	Syndication and Amendment Agreement dated October 16, 2014	USD 400 million	₹2666.38 crores i.e. USD 400 million	6 months USD LIBOR plus 1.50%	5 years Tenor. Repayable USD 230 Million & USD 170 Million on July 24, 2019 and October 27, 2019 respectively
10	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated March 02, 2015	USD 400 million	₹2666.38 crores i.e. USD 400 million	6 months USD LIBOR plus 1.17%	5 years Tenor. Repayable USD 400 Million on March 12, 2020
11	Syndicated	Syndicated	USD 300	₹1999.79	6 months USD	5 years Tenor. Repayable USD



Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹crores)	Amount outstanding, as on September 30, 2016	Rate of interest (% p.a.)	Repayment Date/ Schedule
	Unsecured Borrowings	Facility Agreement dated July 17, 2015	million	crores i.e. USD 300 million	LIBOR plus 1.00%	300 Million on July 29, 2020
12	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated September 04, 2015	USD 250 million	₹1666.49 crores i.e. USD 250 million	6 months USD LIBOR plus 0.70%	3 years Tenor. Repayable USD 150 Million on September 18, 2018 and USD 100 Million on November 19, 2018.
13	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated November 16, 2015	USD 300 million	₹1999.79 crores i.e. USD 300 million	6 months USD LIBOR plus 1.05%	5 years Tenor. Repayable USD 300 Million on December 01, 2020
14	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated January 27, 2016	USD 250 million	₹1666.49 crores i.e. USD 250 million	6 months USD LIBOR plus 0.65%	3 years Tenor. Repayable USD 250 Million on February 05, 2019
15	Syndicated Unsecured Borrowings	Syndicated Facility Agreement dated March 11, 2016	USD 120 million	₹799.92 crores i.e. USD 120 million	6 months USD LIBOR plus 0.95%	3 years Tenor. Repayable USD 120 Million on March 21, 2019
16	International Bond	Rural Electrification Corporation Limited 3.5% Bonds 2012 – 2017 of CHF 200 million	CHF 200 million	₹1368.11 crores i.e. CHF 200 million	3.50% pa	5 Years Tenor, Repayable on March 7, 2017
	<b>Total Unsecured Loans from MoF, Foreign Banks and other Institutions</b>			<b>21280.33</b>		
	<b>Total Unsecured Loans – (2) (A + B + C)</b>			<b>21280.33</b>		

\*\* 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 utilized 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 utilized 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).

### (3) Secured & Unsecured Bonds issued by our Company

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

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
A.	<b>Secured taxable bonds</b> Set forth below is a brief summary of our secured outstanding taxable bonds.									See Below Table
1	Secured non-convertible redeemable 'taxable bonds – 2017' ('81 <sup>st</sup> Series') in	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,	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind)	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	the nature of debentures.						2017			
2	Secured non-convertible redeemable 'taxable bonds – 2017' ('82 <sup>nd</sup> Series') in the nature of debentures	September 28, 2007	883.10	883.10	9.85 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. September 28, 2017	CRISIL: AAA/Stable; ICRA: LAAA; FITCH: AAA(ind)	Secured	
3	Secured non-convertible redeemable 'taxable bonds – 2018' ('83 <sup>rd</sup> 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(ind) ICRA: LAAA	Secured	
4	Secured non-convertible redeemable 'taxable bonds – 2018' ('85 <sup>th</sup> Series') in the nature of debentures.	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(ind) ICRA: LAAA	Secured	
5	Secured non-convertible redeemable 'taxable bonds – 2018' ('86 <sup>th</sup> 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(ind) ICRA: LAAA	Secured	
6	Secured non-convertible redeemable 'taxable bonds – 2018' ('86 <sup>th</sup> B – III Series') in the nature of debentures.	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(ind) ICRA: LAAA	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
7	Secured non-convertible redeemable 'taxable bonds – 2018' ('87 <sup>th</sup> – 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) A	Secured	
8	Secured non-convertible redeemable 'taxable bonds – 2018' ('87 <sup>th</sup> 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) LAAA	Secured	
9	Secured non-convertible redeemable 'taxable bonds – 2019' ('88 <sup>th</sup> Series') in the nature of debentures	January 15, 2009	1495.00	1495.00	8.65 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. January 15, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) LAAA	Secured	
10	Secured non-convertible redeemable 'taxable bonds – 2019' ('90 <sup>th</sup> Series') in the nature of debentures	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 03, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) LAAA	Secured	
11	Secured non-convertible redeemable 'taxable bonds – 2019' ('90 <sup>th</sup> 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) LAAA	Secured	
12	Secured non-convertible redeemable 'taxable bonds –	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	CRISIL: AAA/Stable; CARE: CARE AAA;	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	2019' ('90 <sup>th</sup> C Series- II') in the nature of debentures.						allotment. October 6, 2019	FITCH: AAA(ind) ICRA: LAAA		
13	Secured non-convertible redeemable 'taxable bonds – 2019' ('91 <sup>st</sup> 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	
14	Secured non-convertible redeemable 'taxable bonds – 2020' ('92 <sup>nd</sup> 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	
15	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	
16	Secured non-convertible redeemable 'taxable bonds – 2018' ('116 Series- II') in the nature of debentures	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. October 17, 2018	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
17	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	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
18	Secured non-convertible redeemable 'taxable bonds – 2019' ('118 Series') in the nature of debentures	January 03, 2014	1655.00	1655.00	9.61 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment. January 03, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
19	Secured non-convertible redeemable 'taxable bonds – 2019' ('119 Series') in the nature of debentures	February 05, 2014	2090.00	2090.00	9.63 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment. February 05, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
20	Secured non-convertible redeemable 'taxable bonds – 2017' ('120 Series') in the nature of debentures	March 10, 2014	1100.00	1100.00	9.67 payable annually	3 years	Redeemable at par on the expiry of 3 years from the date of allotment. March 10, 2017	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
21	Secured non-convertible redeemable 'taxable bonds – 2017' ('121 Series') in the nature of debentures	March 26, 2014	1600.00	1600.00	9.52 payable annually	3 years	Redeemable at par on the expiry of 3 years from the date of allotment. March 26, 2017	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
22	Secured non-convertible redeemable 'taxable bonds – 2019' ('122 Series') in the nature of debentures	June 18, 2014	1700.00	1700.00	9.02 payable annually	5 years	Redeemable at par on the expiry of 5 years from the date of allotment. June 18, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
23	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series)	July 17, 2014	₹ 1515	₹ 1515	9.40 payable annually	7 years	Redeemable at par on the expiry of 7 years from the date of allotment. July 17, 2021	CRISIL: AAA/STABLE; CARE: CARE AAA; ICRA: [ICRA] AAA;	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Tranche 1') in the nature of debentures							IRPL: IND AAA		
25	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series Tranche 3') Option I in the nature of debentures	August 25, 2014	₹ 1275	₹ 1275	9.25 payable annually	3 years	Redeemable at par on the expiry of 3 years from the date of allotment. August 25, 2017	CRISIL: AAA/STABLE; CARE: CARE AAA; ICRA: [ICRA] AAA; IRPL: IND AAA	Secured	
26	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series Tranche 3') Option II in the nature of debentures	August 25, 2014	₹ 1955	₹ 1955	9.34 payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. August 25, 2024	CRISIL: AAA/STABLE; CARE: CARE AAA; ICRA: [ICRA] AAA; IRPL: IND AAA	Secured	
28	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('124 Series Tranche 1') in the nature of debentures	September 24, 2014	₹ 2610	₹ 2610	9.06 payable annually	3 years	Redeemable at par on the expiry of 3 years from the date of allotment. September 23, 2017	CRISIL: AAA/STABLE; CARE: CARE AAA; ICRA: [ICRA] AAA; IRPL: IND AAA	Secured	
<b>Total Secured Bonds through Private Placement of Institutional Bond Series</b>				<b>31036.70</b>						
B.	<b>Capital gains tax exemption bonds under Section 54EC of the Income Tax Act</b> 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 long	On Tap Basis	2998.26	2998.26	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(ind)	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	term capital gains tax exemption on bonds Series IX' issued in Fiscal 2014									
2.	Secured non-convertible redeemable taxable - 54 EC long term capital gains tax exemption on bonds Series IX' issued in Fiscal 2015	On Tap Basis	5,337.782	5,337.782	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(ind)	Secured	
3	Secured non-convertible redeemable taxable - 54 EC long term capital gains tax exemption on bonds Series X' issued in Fiscal 2016	On Tap Basis	6476.70	6476.70	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(ind)	Secured	
4	Secured non-convertible redeemable taxable - 54 EC	On Tap Basis	3188.92	3188.92	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(ind)	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	long term capital gains tax exemption on bonds Series X' issued in Fiscal 2017						**			
<b>Secured Capital Gains Tax Exemption Bonds U/S 54EC</b>				<b>18001.66</b>						
C.	<b>Secured Tax Free Bonds under Section 10(15)(iv)(h) of the IT Act</b> 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 Free Secured Redeemable Non – Convertible Bonds, in the nature of debentures.	March 27, 2012	3,000	3,000.00	Category I & II – Series I 7.93%	10 years	Redemption at par on the expiry of 10 years from the date of allotment.	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
				Category I & II – Series II 8.12 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment.				
				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 non-convertible bonds	November 21, 2012	255.00	255.00	7.21% p.a.	10 years	November 21, 2022	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
3.	Series 2-B Tax free	November 21,	245.00	245.00	7.38% p.a.	15 years	November 21, 2027	CRISIL: AAA/ Stable;	Secured	



S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	secured redeemable non-convertible bond	2012						CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
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) ICRA: LAAA	Secured	
5.	Series 2012-13 Tranche – 1 Ts				7.22% p.a.	10 years	December 19, 2022	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
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			7.04% 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: LAAA	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
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(ind) ICRA: LAAA	Secured	
10.	Series 1A - 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(ind) ICRA: LAAA	Secured	
11.	Series 2A - 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(ind) ICRA: LAAA	Secured	
12.	Series 3A - 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.	Series 1B - 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.	Series 2B - 2013-14 Tranche				8.71%	15 years	September 24, 2028	CRISIL: AAA/ Stable; CARE:	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	- 1 Tax free secured redeemable non-convertible bonds							CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
15.	Series 3B -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(ind) 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(ind) ICRA: LAAA	Secured	
17.	Series 4B Tax free secured redeemable non-convertible bonds	October 11, 2013	45.00	45.00	8.54% p.a.	15 years	October 11, 2028	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
18.	Series 1A - 2013-14 Tranche 2 Tax free secured redeemable non-convertible bonds	March 24, 2014	1059.40	1059.40	8.19%	10 years	March 24, 2024	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
19.	Series 2A - 2013-14 Tranche 2 Tax free secured redeemable non-				8.63%	15 Years	March 24, 2029	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA:	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	convertible bonds							LAAA		
20.	Series 3A – 2013-14 Tranche 2 Tax free secured redeemable non-convertible bonds				8.61%	20 Years	March 24, 2034	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
21.	Series 1B – 2013-14 Tranche 2 Tax free secured redeemable non-convertible bonds				8.44%	10 Years	March 24, 2024	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
22.	Series 2B – 2013-14 Tranche 2 Tax free secured redeemable non-convertible bonds				8.88%	15 Years	March 24, 2029	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
23	Series 3B – 2013-14 Tranche 2 Tax free secured redeemable non-convertible bonds				8.86%	20 Years	March 24, 2034	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
24	Series 5A Tax free secured redeemable non-convertible bonds	July 23, 2015	300.00	300.00	7.17%	10 years	July 23, 2035	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
25	Series 1A – 2015-16 Tranche 1 Tax free secured redeemable non-convertible bonds	November 05, 2015	700	700	6.89%	10 years	November 05, 2025	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
26	Series 2A – 2015-16 Tranche 1 Tax free secured redeemable non-convertible bonds				7.09%	15 Years	November 05, 2030	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
27	Series 3A – 2015-16 Tranche 1 Tax free secured redeemable non-convertible bonds				7.18%	20 Years	November 05, 2035	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
28	Series 1B – 2015-16 Tranche 1 Tax free secured redeemable non-convertible bonds				7.14%	10 Years	November 05, 2025	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
29	Series 2B – 2015-16 Tranche 1 Tax free secured redeemable non-convertible bonds				7.34%	15 Years	November 05, 2030	CRISIL: AAA/ Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
30	Series 3B – 2015-16				7.43%	20 Years	November 05, 2035	CRISIL: AAA/ Stable;		

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Tranche 1 Tax free secured redeemable non-convertible bonds							CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
<b>Secured Tax Free Bonds</b>				<b>12648.41</b>						
<b>Security Details of the Secured Borrowings –</b>										
<ul style="list-style-type: none"> <li>The Bond Series 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II, 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asian Games Village, New Delhi 110 049, India and (b) pari-passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&amp;FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.</li> <li>The bond series 116-I &amp; 116-II, 117,118,119,120,121, 122 is secured by first pari-passu charge on the book debts of the issuer both present &amp; future which are charged to other lender/trustee and as may be agreed between the issuer &amp; the trustee - IDBI Trusteeship Services Ltd., 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.</li> <li>The Bond Series 123-1, 123-3, 124-1 of Institutional Bonds and Series IX of 54EC Capital Gain Tax Exemption Bonds are secured by mortgage way of 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) the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.</li> <li>Tax Free Bonds (issued during FY 2011-12) are secured by first pari-passu charge on premises at Shop no. 12, Ground floor, Block no. 35, Church road, Mylapore, Chennai and hypothecation of receivables of ₹4,998.66crores of MSEDCL in favour of IL&amp;FS Trust Co. Ltd.</li> <li>Tax Free Bonds (issued during FY 2012-13 and during FY 2015-16) and Series X of 54EC Capital Gain Tax Exemption Bonds 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.</li> <li>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.</li> <li>All the term loans are secured by a charge on the receivables of the company, both present &amp; future, save &amp; except certain specific receivables hypothecated to IL&amp;FS Trust Co. Ltd. on the basis of joint hypothecation agreement last updated on Sept. 24, 2010.</li> </ul>										
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/BSE.									
1	'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	-
2	'95th-I 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(Ind) ICRA:	Unsecured	-

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
3	'95th -II Taxable non-priority sector bond'	July 12, 2010	1800.00	1800.00	8.75 payable yearly.	15 years	July 12, 2025	LAAA CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
4	'96th Taxable non-priority sector bond'	October 25, 2010	1150.00	1150.00	8.80 payable yearly.	10 years	October 25, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
5	'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	-
6	'ZCB-I Taxable non-priority sector bond'	December 15, 2010	533.21 at issue price	795.38	8.25 (yield)	10 years	December 15, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
7	'ZCB-II Taxable non-priority sector bond'	February 03, 2011	116.07 at issue price	175.27	8.75 (yield)	10 years	February 03, 2021	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
8	'98th Taxable non-priority sector bond'	March 15, 2011	3000.00	3000.00	9.18 payable yearly.	10 years	March 15, 2021	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH:	Unsecured	-

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
								AAA(ind) ICRA: LAAA		
9	'100th Taxable non-priority sector bond'	July 15, 2011	1500.00	1500.00	9.63 payable yearly.	10 years	July 15, 2021	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRORES A: LAAA	Unsecured	-
11	'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	-
13	'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	-
14	'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	-
15	'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	-
16	'107th Taxable non-priority sector bond'	June 15, 2012	2378.20	2378.20	9.35% p.a. payable yearly.	10 years	10 Years June 15, 2022	CRISIL: AAA/Stable; CARE: CARE	Unsecured	-



S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	bond'							AAA; FITCH: AAA(ind)		
17	'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	-
18	'108th – II Taxable non-priority sector bond'	July 20, 2012	960.00	960.00	9.39% p.a. payable yearly	7 years	7 Years July 20, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
19	'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	-
20	'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	-
21	'111th – II Taxable non-priority sector bond'	November 19, 2012	2211.20	2211.20	9.02% p.a.	10 years	November 19, 2022	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
22	'112th Taxable non-priority sector	Feb 01, 2013	1500.00	1500.00	8.70% p.a.	5 years	Feb 01, 2018	CRISIL: AAA/Stable; CARE: CARE	Unsecured	-

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	bond'							AAA; FITCH: AAA(ind) ICRA: LAAA		
23	'113th Taxable non-priority sector bond'	March 08, 2013	1542.00	1542.00	8.87% p.a.	7 years	March 08, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
24	'114th Taxable non-priority sector bond'	April 12, 2013	4300.00	4300.00	8.82% p.a.	10 years	April 12, 2023	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
25	'115th Taxable non-priority sector bond'	May 31, 2013	2500.00	2500.00	8.06% p.a.	10 years	May 31, 2020	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured (Sub-Debt)	-
26	'125th Taxable non-priority sector bond'	October 13, 2019	3000.00	3000.00	9.04%	5 years	October 12, 2019	CRISIL: AAA/Stable; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	
27	'126th Taxable non-priority sector bond'	November 13, 2014	1700.00	1700.00	8.56%	5 years	November 13, 2019	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
28	'127th Taxable non-priority sector bond'	December 04, 2014	1550.00	1550.00	8.44%	7 years	December 04, 2021	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
29	'128th Taxable non-priority sector bond'	December 22, 2014	2250.00	2250.00	8.57%	10 years	December 21, 2024	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
30	'129th Taxable non-priority sector bond'	January 23, 2015	1925.00	1925.00	8.23%	10 years	January 23, 2025	CRISIL: CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
31	'130th Taxable non-priority sector bond'	February 6, 2015	2325.00	2325.00	8.27%	10 years	February 6, 2025	CRISIL: CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
32	'131st Taxable non-priority sector bond'	February 23, 2015	2285.00	2285.00	8.35%	10 years	February 22, 2025	CRISIL: CARE: CARE AAA; CRISIL: AAA/ Stable	Unsecured	

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	bond'							AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable		
33	'132nd Taxable non-priority sector bond'	March 9, 2015	700.00	700.00	8.27%	7 years	March 9, 2022	CARE: CARE AAA; CARE: CARE AAA; IR&RPL: IND AAA/ Stable	Unsecured	
34	'133nd Taxable non-priority sector bond'	April 10, 2015	2396.00	2396.00	8.30%	10 years	April 10, 2025	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
35	'134nd Taxable non-priority sector bond'	August 14, 2015	2675.00	2675.00	8.37%	05 years	August 14, 2020	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
36	'135th Taxable non-priority sector bond'	September 22, 2015	2750.00	2750.00	8.36%	05 years	September 22, 2020	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
37	'136th	October	2585.00	2585.00	8.11%	10 Years	October 07,	CARE:		

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Taxable non-priority sector bond'	er 07, 2015					2025	CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
38	'137th Taxable non-priority sector bond'	December 08, 2015	2225.00	2225.00	8.05%	03 Years	December 07, 2018	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
39	'138th Taxable non-priority sector bond'	February 05, 2016	2895.00	2895.00	8.28%	01 Year & 01 Month	March 04, 2017	CARE: CARE AAA; CRISIL: AAA/ Stable; ICRA: ICRA AAA; IR&RPL: IND AAA/ Stable	Unsecured	
<b>Total Un-secured Bonds through Private Placement of Institutional Bond Series</b>				<b>71600.05</b>						
E.	<b>Unsecured Infrastructure bonds issued by our Company</b> 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	84.51	8, 8.1 and 8.2 payable annually	10 years	Redeemable at par on the expiry of 10 years with put option after 5/6/7/8/9 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	February 15, 2012	157.59	157.59	8.95 and 9.15 payable annually	10 years 15 years	Redeemable at par on the expiry of 10/15 years	CRISIL: AAA/ Stable; CARE:	Unsecured	-

S. No.	Nature of the Bonds	Date of Allotment	Total value of bonds (₹crores)	Amount outstanding, As on September 30, 2016	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	1961 Taxable, Non-convertible Bonds.				and cumulative		with buyback option after 5/7 years respectively from the date of allotment. February 15, 2022; February 15, 2027	CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
				242.10						
	<b>Total of Bonds - (3) (A to E)</b>			<b>133184.43</b>						

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

### 10.2.2. Corporate Guarantees

Our Company has not issued any Corporate Guarantee as on September 30, 2016.

### 10.2.3. Details of Commercial Paper

Our company has Commercial Paper of Face Value ₹4850 crore outstanding as on September 30, 2016, which are maturing in October, (₹ 2700 crore), November (₹ 850 crore) and December (₹ 1300) .

### 10.2.4. Working Capital Demand Loan from Banks

Our Company has ₹ 900 crore outstanding as WCDL from banks as on September 30, 2016.

### 10.2.5. Short Term Loan from Banks

Our Company has no outstanding short term loans from banks as on September 30, 2016.

### 10.2.6. Details of Rest of the Borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on September 30, 2016.

Our Company has no outstanding borrowings in form of hybrid debt as on September 30, 2016.

## 10.3. FINANCIAL INFORMATION (ON STANDALONE BASIS)

(₹incrores)

Particulars	As on/for the year ended March 31, 2016 (Audited)	As on/for the year ended March 31, 2015 (Audited)	As on/for the year ended March 31, 2014 (Audited)	As on/for the year ended March 31, 2013 (Audited)
<b>For Financial Entities</b>				
Net worth	28,617.76	24,857.03	20,669.46	17,454.38
Total Debt	1,69,106.38	1,51,024.12	1,26,240.19	1,07,791.17
of which – Non Current Maturities of Long Term Borrowing	1,38,789.43	1,31,168.32	1,10,162.30	90,960.38
- Short Term Borrowing	6,349.93	734.00	2,540.00	2,480.00
- Current Maturities of Long Term	23,967.02	19,121.80	13,537.89	14,350.79

Particulars	As on/for the year ended March 31, 2016 (Audited)	As on/for the year ended March 31, 2015 (Audited)	As on/for the year ended March 31, 2014 (Audited)	As on/for the year ended March 31, 2013 (Audited)
Borrowing				
Net Fixed Assets	150.32	81.32	81.83	80.05
Non-Current Assets	1,60,362.94	1,65,547.04	1,37,673.55	1,15,465.53
Cash and Cash Equivalents	1,728.19	522.54	1,192.94	1,484.26
Current Investments	149.16	438.66	47.16	47.16
Current Assets	45,990.03	17,627.99	15,179.35	15,041.76
Current Liabilities	37,591.50	25,999.11	21,381.69	21,823.83
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	23,470.66	20,072.08	16,806.39	13,290.95
Finance Costs	14,283.12	11,844.61	10,038.46	8,083.76
Net interest income	9,187.54	8,227.47	6,767.93	5,207.19
Provisioning & Write-offs	1,089.85	802.96	312.02	130.68
PAT	5,627.66	5,259.87	4,683.70	3,817.62
Gross NPA (%)	2.11%	0.74%	0.33%	0.38%
Net NPA (%)	1.61%	0.54%	0.24%	0.31%
Tier I Capital Adequacy Ratio (%)	17.48%	16.52%	16.02%	16.50%
Tier II Capital Adequacy Ratio (%)	2.90%	3.04%	3.33%	1.21%
Total Loan Assets (net)	2,00,265.02	1,79,281.49	1,48,504.24	1,27,266.00
Capital Adequacy ratio (%)	20.38%	19.56%	19.35%	17.71%
Net interest margin	4.82%	5.01%	4.90%	4.55%
Yield on Loan Assets	12.32%	12.23%	12.18%	11.62%
Cost of funds	8.50%	8.36%	8.31%	8.09%
Return on Net worth (average)	21.05%	23.11%	24.57%	23.85%
Debt equity ratio (times)	5.91	6.08	6.11	6.18
Total Assets	2,06,352.97	1,83,175.03	1,52,852.90	1,30,507.29
Return on assets (average)	2.89%	3.13%	3.31%	3.19%

## STANDALONE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(₹ in crores)

	Particulars	Note	As at	As at	As at	As at
		No.	March 31,2016	March 31,2015	March 31,2014	March 31,2013
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>(1)</b>	<b>Shareholders' Funds</b>					
	(a) Share Capital	<b>A</b>	987.46	987.46	987.46	987.46
	(b) Reserves ad Surplus	<b>B</b>	27,630.30	23,869.57	19,682.00	16,466.92
	<b>Sub-total (1)</b>		<b>28,617.76</b>	<b>24,857.03</b>	<b>20,669.46</b>	<b>17,454.38</b>
<b>(2)</b>	<b>Non-current Liabilities</b>					
	(a) Long-term Borrowings	<b>C</b>	1,38,789.43	1,31,168.32	1,10,162.30	90,960.38
	(b) Deferred Tax Liabilities (Net)		49.75	107.32	173.69	-
	(c) Other Long-term Liabilities	<b>D</b>	9.50	36.16	23.52	80.25
	(d) Long-term Provisions	<b>E</b>	1,295.03	1,007.09	442.24	188.45
	<b>Sub-total (2)</b>		<b>1,40,143.71</b>	<b>1,32,318.89</b>	<b>1,10,801.75</b>	<b>91,229.08</b>
<b>(3)</b>	<b>Current Liabilities</b>					
	(a) Short-term Borrowings	<b>F</b>	6,349.93	734.00	2,540.00	2,480.00
	(b) Other current liabilities	<b>G</b>	30,389.52	24,811.40	18,583.73	19,116.40
	(c) Short-term Provisions	<b>E</b>	852.05	453.71	257.96	227.43
	<b>Sub-total (3)</b>		<b>37,591.50</b>	<b>25,999.11</b>	<b>21,381.69</b>	<b>21,823.83</b>
	<b>Total (1+2+3)</b>		<b>2,06,352.97</b>	<b>1,83,175.03</b>	<b>1,52,852.90</b>	<b>1,30,507.29</b>
<b>II.</b>	<b>ASSETS</b>					
<b>(1)</b>	<b>Non-current Assets</b>					
	(a) Fixed assets	<b>H</b>				
	(i) Tangible Assets		117.83	72.50	69.67	67.59
	(ii) Intangible Assets		0.91	1.43	2.45	3.71
	(iii) Capital work-in-progress		30.37	7.39	9.71	8.75
	(iv) Intangible Assets under Development		1.21	-	-	-
			150.32	81.32	81.83	80.05
	(b) Non-current Investments	<b>I</b>	2,317.46	1,174.81	1,660.63	613.45
	(c) Deferred Tax Assets (Net)		-	-	-	9.51
	(d) Long-term Loans & Advances	<b>J</b>	1,57,794.10	1,64,213.78	1,35,898.97	1,14,574.53
	(e) Other Non-current Assets	<b>K</b>	101.06	77.13	32.12	187.99
	<b>Sub-total (1)</b>		<b>1,60,362.94</b>	<b>1,65,547.04</b>	<b>1,37,673.55</b>	<b>1,15,465.53</b>
<b>(2)</b>	<b>Current Assets</b>					
	(a) Current Investments	<b>I</b>	149.16	438.66	47.16	47.16
	(b) Cash & Bank Balances	<b>L</b>	1,728.55	522.90	1,192.94	1,484.26
	(c) Short-term Loans & Advances	<b>M</b>	795.26	1,100.24	381.58	1,915.95
	(d) Other Current Assets	<b>N</b>	43,317.06	15,566.19	13,557.67	11,594.39
	<b>Sub-total (2)</b>		<b>45,990.03</b>	<b>17,627.99</b>	<b>15,179.35</b>	<b>15,041.76</b>
	<b>Total (1+2)</b>		<b>2,06,352.97</b>	<b>1,83,175.03</b>	<b>1,52,852.90</b>	<b>1,30,507.29</b>



**STANDALONE REFORMATTED STATEMENT OF PROFIT AND LOSS**

(₹ in crores)

	Particulars	Notes	Year ended	Year ended	Year ended	Year ended
		No.	March 31,2016	March 31,,2015	March 31,2014	March 31,2013
<b>I.</b>	Revenue from Operations	<b>O</b>	23,638.35	20,229.53	17,017.98	13,537.37
<b>II.</b>	Other Income	<b>P</b>	117.93	158.52	102.82	61.30
<b>III.</b>	<b>Total Revenue (I+II)</b>		<b>23,756.28</b>	<b>20,388.05</b>	<b>17,120.80</b>	<b>13,598.67</b>
<b>IV.</b>	<b>Expenses</b>					
(i)	Finance Costs	<b>Q</b>	14,283.12	11,844.61	10,038.46	8,083.76
(ii)	Employee Benefits Expense	<b>R</b>	137.44	133.94	129.91	151.84
(iii)	Depreciation & Amortization		5.45	6.76	4.21	3.75
(iv)	Corporate Social Responsibility Expenses		128.20	103.25	38.40	17.50
(v)	Other Expenses	<b>S</b>	67.01	69.49	67.07	47.19
(vi)	Provisions and Contingencies	<b>T</b>	1,089.85	802.96	312.02	130.68
	<b>Total Expenses (IV)</b>		<b>15,711.07</b>	<b>12,961.01</b>	<b>10,590.07</b>	<b>8,434.72</b>
<b>V.</b>	<b>Profit before Prior Period Items &amp; Tax (III-IV)</b>		8,045.21	7,427.04	6,530.73	5,163.95
<b>VI.</b>	Prior Period Items		-	-	-0.39	-
<b>VII.</b>	<b>Profit before Tax (V-VI)</b>		<b>8,045.21</b>	<b>7,427.04</b>	<b>6,531.12</b>	<b>5,163.95</b>
<b>VIII.</b>	Extraordinary Items		-	-	-	-
<b>VII.</b>	<b>Profit before Tax (V-VI)</b>		<b>8,045.21</b>	<b>7,427.04</b>	<b>6,531.12</b>	<b>5,163.95</b>
<b>VIII.</b>	Tax Expense :					
(i)	Current Year		2,477.89	2,231.86	1,704.66	1,345.79
(ii)	Earlier Years/ (Refunds)		-2.77	1.30	14.04	-
(iii)	Deferred Tax		-57.57	-65.99	128.72	0.54
	<b>Total Tax Expense (i+ii+iii)</b>		<b>2,417.55</b>	<b>2,167.17</b>	<b>1,847.42</b>	<b>1,346.33</b>
<b>IX.</b>	<b>Profit for the period from Continuing Operations (VII-VIII)</b>		<b>5,627.66</b>	<b>5,259.87</b>	<b>4,683.70</b>	<b>3,817.62</b>
<b>X.</b>	<b>Profit from Discontinuing Operations (after tax)</b>		-	-	-	-
<b>XI.</b>	<b>Profit for the period (IX+X)</b>		<b>5,627.66</b>	<b>5,259.87</b>	<b>4,683.70</b>	<b>3,817.62</b>
<b>XII.</b>	<b>Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)</b>					
	(1) Basic		<b>56.99</b>	<b>53.27</b>	<b>47.43</b>	<b>38.66</b>
	(2) Diluted		<b>56.99</b>	<b>53.27</b>	<b>47.43</b>	<b>38.66</b>

**STANDALONE REFORMATED STATEMENT OF CASH FLOWS**

(₹ in crores)

PARTICULARS	YEAR ENDED March 31,2016	YEAR ENDED March 31,2015	YEAR ENDED March 31,2014	YEAR ENDED March 31,2013
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	<b>8,045.21</b>	<b>7,427.04</b>	<b>6,531.12</b>	<b>5,163.95</b>
<b>Adjustments for:</b>				
1. Profit / Loss on Sale of Fixed Assets	0.38	0.09	0.69	0.33
2. Depreciation	5.45	6.76	4.21	3.75
3. Provisions and Contingencies	1,089.85	802.96	312.02	130.68
4. Allowance for Staff Advance	0.00	0.00	0.07	0.00
5. Interest on Commercial Paper	285.91	300.03	230.88	86.49
6. Excess Provision written back	-0.07	0.00	-3.18	-0.04
7. Profit on sale/redemption of investments	-12.29	-	-	-0.34
8. Loss/ Gain(-) on Exchange Rate fluctuation	666.13	259.99	304.27	77.51
9. Dividend from Subsidiary Co.	-10.01	-0.35	-0.15	-0.15
10. Dividend from Investments	-3.05	-3.63	-0.38	-0.25
11. Interest on Long-Term Investments/ Govt. Securities	-85.97	-149.18	-47.16	-54.71
12. Provision made for Interest on Advance Income Tax	-	1.38	2.96	2.06
13. Discount on Bonds written off	3.99	4.83	4.83	4.83
14. Interest Accrued on Zero Coupon Bonds	76.17	70.39	64.97	59.88
15. Dividend & Dividend Tax paid in excess of provision	0.00	0.00	0.01	0.01
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>10,061.70</b>	<b>8,720.31</b>	<b>7,405.16</b>	<b>5,474.00</b>
<b>Increase / Decrease :</b>				
1. Loan Assets	-21,733.35	-31,005.84	-22,427.06	-25,929.26
2. Other Operating Assets	27.89	-366.08	-355.16	89.29
3. Operating Liabilities	936.54	944.51	-273.94	1,676.09
<i>Cash flow from Operations</i>	<b>-10,707.22</b>	<b>-21,707.10</b>	<b>-15,651.00</b>	<b>-18,689.88</b>
1. Income Tax Paid (including TDS)	-2,539.74	-2,284.67	-1,640.06	-1,375.84
2. Income Tax refund	42.00	-	8.27	-
<b>Net Cash Flow from Operating Activities</b>	<b>-13,204.96</b>	<b>-23,991.77</b>	<b>-17,282.79</b>	<b>-20,065.72</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Fixed Assets	0.86	0.18	0.31	0.05
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-104.63	-7.64	-3.46	-4.95
3. Investment in shares of Energy Efficiency Services Ltd. (including share application money pending allotment)	-124.00			
4. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-500.00			
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-500.00			
6. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-500.00			
7. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32
8. Sale of Long-term Investments	762.53	-	-	0.15
9. Profit on sale/redemption of investments	12.29	-	-	0.34

PARTICULARS	YEAR ENDED March 31,2016	YEAR ENDED March 31,2015	YEAR ENDED March 31,2014	YEAR ENDED March 31,2013
10. Refund of Share Application Money in Energy Efficiency Services Ltd.		0.00	0.00	2.50
11. Interest on Long-Term Investments/ Govt. Securities	106.05	154.10	47.16	54.71
12. Dividend from Subsidiary Co.	10.01	0.35	0.15	0.15
13. Dividend from Investments	3.05	3.63	0.38	0.25
<b>Net Cash Flow from Investing Activities</b>	<b>-739.52</b>	<b>244.94</b>	<b>138.86</b>	<b>147.52</b>
<b>C. Cash Flow from Financing Activities</b>				
1. Issue of Bonds (Net of redemptions)	14,972.72	21,806.74	17,492.70	13,816.96
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-459.07	-955.40	-3044.40	-1,652.74
3. Raising of Foreign Currency Loan (Net of redemptions)	-2607.56	6344.25	1706.32	4,484.19
4. Grants received from GOI including interest ( Net of refund)	4,436.52	3,421.17	2,920.69	606.77
5. Disbursement of grants	-4,691.45	-3,639.69	-2,429.28	-940.37
6. Repayment of Govt. Loan	-3.07	-4.86	-7.21	-9.50
7. Payment of Final Dividend	-266.61	-172.81	-148.13	-246.86
8. Payment of Interim Dividend	-1184.95	-789.97	-765.28	-666.54
9. Payment of Corporate Dividend Tax	-293.47	-187.26	-155.20	-148.16
10. Premium on issue of Securities	0.28	-	1.24	0.05
11. Issue of Commercial Paper (Net of repayments)	5246.79	-2745.74	1281.16	847.18
<b>Net Cash flow from Financing Activities</b>	<b>15,150.13</b>	<b>23,076.43</b>	<b>16,852.61</b>	<b>16,090.98</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>1,205.65</b>	<b>-670.40</b>	<b>-291.32</b>	<b>-3,827.22</b>
Cash & Cash Equivalents as at the beginning of the year	<b>522.54</b>	<b>1,192.94</b>	<b>1,484.26</b>	<b>5,311.48</b>
Cash & Cash Equivalents as at the end of the year	<b>1,728.19</b>	<b>522.54</b>	<b>1,192.94</b>	<b>1,484.26</b>
<b>Note : Previous period figures have been rearranged and regrouped wherever necessary.</b>				

<b>CONSOLIDATED REFORMATTED STATEMENT OF ASSETS &amp; LIABILITIES</b>						
<b>(₹ in crores)</b>						
	Particulars	Note	As at	As at	As at	As at
		No.	March 31,2016	March 31,,2015	March 31,,2014	March 31,2013
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>(1)</b>	<b>Shareholders' Funds</b>					
	(a) Share Capital	<b>A</b>	987.46	987.46	987.46	987.46
	(b) Reserves and Surplus	<b>B</b>	27,905.94	24,085.12	19,815.59	16,543.02
	<b>Sub-total (1)</b>		<b>28,893.40</b>	<b>25,072.58</b>	<b>20,803.05</b>	<b>17,530.48</b>
<b>(2)</b>	<b>Non-current Liabilities</b>					
	(a) Long-term Borrowings	<b>C</b>	1,38,783.85	1,31,123.26	1,10,095.30	90,925.38
	(b) Deferred Tax Liability (Net)		47.54	105.80	172.92	-
	(c) Other Long-term Liabilities	<b>D</b>	10.09	36.18	23.54	80.25
	(d) Long-term Provisions	<b>E</b>	1,295.46	1,007.39	442.32	188.47
	<b>Sub-total (2)</b>		<b>1,40,136.94</b>	<b>1,32,272.63</b>	<b>1,10,734.08</b>	<b>91,194.10</b>
<b>(3)</b>	<b>Current Liabilities</b>					
	(a) Short-term Borrowings	<b>F</b>	6,460.77	734.00	2,540.00	2,485.55
	(b) Trade Payables		118.69	30.83	6.07	5.48
	(c) Other current liabilities	<b>G</b>	30,476.70	24,887.16	18,601.59	19,126.52
	(d) Short-term Provisions	<b>E</b>	858.42	458.71	259.45	227.46
	<b>Sub-total (3)</b>		<b>37,914.58</b>	<b>26,110.70</b>	<b>21,407.11</b>	<b>21,845.01</b>
	<b>Total (1+2+3)</b>		<b>2,06,944.92</b>	<b>1,83,455.91</b>	<b>1,52,944.24</b>	<b>1,30,569.59</b>
<b>II.</b>	<b>ASSETS</b>					
<b>(1)</b>	<b>Non-current Assets</b>					
	(a) Fixed assets	<b>H</b>				
	(i) Tangible Assets		253.05	108.50	70.65	68.09
	(ii) Intangible Assets		1.03	1.47	2.45	3.78
	(iii) Capital work-in-progress		76.84	9.81	10.37	8.75
	(iv) Intangible Assets under Development		1.21	-	-	-
			332.13	119.78	83.47	80.62
	(b) Non-current Investments	<b>I</b>	2,202.14	1,157.21	1,643.03	590.85
	(c) Deferred Tax Assets (Net)		-	-	-	9.65
	(d) Long-term Loans & Advances	<b>J</b>	1,57,796.82	1,64,215.25	1,35,900.51	1,14,574.76
	(e) Other Non-current Assets	<b>K</b>	109.26	85.11	33.63	191.02
	<b>Sub-total (1)</b>		<b>1,60,440.35</b>	<b>1,65,577.35</b>	<b>1,37,660.64</b>	<b>1,15,446.90</b>
<b>(2)</b>	<b>Current Assets</b>					
	(a) Current Investments	<b>I</b>	149.41	438.81	47.41	47.41
	(b) Inventories	<b>U</b>	66.79	-	-	-
	(c) Trade Receivables	<b>L</b>	231.89	120.28	60.54	29.16

Particulars	Note	As at	As at	As at	As at
	No.	March 31,2016	March 31,,2015	March 31,,2014	March 31,2013
(d) Cash & Bank Balances	<b>M</b>	1,864.08	645.71	1,234.29	1,529.54
(e) Short-term Loans & Advances	<b>N</b>	809.24	1,100.45	382.11	1,916.23
(f) Other Current Assets	<b>O</b>	43,383.16	15,573.31	13,559.25	11,600.35
<b>Sub-total (2)</b>		<b>46,504.57</b>	<b>17,878.56</b>	<b>15,283.60</b>	<b>15,122.69</b>
<b>Total (1+2)</b>		<b>2,06,944.92</b>	<b>1,83,455.91</b>	<b>1,52,944.24</b>	<b>1,30,569.59</b>

<b>CONSOLIDATED REFORMATTED STATEMENT OF PROFIT AND LOSS</b>						
(₹ in Crores)						
	Particulars	Notes	Year ended		Year ended	
		No.	March 31,,2016	March 31,,2015	March 31,2014	March 31,2013
<b>I.</b>	Revenue from Operations	<b>P</b>	24,012.88	20,384.34	17,122.21	13,570.06
<b>II.</b>	Other Income	<b>Q</b>	117.05	165.55	106.73	68.64
<b>III.</b>	<b>Total Revenue (I+II)</b>		<b>24,129.93</b>	<b>20,549.89</b>	<b>17,228.94</b>	<b>13,638.70</b>
<b>IV.</b>	<b>Expenses</b>					
<b>(i)</b>	Finance Costs	<b>R</b>	14,282.35	11,839.59	10,034.74	8,083.39
<b>(ii)</b>	Employee Benefits Expense	<b>S</b>	143.19	136.75	134.54	155.58
<b>(iii)</b>	Depreciation & Amortization		19.67	8.32	4.51	3.90
<b>(iv)</b>	Corporate Social Responsibility Expenses	<b>T</b>	120.29	102.07	38.73	17.59
<b>(v)</b>	Other Expenses	<b>T</b>	355.57	104.10	87.16	60.68
<b>(vi)</b>	Provisions and Contingencies	<b>T</b>	1,096.18	806.18	312.59	131.24
<b>(vii)</b>	Purchases of Stock-in-Trade		32.42	0.44	-	-
<b>(vii)</b>	Changes in inventories of Stock-in-Trade & Work-in-Progress	<b>V</b>	-66.79	-	-	-
	<b>Total Expenses (IV)</b>		<b>15,982.88</b>	<b>12,997.45</b>	<b>10,612.27</b>	<b>8,452.38</b>
<b>V.</b>	<b>Profit before Prior Period Items &amp; Tax (III-IV)</b>		8,147.05	7,552.44	6,616.67	5,186.32
<b>VI.</b>	Prior Period Items		0.39	0.10	-0.04	0.11
<b>VII.</b>	<b>Profit before Tax (V-VI)</b>		<b>8,146.66</b>	<b>7,552.34</b>	<b>6,616.71</b>	<b>5,186.21</b>
<b>VIII.</b>	Extraordinary Items		-	-	-	-
<b>VII.</b>	<b>Profit before Tax (V-VI)</b>		<b>8,146.66</b>	<b>7,552.34</b>	<b>6,616.71</b>	<b>5,186.21</b>
<b>VIII.</b>	Tax Expense :					
<b>(i)</b>	Current Year		2,516.85	2,273.91	1,733.26	1,353.07
<b>(ii)</b>	Earlier Years/ (Refunds)		-2.77	0.77	14.12	-0.01
<b>(iii)</b>	Deferred Tax		-58.84	-66.76	128.08	0.37
	<b>Total Tax Expense (i+ii+iii)</b>		<b>2,455.24</b>	<b>2,207.92</b>	<b>1,875.46</b>	<b>1,353.43</b>
<b>IX.</b>	Profit for the period from Continuing Operations (VII-VIII)		5,691.42	5,344.42	4,741.25	3,832.78
<b>X.</b>	Profit from Discontinuing Operations (after tax)		-	-	-	-
<b>XI.</b>	Profit for the period (IX+X)		5,691.42	5,344.42	4,741.25	3,832.78
<b>XII.</b>	Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)					
	(1) Basic		57.64	54.12	48.01	38.81
	(2) Diluted		57.64	54.12	48.01	38.81

**CONSOLIDATED REFORMATTED STATEMENT OF CASH FLOWS**

(₹ in crores)

PARTICULARS	YEAR ENDED March 31, 2016	YEAR ENDED March 31, 2015	YEAR ENDED , 2014	YEAR ENDED March 31, 2013
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	8,146.66	7,552.34	6,616.71	5,186.21
<b>Adjustments for:</b>				
1. Profit / Loss on Sale of Fixed Assets	0.38	0.10	0.69	0.33
2. Depreciation & Amortization	19.67	8.32	4.52	3.90
3. Provisions and Contingencies	1096.18	806.08	312.02	131.24
4. Allowance for Staff Advances		0.00	0.07	
5. Interest on Commercial Paper	285.91	300.03	230.88	86.49
6. Interest Expense on Misc. Borrowings	3.90	0.19	0.16	0.37
7. Excess Provision written back	-0.05	0.03	-3.18	-0.04
8. Profit on sale/redemption of investments	-12.29	0.00	0.00	-0.34
9. Loss/ Gain(-) on Exchange Rate fluctuation	666.13	259.99	304.27	77.51
10. Dividend from Investments	-2.37	-3.63	-0.38	-0.25
11. Interest on Long-term Investments/ Govt. Securities	-95.76	-154.47	-50.99	-61.55
12. Provision made for Interest on Advance Income Tax	0.00	1.38	2.96	2.06
13. Discount on Bonds written off	3.99	4.83	4.83	4.83
14. Interest Accrued on Zero Coupon Bonds	76.17	70.39	64.97	59.88
15. Dividend & Dividend Tax paid in excess of provision	0.00	0.00	0.01	0.01
16. Other Finance Expenses	0.00	0.00	0.16	0.02
17. Provision for Diminution in value of Investment	0.00	0.10	0.00	-
18. Provision for contingencies of Project Cost revisions	0.00	0.00	1.72	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>10,188.52</b>	<b>8,845.68</b>	<b>7,489.42</b>	<b>5,490.67</b>
<b>Increase / Decrease :</b>				
1. Loan Assets	-21,733.35	-31,005.84	-22427.06	-25,929.26
2. Other Operating Assets	-229.97	-435.35	-381.60	93.23
3. Operating Liabilities	1,029.88	1,027.56	-265.28	1,670.57
<b>Cash flow from Operations</b>	<b>-10,744.92</b>	<b>-21,567.95</b>	<b>-15,584.52</b>	<b>-18,674.79</b>
1. Income Tax Paid (including TDS)	-2575.09	-2330.28	-1667.38	-1,384.09
2. Income Tax refund	42.00	0.00	8.27	-
<b>Net Cash Flow from Operating Activities</b>	<b>-13,278.01</b>	<b>-23,898.23</b>	<b>-17,243.63</b>	<b>-20,058.88</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Fixed Assets	0.85	0.18	0.26	0.05
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-259.41	-45.34	-4.79	-5.30
3. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-500.00			
4. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-500.00			
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-500.00			
6. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32
7. Sale of Long-term Investments	762.53	0.00	0.00	0.15
8. Profit on sale/redemption of investments	12.29	0.00	0.00	0.34

PARTICULARS	YEAR ENDED March 31, 2016	YEAR ENDED March 31, 2015	YEAR ENDED , 2014	YEAR ENDED March 31, 2013
9. Interest on Long term Investments/ Govt. Securities	114.96	158.41	50.56	62.40
10. Dividend from Investments	3.05	3.63	0.38	0.25
11. Investment in Shares of Fellow Subsidiary Companies	-0.10	0.00	0.00	-0.20
12. Investment in Tax Free Bonds/Others	-26.28	0.00	-5.19	
11.Sale of shares of Fellow Subsidiaries	0.00	0.00	0.00	0.05
13. Fixed Deposit made during the year	-1.25	-84.49	0.00	-
14. Fixed Deposit matured during the year	43.34	24.38	0.00	-
14. Interest Income	0.00	0.00	0.00	-
	-			<b>152.06</b>
<b>Net Cash Flow from Investing Activities</b>	<b>755.70</b>	<b>151.09</b>	<b>135.54</b>	
<b>C. Cash Flow from Financing Activities</b>				
1. Issue of Bonds (Net of redemptions)	14969.28	21806.74	17460.70	13,781.96
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-308.65	-955.40	-3049.95	-1,648.90
3. Raising of Foreign Currency Loan (Net of redemptions)	-2607.56	6366.18	1706.32	4,484.19
4. Funds received from GOI for further disbursement as Subsidy/ Grant including interest ( Net of refund)	4,436.52	3421.17	2920.69	606.77
5. Disbursement of grants	-4691.45	-3639.69	-2429.28	-940.37
6. Repayment of Govt. Loan	-3.07	-4.86	-7.21	-9.50
7. Payment of Final Dividend	-266.61	-172.81	-148.13	-246.86
8. Payment of Interim Dividend	-1184.95	-789.97	-765.28	-666.54
9. Payment of Corporate Dividend Tax	-295.51	-187.32	-155.23	-148.19
10. Interest Paid on Misc. Borrowings	-3.90	-0.19	-0.16	-0.37
11. Premium on issue of securities	0.28	0.00	1.24	0.05
12. Issue of Commercial Paper (Net of repayments)	5246.79	-2745.74	1281.16	847.18
13. Other Finance Expenses	0.00	0.00	-0.16	-0.02
				<b>16,059.40</b>
<b>Net Cash flow from Financing Activities</b>	<b>15,291.17</b>	<b>23,098.11</b>	<b>16,814.71</b>	
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>1,257.46</b>	<b>-649.03</b>	<b>-293.38</b>	<b>-3,847.42</b>
Cash & Cash Equivalents as at the beginning of the year	559.10	1207.95	1501.33	<b>5,348.75</b>
Cash & Cash Equivalents as at the end of the year	1,816.56	558.92	1,207.95	<b>1,501.33</b>
<b>Note : Previous period figures have been rearranged and regrouped wherever necessary.</b>				



**IMPORTANT FINANCIAL INDICATORS (ON CONSOLIDATED BASIS)****(₹in crores)**

Particulars	As on/ For the year ended March 31, 2016 (Audited)	As on/ For the year ended March 31, 2015 (Audited)	As on/ For the year ended March 31, 2014 (Audited)	As on/ For the year ended March 31, 2013 (Audited)
<b>For Financial Entities</b>				
Net worth	28,893.40	25,072.58	20,803.05	17,530.48
Total Debt	1,69,211.64	1,50,979.06	1,26,173.19	1,07,761.72
of which – Non Current Maturities of Long Term Borrowing	1,38,783.85	1,31,123.26	1,10,095.30	90,925.38
- Short Term Borrowing	6,460.77	734.00	2,540.00	2,485.55
- Current Maturities of Long Term Borrowing	23,967.02	19,121.80	13,537.89	14,350.79
Net Fixed Assets	332.13	119.78	83.47	80.62
Non-Current Assets	1,60,440.35	1,65,577.35	1,37,660.64	1,15,446.90
Cash and Cash Equivalents	1,816.56	558.92	1,207.95	1,501.33
Current Investments	149.41	438.81	47.41	47.41
Current Assets	46,504.57	17,878.56	15,283.60	15,122.69
Current Liabilities	37,914.58	26,110.70	21,407.11	21,845.01
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	23,470.66	20,072.08	16,806.39	13,290.95
Finance Costs	14,282.35	11,839.59	10,034.74	8,083.39
Net interest income	9,188.31	8,232.49	6,771.65	5,207.56
Provisioning & Write-offs	1,096.18	806.18	312.59	131.24
PAT	5,691.42	5,344.42	4,741.25	3,832.78
Gross NPA (%) *	2.11%	0.74%	0.33%	0.38%
Net NPA (%) *	1.61%	0.54%	0.24%	0.31%
Tier I Capital Adequacy Ratio (%)				
Tier II Capital Adequacy Ratio (%)				
Total Loan Assets (net)	2,00,265.02	1,79,281.49	1,48,504.24	1,27,266.00
Capital Adequacy ratio (%)				
Net interest margin *	4.82%	5.01%	4.90%	4.55%
Yield on Loan Assets *	12.32%	12.23%	12.18%	11.62%
Cost of funds *	8.50%	8.36%	8.31%	8.09%
Return on Net worth (average)	21.09%	23.30%	24.74%	23.84%
Debt equity ratio (times)	5.86	6.02	6.07	6.15
Total Assets	2,06,944.92	1,83,455.91	1,52,944.24	1,30,569.59
Return on assets (average)	2.92%	3.18%	3.34%	3.20%

\* These figures have been given on standalone basis.

## 10.4. OTHER FINANCIAL PARAMETERS

Particulars	FY 2015-16	FY 2014-15	FY 2013-14
Dividend declared (As %age on FV)	171%*	107%*	95%
Interest Coverage Ratio (times)	1.56	1.63	1.65

\* The Company has paid an interim dividend of Rs 12/- per Equity Share (on face value of ₹10/- each) in the month of February, 2016. The Board of Directors had recommended final dividend of ₹5.10 per share for the year 2015-16, which has been approved by the Shareholders in the Annual General Meeting held on 21.09.2016.

## 10.5. CHANGES IN ACCOUNTING POLICIES DURING THE LAST THREE YEARS AND THEIR EFFECT ON THE PROFITS AND THE RESERVES OF THE COMPANY

Financial Year	Change in accounting policies and their effect
<b>2015-16</b>	<p>During the year ended 31st March, 2016, the Company had revised the accounting policy in respect of asset classification in line with RBI Guidelines. Further, the accounting policy for creation of allowance against Standard Loan assets has been modified to align it with the revised provisioning requirements for Standard Loans as per RBI Notification dated 10th November, 2014. Due to these changes in accounting policy, profit before tax for the year ended 31st March, 2016 is lower by ₹ 87.87 Crores.</p> <p>Further, minor modifications have been made in the Accounting Policy in respect of basis of preparation of financial statements, revenue recognition, intangible assets and cash flow statements. However, there is no financial impact of such modifications.</p>
<b>2014-15</b>	<p>Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.</p> <p>The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1st April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.89 Crores.</p> <p>Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75% on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans (comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy, the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on these restructured loans.</p>
<b>2013-14</b>	<p>Modifications were made in Significant Accounting Policy regarding basis of preparation of financial statements, income recognition, income from investments, asset classification, intangible assets, investments and current tax &amp; deferred tax to make it more clarificatory/explicit. However, there was no financial impact of such modifications.</p> <p>Further, the Company changed its Significant Accounting Policy regarding provision on Standard Assets which was created at 0.25% of the outstanding standard assets as against creating it in a phased manner upto March 31, 2015. If the company had followed the earlier policy, the profit after tax for the year would have been higher by ₹ 105.74 crore.</p>

## SECTION XI PARTICULARS OF THE OFFER

### Eligibility of REC to come out with the Issue and Government Approvals

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.

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(s) 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. Further, Reserve Bank of India vide its Circular No. RBI/2014-15/475DNBR (PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015 has allowed NBFCs to issue unsecured bonds.

### Authority for the Placement

The present issue of Bonds is being made pursuant to:

- (i) resolution passed by the Board of Directors of the Company on March 18, 2016 and delegation provided thereunder;
- (ii) special resolution passed by the shareholders of the Company under section 42 of the Companies Act, 2013 and sub-rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, in Annual General Meeting held on September 21, 2016;
- (iii) Article 95(xxii), 96 (i) & 96 (ii) of the Articles of Association of the Company.

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 the Company 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 and Class of Securities

Unsecured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of debentures - These Bonds shall be fully paid-up and the claims of the Bondholders shall be unsecured, senior and unsubordinated.

### 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.

### Contribution made by Promoters or Directors

NIL

### Maximum Investors for the Issue

In view of RBI's Circular No.RBI/2014-15/475DNBR (PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015 on private placement basis there is no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 1 crore and above.

### Issue Price

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

Bonds are unsecured.

### 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	Application must be for a minimum of INR 10 crores and in multiples of INR 1Crore (10 bond) thereafter.	Full Issue Price i.e. INR10 Lakh per bond

### Deemed Date of Allotment

The cut-off date declared by the Company from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholders is called as the Deemed Date of Allotment. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) 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. If in case, the issue closing date changes (i.e. pre-pond/postponed), then 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 makes 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 November 15, 2007 between REC, National Securities Depository Limited (NSDL) and the Registrar i.e., Karvy Computershare Private Limited
2. Tripartite Agreement dated October 16, 2007 between REC, Central Depository Services Limited (CDSL) and the Karvy Computershare Private Limited.

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 this Private Placement Offer Letter. 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 does 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 DP.
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 (1) 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 foreign investors, 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**

In respect of Investors who get Allotment of Bonds in the Issue, interest on Application Money shall be paid at the Coupon Rate (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) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of Application Money in Issuer’s Bank Account upto but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.



### **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.

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.

### **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).

### **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. 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(s) 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, notified provisions of Companies Act, 2013 and the relevant rules and regulations, 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**

If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

### **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:

1. Mutual Funds,
2. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;
3. Scheduled Commercial Banks;
4. State Industrial Development Corporations;
5. Insurance Companies registered with the Insurance Regulatory and Development Authority;
6. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds authorised to invest in the Issue
7. National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
8. Insurance funds set up and managed by army, navy or air force of the Union of India.
9. Companies and Bodies Corporate authorized to invest in bonds/ debentures;
10. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures;
11. Gratuity Funds and Superannuation Funds;
12. Societies authorized to invest in bonds/ debentures;
13. Trusts authorized to invest in bonds/ debentures;
14. Foreign Institutional Investors and sub-accounts registered with SEBI or Foreign Portfolio Investors (not being an individual or family offices);
15. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures.

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; (5) Documents relating to withholding tax applicability; (6) Copy of Permanent Account Number Card (PAN Card) provided by the Income Tax Department; and (7) in case of remittance of money through electronic mode, a self-attested bank account statement has to be submitted reflecting the debit for the application money. The bank account statement should contain the name of the applicant, account number, name and branch of the bank.

### Who Cannot Apply

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

1. Minors
2. Non-resident investors being an individual including NRIs, QFIs(individual), and FPIs(individual or family offices);
3. Venture Capital Fund and Foreign Venture Capital Investor;
4. Overseas Corporate Bodies; and
5. Person ineligible to contract under applicable statutory/regulatory requirements.
6. Resident Individual Investors;

7. Hindu Undivided Families;
8. Partnership firms.

### **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 Private Placement Offer Letter 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 ₹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 if, 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.

It is to be distinctly noted that in pursuance of sub clause (d) of clause (2) of Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the person/ entity subscribing to the Bonds. In case of monies payable on subscription to the Bonds to be held by joint holders, the remittance of Application Money shall be made from the bank account of the person whose name appears first in the Application Form. In pursuance of the said provisions, the Applicants are required to submit a self-attested copy of their bank account statement reflecting debit for the application money. Such bank account statement must contain the name of Applicant, account number, name and branch of the bank.

**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(s) 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:

- (i) Number of Bonds applied for is less than the minimum application size;
- (ii) Applications exceeding the issue size;
- (iii) REC account details not given;



- (iv) Details for issue of Bonds in electronic/ Dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
- (v) 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 IT 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 72 of the Companies Act, 2013, 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 shareholder. 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 are Unsecured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures. The Bonds shall rank *pari-passu* inter se and, subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, shall also as regards repayment of principal and payment of interest, rank *pari-passu* with all other existing unsecured borrowings (except subordinated debt) of the Corporation.



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### **Bond/ Debenture Redemption Reserve**

As per the Companies (Share Capital and Debentures) Rules, 2014 dated March 31, 2014, 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 endeavours 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.

## SECTION XII SUMMARY TERM SHEET

REC proposes to raise bonds with Issue Size ₹500 Crore with option to retain oversubscription under Bond Series 141.

Security Name	7.14% Rural Electrification Corporation Limited 2021
Issuer	Rural Electrification Corporation Limited
Type of Instrument	Unsecured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures
Seniority	Unsecured, Senior and Unsubordinated Bond Series
Nature and status of Instrument	Unsecured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures (“Bonds”)
Mode of Issue	Private placement
Eligible Investors	<ol style="list-style-type: none"> <li>1. Mutual Funds,</li> <li>2. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;</li> <li>3. Scheduled Commercial Banks;</li> <li>4. State Industrial Development Corporations;</li> <li>5. Insurance Companies registered with the Insurance Regulatory and Development Authority;</li> <li>6. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds authorised to invest in the Issue</li> <li>7. National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</li> <li>8. Insurance funds set up and managed by army, navy or air force of the Union of India;</li> <li>9. Companies and Bodies Corporate authorized to invest in bonds/debentures;</li> <li>10. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/debentures;</li> <li>11. Gratuity Funds and Superannuation Funds;</li> <li>12. Societies authorized to invest in bonds/debentures;</li> <li>13. Trusts authorized to invest in bonds/debentures;</li> <li>14. Foreign Institutional Investors and sub-accounts registered with SEBI or Foreign Portfolio Investors (not being an individual or family offices);</li> <li>15. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures.</li> </ol>
Non-Eligible classes of Investors	<ol style="list-style-type: none"> <li>1. Minors;</li> <li>2. Non-resident investors being an individual including NRIs, QFIs(individual), and FPIs(individual or family offices);</li> <li>3. Venture Capital Fund and Foreign Venture Capital Investor;</li> <li>4. Overseas Corporate Bodies;</li> <li>5. Person ineligible to contract under applicable statutory/regulatory requirements;</li> <li>6. Resident Individual Investors;</li> <li>7. Hindu Undivided Families; and</li> <li>8. Partnership firms</li> </ol>
Listing (including name of stock Exchange(s) where it	BSE and/or NSE

will be listed and timeline for listing)	
Rating of the Instrument	IND AAA by IRRPL CARE AAA (Triple A) by CARE CRISILAAA/Stable by CRISIL ICRAAAA by ICRA
Issue Size	₹ 500 Crore with option to retain oversubscription
Option to retain oversubscription (Amount)	Yes
Reasons of retaining oversubscription	To meet our fund requirements for borrowing, lending and repayment of debt.
Objects of the Issue	To augment long-term resources of the Company for the purpose of carrying out its functions authorized 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 fulfillment of the Objects of the Issue.
Coupon Rate	7.14% p.a.
Step Up/Step Down Coupon Rate	N.A.
Coupon Payment Frequency	Annual
Coupon Payment Date*	First interest payment on January 01, 2018, second interest payment on December 31, 2018, thereafter December 31, of every year and final interest payment on December 09, 2021 along with maturity proceeds.
Coupon Type	Fixed
Coupon Reset	N.A.
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	In respect of Investors to whom Bonds are Allotted in the Issue, interest on Application Money shall be paid at the Coupon Rate (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) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of Application Money in Issuer’s Bank Account up to but excluding the Deemed Date of Allotment. Such interest on Application Money shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
Interest on Refunded Money against which Allotment is not made	In respect of applications, which are valid but rejected on account of oversubscription, interest on refunded money shall be paid at the Coupon Rate (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) (excluding the valid rejections) for the period starting from and including the date of realization of Application Money in Issuer’s Bank Account up to but excluding the Deemed Date of Allotment. The refund amounts together with interest thereon shall be paid by the Issuer to the relevant Applicants within 15 days from the Deemed Date of Allotment.
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	5 Year
Redemption Date **	December 09, 2021

Redemption Amount	Redeemed at face value of Bonds
Redemption Premium /Discount	Nil
Issue Premium/Discount	Nil
Issue Price	₹ 10 lakh per bond
Discount at which security is issued and the effective yield as a result of such discount.	Nil
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	December 09, 2016
2. Issue Closing Date	December 09, 2016
3. Pay-in Date	December 09, 2016
4. Deemed Date of Allotment	December 09, 2016
No. of Applications	N.A. <sup>***</sup>
Issuance mode of the Instrument	In Dematerialized mode
Trading mode of the Instrument	In Dematerialized mode
Settlement mode of the Instrument	Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ RTGS/ Fund Transfer/ NECS/ NEFT or any other electronic mode offered by the Banks.
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
Effect of Holidays	<p>If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.</p>
Record Date	15 days prior to each Coupon Payment Date/ Redemption date.
Security	Bonds are Unsecured.
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> <li>1. Letter appointing Trustees to the Bondholders;</li> </ol>



	<ol style="list-style-type: none"> <li>2. Debenture Trusteeship Agreement;</li> <li>3. Debenture/Bond Trust Deed;</li> <li>4. Rating letter from IRRPL;</li> <li>5. Rating letter from CARE;</li> <li>6. Rating letter from CRISIL;</li> <li>7. Rating letter from ICRA;</li> <li>8. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>9. Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form;</li> <li>10. Letter appointing Registrar;</li> <li>11. Application made to BSE and/or NSE for seeking their in-principle approval for listing of Bonds;</li> <li>12. Listing Agreement with BSE and/or NSE; and</li> <li>13. Letters appointing Arrangers to the Issue.</li> </ol>
Additional Covenants	<p>In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.</p> <p>The Company shall allot the Bonds within sixty days from the date of receipt of the application money for such Bonds and if the Company is not able to allot the Bonds within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.</p> <p>Listing: The Issuer shall complete all the formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In case of delay in listing of the Bonds within the prescribed period from the Deemed Date of Allotment, the Company shall pay penal interest at the rate as mentioned in relevant regulations.</p> <p>In case the Bonds issued to the SEBI registered FIIs / sub-accounts of FIIs/FPIs are not listed within 15 days of issuance to the SEBI registered FIIs / sub-accounts of FIIs/FPIs, for any reason, then the FII/sub-account of FII/FPIs shall immediately dispose of the Bonds either by way of sale to a third party or to the Issuer and in case of failure to list the Bonds issued to SEBI registered FIIs/ sub-accounts of FIIs/FPIs within 15 days of issuance, the Issuer shall immediately redeem / buyback such Bonds from the FIIs/sub-accounts of FIIs/FPIs.</p>
Events of Default	As specified in the Bond Trust Deed
Remedies	As mentioned in Bond Trust Deed
Cross Default	N.A.
Trustee	SBICAP Trustee Company Limited
Registrars	Karvy Computershare Private Limited
Role and Responsibilities of Debenture Trustee	The Trustees shall protect the interest of the Bondholders as stipulated in the Bond Trust Deed and 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.
Conditions precedent to	The subscription from investors shall be accepted for allocation and allotment

subscription of Bonds	<p>by the Issuer subject to the following:</p> <ol style="list-style-type: none"> <li>1. Rating letters from IRRPL, CARE, ICRA and CRISIL not being more than one month old from the issue opening date;</li> <li>2. Seek a written consent letter from the Trustees conveying their consent to act as Trustees for the Bondholders;</li> <li>3. Making an application to BSE and/or NSE for seeking their in-principle approval for listing of Bonds.</li> </ol>
Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:</p> <ol style="list-style-type: none"> <li>1. Ensuring that the payment made for subscription to the Bonds is from the bank account of the person/ entity subscribing to the Bonds and keep record of the bank accounts from where payments for subscriptions have been received and in case of subscription to the Bonds to be held by joint holders, monies are paid from the bank account of the person whose name appears first in the Application Form;</li> <li>2. Maintaining a complete record of private placement offers in Form PAS-5 and filing the such record along with Private Placement Offer Letter in Form PAS-4 with the Registrar of Companies, National Capital Territory of Delhi &amp; Haryana with fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and with Securities and Exchange Board of India, within a period of thirty days of circulation of the Private Placement Offer Letter;</li> <li>3. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under Section 42(9) of the Companies Act, 2013, with the Registrar of Companies, National Capital Territory of Delhi &amp; Haryana within thirty days of the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014;</li> <li>4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within the stipulated time period from the Deemed Date of Allotment;</li> <li>5. Taking steps for listing of Bonds with BSE and/or NSE within 15 days from the Deemed Date of Allotment of Bonds;</li> <li>6. Submission of Debenture/Bond Trust Deed with BSE and/or NSE within five working days of execution of the same for uploading on their website.</li> </ol> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Private Placement Offer Letter.</p>
Mode of Subscription	<p>Applicants may make remittance of application money through either of following two modes:</p> <p>Cheque(s)/ demand draft(s)/ bank funds transfer may be drawn in favour of “RURAL ELECTRIFICATION CORPORATION LTD.- BOND ACCOUNT” and marked “A/c Payee Only” payable at par at any of the CBS branches of the Collecting Bankers to the Issue as per details given hereunder:</p> <p>Name of the Banker           HDFC Bank Ltd</p>



	Credit into Current A/c 00030350004616  Electronic transfer of funds through RTGS mechanism for credit as per details given hereunder:  Name of the Banker HDFC Bank Ltd  Credit into Current A/c 00030350004616  Account Name <b>“REC INSTITUTIONAL BONDS COLLECTION A/c”</b>  IFSC Code HDFC0000003  Address of the Branch Surya Kiran Branch, KG Marg, New Delhi 110 001
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.

\* As per the SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013, if the date of payment of interest falls on a holiday or Sunday then such payment shall be made on the succeeding day after including the interest for holiday or Sunday.

\*\* As per the SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013, if the redemption date falls on a holiday or Sunday, then such payment shall be made on the previous working date along with interest is required to be paid till the redemption date.

\*\*\* As per the RBI circular no. RBI/2014-15/475 DNBR (PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015, there shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹ 1 crore and above.

#### Illustration of Bond Cash Flows

<b>Company</b>	Rural Electrification Corporation Limited
<b>Face Value (per security)</b>	₹ 10,00,000/-
<b>Issue Date/Date of Allotment</b>	December 09, 2016
<b>Tenure</b>	5 Years
<b>Coupon Rate</b>	7.14%
<b>Frequency of the Interest Payment with specified dates</b>	Annual
<b>Day Count Convention</b>	Actual / Actual

Particulars	Original Date	Revised Date	No. of Days	Cash Flow
1st Coupon	Sunday, December 31, 2017	Monday, January 1, 2018	388	774171616
2nd Coupon	Monday, December 31, 2018	Monday, December 31, 2018	364	726284712
3rd Coupon	Tuesday, December 31, 2019	Tuesday, December 31, 2019	365	728280000
4th Coupon	Thursday, December 31, 2020	Thursday, December 31, 2020	366	728280000
5th Coupon	Thursday, December 9, 2021	Thursday, December 9, 2021	343	684383671
<b>Principal</b>	Thursday, December 9, 2021	Thursday, December 9, 2021		10200000000
<b>TOTAL</b>				<b>13841399999</b>



**SECTION XIII**  
**MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE**

There has been no material development on date of PPOL which affects our Company.



## SECTION XIV CREDIT RATING & RATIONALE THEREOF

India Ratings & Research Private Limited (“**IR&RPL**”) vide its letter dated December 02, 2016, has assigned a credit rating of “**INDAAA/Stable**” to the long term borrowing programme of REC aggregating to ₹15,000 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 Private Placement Offer Letter.

Credit Analysis & Research Limited (“**CARE**”) vide its letter dated December 05, 2016, has reaffirmed a credit rating of “**CARE AAA (Triple A)**” to the long term borrowing programme of REC aggregating to ₹15,000 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 Private Placement Offer Letter.

CRISIL Limited (“**CRISIL**”) its letter dated December 02, 2016, has reaffirmed a credit rating of “**CRISIL AAA/Stable**” to the long term borrowing programme of REC aggregating to ₹15,000 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 Private Placement Offer Letter.

ICRA Limited (“**ICRA**”) its letter dated December 02, 2016, has assigned a credit rating of “**ICRA AAA**” to the long term borrowing programme of REC aggregating to ₹15,000 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 Private Placement Offer Letter.

Other than the 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 Private Placement Offer Letter.

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.

## SECTION XV NAME OF BOND TRUSTEE

In accordance with the provisions of Section 71 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules 2014 and Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, REC has appointed SBICAP Trustee Company Limited 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:



SBICAP Trustee Company Limited  
 202, Maker Tower – ‘E’,  
 Cuffe Parade, Colaba,  
 Mumbai 400 005

and

Apeejay House, 6th floor,  
 3, West Wing, DinshawWachha Road,  
 Churchgate, Mumbai 400 020

**Also having one of the offices at:**

424-425, 4<sup>th</sup> Floor, World Trade Centre,  
 Babar lane, New Delhi - 110001

A copy of letter from SBICAP Trustee Company Limited conveying their consent to act as Bond Trustee for the current issue of Bonds is enclosed elsewhere in this Private Placement Offer Letter.

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 71 of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 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; and (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 *protanto* 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.

## SECTION XVI STOCK EXCHANGE WHERE SECURITIES ARE PROPOSED TO BE LISTED

The Unsecured, Redeemable, Non-Convertible, Non-Cumulative Bonds in the nature of Debentures (“Bonds”) (Series 141) are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the BSE and/or NSE. The company has obtained the in-principle approval of BSE and/or NSE for listing of the Bonds. REC shall make an application to the BSE and/or NSE to list the Bonds to be issued and allotted under this Private Placement Offer Letter 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 the permission to list and trade the Bonds is not granted by the stock exchanges, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of this Private Placement Offer Letter and Section 40 of the Companies Act, 2013. If default is made, our Company and every officer in default will liable to fine as prescribed in Section 40 of the Companies Act, 2013.

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

- It shall comply with conditions of listing of Bonds as may be specified in the Listing Agreement with BSE and/or NSE.
- 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 BSE and/or NSE.
- Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as BSE and/or NSE may determine from time to time.
- REC, the Bond Trustee and BSE and/or NSE 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.
- 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;
- The information referred to in para above shall also be placed on the websites of the Trustees, REC, BSE and/or NSE.

**SECTION XVII**  
**DEBT EQUITY RATIO (On standalone basis)**

(₹ in crores)

Particulars	Pre-Issue*	Post-Issue <sup>#</sup>
<b>Debt</b>		
Short Term Debt	6,349.93	6,349.93
Long Term Debt	1,62,756.45	1,68,376.45
<b>Total Debt (A)</b>	<b>1,69,106.38</b>	<b>1,74,726.38</b>
<b>Equity</b>		
Share Capital	987.46	987.46
Reserves & Surplus	27630.3	27630.30
<b>Total Equity (B)</b>	<b>28,617.76</b>	<b>28,617.76</b>
<b>Debt / Equity (A/B)</b>	<b>5.91</b>	<b>6.11</b>

\* Pre issue figures are as on March 31, 2016.

# No effect has been given for changes in equity and debt instruments subsequent to March 31, 2016 except Rs. 2500 Crores towards Institutional Bonds Series 139, Rs. 2100 Crores towards Institutional Bonds Series 140 & Rs. 1,020 Crores towards proposed Institutional Bonds Series.





**SECTION XVII  
WILFUL DEFAULTER**

Neither the Issuer nor any of the current directors of the Issuer has been declared as wilful defaulter.



## SECTION XIX SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES AND OTHER BORROWINGS

REC hereby confirms that:

- a) The main constituents of REC's borrowings have been in the form of borrowings from Banks and Financial Institutions, Bonds etc.
- b) REC has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- c) 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.



## SECTION XX

### 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.

Where the Bonds are held in physical form, transfer of Bonds shall be as per the relevant provisions of Companies Act, 2013, and Ministry of Corporate Affairs notification number GSR 463(E) dated June 5, 2015 issued in respect of Government Companies or any other relevant law. However, REC reserves it right to duly confirm the identity of the transferor and conduct necessary due diligence wherever required.

## SECTION XXI

### 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 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 below 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 obtained for overall borrowing limit.
4. Credit Rating letters issued by CARE, IRRPL, ICRA and CRISIL respectively.
5. Auditor's Report and standalone financial statements for the financial year March 31, 2016, 2015 and 2014 and consolidated financial statements prepared under Indian GAAP for the financial year 2016, 2015 and 2014.
6. Annual Report of the Company for the last three Fiscals.
7. Board Resolution dated March 18, 2016 authorizing issue of Bonds offered on private placement basis.
8. Letter of consent from Trustee dated June 7, 2016 for acting as Trustees for and on behalf of the holder(s) of the Bonds.
9. Tripartite Agreement between REC, NSDL and Karvy Computershare Private Limited for issue of Bonds in Dematerialized form.
10. Tripartite Agreement between REC, CDSL and Karvy Computershare Private Limited for issue of Bonds in Dematerialized form.
11. Bond Trustee Agreement between the Company and Bond Trustee.
12. Bond Trust Deed in favour of Trustee.
13. EBP Agreements with BSE and NSE dated August 24, 2016 and December 07, 2016, respectively.

## SECTION XXII DECLARATION

The Company undertakes that this Private Placement Offer Letter contains full disclosures in conformity with Form PAS-4 prescribed under Section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, 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 6, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended, circular no. DNBD(PD) CC No. 021/03.10.001/2014-15 dated February 20, 2015 issued by the Reserve Bank of India on "Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs as amended from time to time".

The Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of interest or repayment of Bonds, is guaranteed by the Government of India.

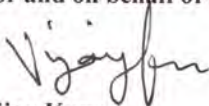
The Company undertakes that the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer Letter.

The Issuer accepts no responsibility for the statement made otherwise than in the Private Placement Offer Letter or in any other material issued by or at the instance of the Issuer and that anyone who places reliance on any other source of information would be doing so at his own risk.

The undersigned has been authorized by the Board of Directors of the Company vide resolution number 421.4.2 dated March 18, 2016 to sign this Private Placement Offer Letter and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Offer Letter.

**For and on behalf of the Board of Directors of Rural Electrification Corporation Limited**

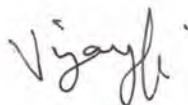


**Vijay Kumar**  
**Addl. General Manager (Finance)**

Place: New Delhi

Date: December 08, 2016

- (i) Copy of resolution of the Board of Directors authorizing the present Issue of Bonds.
- (ii) Copy of special resolution passed by the shareholders of the Company under section 42 of The Companies Act, 2013 and sub-rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, dated September 21, 2016.
- (iii) Copy of rating letters from IRRPL, CARE, ICRA and CRISIL.
- (iv) Copy of consent letter from SBICAP Trustee Company Limited to act as Trustees for the Bondholders.





**SECTION XXIII  
ANNEXURES**

- A. APPLICATION FORM ALONG-WITH GENERAL INSTRUCTIONS – SHALL BE ISSUED SEPARATELY.**
- B. CONSENT LETTER OF TRUSTEE**  
Annexed as Annexure – I
- C. CREDIT RATING LETTERS & RATING RATIONALE**  
Annexed as Annexure- II
- D. COPY OF SPECIAL RESOLUTION DATED SEPTEMBER 21, 2016 AND BOARD RESOLUTION DATED MARCH 18, 2016.**  
Annexed as Annexure- III



No. 0016/2016-2017/CL – 1561  
Date : 2<sup>nd</sup> May, 2016.

Rural Electrification Corporation Ltd.  
Core 4, SCOPE Complex, 7, Lodhi Road,  
New Delhi – 110003, India

Dear Sir,

**Kind Attn : Mr. Rajesh Kumar Gupta – Dy. General Manager (Fin)**

**Proposed Bond issue by Rural Electrification Corporation Ltd. (the “Company”) of Unsecured/ Secured Institutional Bonds (the “Debentures”) aggregating to Rs. 22,000 Crores (the “Issue”) for Financial Year 2016-17**

We the undernamed, hereby give our consent to act as Debenture Trustee for the proposed captioned Private placement of debentures and to include our name as Debenture Trustee in the Schedule I as per the Securities and Exchange Board of India guidelines.

We hereby authorise you to deliver this letter of consent to any other regulatory authority as may be required by law.

The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited  
Address : Apeejay House, 6<sup>th</sup> floor  
3, Dinshaw Wachha Road, Churchgate,  
Mumbai 400 020.  
Telephone No. : 022-43025555  
Fax No. : 022- 22040465  
E-mail : [corporate@sbicaptrustee.com](mailto:corporate@sbicaptrustee.com)  
Website : [www.sbicaptrustee.com](http://www.sbicaptrustee.com)  
Contact Person : Mr. Ajit Joshi (Company Secretary & Compliance Officer )  
Tel No. 022- 43025503

SEBI Registration No.: IND000000536

We hold permanent registration certificate under SEBI Debenture Regulations, 1993 (copy enclosed).

Yours faithfully,

  
Authorised Signatory

डिबेंचर न्यासी

प्रारूप छ  
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनियम बोर्ड  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

(डिबेंचर न्यासी) विनियम, 1993  
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000256

(विनियम 8)  
(Regulation 8)

(Regulation 8A)

रजिस्ट्रीकरण प्रमाणपत्र  
**CERTIFICATE OF REGISTRATION**

1) बोर्ड, भारतीय प्रतिभूति और विनियम बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

**SBICAP TRUSTEE COMPANY LIMITED**  
202, MAKER TOWER, "E" WING  
20TH FLOOR, CUFF PARADE  
MUMBAI - 400005  
MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।  
as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट

है।

2) Registration Code for the debenture trustee is **IND000000536**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से

तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board

आदेश से  
भारतीय प्रतिभूति और विनियम बोर्ड  
के लिए और उसकी ओर से  
By order

For and on behalf of  
**Securities and Exchange Board of India**



*M. Sonparote*  
**MEDHA SONPAROTE**

प्रमाणित हस्ताक्षरकर्ता  
Authorised Signatory

स्थान Place : **MUMBAI**

तारीख Date : **OCTOBER 06, 2015**



REGISTRY IET



Mr. A. K. Agarwal  
Director – Finance  
Rural Electrification Corporation Ltd.  
Core 4, Scope Complex,  
7, Lodhi Road, New Delhi - 110003

December 05, 2016

**Confidential**

Dear Sir,

**Credit rating for Market Borrowing Programmes**

Please refer to our letter number CARE/DRO/RL/2016-17/1947 dated September 29, 2016 and further review of the rating assigned to the market borrowing programmes of your company.

2. Our Rating Committee has reviewed the following rating(s):

Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Market Borrowing Programmes	150,591.80 (Rs. One Lakh Fifty Thousand Five Hundred Ninety One Crores and Eighty Lakhs only)	CARE AAA; Stable/ CARE A1+ (Triple A; Outlook: Stable / A One Plus)	Reaffirmed

3. Refer Annexure I for details of rated facilities and instruments.
4. The Commercial Paper/Short term debt issue would be for a maturity not exceeding one year.
5. The rationale for the rating will be communicated to you separately.
6. Please arrange to get the rating revalidated, in case the issue is not made within a period of six months for long term rating and two months for short term rating from the date of this letter.

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

7. 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.
8. 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.
9. 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 or 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 reference to you.
10. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
11. CARE ratings are **not** recommendations to buy, sell, or hold any securities or sanction, renew, disburse or recall the concerned bank facilities.

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

Thanking you,



**Riya Aneja**

Analyst

[riya.aneja@careratings.com](mailto:riya.aneja@careratings.com)

Encl.: As above

Yours faithfully,



**Gaurav Dixit**

Assistant General Manager

[gaurav.dixit@careratings.com](mailto:gaurav.dixit@careratings.com)

**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. In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

### Annexure I

S. No.	Instrument/ Facility	Rated Amount (Rs. Cr)	Existing Rating
3.	Long Term Market Borrowing Programme - FY07	314.80	CARE AAA
4.	Long Term Market Borrowing Programme – FY08	1,568.30	CARE AAA
5.	Long Term Market Borrowing programme – FY09	3,646.20	CARE AAA
6.	Long Term Market Borrowing programme – FY10	5,849.40	CARE AAA
7.	Long Term Market Borrowing programme – FY11	10,169.78	CARE AAA
8.	Long Term Market Borrowing programme – FY12	13,094	CARE AAA
9.	Long Term Market Borrowing programme – FY13	15,552.31	CARE AAA
10.	Long Term Market Borrowing programme – FY14	25,266.53	CARE AAA
11.	Long Term Market Borrowing programme – FY15	30,127.78	CARE AAA
12.	Long term Market Borrowing Programme - FY16	23002.70	CARE AAA
13.	Long term Market Borrowing Programme - FY17	15,000.00	CARE AAA
14.	Short Term Market Borrowing programme – FY17	7,000.00	CARE A1+
	<b>Total</b>	<b>150,591.80</b>	

**Rating Rationale**  
**Rural Electrification Corporation Limited**

**Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Market Borrowing Programme – FY05	951.79 (Rs. Nine Hundred Fifty One Crore and Seventy Nine Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme – FY06	3,584.10 (Rs. Three Thousand Five Hundred Eight Four Crore and Ten Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme - FY07	314.80 (Rs. Three Hundred Fourteen Crore and Eight Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme – FY08	1,568.30 (Rs. One Thousand Five Hundred Sixty Eight Crore and Thirty Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY09	9,921.30 (Rs. Nine Thousand Nine Hundred Twenty One Crore and Thirty Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY10	13,660.78 (Rs. Thirteen Thousand Six Hundred Sixty Crore and Seventy Eight Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY11	15,798.10 (Rs. Fifteen Thousand Seven Hundred Ninety Eight Crore and Ten Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY12	25,862.55 (Rs. Twenty Five Thousand Eight Hundred Sixty Two Crore and Fifty Five Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY13	36,000.00 (Rs. Thirty Six Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY14	37,000.00 (Rs. Thirty Seven Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY15	41,000.00 (Rs. Forty One Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme - FY16	36,500.00 (Rs. Thirty Six Thousand Five Hundred Crore Only)	<b>CARE AAA</b>	Reaffirmed
Short-term Market Borrowing Programme - FY16*	-	-	Withdrawn
Long-term Market Borrowing	15,000.00	<b>CARE AAA</b>	Reaffirmed

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

Programme - FY17	(Rs. Fifteen Thousand Crore Only)		
Short-term Market Borrowing Programme - FY17	7,000.00 (Rs. Seven Thousand Crore Only)	<b>CARE A1+</b>	Reaffirmed

*\* Withdrawal of short term ratings for FY16 Market Borrowing Programme as there is no outstanding under the said issue*

### **Rating Rationale**

*The ratings assigned to various market borrowing programmes of Rural Electrification Corporation Ltd. (REC, CIN Number: L40101DL1969GOIO05095) continue to factor in the majority ownership by the Government of India (GoI), its 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 capital adequacy with healthy capitalization levels, diversified resource profile and stable profitability. The ratings also factor in risks associated with REC's moderation in asset quality as reflected by slippages in FY16 (refers to period April 01 to March 31) and high proportion of restructured accounts compared to net-worth, high exposure to weak state power utilities and high sectoral and borrower concentration risk.*

*Going forward, continued ownership and support by GoI by way of extension of favorable policy regime and asset quality would be 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. As on June 30, 2016, the GoI has a majority shareholding of 60.64% in REC.

REC plays an important role in partnering with Ministry of Power (MoP), Government of India (GoI) in their major initiatives to improve the power distribution sector in the country, by its involvement in programmes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (Nodal Agency) [formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)], Restructured Accelerated Power Development and Reforms Programme (R-APDRP), National Electricity Fund (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid task force etc. The company was conferred the Navratna status in 2008-09.

The product portfolio of REC includes financial products and services like project term loan, short-term loan, equipment lease financing and consultancy services, etc, for various power projects in generation, transmission and distribution sector. REC's clients mainly include state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers. The company received from RBI the status of an Infrastructure Finance Company (NBFC-ND-IFC) in September 2010.

## **Credit Risk Assessment**

### ***Government ownership and support***

The GoI is the major shareholder with 60.64% stake in the company (as on June 30, 2016). 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 DDUGJY 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 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.

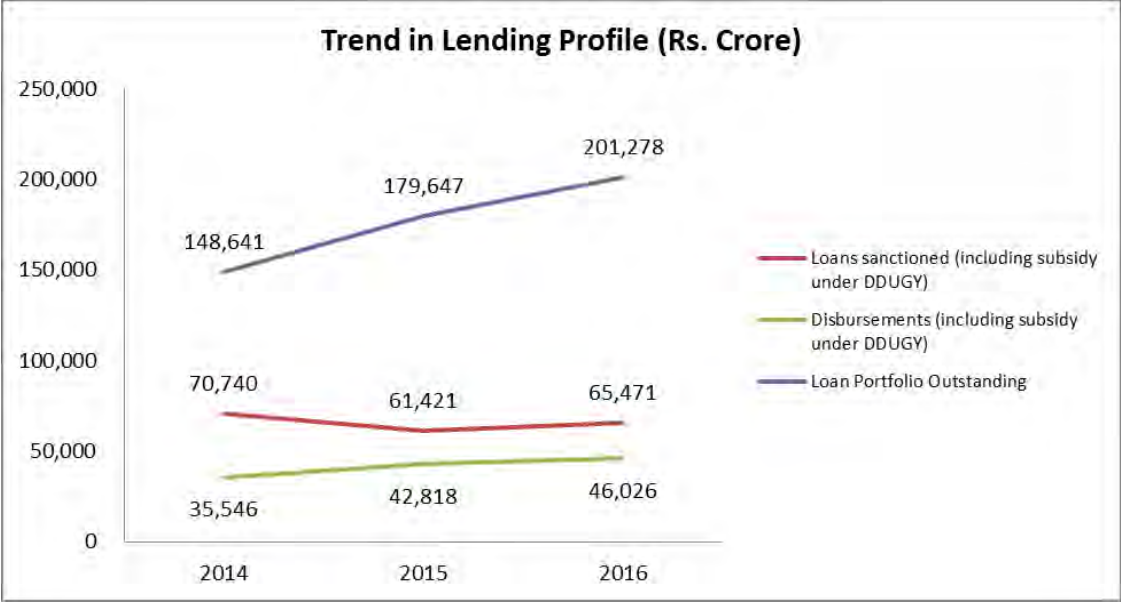
### ***Comfortable capital adequacy and diversified resource profile***

REC had a comfortable capital adequacy ratio (CAR) of 20.38% as on March 31, 2016 (19.56% as on March 31, 2015). The CAR has improved as compared to previous year due to healthy internal capital generation during FY16 (refers to the period April 1 to March 31).

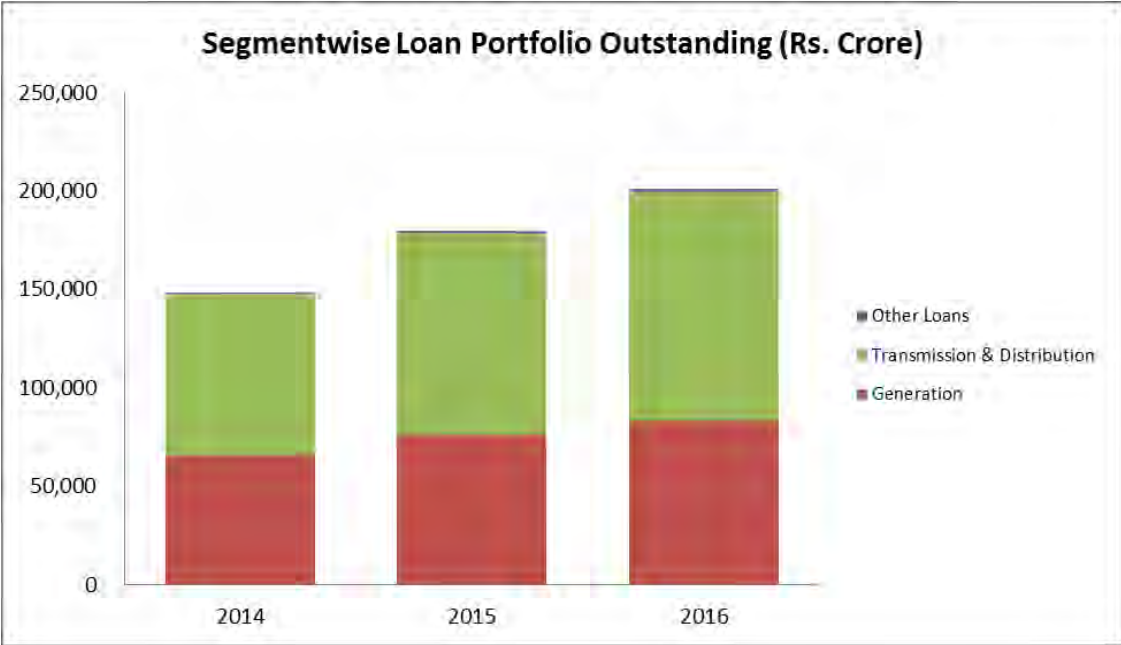
REC has a well-diversified resource profile, since it can mobilize funds at cost-effective rates from various sources such as external commercial borrowings (ECB), borrowings from international agencies like JICA and KfW, domestic financial institutions, long-term bonds, bank loans, commercial paper, 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 FY16, REC has raised Rs. 31,255 crore through capital gain bonds (21%), institutional and zero coupon bonds (50%), tax-free bonds (3%) and foreign currency borrowings (26%). Further, the company has also raised CP of Rs. 20,772 crore during the year.

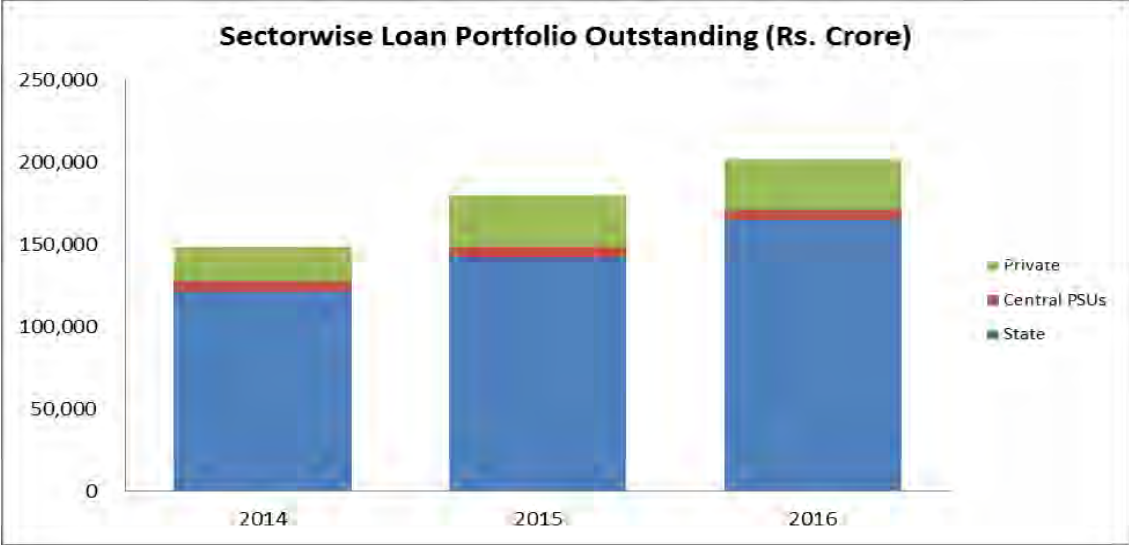
### ***Growth in advances portfolio; however continued sectoral and borrower concentration***

During FY16, REC had disbursed Rs.46,026 crore against sanctions of Rs. 65,471 crore vis-à-vis disbursements of Rs.42,818 crore and sanctions of Rs.61,421 crore in FY15. The disbursement in FY16 includes transmission and distribution segment (67% of the total disbursements in FY16), generation segment (29%) and short term loans (5%). REC's gross advances portfolio grew by 12% to Rs.2,01,278 crore as on March 31, 2016 vis-à-vis Rs.1,79,647 crore as on March 31, 2015. The loans to the generation sector registered growth of 9% y-o-y to Rs. 83,417 crore and accounted for 41% of the total loan portfolio as on March 31, 2016.



Loans to transmission & distribution sector increased by 13% y-o-y to Rs.115,939 crore and accounted for 58% of the loan portfolio as on March 31, 2016. As on June 30, 2016, loan portfolio stood at Rs.188,835 crore. Yield on the advances portfolio was stable at 12.32% in FY16 vis-à-vis 12.23% in FY15 (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, 2016 towards State power utilities (SPUs). Furthermore, top 10 exposures contributed 37% of the outstanding loan book and 259% of net worth as on March 31, 2016 (40% to the total outstanding loan book as on March 31, 2015).

**Consistent profitability**

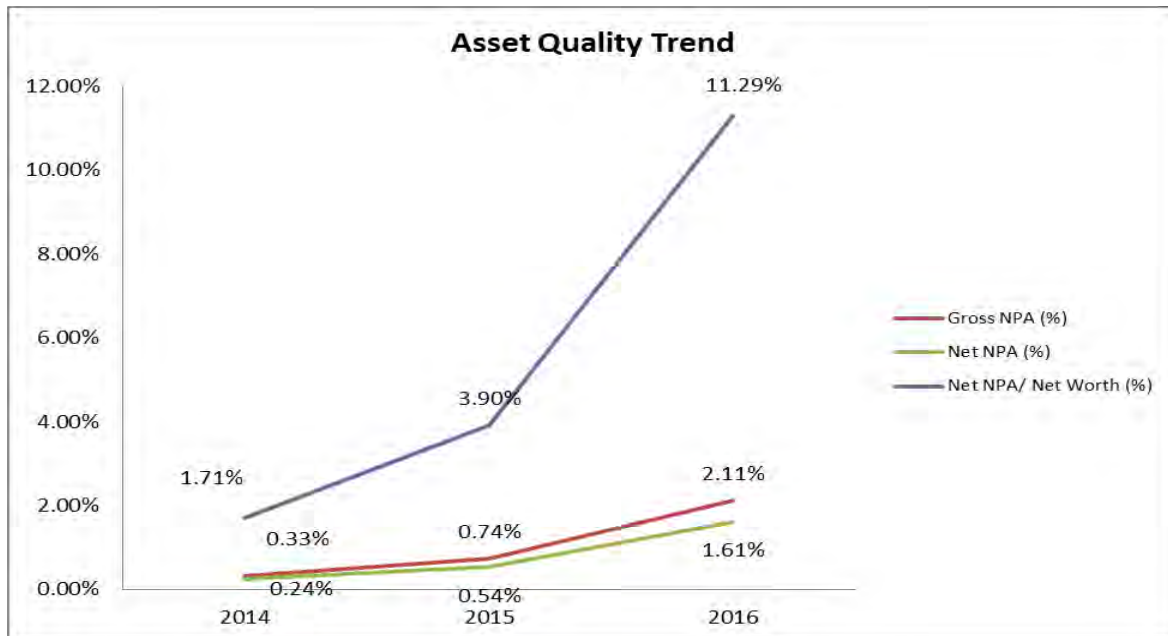
Over the years, REC has achieved adequate profitability led by consistent growth in total income, improving interest spread and Net Interest Margins (NIM). REC registered growth of 16.5% in total income in FY16 mainly on account of increase in loan portfolio. Further, PAT has increased by 7% in FY16 over FY15. The interest spread continued to remain stable owing to better yield and availability of low cost funds. In FY16, REC has made additional provisions of Rs.821.34 crore against standard restructured loan accounts (FY15: Rs.451.77 crore). The same has led to decline in ROTA to 2.88% in FY16 as compared to 3.13% in FY15.





### **Moderation in asset quality and high exposure to weak state power utilities (SPU)**

The asset quality of REC moderated in FY16 on account of higher slippages. Slippages of Rs.2,910.13 crore during FY16 led to increase in gross NPA to Rs. 4,244 crore as on March 31, 2016 vis-à-vis Rs. 1,335 crore as on March 31, 2015. The Gross NPA % and Net NPA % as on March 31, 2016 stood at 2.11% and 1.61% vis-à-vis 0.74% and 0.54% as on March 31, 2015. Net NPA/ Net worth as on March 31, 2016 stood at 11.29% vis-à-vis 3.90% as on March 31, 2015. During Q1FY17, there have been further slippages in asset quality with Gross NPA % and Net NPA % as on June 30, 2016 at 2.55% and 1.88% respectively. Further, the restructured standard assets as on March 31, 2016 stood at Rs.20,237 crore. Net stressed assets (Net NPA + Net restructured standard accounts) as proportion of net worth stood at 82% as on March 31, 2016. Also, during FY16, 23 standard loan accounts amounting to Rs.22,829.88 crore ie. 11% of gross advances have been rescheduled due to delayed commissioning of the respective projects.



REC's portfolio mainly includes loans to SPUs which forms 82% of the outstanding loan portfolio as on March 31, 2016. Further, exposure to private sector borrowers accounted for 15% of the total loan portfolio as on March 31, 2016. 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 with recovery rate of 96.61% in FY16 vis-à-vis 97.70% in FY15.

### **Prospects**

REC has demonstrated sustained business growth in FY16 as well as Q1FY17; however, the company has also faced moderation in its asset quality along with continued weak financial health of state power utilities. The Ujwal DISCOM Assurance Yojana (UDAY) envisages structural and financial changes that are expected to impact the performance of DISCOMs. REC's exposures to the DISCOMs will be affected by this scheme. DISCOMs will get 75%

of their outstanding debt (as on 30th Sept 2015) funded through the state governments and 25% of their debt will be re-priced at a lower rate. Therefore REC's exposure to DISOMS, of state governments participating in UDAY, will be reduced significantly. The state governments will issue bonds to fund the DISCOMS which would either be subscribed by the market participants & if there are any unsubscribed bonds, they will be issued to the lending institution (like REC). If REC is subscribing to these bonds then it would affect the profitability, but at the same time improve asset quality due to exposure moving from DISCOMs to State governments. Based on preliminary analysis, the markets are subscribing to the bonds and therefore there is relatively lower impact on REC's profitability. For REC, around 20% of their loan book has exposure to the participating DISCOMS. Therefore 15% of REC loan portfolio (75% of 20%) is expected to be either repaid to REC by DISCOMS or they will hold state government bonds against them. Further around 5% of REC loan portfolio (25% OF 20%) will be refinanced at lower interest rates. The short-term impact of UDAY scheme on REC's profitability is likely to be moderate and the asset quality is expected to improve (due to better financial profile of DISCOMS & change in exposure to state governments). The long-term impact depends on the implementation of the operational improvements envisaged under the UDAY scheme.

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 sensitivity.

### **Financial Performance**

	(Rs. Cr)		
<i>As on / Year ended March 31</i>	<b>2014</b> <i>(12m, A)</i>	<b>2015</b> <i>(12m, A)</i>	<b>2016</b> <i>(12m, A)</i>
<b><u>Working Results</u></b>			
Interest Income from loan financing	16,806.39	20,072.08	23,470.66
Other income	314.41	315.97	285.62
<b>Total Income</b>	<b>17,120.80</b>	<b>20,388.05</b>	<b>23,756.28</b>
Operating Expenses	235.38	306.68	332.65
Total Provision / Write offs	312.02	802.96	1,069.89
Depreciation	4.21	6.76	5.45
Interest and other financial charges	10,038.46	11,844.61	14,283.12
<b>PBT</b>	<b>6,530.73</b>	<b>7,427.04</b>	<b>8,045.21</b>
<b>PAT</b>	<b>4,683.70</b>	<b>5,259.87</b>	<b>5,627.66</b>
<b><u>Financial Position</u></b>			
Tangible Net worth	20,667.01	24,855.60	28,616.85
Total Borrowings	126,240.19	151,024.12	169,106.38
Total Loan Portfolio	148,641.10	179,646.94	201,278.29
Total Assets	152,987.30	183,539.05	207,365.33
<b><u>Key Ratios (%)</u></b>			
<b><u>Solvency</u></b>			
Overall Gearing (times)	6.11	6.08	5.91
Capital Adequacy Ratio (CAR) (%)	19.35	19.56	20.38
Tier I CAR (%)	16.02	16.52	17.48
Interest Coverage (times)	1.65	1.63	1.56

<b>As on / Year ended March 31</b>	<b>2014 (12m, A)</b>	<b>2015 (12m, A)</b>	<b>2016 (12m, A)</b>
<b><u>Profitability</u></b>			
Net Interest Margin	4.84%	4.98%	4.75%
Return on Total Assets (ROTA)	3.30%	3.13%	2.88%
Operating expenses to Average Total Assets	0.17%	0.18%	0.17%
<b><u>Asset Quality</u></b>			
Gross NPA Ratio	0.33%	0.74%	2.11%
Net NPA Ratio	0.24%	0.54%	1.61%
Net NPA to Net worth	1.71%	3.90%	11.29%

*Note: Ratios have been computed based on average of annual opening and closing balances*

*NIM has been calculated as net interest income/ average annual total assets*

### **Details of Rated Facilities**

#### **1.A. Market Borrowing Programmes**

<b>S. No.</b>	<b>Instrument/ Facility</b>	<b>Rated Amount (Rs. Cr)</b>
1.	Long Term Market Borrowing Programme – FY05	951.79
2.	Long Term Market Borrowing Programme – FY06	3,584.10
3.	Long Term Market Borrowing Programme - FY07	314.80
4.	Long Term Market Borrowing Programme – FY08	1,568.30
5.	Long Term Market Borrowing programme – FY09	9,921.30
6.	Long Term Market Borrowing programme – FY10	13660.78
7.	Long Term Market Borrowing programme – FY11	15,798.10
8.	Long Term Market Borrowing programme – FY12	25,862.55
9.	Long Term Market Borrowing programme – FY13	36,000.00
10.	Long Term Market Borrowing programme – FY14	37,000.00
11.	Long Term Market Borrowing programme – FY15	41,000.00
12.	Long term Market Borrowing Programme - FY16	36,500.00
13.	Long term Market Borrowing Programme - FY17	15,000.00
14.	Short Term Market Borrowing programme – FY17	7,000.00

#### **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.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

## CARE REAFFIRMS THE RATINGS ASSIGNED TO THE MARKET BORROWING PROGRAMMES OF RURAL ELECTRIFICATION CORPORATION LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>2</sup>	Remarks
Long-term Market Borrowing Programme – FY05	951.79 (Rs. Nine Hundred Fifty One Crore and Seventy Nine Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme – FY06	3,584.10 (Rs. Three Thousand Five Hundred Eight Four Crore and Ten Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme - FY07	314.80 (Rs. Three Hundred Fourteen Crore and Eight Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme – FY08	1,568.30 (Rs. One Thousand Five Hundred Sixty Eight Crore and Thirty Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY09	9,921.30 (Rs. Nine Thousand Nine Hundred Twenty One Crore and Thirty Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY10	13,660.78 (Rs. Thirteen Thousand Six Hundred Sixty Crore and Seventy Eight Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY11	15,798.10 (Rs. Fifteen Thousand Seven Hundred Ninety Eight Crore and Ten Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY12	25,862.55 (Rs. Twenty Five Thousand Eight Hundred Sixty Two Crore and Fifty Five Lakh Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY13	36,000.00 (Rs. Thirty Six Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY14	37,000.00 (Rs. Thirty Seven Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing programme – FY15	41,000.00 (Rs. Forty One Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Long-term Market Borrowing Programme - FY16	36,500.00 (Rs. Thirty Six Thousand Five Hundred Crore Only)	<b>CARE AAA</b>	Reaffirmed
Short-term Market Borrowing Programme - FY16*	-	-	Withdrawn
Long-term Market Borrowing Programme - FY17	15,000.00 (Rs. Fifteen Thousand Crore Only)	<b>CARE AAA</b>	Reaffirmed
Short-term Market Borrowing Programme - FY17	7,000.00 (Rs. Seven Thousand Crore Only)	<b>CARE A1+</b>	Reaffirmed

\* Withdrawal of short term ratings for FY16 Market Borrowing Programme as there is no outstanding under the said issue

### Rating Rationale

The ratings assigned to various market borrowing programmes of Rural Electrification Corporation Ltd. (REC, CIN Number: L40101DL1969GOIO05095) continue to factor in the majority ownership by the Government of India (GoI), its status as

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

the nodal agency of Gol 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 capital adequacy with healthy capitalization levels, diversified resource profile and stable profitability. The ratings also factor in risks associated with REC's moderation in asset quality as reflected by slippages in FY16 (refers to period April 01 to March 31) and high proportion of restructured accounts compared to net-worth, high exposure to weak state power utilities and high sectoral and borrower concentration risk.

Going forward, continued ownership and support by Gol by way of extension of favorable policy regime and asset quality would be 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. As on June 30, 2016, the Gol has a majority shareholding of 60.64% in REC.

REC plays an important role in partnering with Ministry of Power (MoP), Gol in their major initiatives to improve the power distribution sector in the country, by its involvement in programmes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (Nodal Agency) [formerly known as Rajiv Gandhi Grameen Viduytikaran Yojana (RGGVY)], Restructured Accelerated Power Development and Reforms Programme (R-APDRP), National Electricity Fund (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid task force etc. The company was conferred the Navratna status in 2008-09.

The product portfolio of REC includes financial products and services like project term loan, short-term loan, equipment lease financing and consultancy services, etc, for various power projects in generation, transmission and distribution sector. REC's clients mainly include state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers. The company received from RBI the status of an Infrastructure Finance Company (NBFC-ND-IFC) in September 2010.

Ujwal DISCOM Assurance Yojana (UDAY) envisages structural and financial changes that are expected to impact the performance of DISCOMs. REC's exposures to the DISCOMS will be affected by this scheme. DISCOMS will get 75% of their outstanding debt (as on 30th September 2015) funded through the state governments and 25% of their debt will be re-priced at a lower rate. Therefore REC's exposure to DISCOMS, of state governments participating in UDAY, will be reduced significantly. The short-term impact of UDAY scheme on REC's profitability is likely to be moderate and the asset quality is expected to improve (due better financial profile of DISCOMS & change in exposure to state governments). The long-term impact depends on the implementation of the operational improvements envisaged under the UDAY scheme.

During FY16 (refers to the period April 01 to March 31), REC reported a net profit of Rs.5,628 crore on a total income of Rs.23,756 crore as compared to net profit of Rs.5,260 crore on a total income of Rs.20,388 crore during FY15. Gross NPA and net NPA ratios stood at 2.11% and 1.61% respectively as on March 31, 2016 as compared to 0.74% and 0.54% respectively as on March 31, 2015. Capital Adequacy Ratio (CAR) as on March 31, 2016 stood at 20.38% as compared to 19.56% as on March 31, 2015.

During Q1FY17 (refers to the period April 01 to June 30), REC reported a net profit of Rs.1,421 crore on a total income of Rs.6,051 crore. Gross NPA and net NPA ratios stood at 2.55% and 1.88% respectively as on June 30, 2016.

**Analyst Contact**

Name: Mr. Gaurav Dixit

Tel: 011-4533 3235

Cell: + 91 97170 70079

Email: gaurav.dixit@careratings.com

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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## CONTACT

### Head Office Mumbai

**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

 E-mail: [amod.khanorkar@careratings.com](mailto:amod.khanorkar@careratings.com)
**Mr. Saikat Roy**

Mobile: + 91 98209 98779

 E-mail: [saikat.roy@careratings.com](mailto:saikat.roy@careratings.com)

### CREDIT ANALYSIS & RESEARCH LIMITED

 Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)

#### AHMEDABAD

**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

 E-mail: [mehul.pandya@careratings.com](mailto:mehul.pandya@careratings.com)

#### BENGALURU

**Mr. Deepak Prajapati**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

 E-mail: [deepak.prajapati@careratings.com](mailto:deepak.prajapati@careratings.com)

#### CHANDIGARH

**Mr. Sajan Goyal**

SCF No. 54-55,

First Floor, Phase 11,

Sector 65, Mohali - 160062

Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

 Email: [sajan.goyal@careratings.com](mailto:sajan.goyal@careratings.com)

#### CHENNAI

**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

#### COIMBATORE

**Mr. V Pradeep Kumar**

T-3, 3rd Floor, Manchester Square

Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

 Email: [pradeep.kumar@careratings.com](mailto:pradeep.kumar@careratings.com)

#### HYDERABAD

**Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

 E-mail: [ramesh.bob@careratings.com](mailto:ramesh.bob@careratings.com)

#### JAIPUR

**Mr. Nikhil Soni**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

 E-mail: [nikhil.soni@careratings.com](mailto:nikhil.soni@careratings.com)

#### KOLKATA

**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

 E-mail: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com)

#### NEW DELHI

**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

 E-mail: [swati.agrawal@careratings.com](mailto:swati.agrawal@careratings.com)

#### PUNE

**Mr. Pratim Banerjee**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

 E-mail: [pratim.banerjee@careratings.com](mailto:pratim.banerjee@careratings.com)

CIN - L67190MH1993PLC071691

**CONFIDENTIAL**

SN/FSR/RURECLT/LTB/2016-17/4065  
December 2, 2016

**Mr. Ajeet Agarwal**  
Director - Finance  
**Rural Electrification Corporation Limited**  
Core-4, SCOPE Complex, 7, Lodhi Road  
New Delhi-110 003  
Tel.: 011- 24365162  
Fax: 011- 24366 948 / 2436 9846

Dear Mr. Agarwal,

**Re: CRISIL Rating for the Rs.150.0 Billion Long-Term Borrowing Programme\* of Rural Electrification Corporation Limited**

We refer to your request for a rating for the captioned Debt Programme.  
Please refer to our rating letters dated November 2, 2016 bearing Ref. no.: SN/FSR/RURECLT/LTB/2016-17/3079

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Billion)	Rating Outstanding
1	Long-Term Borrowing Programme	150.0	CRISIL AAA/Stable

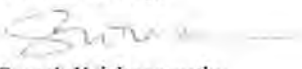
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned 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 date of this letter, 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 (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) 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,

  
Suresh Krishnamurthy  
Director- CRISIL Ratings

  
Nivedita Shibu  
Associate Director - CRISIL Ratings



\* Subject to total borrowings under long-term borrowing programme and lower tier II bonds, not to exceed Rs.150.0 billion at any point in time during 2016-17 (refers to financial year, April 1 to March 31)

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. All CRISIL ratings are under surveillance. 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 this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

**CRISIL Limited**

Corporate Identity Number: L67120MH1987PLC042363



**CONFIDENTIAL**

SN/FSR/RURECLT/STB/2016-17/4077  
December 02, 2016

**Mr. Ajeet Agarwal**  
Director - Finance  
**Rural Electrification Corporation Limited**  
Core-4, SCOPE Complex, 7, Lodhi Road  
New Delhi-110 003  
Tel.: 011- 24365162  
Fax: 011- 24366 948 / 2436 9846

Dear Mr. Agarwal,

**Re: CRISIL Rating for the Rs.70.0 Billion Short-Term Debt Programme<sup>^</sup> of Rural Electrification Corporation Limited**

We refer to your request for a rating for the captioned Debt Programme.  
Please refer to our rating letters dated November 2, 2016 bearing Ref. no.: SN/FSR/RURECLT/STB/2016-17/3080

Please find in the table below the rating outstanding for your company.

S.No.	Instrument	Rated Amount (Rs. in Billion)	Rating Outstanding
1	Short-Term Debt Programme	70.0	CRISIL A1+

For the purpose of issuance of captioned short-term debt programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned short-term debt programme with a contracted maturity of one year or less.

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.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) 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,



Suresh Krishnamurthy  
Director- CRISIL Ratings



Nivedita Shibu  
Associate Director - CRISIL Ratings



<sup>^</sup> Borrowing programme for 2016-17 (refers to financial year, April 1 to March 31). Short-term bank borrowing including bank guarantees; total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.70.0 billion at any point during 2016-17.

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. All CRISIL ratings are under surveillance. 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 this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, [www.crisil.com](http://www.crisil.com). For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

**CRISIL Limited**

Corporate Identity Number: L67120MH1987PLC042363

May 17, 2016  
Mumbai

## Rural Electrification Corporation Limited

### Ratings Reaffirmed

<b>Rs.150.0 Billion Long-Term Borrowing Programme (Reduced from Rs.170.0 Billion)^*</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.70.0 Billion Short-Term Debt Programme(Enhanced from Rs.50.0 Billion)^@</b>	<b>CRISIL A1+ (Reaffirmed)</b>
<b>Rs.365.0 Billion Long-Term Borrowing Programme</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.150.0 Billion Short-Term Debt Programme</b>	<b>CRISIL A1+ (Reaffirmed)</b>
<b>Lower Tier-II Bonds Aggregating Rs.50 Billion</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Bond Programme Aggregating Rs.506 Billion</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.90 Billion Non-Convertible Debentures Programme</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Long-Term Borrowing Programme Aggregating Rs.1980 Billion</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.2.25 Billion Tax-Free Bond Programme</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.2.75 Billion Taxable Bond Programme</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.100 Billion Short-Term Debt Programme</b>	<b>CRISIL A1+ (Reaffirmed)</b>
<b>Rs.25 Billion Short-Term Debt Programme</b>	<b>CRISIL A1+ (Reaffirmed)</b>

<sup>^</sup> Borrowing programme for 2016-17 (refers to financial year, April 1 to March 31). There has been a change in sub-limits between the long-term borrowing programme and the short-term borrowing programme within the overall limit of Rs.220.0 billion. Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.150.0 billion at any point in time during 2016-17. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act 1961.

<sup>\*</sup>The total borrowings under long-term borrowing programme and lower tier II bonds not to exceed Rs150.0 billion at any point in time during 2015-16

<sup>@</sup> Short-term bank borrowing including bank guarantees; total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.70.0 billion at any point during 2016-17.

CRISIL's ratings on the debt instruments of Rural Electrification Corporation Limited (REC) continue to reflect the company'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 factor in REC's sound resource profile, and comfortable capitalisation and profitability. These strengths are partially offset by inherent vulnerability of asset quality, and significant sectoral and customer concentration.

REC is strategically important to GoI as the nodal agency for channelling finance towards GoI's rural electrification programme under the Deendayal Upadhyaya Gram Jyoti Yojana (formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana). Furthermore, 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 capital investment in the power distribution sector. The company also plays a developmental role in channelling finance to meet the power sector's large funding requirements, particularly of SPUs. REC played an important role in providing transitional finance to state distribution companies (discoms) under the GoI's financial restructuring package. REC is the second-largest lender to the sector. 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 reasons and a moral obligation to support 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 (60.64 per cent as on December 31, 2015).

REC's credit risk profile is supported by its sound resource profile, with competitive borrowing costs and a diversified, albeit wholesale, resource base. Its debt instruments have wide market acceptability and the company typically borrows at low spreads over government securities. Its cost of borrowings is lower than that of peers, and was 8.8 percent (annualised;

including foreign currency fluctuation losses) in the first nine months of 2015-16 (8.5 percent for 2014-15).

REC's capitalisation remains comfortable, providing a cushion against asset-side risks arising from high sectoral and customer concentration. The company's network was Rs.280.1 billion as on December 31, 2015 (Rs.248.6 billion as on March 31, 2015). Its overall capital adequacy ratio was 20.04 per cent as on December 31, 2015 (19.56 per cent as on March 31, 2015). The company's capitalisation is supported by healthy accruals; three-year average accruals to net worth were 19 per cent between 2012-13 and 2014-15. REC's comfortable net worth will support its growth plans, while it maintains adequate gearing (6.0 times as on December 31, 2015) over the medium term. REC's healthy profitability is supported by ability to maintain healthy interest spreads and low operating expenses ratio. Its return on assets ratio was 3.2 percent (annualised) during the first nine months of 2015-16 (3.1 percent in 2014-15). However, its profitability will remain susceptible to increase in credit costs because of weakening in asset quality in the private sector exposures.

REC caters only to the power sector and faces inherent asset quality challenges because of the weak financial risk profiles of its main customers, SPUs comprising around 82 per cent of its overall advances as on December 31, 2015. Measures under the recently announced Ujwal DISCOM Assurance Yojana (UDAY) plan are likely to structurally strengthen the distribution sector over the long run. Nevertheless, effective execution is extremely critical for SPUs to produce the desired positive impact and broad-based political consensus is necessary to implement the much-needed tariff hikes to ensure a sustained improvement in SPUs' performance. REC also had around 15 per cent exposure to the private sector as on December 31, 2015, which has increasingly become more vulnerable to asset quality risks owing to issues such as lack of fuel availability, inability to pass on fuel price increases, and absence of long-term power purchase agreements for assured power offtake. Aggressive bidding by few players could also threaten the viability of new projects likely to be commissioned over the medium term. As on December 31, 2015, gross non-performing assets (NPAs) in the private sector sharply increased to 11.6 per cent from 4.2 per cent as on March 31, 2015, mainly due to slippages in few large private sector accounts. Accordingly, overall gross NPAs increased to 1.71 per cent as on December 31, 2015 from 0.74 per cent as on March 31, 2015. Additionally, REC's top 10 customers accounted for about 40 per cent of its advances as on December 31, 2015. REC has been able to manage asset quality risks owing to its criticality to borrowers and through various asset protection mechanisms. CRISIL, however, believes that REC's asset quality will remain vulnerable over the medium term primarily because of the weak financial risk profiles of SPUs and the increased challenges faced by the private sector borrowers.

#### **Outlook: Stable**

CRISIL believes that REC will continue to benefit from Gol's support, given its strategic role in the implementation of Gol's power sector initiatives and the government's majority ownership in the company. Moreover, 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 a significant and sustained deterioration in REC's asset quality or profitability.

#### **About the Company**

Incorporated in 1969, REC is a public financial institution under the administrative control of the Ministry of Power, Gol. REC is registered with Reserve Bank of India as a non-banking infrastructure finance company (NBFC-IFC). 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. Since September 2009, REC's mandate has been further widened to include financing activities allied to the power sector, and power-related infrastructure, such as coal and other mining activities, and fuel supply arrangements.

For 2014-15, REC reported a total income (net of interest expense) and a profit after tax (PAT) of Rs.85.4 billion and Rs.52.6 billion, respectively, up from Rs.70.8 billion and Rs.46.8 billion, respectively, in the previous year. For the nine months ended December 31, 2015, REC reported a total income (net of interest expense) and a PAT of Rs.71.4 billion and Rs.44.7 billion, respectively, compared to Rs.62.7 billion and Rs.41.6 billion, respectively, for the corresponding period of the previous year.

<b>Media Contacts</b>	<b>Analytical Contacts</b>	<b>Customer Service Helpdesk</b>
<p><b>Tanuja Abhinandan</b> Media Relations CRISIL Limited Phone: +91 22 3342 1818 Email: <a href="mailto:tanuja.abhinandan@crisil.com">tanuja.abhinandan@crisil.com</a></p> <p><b>Jyoti Parmar</b> Media Relations CRISIL Limited Phone: +91 22 3342 1835 E-mail: <a href="mailto:jyoti.parmar@crisil.com">jyoti.parmar@crisil.com</a></p>	<p><b>Krishnan Sitaraman</b> Senior Director - CRISIL Ratings Phone: +91 22 33428070 Email: <a href="mailto:krishnan.sitaraman@crisil.com">krishnan.sitaraman@crisil.com</a></p> <p><b>Suresh Krishnamurthy</b> Director - CRISIL Ratings Phone: + 91 22 33421952 Email: <a href="mailto:suresh.krishnamurthy@crisil.com">suresh.krishnamurthy@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <b>Email:</b> <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <b>Email:</b> <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>

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Last updated: April, 2016

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

December 2, 2016

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

Dear Sir,

**Re: Rural Electrification Corporation Limited – Borrowing Programme Ratings.**

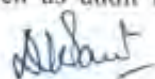
India Ratings and Research (Ind-Ra) has affirmed Rural Electrification Corporation Limited's (REC) Long-Term Issuer Rating at 'IND AAA'. The Outlook is Stable.

- FY17 INR50bn short-term debt/commercial paper programme (including bank guarantee): affirmed at 'IND A1+'
- FY17 INR20bn short-term debt/commercial paper programme (including bank guarantee): affirmed at 'IND A1+'
- FY17 INR150bn long-term borrowing programme: affirmed at 'IND AAA'/Stable
- FY16 INR230.03bn (reduced from INR365bn) long-term borrowing programme: affirmed at 'IND AAA'/Stable
- FY15 INR301.28bn (reduced from INR335bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY14 INR252.67bn (reduced from INR320bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY13 INR155.52bn (reduced from INR335bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY12 INR130.94bn (reduced from INR255bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY11 INR101.70bn (reduced from INR230bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY10 INR58.494bn (reduced from INR200bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY09 INR36.462bn (reduced from INR100bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY08 INR15.68bn (reduced from INR115bn) borrowing programme: affirmed at 'IND AAA'/Stable
- FY07 INR3.15bn (reduced from INR120bn) borrowing programme: affirmed at 'IND AAA'/Stable

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 or in a given jurisdiction.

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 the jurisdiction in which the rated security is offered and sold and/or the issuer is located, 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.

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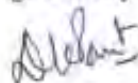
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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 - 4000 1700.

Sincerely,

India Ratings



Devendra Kumar Pant  
Senior Director



Sunil Kumar Sinha  
Director



## Ind-Ra Assigns Rural Electrification Corp's Enhanced FY17 Short-term Debt Programme 'IND A1+'

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# 13

By [Devika Malik](#)

MAY 2016

India Ratings and Research (Ind-Ra) has assigned Rural Electrification Corporation Limited's (REC) INR20bn short-term debt/commercial paper programme (including bank guarantee) an 'IND A1+' rating. This is an enhancement to the existing FY17 INR50bn short-term debt/commercial paper programme (including bank guarantee). The agency has also affirmed REC's INR150bn (reduced from INR170bn) long-term borrowing programme at 'IND AAA' with a Stable Outlook. The overall borrowing programme for FY17 remains intact at INR220bn. Ind-Ra also maintains a Long-Term Issuer Rating of 'IND AAA' on REC with a Stable Outlook.

### KEY RATING DRIVERS

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**Nodal Public Policy Institution:** REC acts as a nodal agency for the financing of rural electrification projects under centrally sponsored schemes and provides low-cost funding to state electricity boards and state-owned power entities for rural electrification. REC is a one-stop point for funding of all three verticals in the power sector – generation, transmission and distribution, including emerging private independent power projects. REC has been appointed as the nodal agency for the operationalisation of the National Electricity Fund scheme for monitoring grants and implementation of Deendayal Upadhyaya Gram Jyoti Yojana.

**Sovereign Support:** Although a divested government company, REC is still majorly government owned (60.64%). The government of India (GoI) provides financial support to REC; it is one of the two government entities allowed to raise low-cost funds through capital gain tax bonds (54EC bonds). REC has strong operational and financial linkages with GoI. The company acts as an extended arm of GoI to finance rural electrification projects, a mandatory responsibility of the government. Ind-Ra believes in case of financial distress, the sovereign will provide timely financial support to REC.

**Strong Asset Quality:** REC's gross non-performing assets (NPAs) increased to INR34.68bn at 9MFYE16 from INR13.35bn at FYE15. There have been two fresh slippages into NPAs in FY16 up till December (Essar Power MP Limited (INR13.45bn) and Starwire (India) Vidyut Private Limited (INR0.35bn)) resulting in the gross NPA increasing to 1.71% at 9MFY16 (highest in the last eight years) from 0.74% in FY15 and net NPA increasing to 1.36% from 0.54%. Though Starwire (India) Vidyut has been restructured, Essar Power MP remains an NPA as on date.

**Sanctions Picking Up:** After dropping 13.2% yoy in FY15 (9MFY15: 15.4% yoy drop) and 11.1% yoy in FY14 (9MFY14: 8.7% yoy drop), sanctions picked up marginally in 9MFY16 (4.2% yoy). A majority of sanctions have happened in the generation space where the sanctions which grew 13.1% yoy in 9MFY16.

**Loan Book Expansion:** REC's loan book grew at a significant pace of 20.9% CAGR during 9MFY12-9MFY16. During 9MFY16, REC's loan book grew 20.1% yoy to INR2,029bn and disbursements grew 20.9% yoy. The growth in

disbursements is largely credited to distribution companies which accounted for 56.2% of them in the nine months. The disbursement to distribution companies grew 68.1% yoy in 9MFY16.

**UDAY on REC:** Of the 10 states who have signed the Ujwal Discom Assurance Yojana, REC has major exposure in only four states -Uttar Pradesh, Rajasthan, Punjab and Haryana. REC had outstanding exposure to the tune of about INR400bn on 30 September 2015 with these four states. Of this, REC received around 25% of its exposure in FY16 and it would receive remaining 50% in FY17. The remaining around INR100bn would be repriced by it. Since REC plans to focus on lending in the transmission and renewable energy space, Ind-Ra expects its net interest margins to be impacted by the amount it receives under UDAY schemes and amount of loan being repriced.

## RATING SENSITIVITIES

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A significant dilution in GoI's stake in REC resulting in the weakening of linkages between the two entities and dilution in the role of REC as a public policy institution would result in a rating downgrade.

## COMPANY PROFILE

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REC was set up by GoI in 1969 to finance and promote rural electrification projects in the country. It now acts as a nodal agency for financing rural electrification projects under GoI sponsored schemes and provides financial assistance to private sector power entities, state electricity boards, state government departments and rural electric cooperatives for rural electrification projects.

## SOLICITATION DISCLOSURES

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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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## Rating Outstanding

(As on 14/Oct/2016)

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Long Term Issuer Rating

IND AAA / Stable

Bond

IND AAA / Stable

INR 150000 m

Commercial Paper	IND A1+	INR 20000 m
Commercial Paper	IND A1+	INR 50000 m
Debentures	IND A1+	INR 150000 m
Other	IND AAA / Stable	INR 365000 m

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## Applicable Criteria

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### Rating of Public Sector Entities

## Analyst Names

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### Primary Analyst

**Devika Malik**

Analyst

India Ratings and Research Pvt Ltd 601-9 Prakashdeep Building 7 Tolstoy Marg New Delhi  
110001

+91 11 43567259

### Secondary Analyst

**Debolina Das**

Analyst

+91 11 43567247

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### Committee Chairperson

**Dr Devendra Pant**

Chief Economist and Head Public Finance

+91 11 43567251

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### Media Relation

**Mihir Mukherjee**

Manager Corporate Communications and Investor Relations

+91 22 40356121

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ICRA

ICRA Limited

D/RAT/2016-2017/R7/7

December 02, 2016

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. 15,000 crore Long Term Borrowing Programme (including Bonds and Long Term Bank Borrowings) for the Financial Year 2016-17**

This is with reference to your request letter dated December 01, 2016 for re-validating your rating for the Long Term Borrowing Programme of Rs 15,000 crore.

We hereby confirm that the rating of "[ICRA]AAA" (pronounced ICRA triple A) assigned to the captioned Long Term Borrowing Programme of Rs. 15,000 crore of your company and last communicated to you vide our letter dated November 02, 2016 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.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long Term Borrowing programme size of Rs. 15,000 crore only. Further the total utilisation of the captioned rated Long Term borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short Term borrowing (including Commercial Paper & Short term bank borrowings) programme should not exceed Rs. 22,000 crore for financial year 2016-17. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. More specifically, the rating assumes that there will be no acceleration clause under the proposed borrowing programme.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref No: D/RAT/2016-17/R7/4 dated May 16, 2016.

With kind regards,

Yours sincerely,  
for ICRA Limited

Rohit Inamdar  
Senior Vice President

Gaurav Khandelwal  
Senior Analyst

Building No. 8, 2<sup>nd</sup> Floor  
Tower A, DLF Cyber City  
Phase II, Gurgaon - 122002

Tel. : +91.124.4545300  
Fax : +91.124.4050424  
CIN : L74999DL1991PLC042749

Website : www.icra.in  
Email : info@icraindia.com

Registered Office : 1105, Kailash Building, 11<sup>th</sup> Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45 Fax : +91.11.23357945

**RATING • RESEARCH • INFORMATION**

## Rural Electrification Corporation Limited

Instrument	Amount rated	Rating	Rating Action
Long term borrowing programme 2016-17	Rs.15,000 crore	[ICRA]AAA	Assigned
Short term borrowing programme 2016-17	Rs.7,000 crore	[ICRA]A1+	Assigned

ICRA has assigned the rating of [ICRA]AAA on the long term borrowing programme of Rural Electrification Corporation Limited (REC) for an amount of Rs. 15,000 crore<sup>†</sup>. ICRA has also assigned the rating of [ICRA]A1+ (pronounced ICRA A one plus) to the Rs. 7,000 crore short term borrowing programme of the corporation<sup>†</sup>. ICRA has a rating outstanding of [ICRA]AAA to the various long-term bond and bank borrowing programmes, and a rating outstanding of [ICRA]A1+ (pronounced ICRA A one plus) for its commercial paper/short-term debt programme of the corporation.<sup>†</sup>

The [ICRA]AAA ratings are underpinned by REC's sovereign ownership (60.64% of equity share are held by Government of India as on December 31, 2015) and the important role the corporation plays as a nodal agency for the Government of India's rural electrification schemes under the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and also as a sole nodal agency for operationalisation of NEF<sup>1</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 (accounting for around 10% of total borrowings as on Dec-15), 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 and high vulnerability of loans to Independent Power Producers or IPPs (loans to IPPs accounted for 15% of REC's loan book as on December 31, 2015).

ICRA however notes the approval of UDAY (Ujwal DISCOM Assurance Yojana) on November 5, 2015 by GoI, a scheme with an objective to turnaround the financial health of state owned distribution companies. The scheme proposes a phased takeover of discom debt by state governments and steps to improve operational efficiencies, reduce cost of power purchase and enforce financial discipline of DISCOMs through an alignment with state finances. The scheme also envisages the states taking over the future losses of discoms from FY 2016-17 onwards in a graded manner. ICRA believes that the timely implementation of the scheme, which is optional, by State Governments remains critical for ensuring the credit quality of not only the distribution companies, and also for the generation industry by enabling the discoms to offtake power as well as make timely payments.

As of now, discoms of ten states have signed the memorandum of understanding for restructuring of their debt under Uday scheme. Out of these, eight state governments have taken over the part of discoms debt by issuing bonds of Rs 98,960 crore under Uday scheme in FY16. Total debt of the discoms of these eight states accounted for around 45% of the total debt of all discoms as on September 30, 2015. Furthermore health of the discoms would also be dependent upon adequate and timely tariff revision by SERCs including periodic pass-through of fuel cost fluctuations and timely & adequate subsidy releases by State Governments.

The scheme however could impact REC's credit growth over the next 2 years as well as its profitability profile to some extent. As on March 2015, around 42% of REC's credit book was towards exposure to state discoms which could come under the purview of the scheme, 75% of which under the provisions of the scheme could get repaid by March 2017, while the balance 25% could get re-priced at 10 bps above base rate. Within REC's total discoms exposure of 42%, around 17% of total book was towards the state discoms where state government have taken over part of the debt (through issuance of bonds) in FY16. Following bond issuances by state government, REC's discoms loan of around Rs 10,000 crore (~5% of loan book) was repaid in FY16 and in early FY17.

<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.

<sup>1</sup> National Electricity Fund – an interest subsidy scheme introduced by GoI to promote the capital investment in the distribution sector



As for impact on profitability, while REC's NIMs could decline to some extent with re-pricing of balance 25% exposure at base rate plus 10 bps, REC which had an ROA and ROE of 3.1% and 22.5% respectively in December 2015 however is expected to continue to maintain reasonable profitability. At the same time Uday package is expected to reduce the vulnerability of RECs exposures to discoms and also reduce counter party risks on its exposure to the IPP segment.

ICRA has also taken note of REC's exposure to the Independent Power Producers (IPP) segment, which stood at 15% of total portfolio as on December 31, 2015. In light of the prevailing challenges with respect to significant time and cost overruns, fuel availability, disputed/competitive power sale tariffs and environmental & land acquisition issues large number of REC's IPP exposures have high level of vulnerability. ICRA however favorably notes the sustained coal output growth by Coal India Ltd and also the possible easing of counter party risks for IPPs incase of successful implementation of the Uday scheme.

In light of high vulnerability of IPPs loan book, REC's Gross NPA % increased from 0.74% as on March 2015 to 1.71% as on December 2015. Going forward, it would be important for the corporation to maintain a strict control over collections from the IPP segment.

As on December 31, 2015, REC had a gearing of around 6.2 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 26% of its net worth as on March 31, 2015, which exposes it to foreign currency variations. REC adopts an accounting policy of amortizing exchange differences on long term foreign currency items over their tenure. Total un-amortized foreign currency item translation losses of REC as on December 31, 2015 stood at Rs. 221.88 crore or 0.8% of shareholder funds. Repayment on a majority of REC un-hedged foreign currency borrowings are largely staggered between FY16-FY21 and such losses could crystallize unless there is a reversal in foreign currency rates by then. Going forward ability of the corporation to manage its foreign currency risks would have an important bearing over the stability of its earnings profile.

As regard REC's investments in Additional Tier 1 (AT1) instruments of public sector banks (PSBs), so far REC has invested Rs 1,500 crore in AT1 instruments of PSBs, management mentioned that total investments by REC in these instruments are not expected to be more than Rs 3,000-3,500 crore (approximately around 10% of REC's net worth).

#### **About the Corporation**

REC was incorporated in 1969 to exclusively fund the GOI's rural electrification programmes. The GOI has a majority shareholding of 60.64% 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<sup>2</sup> 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 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY). According to audited results for the financial year ended March 31, 2015, REC reported a 12% growth in its profit after tax (PAT) to Rs. 5260 crore that year on an asset base of Rs. 1,83,175 crore.

During the nine month period ended December 31, 2015, REC reported a profit after tax of Rs.4467.6 crore against a profit of Rs. 4163.4 crore during the corresponding period in the previous financial year. As on December 31, 2015 the net worth of the corporation stood at Rs. 28,014 crore, while the Gross NPA% and net NPA % stood at 1.71% and 1.36% respectively.

**May 2016**

*For further details please contact:*

*Analyst Contacts:*

**Ms. Vibha Batra**, (Tel. No. +91-124-4545 302)  
vibha@icraindia.com

*Relationship Contacts:*

**Mr. L. Shivakumar**, (Tel. No. +91 22 6114 3406)  
shivakumar@icraindia.com

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<sup>2</sup> *Transmission & Distribution*



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**Mobile: **9871221122**Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**Mobile: **9821086490**Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**Mobile: **989986490**Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**Mobile: **989986490**Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500



**CERTIFIED TRUE COPY OF SPECIAL RESOLUTION PASSED BY THE SHAREHOLDERS OF RURAL ELECTRIFICATION CORPORATION LIMITED AT THE 47<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY HELD ON 21<sup>ST</sup> DAY OF SEPTEMBER, 2016.**

**Item No. 14 Issue of Unsecured/Secured Non-Convertible Bonds/Debentures through Private Placement as per the provisions of the Companies Act, 2013 and Rules made there under.**

.....

**“RESOLVED THAT** in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2012 and other applicable SEBI regulations and guidelines, the circulars / directions / guidelines issued by Reserve Bank of India from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Company be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds / debentures upto ₹ 50,000 crore during a period of one year from the date of passing of this resolution, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, as the Board (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/ incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-Resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, companies, private or public or other entities, authorities and to such other persons in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within the overall limit of ₹ 50,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to any Private Placement of unsecured/secured non-convertible bonds/debentures, the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as may be approved by the Board be and is hereby authorized to determine the terms of the Issue, including

**Zonal Offices** : Hyderabad, Kolkata, Mumbai, Panchkula & Lucknow

**Project Offices** : Bangalore, Bhopal, Bhubaneswar, Chennai, Guwahati, Jaipur, Jammu, Patna, Ranchi, Shillong, Shimla, Thiruvananthapuram & Vadodara

**Sub Offices** : Dehradun, Raipur

**Training Centre** : Central Institute for Rural Electrification (CIRE), Hyderabad



the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/ discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration / undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force.”

प्रमाणित सत्य प्रतिलिपि  
CERTIFIED TRUE COPY  
कृते रूरल इलक्ट्रीफिकेशन कारपोरेशन लिमिटेड  
For Rural Electrification Corporation Limited

  
ज्योतिशुभ्र अमितभ/JYOTI SHUBHRA AMITABH  
महाप्रबंधक एवं कंपनी सचिव/GM & Company Secretary  
(एफ सी एस-नं. 4298)/(F.C.S. No. 4298)

Shri Sanjiv Garg  
ED (Finance)

Extract of Minutes of the 421<sup>st</sup> Meeting of the Board of Directors of Rural Electrification Corporation Limited held on Friday, the 18<sup>th</sup> March, 2016 at 11.30 a.m. at the Registered Office of the Company i.e., Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi – 110003.

Item No. 421.4.2 **Market Borrowing Programme for FY 2016-17.**

Shri Sanjiv Garg, ED (Finance) was present during discussion on this proposal.

ED (Finance) informed the Board that at the beginning of every financial year, the 'Market Borrowing Programme' of the Company is approved by the Board of Directors, based on the projected cash flows for the year. The Board had last approved the Market Borrowing Programme for FY 2015-16 amounting to ₹ 45,500 crore in its 412<sup>th</sup> Meeting held on 13<sup>th</sup> March, 2015, which was later increased by the Board to ₹ 51,500 crore.

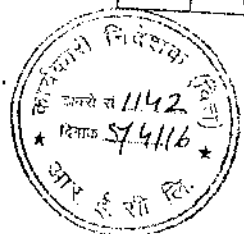
He further informed that in the upcoming financial year 2016-17, the Company is likely to receive substantial amount of cash inflows (estimated at ₹ 26,071 crore, besides ₹ 12,712 crore to be received in March 2016 itself), pursuant to the recently launched UDAY scheme of Government of India, which provides for financial turnaround and revival of Power DISCOMs. Accordingly, the Market Borrowing Programme for FY 2016-17 has been prepared for a total amount of ₹ 22,000 crore, as detailed in the Agenda Note, keeping in view the projected cash inflows under the UDAY scheme. He further apprised that progress of the UDAY scheme would be continuously monitored and if there is any substantial deviation from the envisaged recoveries from the scheme, the Market Borrowing Programme for FY 2016-17 might be suitably revised at a later stage with approval of the Board.

He also informed that CMD / Director (Finance) and other Officials of the Company are proposed to be authorized to engage various agencies / intermediaries as may be required to give effect to the Market Borrowing Programme, fix their fee/charges; and to open various bank accounts as may be required, as detailed in the Agenda Note.

The Board, after discussion, approved the proposal as detailed in the Agenda Note; and passed the following resolution:

**"RESOLVED THAT** subject to the borrowing limit as approved by the shareholders in accordance with the provisions of the Companies Act 2013, the Market Borrowing Programme for the FY 2016-17 be kept at ₹ 22,000 crore under various debt instruments as listed below on private / public placement basis, with interchangeability of amount of raising as warranted by the market conditions within the overall limit of ₹ 22,000 crore as per following details, in consonance with the Memorandum and Articles of Association of REC be and is hereby approved:-

S. No.	Description	Amount (₹ in crore)
1.	a) Bonds / Debentures including Infrastructure, Zero Coupon, Perpetual, Subordinate, Inflation Indexed, Tax Free Bonds or any other Bonds / Debentures, with/without interest rate swaps / options with/without the same being embedded in the Bonds / Debentures structure, as may	11,000



Agm (Rec)

1/6

8

**Extract of Minutes of the 421<sup>st</sup> Meeting of the Board of Directors of Rural Electrification Corporation Limited held on Friday, the 18<sup>th</sup> March, 2016 at 11.30 a.m. at the Registered Office of the Company i.e., Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi – 110003.**

	be permitted by the Regulatory Authorities from time to time whether Unsecured / Secured, Non-convertible, Redeemable, Taxable / Tax-free. b) Credit Assistance (ECAs) / Official Development Assistance Loans (Long / Medium Term Loans / Foreign Currency Convertible Bonds (FCCBs) / Foreign Currency Non-resident (Bank) [FCNR (B)] Loans / External Commercial Borrowings (ECBs) / Export ODA loans) / Foreign Currency Bonds / Rupee Offshore Bonds, from Banks / FIs / NBFCs / Other Institutions / Multilateral Funding Agencies etc. (excluding rollovers).	
2.	Capital Gain Exemption Bonds u/s 54EC of Income Tax Act, 1961	6,000
3.	Short Term Loan from Banks/FIs/NBFCs and Commercial Paper (excluding rollovers and WCDL/CC Limit/OD Facility). Short term funds raised and repaid during the year to be excluded from this limit.	5,000
	<b>TOTAL</b>	<b>22,000</b>

**“RESOLVED FURTHER THAT** bonds / debentures to be issued during the FY 2016-17 may be issued in any combination as per the following broad scheme:-

- Bonds / Debentures including Infrastructure, Zero Coupon, Perpetual, Subordinate, Inflation Indexed, Tax Free Bonds, Section 54EC Bonds or any other Bonds / Debentures, with/without interest rate swaps / options with/without the same being embedded in the Bonds / Debentures structure, as may be permitted by the Regulatory Authorities from time to time whether Unsecured / Secured, Non-convertible, Redeemable, Taxable / Tax-free.
- The issuance of instrument(s) may be in one or more series or tranches.
- Coupon rate (fixed or floating) will be as per the prevailing market interest rates payable annually or otherwise.
- The issue may be kept open for a period as may be decided by CMD / Director (Finance) and may be further extended with the approval of CMD / Director (Finance).
- Period of redemption – upto 20 years with/without put and call option.
- Arrangers' fee – as decided by CMD and/or Director (Finance).
- Listing – with National Stock Exchanges (NSE) / Bombay Stock Exchange (BSE) or any other recognized Stock Exchange(s) or a combination thereof.
- Mode – Private/ Public Placement.
- A maximum of two Bond Issues by way of Private Placement in a month shall be made. Further, the number of taxable bond issues by way of private placement for the FY 2016-17 shall be restricted to 10 issues.
- Pricing and timing of Bond Issue as may be decided by CMD/Director (Finance).”

**Extract of Minutes of the 421<sup>st</sup> Meeting of the Board of Directors of Rural Electrification Corporation Limited held on Friday, the 18<sup>th</sup> March, 2016 at 11.30 a.m. at the Registered Office of the Company i.e., Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi - 110003.**

**"RESOLVED FURTHER THAT** CMD and Director (Finance), REC be and are hereby jointly authorized to decide pricing, timing, mode, source of borrowing and marketing in respect of borrowings other than debentures such as Term Loans, External Credit Assistance (ECAs) / Official Development Assistance Loans (ODA loans), Long / Medium Term Loans / Foreign Currency Convertible Bonds (FCCBs) / Foreign Currency Non-resident (Bank) [FCNR (B)] Loans / External Commercial Borrowings (ECBs) / Export ODA loans) / Foreign Currency Bonds / Rupee Offshore Bonds from Banks / FIs / NBFCs / Other Institutions / Multilateral Funding Agencies, commercial paper, etc. depending upon the prevailing debt market conditions within the above market borrowing programme and take appropriate hedging strategy for borrowings in foreign currency depending upon the market conditions."

**"RESOLVED FURTHER THAT** wherever it is decided to raise the funds by inviting quotations / bids / book building etc. an in-house committee as may be constituted by the CMD and/or Director (Finance), shall evaluate the offers received and shall put up the recommendations to Director (Finance) and CMD for approval thereof."

**"RESOLVED FURTHER THAT** CMD / Director (Finance) be and are hereby severally authorized to make the interchangeability of the amount to be mobilized by the Company during the FY 2016-17 by way of Bonds/Debentures including Infrastructure, Zero Coupon, Perpetual, Subordinate, Inflation Indexed, Tax Free Bonds, Section 54EC Bonds or any other Bonds / Debentures as may be permitted by the Regulatory Authorities from time to time whether Unsecured / Secured, Non-convertible, Redeemable, Taxable / Tax-free, Term Loans, Commercial Papers, FCCBs / FCNR (B) Loans / ECBs / ECAs / ODA loans from Banks / FIs / NBFCs / Multilateral Funding Agencies etc. within the total limit of ₹ 22,000 crore."

**"RESOLVED FURTHER THAT** CMD / Director (Finance) be and are hereby severally authorized to engage one or more rating agencies, both domestic and international, and approve the terms and conditions of the same for rating of the market borrowing programme of ₹ 22,000 crore comprising of long term and short term debt instruments including issue rating, wherever required, for the FY 2016-17."

**"RESOLVED FURTHER THAT** CMD / Director (Finance) be and are hereby severally authorized to engage wherever necessary the services of merchant bankers / debenture trustees / solicitors / mobilizers / underwriters / bankers / printers / PR agencies / depositories / stock exchanges / auditors / registrar and transfer agents or any other intermediary agencies on terms & conditions considering prevailing debt market conditions."

**"RESOLVED FURTHER THAT** CMD / Director (Finance) be and are hereby severally authorized to decide and accept the full amount of subscription of bonds / ECB / FCCB / ECA / Funding from Multilateral Agencies / Term Loan / Rupee Offshore Bonds, Commercial Paper, other debt instruments and approve allotment of bonds and other debt/ quasi debt instruments in line with the provisions of Companies Act and other requirements."

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**"RESOLVED FURTHER THAT CMD / Director (Finance), be and are hereby severally authorized to open one or more bank account(s) in the name of the Company in foreign currency(ies) with such bank(s) in India and/or such foreign country(ies) as may be required, subject to the requisite approvals from appropriate authorities, if any and to also open bank accounts in the name of the Company, in connection with funds raised through Bonds, Rupee Offshore Bonds, Short Term Loans / WCDL / Cash Credit / Dividend payment, etc."**

**"RESOLVED FURTHER THAT the proposal to issue two Taxable Bond Series by way of Private Placement in a month subject to a maximum of ten Bond Issuances in FY 2016-17 as detailed in the memorandum above, be and is hereby approved."**

**"RESOLVED FURTHER THAT CMD / Director (Finance) / Executive Director (Fin) / GM (Finance) be and are hereby severally authorized along with AGM (Finance) / DGM (Finance) / Chief Manager (Finance) to execute the listing agreements on behalf of the Company with any of the recognized Stock Exchanges in India / Abroad in respect of securities issued / to be issued by the Company from time to time."**

**"RESOLVED FURTHER THAT CMD / Director (Finance) / Executive Director (Finance) be and are hereby severally authorized along with GM (Finance) / AGM (Finance) / DGM (Finance) / Chief Manager (Finance) to sign, execute, file and deliver all agreements as may be required in connection with and incidental to the issue of FCCB / ECB / ECA route funding / ODA Loans / Funding from Multilateral Agencies, Rupee Offshore Bonds etc."**

**"RESOLVED FURTHER THAT CMD/ Director (Finance) / Executive Director (Finance) be and are hereby severally authorized along with GM (Finance) / AGM (Finance) / DGM (Finance) / Chief Manager (Finance) to sign, execute, file and deliver all documents, instruments, instructions, deeds, declarations, amendments, papers, applications, notices or letters to comply with all the formalities as may be required in connection with and incidental to the issue of FCCB / ECB / ECA route funding / ODA Loans / Funding from Multilateral Agencies, Rupee Offshore Bonds etc. including listing and post-closing of issue formalities."**

**"RESOLVED FURTHER THAT CMD/Director (Finance) be and are hereby severally authorized to approve creation of additional charge on immovable and / or movable property(ies) of the Company in respect of Secured Bonds in favour of bond trustees. Director (Finance) / Executive Director (Finance) / GM (Finance) alongwith AGM (Finance)/ DGM (Finance) / Chief Manager (Finance) alongwith GM (Legal) / DGM (Legal) / Chief Manager (Legal) be and are hereby severally authorized to execute the necessary documents in this regard."**

**"RESOLVED FURTHER THAT CMD / Director (Finance) be and are hereby severally authorized to approve new proposals for Cash Credit / OD / WCDL Limit / Short Term Loans from Banks / FIs / NBFCs etc."**

**"RESOLVED FURTHER THAT Director (Finance) / Executive Director (Finance) / GM (Finance) be and are hereby severally authorized alongwith AGM (Finance) / DGM (Finance) /**

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Chief Manager (Finance) to sign and execute the necessary documents for Cash Credit / OD / WCDL Limit / Short Term Loan."

**"RESOLVED FURTHER THAT** Director (Finance) / Executive Director (Finance) / GM (Finance) be and are hereby severally authorized to approve availment of Cash Credit / WCDL Limit / OD / Short Term Loans from Banks / FIs / NBFCs etc. as per ranking of their rates as and when required."

**"RESOLVED FURTHER THAT** Director (Finance) / Company Secretary be and are hereby severally authorized to execute and file necessary documents for creation / modification / satisfaction of charge with the office of Registrar of Companies and also filing of the petitions before the Company law Board / Court wherever required for the various series of the Bonds / Debentures issued by the Company from time to time as prescribed under the provisions of the Companies Act, 1956 and/or Companies Act, 2013."

**"RESOLVED FURTHER THAT** the Director (Finance) / Executive Director (Finance) / GM (Finance) / AGM (Finance) / DGM (Finance) be and are hereby severally authorized to file necessary documents with ROC/NSDL/CDSL/SEBI/Stock Exchange(s) and also to approve consolidation / splitting of bonds, taking note of nomination / change of nomination / sub-division of allotment letters/ bonds and vice-versa and conversion from physical to de-mat form / re-mat / transfer / transmission of all bonds."

**"RESOLVED FURTHER THAT** the Director (Finance) / Executive Director (Finance) / GM (Finance) / AGM (Finance) / DGM (Finance) / Chief Manager (Finance) be and are hereby severally authorized to make arrangements for printing of bond certificates on completion of allotment of bonds and/or duplicate bond certificates in case of such request and issue the same with signatures of the authority as decided by means of mechanical printing on bonds certificates and/or signature in his own hands in ink in terms of respective regulations or such other compliances which are required to be done in compliance of relevant rules and regulations."

**"RESOLVED FURTHER THAT** Director (Finance) / Executive Director (Finance) / GM (Finance) be and are hereby severally authorized to approve arranging of Bank Guarantees and/or Cash as security deposit with the designated Stock Exchange, as may be required under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended (SEBI Debt Regulations), in case of Public Issue(s) of Bonds. Further, Director (Finance) / Executive Director (Finance) / General Manager (Finance) also be and are hereby severally authorized to approve and sign counter Guarantee required to be given to the Bank issuing Bank Guarantee in terms of listing regulations of stock exchanges".

**"RESOLVED FURTHER THAT** the Director (Finance) / Executive Director (Finance) / GM (Finance) / AGM (Finance) / DGM (Finance) be and are hereby severally authorized to sign and execute the necessary documents including signing of declaration(s) required under Companies Act, 2013 and issue of private placement offer letter for issue of bonds, drawl of Term Loan from Banks / FIs / NBFCs etc."

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**"RESOLVED FURTHER THAT** the Executive Director (Finance) / GM (Finance) be and are hereby severally authorized along with AGM (Finance) / DGM (Finance) / Chief Manager (Finance) to sign and execute the deeds, amendments etc. and to take any other action in this regard as may be required in connection with and incidental to the issue of secured/unsecured bonds."

**"RESOLVED FURTHER THAT** Executive Director (Finance) / GM (Finance) / AGM (Finance) / DGM (Finance) / Chief Manager (Finance) be and are hereby severally authorized to execute and sign the letters of offer, deal confirmations and other documents required for issuing Commercial Paper, in his own hands in ink."

**"RESOLVED FURTHER THAT** Executive Director (Fin) / GM (Finance) / AGM (Finance) / DGM (Finance) / Chief Manager (Finance) be and are hereby severally authorized to sign and execute the documents for drawl / repayment of Cash Credit / WCDL / OD / Short Term Loan."

**"RESOLVED FURTHER THAT** any two officers not below the rank of Manager (Finance), acting jointly, be and are hereby authorized on behalf of the Company to sign and execute documents to open / operate bank accounts opened for the purpose of payment of Dividend, both interim and final."

**"RESOLVED FURTHER THAT** the Company Secretary and in his absence official authorized by the Company Secretary, be and is hereby authorized to affix common seal of the Company, in India or abroad, wherever required, in accordance with the provisions of the Articles of Association of the Company or in accordance with the applicable statutory provisions, on Term Loans / Short Term Loan / OD / WCDL / Cash Credit documents / bonds scrips / foreign currency borrowing documents / debentures / trust documents / listing agreements with the stock exchanges or any other document(s) required in connection with the market borrowing programme."

**"RESOLVED FURTHER THAT** the ED(Finance) / GM(Finance) and in his absence any officer authorized him, be and are hereby authorized to act as compliance officer for the purpose of compliances of listing agreement of the stock exchanges in respect of securities issued/to be issued by the Company from time to time and to issue necessary certificates to the stock exchanges / any other statutory bodies wherever required."

