



RURAL ELECTRIFICATION CORPORATION LIMITED (A Government of India Undertaking)

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 03, 1970. Our Company became a deemed public limited company with effect from July 01, 1975. Our Company was converted into a public limited company with effect from July 18, 2003. For further details in relation to the corporate history of our Company, see the section titled "History and Certain Corporate Matters" on page 160.

Registered Office and Corporate Office: Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India
Telephone: +91 11 2436 5161; **Facsimile:** +91 11 2436 0644; **E-mail:** recorp@recl.nic.in; **Website:** www.recindia.nic.in
For further details in relation to the changes in our registered office, see the section titled "History and Certain Corporate Matters" on page 160
Compliance Officer: Mr. Surendra Pradhan, Deputy General Manager (Finance)
Telephone: +91 11 43091676; **Facsimile:** +91 1124365461; **E-mail:** s.pradhan@recl.nic.in

PROMOTER OF THE COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA

PUBLIC ISSUE BY RURAL ELECTRIFICATION CORPORATION LIMITED ("REC" OR "ISSUER" OR THE "COMPANY") OF TAX FREE SECURED REDEEMABLE NON CONVERTIBLE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF DEBENTURES HAVING TAX BENEFITS UNDER SECTION 10 (15) (iv) (h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") FOR AN AMOUNT OF ₹ 15,000 MILLION WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UPTO AN AGGREGATE AMOUNT OF ₹ 30,000 MILLION BY WAY OF ISSUANCE OF BONDS IN THE FISCAL YEAR 2012 ("ISSUE").

The Issue is being made under the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("SEBI Debt Regulations") and CBDT Notification No. 07/2012/F.No.178/56/2011 – (ITA.1) dated February 14, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961 (43 of 1961).

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and this Issue including the risks involved. **Investors are advised to refer to section "Risk Factors" and "Recent Developments" in this Prospectus before making an investment in such Issue. This Prospectus has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) or any stock exchange in India.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus does contain all information with regard to the Issuer and the relevant Issue, which is material in the context of the relevant Issue, that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect at the time of the Issue.

CREDIT RATINGS

CRISIL Limited ("CRISIL") vide its letter no. MS/FSR/REC/2011-12/1616 dated February 21, 2012, has assigned a credit rating of "CRISIL AAA/Stable" to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. 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. Credit Analysis & Research Limited ("CARE") vide its letter dated February 21, 2012 has assigned a credit rating of "CARE AAA" to the market borrowing programme of the Company for 2011-12 aggregating ₹ 280,000 million. 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. FITCH Ratings India Private Limited ("FITCH") vide its letter dated February 21, 2012 has assigned a credit rating of "Fitch AAA(ind)" to the long term borrowing programme of the Company aggregating ₹ 280,000 million. AAA national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country. ICRA Limited ("ICRA") vide its letter no. D/RAT/2011-12/R722 dated February 21, 2012 has assigned the rating of "[ICRA]AAA" to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The 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 should be evaluated independently of any other ratings. For further details, please refer to Appendix - II of this Prospectus, for rationale for the above ratings.

PUBLIC COMMENTS

The Draft Prospectus dated February 18, 2012 was filed with the BSE Limited ("Designated Stock Exchange") on February 21, 2012, pursuant to the provisions of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on February 29, 2012.

LISTING

The Bonds are proposed to be listed on the BSE Limited, the Designated Stock Exchange for the Issue. The BSE has given its in principle listing approval vide its letter no. DCS/SP/PI-BOND/10/11-12 dated March 1, 2012.

Lead Managers				Debenture Trustee	Registrar
					
A. K. CAPITAL SERVICES LIMITED 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel: +91 22 6754 6500/ 6634 9300; Fax: +91 22 6610 0594 Email: rectfbonds@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Hitesh Shah Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411	KOTAK MAHINDRA CAPITAL COMPANY LIMITED 1st Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021 Tel.: +91 22 6634 1100; Fax.: +91 22 22840492 Email: rec.bonds@kotak.com Investor Grievance Email: kmccredressal@kotak.com Website: www.kotak.com Contact Person: Mr. Ganesh Rane Compliance Officer: Ajay Vaidya SEBI Registration No.: INM000008704	RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED 133-A, 13th Floor, A-wing, Mittal Tower, Nariman Point, Mumbai - 400 021 Tel: +91 22 2288 6627/28 Fax: +91 22 2285 1925 Email: recbonds@rrfcl.com Investor Grievance Email: investors@rrfcl.com Website: www.rrfcl.com Contact Person: Mr. Brahmudutta Singh Compliance Officer: Mr. Sandeep Mahajan SEBI Registration No.: INM000007508	SBI CAPITAL MARKETS LIMITED 202, Maker Tower E, Cuffe Parade, Mumbai 400 005 Tel: +91 22 2217 8300; Fax: +91 22 2218 8332 Email: recbonds@sbicaps.com Investor Grievance Email: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Mr. Raman Goyal Compliance Officer: Mr. Bhaskar Chakraborty SEBI Registration No.: INM000003531*	IL&FS Trust Company Limited The IL&FS Financial Centre Plot No. C22, G - Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Tel: +91 22 2653 3333 Fax: +91 22 2653 3297 Website: www.ilfscindia.com Contact Person: Ms. Labanya Mukherjee Email: labanya.mukherjee@ilfscindia.com SEBI Registration No.: IND000000452	Karvy Computershare Private Limited Plot No. 17 to 24 Vittal Rao Nagar, Madhapur Hyderabad - 500 081 Toll Free No.1-800-3454001 Tel: +91 40 4465 5000 Fax: +91 40 2343 1551 Investor Grievance Email: recl.bonds@karvy.com Website: http://karisma.karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration Number: INR000000221

ISSUE PROGRAMME**

ISSUE OPENS ON: March 6, 2012

ISSUE CLOSES ON: March 12, 2012

*The SEBI registration certificate of SBI Capital Markets Limited expired on July 31, 2011 respectively. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated April 29, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on April 29, 2011 to SEBI by SBI Capital Markets Limited respectively, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.

**The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 15 days from the date of opening of the Issue, as may be decided by the Board of Directors or a duly constituted Bond Committee thereof. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper. Further, Allotment shall be made on first come first serve basis, with our Company having the discretion to close the Issue early irrespective of whether any of the portions are fully subscribed.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
The “Company” or “our Company” or “REC” or the “Issuer”	Rural Electrification Corporation Limited, a public limited company incorporated under the Companies Act, 1956, as amended.
“We” or “us” or “our”	Our Company together with its Subsidiaries
Articles/ Articles of Association/ AoA	Articles of Association of our Company as amended from time to time
Board/Board of Directors	Board of Directors of our Company unless otherwise specified
Equity Shares	Equity Shares of our Company of the face value of ₹10 each
Memorandum/Memorandum of Association/MoA	Memorandum of Association of our Company as amended from time to time
Registered Office and Corporate Office	The registered and corporate office of our Company, presently situated at Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
Statutory Auditors/Auditors	M/s Bansal & Co. and M/s P.K. Chopra & Co.
Subsidiaries	REC Transmission Projects Company Limited, REC Power Distribution Company Limited, Vemagiri Transmission System Limited and Vizag Transmission Limited.

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants, pursuant to the Issue.
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue
Applicant/Investor	A person who applies for issuance of Bonds pursuant to the terms of this Prospectus and Application Form
Application Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form
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 in terms of this Prospectus
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Accounts, Public Issue Accounts and Refund Accounts will be opened and in this case being ICICI Bank Limited, HDFC Bank Limited, Axis Bank Limited, State Bank of India, Yes Bank Limited and IndusInd Bank Limited
Bonds/Tax free Bonds	Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1000 each in the nature of Debentures having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended, proposed to be issued by Company under the terms of this Prospectus
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for rematerialization of Bonds based on request from the Bondholders pursuant to Allotment

Term	Description
Bond Committee	Committee appointed by the Board of Directors in the Board Meeting dated February 16, 2012 for the Issue
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners list provided by the Depositories (in case of Bonds in dematerialized form) or whose name appears in the Register of Bondholders maintained by the Issuer/Registrar (in case of Bonds held in physical form)
BSE	BSE Limited
CARE	Credit Analysis & Research Limited
Category-I* (QIBs, Corporates & Others)	i) Qualified Institutional Buyers (“QIBs”) as listed out below: • Mutual Fund, • Public Financial Institution as defined in section 4A of the Companies Act, 1956; • Scheduled Commercial Bank; • Multilateral and Bilateral Development Financial Institution; • State Industrial Development Corporation; • Insurance Company registered with the Insurance Regulatory and Development Authority; • Provident Fund with minimum corpus of twenty five crore rupees; • Pension Fund with minimum corpus of twenty five crore rupees; • National Investment Fund 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; • Insurance Funds set up and managed by army, navy or air force of the Union of India • Insurance Funds set up and managed by the Department of Posts, India ii) Regional Rural Banks and Co-operative Banks, eligible to invest in the Issue; iii) Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; iv) Public/private charitable/religious trusts which are authorised to invest in the Bonds; v) Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; vi) Partnership firms in the name of the partners; vii) Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) <i>*Note: With respect to provisions of Sub Section 3 of Section 372A of The Companies Act, 1956, it may be noted that the Reserve Bank of India has vide its notification no. Ref.No.MPD.BC.352/05.03.004/2011-12 dated February 13, 2012, increased the bank rate to 9.50 per cent per annum with effect from the close of business on February 13, 2012. Coupon rates on the Bonds have been determined in pursuance of CBDT Notification dated February 14, 2012, which provides that the rate of interest on Bonds shall not be less than fifty basis points lower than the yield on the Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the Bonds.</i> <i>Although the coupon rates offered on the Bonds are lower than the prevailing bank rate, it may be</i>

Term	Description
	<i>noted that since these are tax free bonds, the gross/ pre-tax yield to the investors may be higher, depending upon the applicable tax rates.</i> <i>Companies other than banking companies, insurance companies and other Companies as mentioned in clause (a) sub section 8 of Section 372A may however seek independent opinion from their legal counsel about their eligibility to make an application for the Bonds.</i>
Category-II (High Networth Individuals)	The following investors applying for an amount aggregating to above ₹ 0.10 million across all Series in the Issue: - Resident Indian individuals; - Hindu Undivided Families through the Karta;
Category-III (Retail Individual Investors)	The following investors applying for an amount aggregating upto and including ₹ 0.10 million across all Series in the Issue: - Resident Indian individuals; - Hindu Undivided Families through the Karta
CDSL Agreement	Tripartite agreement dated October 16, 2007 among REC, Registrar and CDSL for offering depository option to the Bondholders
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue that are authorized to collect the Application Forms as per the Escrow Agreement to be entered into by us, Bankers to the Issue, Registrar and Lead Managers
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are held in physical form on rematerialization
Consortium Members for marketing of the Issue	A. K. Capital Services Limited, SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited, RR Investors Capital Services Private Limited; A. K. Stockmart Private Limited, SBICAP Securities Limited, Kotak Securities Limited and R R. Equity Brokers Private Limited
Credit Rating Agencies	For the present Issue, Credit Rating Agencies are CRISIL, CARE, FITCH and ICRA
CRISIL	CRISIL Limited
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company
Debenture Trustee/ Trustee	Trustee for the Bondholders in this case being IL&FS Trust Company Limited
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or Bond Committee thereof approves the Allotment of the Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment
Depositories	Central Depository Services (India) Limited and National Securities Depository Limited
Designated Date	The date on which Application Amounts are transferred from the Escrow Account to the Public Issue Account
Designated Stock Exchange	BSE Limited
Draft Prospectus	The draft prospectus dated February 18, 2012 filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts, in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement dated February 25, 2012 entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and

Term	Description
	where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof
FITCH	FITCH Ratings India Private Limited
ICRA	ICRA Limited
Interest Payment Date	July 1 st of every year and on redemption date of the respective bond series
Issue	Public Issue by Rural Electrification Corporation Limited ("REC" or "Issuer" or the "Company") of Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1,000 each in the nature of debentures having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act, 1961, as amended ("Bonds") for an amount of ₹ 15,000 million with an option to retain oversubscription upto an aggregate amount of ₹ 30,000 million by way of issuance of Bonds in the fiscal year 2012.
Issue Closing Date	March 12, 2012
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms
Issue Opening Date	March 6, 2012
Issue Size	₹15,000 million with an option to retain oversubscription upto an aggregate amount of ₹ 30,000 million
Lead Managers/LMs	A. K. Capital Services Limited, SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited and RR Investors Capital Services Private Limited
Market / Trading Lot	1 Bond
CBDT Notification	Notification No. 07/2012/F.No.178/56/2011 – (ITA.1) dated February 14, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India
NSDL Agreement	Tripartite agreement dated November 15, 2007 among REC, Registrar and NSDL executed for offering depository option to the Bondholders
NSE	National Stock Exchange of India Limited
Prospectus	This prospectus to be filed with the RoC, Stock Exchange containing details of Bonds including coupon rate and other terms and conditions, after incorporation of the comments received from the public on the Draft Prospectus, pursuant to the provisions of the SEBI Debt Regulations.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under the terms of this Prospectus
Redemption Amount/Maturity Amount	Repayment of the face value plus any interest that may have accrued on the Redemption Date
Redemption Date / Maturity Date	For Bond Series I, the date falling 10 years from the Deemed Date of Allotment and for Bond Series 2, the date falling 15 years from the Deemed Date of Allotment.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made by the Company to the Applicants
Refund Bank	HDFC Bank Limited
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act, 1956 and as more particularly detailed in " Terms of the Issue – Register of Bondholders " on page 245 of this Prospectus.
Registrar to the Issue or Registrar	Karvy Computershare Pvt. Ltd

Term	Description
Registrar MoU	Memorandum of understanding dated February 16, 2012 entered into between the Company and the Registrar to the Issue
Security	The Bonds issued by the Company will be secured by way of first pari passu charge on the identified immovable property(ies) of the Company and first pari passu charge on the book debts of the Company, other than those that are exclusively charged/earmarked to ITSL and/or any other lender(s) of the Company, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed with a minimum security cover of one time of the face value of Bonds outstanding at all times.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities proposed to be issued by the Issuer.
Working Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
Act/ Companies Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting
AS	Accounting Standards as notified by Institute of Chartered Accountants of India
CAR	Capital Adequacy Ratio
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
CRAR	Capital to Risk Assets Ratio
Debt Listing Agreement	The agreement for listing of debt securities on the BSE.
DIN	Director Identification Number
DoEA	Department of Economic Affairs, Ministry of Finance, Government of India
DoFS	Department of Financial Services, Ministry of Finance, Government of India
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
FEMA	Foreign Exchange Management Act, 1999, as amended
FIMMDA	Fixed Income Money Market and Derivative Association of India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
FPO	Further Public Offer
GDP	Gross Domestic Product
GoI or Government	Government of India
ICAI	Institute of Chartered Accountants of India
IFC	Infrastructure Finance Company
IFRS	International Financial Reporting Standards
Income Tax Act	Income Tax Act, 1961
India	Republic of India

Term/Abbreviation	Description/ Full Form
Indian GAAP	Generally accepted accounting principles followed in India
IPO	Initial Public Offer
IT	Information technology
ITSL	IDBI Trusteeship Services Limited
KfW	Kreditanstalt für Wiederaufbau
LIBOR	London Inter-Bank Offer Rate
MoF	Ministry of Finance, GoI
MCA	Ministry of Corporate Affairs, GoI
NBFC	Non Banking Financial Company, as defined under applicable RBI guidelines
MoP	Ministry of Power, GoI
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NR	Non-Resident
NRI	A Person resident outside India, as defined under FEMA, and who is a citizen of India or a Person of Indian Origin and such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
p.a.	<i>Per annum</i>
PAN	Permanent Account Number
PAT	Profit After Tax
PFI	Public Financial Institution, as defined under Section 4A of the Companies Act, 1956
PMDO	Pooled Municipal Debt Obligation
PPP	Public Private Partnership
RBI	Reserve Bank of India
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
₹ or Rupees or Indian Rupees	The lawful currency of India
RTGS	Real Time Gross Settlement
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SEBI	Securities and Exchange Board of India
SEBI Act	SEBI Act, 1992
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time

Business / Industry Related Terms

Term/Abbreviation	Description/ Full Form
ADB	Asian Development Bank
ALCO	Asset Liability Management Committee
APDRP	Accelerated Power Development and Reform Program
AT&C	Aggregate technical and commercial losses
CAGR	Compounded Annual Growth Rate
CDM	Clean Development Mechanism
CEA	Central Electricity Authority

Term/Abbreviation	Description/ Full Form
CIRE	Central Institute for Rural Electrification Corporation, Hyderabad
DISCOM/Discom	Distribution Company
DMS	Distribution Management System
DPE	Department of Public Enterprises, Government of India
GENCO/Genco	Generation Company
ECBs	External Commercial Borrowings
IFC	Infrastructure Finance Company
IPP	Independent Power Producer
ISO	International Organization for Standardization
ITP	Independent Transmission Project(s)
JNNSM	Jawaharlal Nehru National Solar Mission
MNRE	Ministry of New and Renewable Energy
MW	Mega Watts
NBFC	Non Banking Financial Company
NCDEX	National Commodities & Derivatives Exchange Limited
NHPC	NHPC Limited
NPAs	Non-Performing Assets
NPCIL	Nuclear Power Corporation of India Limited
NPEL	National Power Exchange Limited
NTPC	NTPC Limited
PECAP	Power Equity Capital Advisors Private Limited
PEIL	Power Exchange India Limited
PSU	Public Sector Undertaking
PV	Photovoltaic
R-APDRP	Restructured Accelerated Power Development and Reform Programme
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commission
SIA	SCADA Implementing Agencies
SPU	State Power Utilities
SPV	Special Purpose Vehicle
TRANSCO/Transo	Transmission Company
UMPP	Ultra Mega Power Project
USAID	United States Agency for International Development
USPP	United State Private Placement
Yield	Ratio of interest income to the daily average of interest earning assets

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus to “India” are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from (i) our audited standalone financial statements, prepared in accordance with Indian GAAP and the Companies Act for the Fiscal 2011, 2010, 2009, 2008 and 2007 and half year ended on September 30, 2011 and; and/or (ii) our audited consolidated financial statements, prepared in accordance with Indian GAAP and the Companies Act for the Fiscal 2011, 2010, 2009, 2008 and half year ended on September 30, 2011. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The current financial year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year” and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus, references to “₹”, “Indian Rupees”, “INR” and “Rupees” are to the legal currency of India and references to “US\$”, “USD”, and “U.S. dollars” are to the legal currency of the United States of America, references to “Euro” and “€” are to the legal currency of the European Union and references to “Yen” and “JPY” are to the legal currency of Japan. For the purposes of this Prospectus data will be given in ₹ in Million. In this Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (₹) of the US\$, JPY and € as for last 5 years and 6 months ended September 30, 2011 are provided below:

Currency	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
1 USD	43.59	39.97	50.95	45.14	44.65	48.93
100 JPY	37.00	40.08	51.87	48.44	54.02	63.90
1 Euro	58.14	63.09	67.48	60.56	63.24	66.65

(Source: www.rbi.org.in)

FORWARD LOOKING STATEMENTS

We have included statements in this Prospectus which contain words or phrases such as “will”, “aim”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “project”, “should”, and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- changes in the policies or support of the GoI to our business or industry;
- the performance of our loan assets and our ability to secure payment thereon;
- our ability to finance our indebtedness as it comes due and to obtain the additional financing necessary to grow our business;
- our ability to maintain low cost of funds and the continued availability to us of low cost borrowings;
- changes in Indian and international interest rates;
- the continued availability to us of tax benefits;
- our ability to implement our strategy and manage our growth effectively;
- possible contingent liabilities and uninsured losses;
- our ability to grow our asset portfolio;
- our ability to comply with restrictive covenants under our indebtedness and manage our business within those restrictions;
- the outcome of legal proceedings in which we are or may become involved;
- our ability to compete effectively;
- our dependence on our management team and skilled personnel;
- risks associated with the projects we finance;
- general economic and business conditions in the Indian power sector or the Indian economy;
- changes to the regulations that govern us and our borrowers;
- our ability to obtain, renew or comply with regulatory licenses;
- our ability to respond to competitive conditions;
- our ability to successfully implement our strategy;
- our ability to anticipate trends in our current business lines and respond suitably;
- changes in political conditions in India and internationally;
- governmental and regulatory actions that may affect our business or our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “**Risk Factors**” on page 10. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor the members of the Consortium, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, Lead Managers will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for our Bonds pursuant to the Issue.

SECTION II - RISK FACTORS

You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, and under “Our Business” on page 131 and “Financial Statements” in Appendix - I, 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. If any of the following or any other risks actually occur, our business prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in the Bonds could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the effect is not quantifiable and hence has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another. In this section, unless the context otherwise requires, a reference to the “Company” is a reference to REC and unless the context otherwise requires, a reference to “we”, “us” and “our” refers to REC and its Subsidiaries, joint ventures and associate companies, as applicable in the relevant fiscal period, on a consolidated basis. In this Section, all figures are on standalone basis unless otherwise mentioned.

Internal Risk Factors

1. *Our business and our industry are dependent on the policies and support of the Government of India which makes us susceptible to changes to such policies and the level of support we receive*

We are a GoI owned company operating in a regulated industry. Our business and our industry are dependent, directly and indirectly, on the policies and support of the GoI in many significant ways, including with respect to the cost of our capital, the financial strength of our borrowers, the management and growth of our business and our industry and our overall profitability.

Historically, we have been able to reduce our cost of capital and reliance on commercial borrowings because of various forms of assistance received from GoI. Currently, we receive tax concessions with respect to certain types of our bonds that enable us to price such bonds at a lower rate of interest than would otherwise be available to us. We also benefit from direct tax benefits provided by the GoI.

The GoI also impacts the nature of our business in a number of ways. In particular, the GoI establishes the schemes in which we and our borrowers participate. Like any other public sector undertaking, the GoI can also influence or determine key decisions about our Company, including with respect to dividends and the appointment of directors of our Board. Additionally, the GoI may implement policies that are inconsistent with our business objectives. For example, although we intend to continue to diversify our asset portfolio and continue to increase generation-related lending activity, our lending capacity is not unlimited and the GoI could seek refocus of our lending capacity on transmission and distribution projects in rural areas.

Our borrowers are also significantly impacted by the policies and support of the GoI in a variety of ways, as the GoI regulates the industry in which our borrowers operate. For example, the GoI has established a number of schemes and provides incentives that provide benefits to power projects that have enhanced the financial viability of the projects and the financial position of our borrowers. Additionally, the GoI has in the past assisted us in procuring the repayment of our loans from our borrowers.

Furthermore, the growth of our business is dependent upon the continued growth of the power sector and the overall Indian economy, which are significantly impacted by the policies of the GoI. Changes in the policies of, or in the level of direct or indirect support to us provided by, the GoI in these or other areas could have a material adverse effect on our business and financial condition and results of our operations.

2. *We have a significant concentration of outstanding loans to certain borrowers and if the loans to these borrowers become non-performing, the quality of our asset portfolio may be adversely affected*

We are a power sector-specific public financial institution. This sector has a limited number of borrowers and our past exposure has been, and future exposure is anticipated to be, high with respect to these borrowers. In addition, many of these borrowers are public sector utilities that are loss-making and therefore may not have liquidity to repay their borrowings.

As on September 30, 2011, the individual borrower to whom we had the greatest amount of outstanding loans accounted for 7.22% of our total outstanding loans and the borrower group to which we had the greatest amount of outstanding loans in the aggregate accounted for 15.66% of our total outstanding loans. As on September 30, 2011 the ten individual borrowers to whom we had the greatest amount of outstanding loans in the aggregate accounted for 45.81% of our total outstanding loans and the ten borrower groups to which we had the greatest amount of outstanding loans in the aggregate accounted for 81.31% of our total outstanding loans. For further details, see the section titled **“Our Business – Our Strengths”** on page 132. In addition to our exposure to borrowers resulting from our outstanding loans, we may also have exposures to borrowers, including the ten individual borrowers and borrower groups referred to above, in the form of unfunded loan sanctions.

In particular, we have significant exposure to, and derive most of our income from various SEBs and SPUs. As on September 30, 2011, we had aggregate loans outstanding to state sector borrowers of ₹ 708,783 million, which constituted 78.43% of our total loans outstanding. Historically, state sector utilities have had relatively weak financial position and have in the past defaulted on their indebtedness. Consequently, we have had to restructure loans sanctioned to certain SEBs, which resulted in our having to reschedule their loans and waive part of their interest dues on account of such restructuring. There can be no assurances that the applicable SEBs and SPUs will be able to perform under the terms of the rescheduled loans.

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 make us unable to service our outstanding indebtedness. For the foreseeable future, we expect to continue to have a significant concentration of loans to certain borrowers, including SEBs and SPUs.

Furthermore, as we continue to increase our exposure to generation projects, our individual loan size will likely increase in size, thereby increasing our exposure with respect to individual projects.

Credit losses on the individual borrowers and borrower groups to whom, as well as the projects in respect of which, we have the greatest exposure could have a material adverse effect on our business, financial condition and results of our operations.

3. *Our ability to compete effectively will be dependent on our ability to maintain a low effective cost of funds; if we are unable to do so it would have a material adverse effect on our business, financial condition and results of our operations.*

Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. Historically, our access to funds has been enhanced and our cost of funds reduced by equity financing and loans received directly from GoI, as well as tax concessions with respect to, and guarantees of, certain types of our bonds and borrowings that enable us to price such borrowings at a lower rate of interest than would otherwise be available to us. For further details, see the section titled **“Our Business”** on page 131.

There can be no assurances as to the level of direct or indirect support to us provided by the GoI and negative changes in the policies of the GoI could materially increase the cost of funds available to us. In particular, the GoI has not provided us any direct funding since 2001. Similarly, the GoI has not allowed us to issue SLR bonds since Fiscal 1999. In addition, since January 2007 the GoI has limited the amount of our bonds that an individual investor can utilize to offset capital gains to ₹ 5 million, which has reduced the amount of bonds we have been able to offer for subsequent periods. Consequently, we are increasingly reliant on funding from the debt capital markets and commercial borrowings. As a result of these and other factors, our Company’s cost of funds has risen from 6.40% for Fiscal 2007 to 6.90% for Fiscal 2011 (based on our audited financial statements). While we generally have been able to pass the increased cost of funds onto our customers over this period, we

may not continue to be able to do so. In particular, financially stronger SPU's and private sector borrowers may seek to source their funds directly from the market if our loan products are not competitively priced and our ability to price our products depends on our cost of capital.

Our ability to continue to obtain funds from the debt capital markets and through commercial borrowings on acceptable terms will depend on various factors including, in particular, our ability to maintain our credit ratings, which are based upon several factors, many of which are outside our control, including the economic conditions in the power sector and the Indian economy, and the liquidity in the domestic and global debt markets, which has been severely restricted during the recent financial crisis and may be in the future. There can be no assurances as to whether we will be able to maintain our existing ratings and downgrades of our ratings could materially increase the cost of funds available to us, particularly from the debt capital markets and commercial borrowings. Furthermore, certain of our existing commercial borrowings require us to pay increased rates of interest and/or to repay the loan in its entirety in the event of a ratings downgrade.

If we are not able to maintain a low effective cost of funds, we may not be able to competitively price our loans and, accordingly, we may not be able to maintain the profitability or growth of our business, which could have a material adverse effect on our business, financial condition and results of operations.

4. *We currently fund our business in significant part through use of borrowings that have shorter maturities than the maturities of substantially all of our new loan assets and we may be required to obtain additional financing in order to repay our indebtedness and grow our business*

We may face potential liquidity risks due to varying periods over which our assets and liabilities mature. We currently fund our business in significant part through the use of borrowings that have shorter maturities than the maturities of a substantial all of our new loan assets. In particular, in recent years we have obtained funding through the issuance of 54EC – capital gain tax exemption bonds. These bonds are subject to tax concessions for the benefit of bondholders that enable us to price such bonds at a lower rate of interest than would otherwise be available to us and thereby reduce our cost of capital. However, these bonds require a holding period of three years from the date of allotment for the bondholders to receive the benefit of these tax concessions and typically these bonds have put options or maturity dates at the end of three years from allotment. For additional information with respect to our issuances of 54EC long term tax exemption bonds, see the section titled “**Our Business**” on page 131. Our term loans, which constitute the largest component of our loan assets, typically have a maturity of more than ten years. As on September 30, 2011, we had long-term loans outstanding of ₹ 850,178 million, which constituted 94.07% of our outstanding loan assets. Additionally, our other financial products may have maturities that exceed the maturities of our borrowings.

To the extent we fund our business through the use of borrowings that have shorter maturities than the loan assets we disburse, our loan assets will not generate sufficient liquidity to enable us to repay our borrowings as they become due, and we will be required to obtain new borrowings to repay our existing indebtedness. There can be no assurances that new borrowings will be available on favourable terms or at all. In particular, we are increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms will depend on various factors including, in particular, our ability to maintain our credit ratings, which are based upon several factors, many of which are outside our control including the economic conditions in the power sector and the Indian economy, and the liquidity in the domestic and global debt markets, which has been severely restricted during the recent financial crisis and may be in the future.

Any inability to obtain new borrowings, on favourable terms or otherwise, may negatively impact the profitability and growth of our business, which could have an adverse affect on our business, financial condition and results of operations.

5. *Our statutory auditors have made an observation in their annexure to auditors reports on our financial statements for Fiscal 2010 - 2011 and the six months ended September 30, 2011.*

Our statutory auditors have made an observation in their annexure to auditors' reports on our audited financial statements for Fiscal 2010 - 2011, and the six months ended September 30, 2011.

Our joint statutory auditors for six months ended September 30, 2011, M/s. Bansal & Co., Chartered Accountants, and M/s. P. K. Chopra & Co., Chartered Accountants, have examined the summary financial statements included in this Prospectus, and have included in their report thereon those qualifications that they deem to be continuing. See the section titled “**Financial Statements**” on page F1.

The observation that were deemed to be continuing as of September 30, 2011, are as follows:

In our opinion and according to information and explanations given to us, internal control are generally commensurate with the size of the company and nature of its business. However, in certain areas internal control needs further strengthening like utilisation of grants/subsidy received under various schemes, monitoring and supervision of loans given to various SEBs/DISCOMS/TRANSCOS/GENCOS including obtaining search reports for charges created against the loans given, ascertainment of viability of revised projects at the time of rescheduling of loan assets, generation of various reports from loan module in ERP to have better control over loan assets. During the course of the audit, we have not come across any major failure in internal control system.

6. *We currently engage in foreign currency borrowings and are likely to do so at increased levels in the future, which will expose us to fluctuations in foreign exchange rates, which could adversely affect our business, financial condition and results of operations*

As on September 30, 2011, we had foreign currency borrowings outstanding equal to ₹ 90,964.75 million out of which 1.62% is the unhedged position of our total borrowings and we are likely to obtain additional foreign currency borrowings in the future. Although we believe that our foreign currency hedging with respect to our existing foreign currency borrowings is effective, there can be no assurances that it will remain effective or that we will enter into effective hedging with respect to any new foreign currency borrowings. We expect to increase our foreign currency borrowing in the future, and we therefore may be further exposed to fluctuations in foreign currency rates. Volatility in foreign exchange rates could adversely affect our business, financial condition and results of operations.

7. *The GoI holds a majority of our Equity Shares and can therefore determine the outcome of shareholder voting and influence our operations.*

At present, the GoI owns 66.80 % of our paid up capital. Consequently, the GoI, acting through the MoP, will continue to control us and will have the power to elect and remove our directors and therefore determine the outcome of most proposals for corporate action requiring approval of our Board or shareholders, including with respect to the payment of dividends. In addition, the GoI influences our operations through its various departments and policies. Under our Articles of Association, the GoI may issue directives with respect to the conduct of our business or our affairs or impose other restrictions on us. In particular, given the importance of the power industry to the economy, the GoI could require us to take actions designed to serve the public interest in India and not necessarily to maximize our profits. For further details on our Articles of Association, see the section titled “**Main Provisions of the Articles of Association of the Company**” on page 269.

8. *We will be impacted by volatility in interest rates in our operations and may be adversely affected by either declining or rising interest rates*

We will be impacted by volatility in interest rates in our operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political and other conditions and other factors. Due to these factors, interest rates in India have historically experienced and may continue to experience a relatively high degree of volatility.

A substantial portion of our loan assets, including all of our long-term loans, permit the borrowers to seek repricing of their loans after three or ten years. As on September 30, 2011 we had long-term loans outstanding of ₹ 850,178 million which constituted 94.07% of our outstanding loan assets. Additionally, other loan products we offer may permit the borrowers to obtain repricing of their loans from us. When interest rates decline, our borrowers may increasingly seek re-pricing of our loans to

them based on the terms of their loan agreements or due to commercial considerations resulting from competitive conditions, which would result in us realizing a lower rate of return on our capital committed to the re-priced loans and adversely affect our profitability, particularly if we did not have the ability to reprice our borrowings. Additionally, if we are unable or unwilling to competitively reprice our loans, we are subject to greater levels of prepayments on our loans. In a decreasing interest rate environment, prepayments may also result in a lower rate of return because we may not be able to redeploy the capital in assets yielding similar rates of return, and any prepayment premium we receive may not fully offset these lower rates of return.

When interest rates rise, we may be more susceptible to such increases than our competitors that have access to lower cost funds, particularly if we have a higher portion of floating rate borrowings or borrowings with shorter durations than that of our competitors.

Further, most of our borrowings are fixed rate borrowings and in a falling interest rate scenario, this may impact our results of operations and financial condition.

Our treasury operations are also susceptible to volatility in interest rates and any adverse movement in interest rates, though not quantifiable, may adversely impact the value of our treasury operations, and consequently may have an adverse effect on our business, prospects, financial condition and results of operations.

9. *We take advantage of certain tax benefits available to us as a lending institution. If these tax benefits were reduced or no longer available to us it would adversely affect our results*

We have received and currently receive tax benefits by virtue of our status as a lending institution, including as a result of our lending within the infrastructure sector, which have enabled us to reduce our effective tax rate. For Fiscal 2007, Fiscal 2008, Fiscal 2009, Fiscal 2010 and Fiscal 2011, our Company's effective tax liability as a percentage (computed by dividing our Company's standalone current tax liability by profit before tax, as per our Company's standalone financial statements) was 21.35%, 28.48%, 26.40%, 26.26% and 26.13% respectively, compared to statutory corporate tax rates (including surcharge and cess) of 33.66%, 33.99%, 33.99%, 33.99% and 33.22% in Fiscal 2007, Fiscal 2008, Fiscal 2009, Fiscal 2010 and Fiscal 2011, respectively. The availability of these tax benefits is subject to the policies of the GoI, among other things, and there can be no assurances as to the amount of tax benefits that we will receive in the future, if any.

If the laws or regulations regarding these or other tax benefits were to change further, our taxable income and tax liability may rise, which would adversely impact our financial condition and results of operations.

10. *If we are unable to manage our growth effectively, our business and financial results could be adversely affected*

Our business has experienced meaningful growth in scope and size since we began operations in 1969. We began financing projects outside the area of rural transmission and distribution much later in our Company's history. Since 2001, funding for generation projects has constituted an increasingly larger portion of our business. The size of the projects we finance has increased. Further, vide its letter dated September 17, 2010, RBI has further categorized us as an IFC. With this IFC status, REC can now increase its exposure to single borrowers and to a single group of borrowers.

We intend to continue to grow our business in both scope and size, particularly with respect to generation projects, which could place significant demands on our operational, credit, financial and other internal risk controls. In addition, in September 2009, 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.

We expect that our asset growth will be primarily funded by the issuance of new debt. We may have difficulty in obtaining funding on attractive terms. Adverse developments in the Indian credit markets, such as increases in interest rates, may increase our debt service costs and the overall cost of our funds and impair our ability to manage our recent growth or to continue to grow our business.

Any inability to manage our growth effectively could have a material adverse effect on our business, financial condition and results of operations. Furthermore, because of our recent growth and the long gestation period for power sector investments, our historical financial statements may not be an accurate indicator of our future financial performance.

11. *We may not have obtained sufficient security and collateral from our borrowers, or we may not be able to recover, or there may be a delay in recovering, the expected value from any security and collateral which could have a material adverse effect on our business, financial condition and results of operations*

We have historically granted certain loans to our borrowers where the value of the security for the loan may be less than the amount of the loan, where we have funded the loan prior to obtaining security or where the loans have been granted without security. As on September 30, 2011, we had total loans outstanding of ₹ 903731 million, of which ₹ 660,700 million, or 73.10%, were secured by charges on assets, ₹ 192,012 million, or 21.25% were unsecured but have a state government guarantee as collateral and ₹ 51,019 million, or 5.64%, were unsecured loans. Although legislation in India has become effective that is intended to strengthen the rights of creditors to obtain faster realization of collateral in the event of loan default, we may nonetheless not be able to realize the full value of our collateral due to certain factors, including delays occasioned by the fact that the loan was granted by us as a part of consortium of lenders or delays in us taking immediate action in bankruptcy foreclosure proceedings, market downturns that affect the value of the collateral, defects in the perfection of collateral and fraudulent transfers by borrowers. Further, upon the occurrence of certain events a specialized regulatory agency may obtain jurisdiction over the assets of our borrowers, which may delay actions on behalf of the borrower's creditors. Any failure to recover the expected value of collateral security could expose us to a potential loss.

In addition, the RBI has devised a corporate debt restructuring system that establishes an institutional mechanism for timely and transparent restructuring of corporate debt. The applicable RBI guidelines envisage that, with respect to corporate debts amounting to ₹ 100 million or more, lenders holding more than 75% of such debt and 60% of the creditors in number, in case of accounts where recovery suits have been filed can decide to restructure the debt and such a decision would be binding on the remaining lenders. In situations where other lenders own more than 75% of the debt of one of our borrowers, we could be required by the other lenders to agree to restructure the debt, regardless of our preferred method of settlement. We may also be a part of a syndicate of lenders wherein the majority elects to pursue a different course of action than the course of action favourable to us, whether or not such debt is subject to RBI guidelines. Any such debt restructuring could lead to an unexpected loss that could adversely affect our business, financial condition and results of operations.

Furthermore, some of the rural cooperatives to whom we lend money are required to create a special fund in order to defer interest payments on their loans for a period of five years. As of September 30, 2011, there was a shortfall in the creation of such special funds of ₹ 57.05 million.

12. *There are a number of legal proceedings involving our Company. Any unfavourable development in these proceedings or in other proceedings in which we become involved could have a material adverse effect on our business, financial condition and results of operations.*

Our Company is involved in certain legal proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate authorities. A summary of the pending proceedings involving our Company as on January 31, 2011 is provided below:

S. No.	Nature of the cases/claims	No. of cases outstanding	Approximate amount involved (₹ million)
1.	Income tax proceedings	10	514.74
2.	Civil suits and consumer cases	32	1.37
3.	Arbitration proceedings	4	47.04
4.	Miscellaneous proceedings	2	N.A.

In addition, our Company has filed for counter claims aggregating to ₹ 1.81 million.

In addition, our company, has instituted 4 proceedings in relation to recovery of dues payable to us by the borrowers. The aggregate amount claimed in by our company in these cases wherein recovery orders have been passed is approximately ₹ 9,685.90 million.

For further details see the section titled “**Outstanding Litigation and Material Development**” on page 212.

If any of our current cases or future cases are not resolved in our favour, and if our insurance coverage or any applicable indemnity is insufficient to cover the damages awarded, we may be required to make substantial payments or we may need to make provisions in our financial statements, which could have a material adverse effect on our business, financial condition and results of operations.

13. *The escrow account mechanism for the payment obligations of our state sector borrowers may not be effective, which would 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.*

We have a mechanism of creating escrow accounts with most of our borrowers in the state sector. As on September 30, 2011, 77.10% of our outstanding loans to our state sector borrowers have an escrow mechanism in place. This mechanism provides that certain predetermined amounts from the payments received by such borrowers from their respective customers are deposited in an escrow account. The deposited amount is available for use by the borrower except in the case of a default on account of non-payment to us by the borrower. In such case, the escrow agent is to make the default amount available to us on demand.

The escrow agreement mechanism is effective only if the customers of our borrowers, including distribution companies and end users of power (such as power traders, industrial, commercial, household and agricultural consumers) make payment to our borrowers and such payment is deposited into the escrow facilities in an amount sufficient to repay the borrower's obligations to us. We do not have any arrangement in place to ensure that this occurs, which limits the effectiveness of the escrow mechanism. In the event the customers of our borrowers do not make payments to our borrowers, the escrow mechanism will not ensure the timely repayment of our loans, which may adversely affect our business, financial condition and results of operations.

14. *We have granted loans to the private sector on a non-recourse or limited recourse basis, which increases the risk of non-recovery and could expose us to significant losses*

As on September 30, 2011, ₹ 100,945 million, or 11.17%, of our loans outstanding were to borrowers that are private sector power utilities (including project-specific special purpose vehicles). We expect to increase our exposure to private sector power utilities (including joint sector). The ability of private sector power utility borrowers and, in particular project-specific special purpose vehicles, to perform their obligations will depend primarily on the financial condition of the projects, which may be affected by many factors beyond the borrowers' control, including competition, as well as other risks such as those relating to operating costs and regulatory issues. If borrowers with non-recourse or limited recourse loans were to be adversely affected by these or other factors and were unable to meet their obligations, the value of the underlying assets available to repay the loans may be insufficient to pay the full principal and interest on the loans, which could expose us to significant losses. Any significant losses could have an adverse effect on our business, financial condition and results of operations.

15. *Certain SEBs that were our borrowers have been restructured and we may not have transferred the liabilities associated with our loans to newly formed entities*

We have granted certain long-term loans to various SEBs, including Andhra Pradesh, Karnataka, Orissa, Uttar Pradesh, Rajasthan, Maharashtra, Madhya Pradesh, Gujarat, Haryana, Tamilnadu, Punjab & Himachal Pradesh. The state governments of these states have restructured their SEBs into separate entities formed for generation, transmission and/or distribution, pursuant to amendments in the Electricity Act. As part of the restructuring, all liabilities and obligations of a restructured SEB were transferred via a notification process to the applicable state government, which in turn transferred them to the newly formed, state government owned transmission, distribution and/or generation companies.

However, under the restructuring notification, the transfer of liabilities and obligations under loans granted by us is to be documented by a transfer agreement between our Company, the applicable state government and the applicable newly formed company. Although we have entered into transfer agreements with the separate entities formed as a result of the restructuring of the certain SEBs, we are yet to execute transfer agreements with the separate entities formed as a result of the restructuring of the SEBs of Uttar Pradesh, Andhra Pradesh and Punjab. We cannot assure you that we will be able to enter into transfer agreements within a reasonable period to ensure that the terms of our original loan agreements will continue with the new entities.

16. *We are involved in ten tax-related legal proceedings that, if determined against us, could have a material adverse effect on our business, financial condition and results of operations.*

We are involved in ten income tax proceedings which are pending before various authorities in India. Nine of these proceedings are appeals filed by us and one proceeding is an appeal filed by the Income Tax Department (the “**IT Department**”). The total amount claimed by the IT Department aggregates to approximately ₹ 514.74 millions and the total amount paid by our Company, against the demand raised by the IT Department aggregates to approximately ₹ 438.60 million.

For further details see the section titled “**Outstanding Litigation and Material Development**” on page 212.

If any of our current cases or future cases are not resolved in our favour, we may be required to make substantial payments or we may need to make provisions in our financial statements, which could have a material adverse effect on our business, financial condition and results of operations.

17. *Our contingent liabilities could adversely affect our financial condition*

As on September 30, 2011, our Company had on a standalone basis, non-funded contingent liabilities of ₹ 51,975.12 million, including claims against our Company and equity commitments with respect to our Company’s joint venture investments.

Our Company’s contingent liabilities not provided for and outstanding guarantees as of September 30, 2011 (as disclosed in our standalone financial statements) are as follows:

Contingent liabilities	Amount (₹ million)
Claim against our Company not acknowledged as debts	47.67
Estimated amount of the contracts remaining to be executed on capital account and not provided for	67.68
Others	51,859.77

If these contingent liabilities were to fully materialize or materialize at a level higher than we expect, our financial condition could be adversely affected. For further details on our contingent liabilities, see the sections titled “Financial Statements-Significant Notes on Accounts Attached to Financial Statements” beginning on page F-1 and “Consolidated Financial Statements-Consolidated Significant Notes on Accounts Attached to Financial Statements” beginning on page F-1.

18. *We have negative cash flows from operations in recent periods. There is no assurance that such negative cash flows from operations shall not recur in future Fiscal periods.*

Our outward cash flows relating to loans and advances we disburse (net of any repayments we receive) is reflected in our cash flow from operating activities whereas the inward cash flows from external funding we procure (net of any repayments of such funding) to disburse these loans and advances are reflected in our cash flows from financing activities. Consequently, our Company had standalone negative net cash flow from operating activities of ₹ 69,367 million, ₹ 128,104 million, ₹ 126,852 million, ₹ 99,986 million and ₹ 62,027 million for the six months ended September 30, 2011 and the years ended March 31, 2011, 2010, 2009 and 2008, respectively, as a result of increases in its lending operations. For further details on our Company’s standalone cash flows, see the section titled “**Financial Statement**” beginning on page F-1.

19. ***Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons and departure of our key personnel could adversely affect our business and our ability to pursue our growth strategies***

Our future performance depends on the continued service of our experienced management team and skilled personnel. We also face a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow our business. There is competition for management and other skilled personnel in our industry, and it may be difficult to attract and retain the personnel we need in the future. The loss of key personnel, or inability to attract and retain new personnel may have an adverse affect on our business, results of operations, financial condition and our ability to grow.

20. ***We may not have complied with the terms and conditions set forth in our NBFC registration certificate***

We are registered as a NBFC with the RBI. We currently are a ‘non-deposit accepting NBFC’ and our registration requires us to accept public deposits only after obtaining specific approval from the RBI. The definition of the term ‘public deposit’ is broad under Section 2(1)(xii)(f) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 read with Section 45-I (bb) of the Reserve Bank of India Act, 1934 and excludes “any amount raised by issue of bonds secured by the mortgage of immovable property of the company, provided that the amount of bonds raised shall not exceed the market value of the immovable property”. However, we have historically issued bonds that are not fully secured and therefore, an interpretation may be taken that we may have accepted public deposits without the prior permission of the RBI. The RBI has, pursuant to its letter no. DNBS.PD.1105/03.02.005/2008-09 dated August 08, 2008 confirmed to our Company that such raising of funds would not be treated as ‘public deposits’.

However, we are exposed to the risk that the RBI could, notwithstanding its confirmation to our Company, take action against us, with respect to our historical issuance of bonds that were not fully secured, which could have a material adverse effect on our business, financial condition and results of operations.

21. ***Our borrowers' insurance of assets may not be adequate to protect them against all potential losses to which they may be subject, which could affect our ability to recover the loan amounts due to us***

The terms and conditions of our loan agreements require our borrowers to maintain insurance on their charged assets as collateral for the loan granted by us. However, we have not historically monitored our borrower's compliance with their obligation to maintain insurance and our borrowers may not have the required insurance coverage or the amount of insurance coverage may be insufficient to cover all financial losses that our borrowers may suffer as a result of any uninsured event. In the event the assets charged in our favour are damaged or our borrowers otherwise suffer a loss and there is insufficient insurance to offset the borrower's losses, it may affect our ability to recover the loan amounts due to us.

22. ***We are subject to restrictive covenants under our credit facilities that limit our flexibility in managing our business.***

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our borrowings. These restrictive covenants require us to maintain certain financial ratios and our existing credit rating and seek the prior permission of these banks and financial institutions for various activities, including, among others, change in capital structure, issue of equity, preferential capital or debentures, raising any deposits, selling or transferring any part of our business, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Further, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders. Additionally, these banks and financial institutions also have the powers to appoint a nominee director on our Board, with the prior approval of the GoI, in case of any default on our part in payment of interest or principal towards some of our borrowings. Furthermore, we may not have received the consent from some of our lenders for raising new loans/debentures. For

details of these restrictive covenants, see the section titled “**Financial Indebtedness**” on page 193.

23. *Our interest income and profitability is dependent on our ability to grow our asset portfolio; any failure to continue to grow our business could have an adverse affect on our business, financial condition and results of operations*

Our interest rate margins are determined by the cost of our funding relative to the pricing of our loan products. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control. Our cost of funding has risen from 6.40% for Fiscal 2007 to 8.72% for the six months ended September 30, 2011. While we have generally been able to pass on the increased cost of funds to our customers over this period, we may not be able to continue to do so. In the event we were to suffer a decline in interest rate margins, we would be required to increase our lending activity in order to maintain our then current profit level. However, there can be no assurances that we will be able to do so and we may suffer reduced profitability or losses in the event our interest rate margins were to decrease, which may adversely affect our business, financial condition and results of operations.

24. *The power sector financing industry is becoming increasingly competitive and our profitability and growth will depend on our ability to compete effectively and maintain a low effective cost of funds*

There is heavy competition among Indian public and private sector banks, foreign banks operating in India and financial institutions to lend to the power sector. These competitive pressures affect the Indian financial sector and our growth will depend in large part on our ability to respond in an effective and timely manner to competitive pressures. Competition in our industry depends on, among other things, the ongoing evolution of GoI and state government policies relating to the power and finance industries, the entry of new participants into the industry and the extent to which existing participants in our industry seek to expand their exposure to the power sector. In particular, the Electricity Act, provided opportunities for increased private sector involvement in the Indian power sector.

Many of our existing and future competitors may have greater and more inexpensive resources than we do. Therefore, our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. Our borrowing costs have been competitive in the past due to direct and indirect benefits, including financing we have received from the GoI and as a result of our strong credit ratings, which may also be dependent on our relationship with the GoI. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors, whether due to a change in GoI policy or a reduction in our credit rating or due to other factors, we may not be able to offer competitive interest rates to our borrowers, which could adversely affect our profitability and growth, which would have an adverse affect on our business, financial condition and results of operations.

25. *Power projects carry certain risks that, to the extent they materialise, could adversely affect our business, financial condition and results of operations.*

Our business mainly consists of lending to power sector projects in India. Power sector projects carry project-specific as well as general risks. These risks are generally outside of our control and include:

- political, regulatory, fiscal, monetary and legal actions and policies that may adversely affect the viability of projects to which we lend;
- changes in government and regulatory policies relating to the power sector;
- delays in the construction and operation of projects to which we lend;
- 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;
- shortages of, or adverse price developments for, raw materials and key inputs for power production including domestic and imported coal and natural gas;
- delays in inviting bids for procurement of power by Discoms;
- non conversion of letter of assurance by coal suppliers into binding fuel supply agreement;

- delays in development of captive coal mines;
- delay in obtaining forest clearance, land acquisition, right of way clearance and other relevant clearances;
- adverse geological conditions;
- effectiveness of current technology and its obsolescence in renewable energy.
- increased project costs due to environmental challenges and changes in environmental regulations;
- potential defaults under financing arrangements of project companies and their equity investors;
- failure of co-lenders with us under consortium lending arrangements to perform on their contractual obligations;
- failure of third parties such as contractors, fuel suppliers, sub-contractors and others to perform on their contractual obligations in respect of projects to which we lend;
- adverse developments in the overall economic environment in India;
- adverse fluctuations in interest rates or currency exchange rates;
- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve;
- Technology obsolescence in renewable energy project;

To the extent these or other risks relating to the power projects we finance materialize, the quality of our asset portfolio and our profitability may be adversely affected. Furthermore, as we continue to increase our exposure to generation projects, our individual loan size will likely increase in size, thereby increasing our exposure with respect to individual projects and the potential for adverse affects on our business, financial condition and results of operations and arise in the event these risks relating to the power projects we finance were to materialize.

26. *Negative trends in the Indian power sector or the Indian economy could adversely affect our business, financial condition and results of operations.*

We were founded with the objective of developing the power infrastructure in rural areas. For the foreseeable future, we expect to continue to be a sector-specific public financial institution with a focus on the Indian power sector. Any negative trends or financial difficulties in the Indian power sector could adversely affect our business and financial performance.

We believe that the further development of India's power sector is dependent on regulatory framework, policies and procedures that facilitate and encourage private and public sector investment in the power sector. Many of these policies are evolving and their success will depend on whether they properly address the issues faced and are effectively implemented.

Additionally, these policies will need continued support from stable and experienced regulatory regimes throughout India that not only stimulate and encourage the continued movement of capital into power development, but also lead to increased competition, appropriate allocation of risk, transparency and more efficient power supply and demand management to the end consumer.

The allocation of capital and the continued growth of the power sector are also linked to the continued growth of the Indian economy generally. In particular, the growth of the power industry will be impacted by consumers' income levels and the extent to which they would be willing to pay or can be induced to pay for power.

If the central and state governments' initiatives and regulations in the power sector do not proceed to improve the power sector as intended, or if there is any downturn in the macroeconomic environment in India or in the power sector, our business, financial condition and results of operations and the price of our Equity Shares could be adversely affected.

Additionally, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase

as we expect, the extent to which we are able to grow our business by financing the growth of the power sector would be limited and this could have a material adverse effect on our business, financial condition and results of operations.

27. *Material changes in the regulations that govern us and our borrowers could cause our business to suffer.*

We are regulated by the Companies Act and some of our activities are subject to supervision and regulation by statutory authorities including the RBI, SEBI and Stock Exchanges. For details, see the section titled “**Regulations and Policies**” on page 156. Additionally, our borrowers in the power sector are subject to supervision and regulation by the CERC and SERC. Further, we are subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. We also receive certain benefits and take advantage of certain exemptions available to our classification as a public financial institution under Section 4A of the Companies Act.

The statutory and regulatory framework for the Indian power sector has changed in many important ways in recent years and the impact of these changes is yet to be seen. The Electricity Act puts in place a framework for reforms in the sector, but in many areas the details and timing are yet to be determined. It is expected that many of these reforms will take time to be implemented. Furthermore, there could be additional changes in the areas on tariff and other policies, the unbundling of the SPU, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to companies in the power sector. In 2007, the GoI reviewed the Electricity Act. We presently do not know what the nature or extent of review in future will be, and cannot assure that such review will not have an adverse impact on our business, financial condition and results of operations and performance.

These and other laws and regulations governing our borrowers and us could change in the future and any such changes could adversely affect our business, financial condition and results of operations.

28. *We may fail to obtain certain regulatory approvals in the ordinary course of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses which may have a material adverse effect on the continuity of our business and may impede our effective operations in the future*

We require certain regulatory approvals, sanctions, licenses, registrations and permissions (collectively, “approvals”) for operating our businesses. We may not receive or be able to renew such approvals in the time frames anticipated by us or at all, which could adversely affect our business. For example, we have applied for, but are yet to receive grant of, certain registrations or renewals for some of our project offices. If we do not receive, renew or maintain the regulatory approvals required to operate our business it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future. Additionally, any historical or future failure to comply with the terms and conditions of our existing regulatory or statutory approvals may cause us to lose or become unable to renew such approvals. For further details, see the section titled “**Government and Other Approvals**” on page 225.

29. *We have yet to receive consents/renewals of certain statutory approvals required in the ordinary course of our businesses, and if we are unable to obtain these approvals, our business could be adversely affected*

We have applied for consents/renewals of certain statutory approvals required in the ordinary course of our businesses. If we are unable to obtain the same in a timely manner, or at all, our operations may be affected.

We have also applied to the Trademark Registry, New Delhi for grant of registration for our “” logo (in bilingual form) under the Trade Marks Act, 1999. Consequently, we currently do not enjoy the statutory protections accorded to a registered trademark. We cannot assure you that the applications for registration of such trademarks will be granted by the relevant authorities or when these authorities will grant the registration. Any third party claim on any of our unprotected brands may lead to erosion of our business value and our operations could be adversely affected. We may not be able to detect any unauthorised use or take appropriate and timely steps to enforce or protect our intellectual property.

For further details, see the section titled “**Government and Other Approvals**” on page 225.

30. *There is ambiguity as to whether we are subject to recent amendments of Reserve Bank of India regulations requiring us to adopt prudential norms*

Under the regulatory framework governing NBFCs, “systemically important” non-deposit taking NBFCs (“**NBFC-ND-SIs**”), which are defined as NBFCs having assets of ₹ 1,000 million or more as per the last audited balance sheet, are required to comply with the RBI’s prudential norms. The RBI has issued detailed directions on prudential norms, which, inter alia, prescribe guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, constitution of audit committee, disclosures in the balance sheet, requirement of capital adequacy, restrictions and concentration of credits and investments.

However, the RBI vide its notification dated February 22, 2007 has exempt government companies, conforming to Section 617 of the Companies Act and not accepting/holding public deposit, from applicability of the prudential norms. Although we qualify as an NBFC-ND-SI, we believe that being a government company, we are not required to comply with the regulatory framework governing NBFC-ND-SIs. Further, the RBI vide notification dated July 2, 2007 has exempt government companies, conforming to Section 617 of the Companies Act, from the norms and conditions stipulated on NBFCs accepting public deposits.

On December 13, 2006, our Board of Directors approved our adoption of prudential norms that we believe comply with the extant regulation prescribed by RBI in relation to the prudential norms, subject to certain identified variances.

In order to bring all “systemically important” government owned NBFCs within the framework of Prudential norms, RBI has advised our Company on December 12, 2006 to submit a road map for compliance with various elements of the regulations governing NBFCs. However RBI has noted that the date from which our Company was required to comply with such regulations would be decided later. While our Company has not submitted the said roadmap, it has sought exemption from compliance with the regulations governing NBFCs till the end of XIIth Five Year Plan. Vide letter no.DNBS.CO.ZMD-N/42/14.18.014/2009-10 dated June 29, 2010, RBI has granted exemption to REC from Prudential exposure norms in respect of lending to Central and State utilities in the power sector till March 31, 2012.

Beginning April 1, 2007, we have instituted fully the prudential norms initially approved by our Board of Directors and have subsequently instituted the amendments. We therefore believe that we will be able to comply with the requirements of the amended regulatory framework if it becomes applicable to our Company. However, there can be no assurances that we will be able to do so.

Although the prudential norms that we have instituted are generally similar to the prudential norms prescribed by the RBI for NBFCs, the exposure limits and norms prescribed by our prudential norms may vary from such norms adopted by other strategically important NBFCs.

Specifically, the exposure norms prescribed by the RBI provide that systemically-important non-deposit accepting NBFCs are required to have a policy in respect of exposure to a single entity or group. In case of any extenuating circumstances, such NBFCs may apply to the RBI for an appropriate dispensation consistent with the spirit of the exposure limits.

Our prudential norms limit our exposure, separately, for private and state sector borrowers. In respect of loans to state sector borrowers, our maximum credit exposure varies from 100%(or 50%)to 250% of our Company’s net worth, depending on entity appraisal and status of unbundling of the respective state utilities.

On an application made by REC, RBI, in its letter dated September 17, 2010 categorised REC as an IFC. With this IFC status, REC can now take additional lending exposure of upto 5% of its owned funds in case of a single borrower as well as upto 10% of its owned funds in case of a single group of borrowers. The total permissible exposure would hence be 40% of owned funds in case of a single group of borrowers, and exposure for lending and investing taken together can be upto 30% and 50% of

owned funds, respectively. In addition, REC becomes eligible for issuance of infrastructure bonds and for raising funds upto US\$ 750 million through ECB in a year under RBI's automatic route

REC has approached RBI, through Ministry of Power letter dated 16/01/2012 for allowing exemption to REC from RBI Prudential exposure norms in respect of Central/State sector Borrowers till at least the end of XII Plan after which the matter can be reviewed. Keeping in view its operation in a single Infrastructure Sector and limited number of Borrowers who have considerable need of finance as well as priority of Government of India to this important sector, REC has also requested for certain modifications compared to RBI Norms in the areas of Income Recognition, Asset classification and Provisioning.

All financial data in this Prospectus, including our Financial Statements beginning on page F1, is presented giving effect to our prudential norms as currently implemented.

31. *We are subject to stringent labour laws and trade union activity and any work stoppage could have an adverse affect on our business, financial condition and results of operations.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers upon employee layoffs. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which though not quantifiable, may adversely affect our business and profitability.

Moreover, we are one of the few government enterprises that have a registered trade union under the Indian Trade Unions Act, 1926. The revision in the pay scales of certain class of employees with effect from January 1, 2007 has been implemented provisionally by the REC. On final approval of such revision, additional financial implication may be involved, which has not been quantified and provided for. Although we consider our relations with our unionized employees to be stable and have till date not lost any time on account of strikes or labour unrest, our failure to effectively renegotiate wage revisions or other legitimate union activity could result in work stoppages. Any such work stoppage, though not quantifiable, could have an adverse affect on our business, financial condition and results of operations.

32. *Some of our immovable properties have certain irregularities in title, as a result of which our operations may be impaired*

We own or lease properties for the purposes of our offices (registered office, corporate office and project offices) and for residential purposes for our employees. Certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our owned/leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds have expired and have not yet been renewed. Our business may be adversely affected if we are unable to continue to utilize these properties as a result of any irregularity of title or otherwise.

Further, the land allotted for purposes of constructing our staff colony at sector 57, Gurgaon, Haryana is not yet in our possession.

33. *Some of our records with respect to our financial indebtedness are not traceable*

We are unable to trace documentation with respect to some of our long-term loans granted by the MoF. Specifically, we do not possess sanction letters in relation to loans of ₹ 150 million issued vide sanction letter dated December 15, 1981, ₹ 126 million issued vide sanction letter dated March 30, 1983, ₹ 100 million issued vide sanction letter dated January 13, 1983 and ₹ 150 million issued vide sanction letter dated January 30, 1984. Although we believe we are aware of the details pertaining to such loans, including with respect to interest rates, redemption period, amount outstanding from our records, we cannot assure you that we are not subject to any restrictive arrangements with the GoI pursuant to the loan agreements or that the GoI will not contest our beliefs as to the terms of these loans.

In addition, certain of our lenders may not provide timely confirmation of our outstanding balances to us when required, and consequently we cannot assure you that such lenders will not contest our beliefs as to the outstanding balances of the applicable loans.

34. *We have invested in debt instruments that may carry interest at a lower rate than the prevailing market rate*

As of September 30, 2011, our Company has made investments aggregating to an amount of approximately ₹ 8,368.04 million on a standalone basis, of which ₹ 8,017.20 million is in debt instruments. While we believe that our debt investments carry interests at prevailing market rates, when invested these rates can change due to various factors that may affect the value of our investments and consequently, at a particular point in time these instruments may carry interest at a lower rate than the prevailing market rate.

35. *We have historically incurred capital expenditure without the GoI approval as required under the then existing Articles of Association.*

In Fiscal 2005, our Company incurred capital expenditure of ₹ 71.69 million for the creation of fixed assets for which we did not seek GoI approval, although, at the time the Articles of Association restricted our Company from incurring expenditure more than ₹ 1.50 million without the approval of the GoI. This is notwithstanding the fact that our Company was granted 'mini ratna I' status by the DPE pursuant to its letter dated September 20, 2002. In consonance with the powers that vested with 'mini ratna I' companies, our Company could incur capital expenditure of up to ₹ 3,000 million in a year without seeking GoI approval. The limit was further enhanced to ₹ 5,000 million or equal to the networth of our Company, whichever is less, pursuant to a notification bearing reference no. OM No. 18 (24)/ 2003-GM-GL.66 dated August 5, 2005 issued by the DPE. As a result however, pursuant to a resolution dated August 30, 2005 passed by the Board of Directors of our Company, as approved by its shareholders at the Annual General Meeting dated September 22, 2005, Article 84(2) of the Articles of Association of our Company was amended, consequent to which the Directors of our Company could incur capital expenditure to the extent of ₹ 3,000 million or equal to the net worth of our Company, whichever is lower, without seeking GoI approval.

36. *Our insurance may not be adequate to protect us against all potential losses to which we may be subject.*

We maintain insurance for our physical assets such as our office and residential properties against standard fire and special perils (including earthquake). In addition, we maintain a group personal accident insurance as well as directors' and officers' insurance policy. However, the amount of our insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on our business, financial condition, results of operations, and cash flows.

37. *Any Cross Default of financial indebtedness would trigger payment to all other borrowings made by the corporation thereby adversely affecting the liquidity position of the Company.*

REC has given cross default covenant in few of its borrowings which means that if the company defaults in any of its obligation under its loan, the loan which has the cross default clause will also become payable even if there is no breach of covenant or default of payment on this loan. The risk may have impact on the liquidity in case of happening of such event.

38. *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.

We have entered and may enter into transactions with related parties, including our Directors. There can be no assurance that we could not have achieved more favorable terms on such transactions had they not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into and any future transactions with related parties have involved or could potentially involve conflicts of interest.

- 39. *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.***

Some of our Directors have interests in other companies, which are in businesses similar to ours, which may result in potential conflict of interest. Our Director, Mr. Devender Singh is a director on the board of Power Finance Corporation Limited, which is also in a business similar to ours. For further information with respect to directorships of certain of our Directors, see section titled "***Our Management***" on page 177 of this Prospectus. Accordingly, potential conflicts of interest may arise out of common business objectives shared by us and our Directors and there can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.

- 40. *Any downgrading of our debt rating or India's sovereign rating by a credit rating agency could have a negative impact on our business.***

Any adverse revisions to our credit rating or India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, our ability to obtain financing for lending operations.

- 41. *Our ability to raise foreign currency borrowings may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO UTILIZATION OF ISSUE PROCEEDS:

- 42. *The funding requirements of our Company and the deployment of a portion of the proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and may be revised from time to time***

The funding requirements of our Company and the deployment of the proceeds are based on management estimates and have not been appraised by any bank, financial institution or other independent institution. Our management will have discretion in the application of the proceeds and investors will not have the opportunity, as part of their investment decision, to assess whether we are using the proceeds in a manner that they believe enhances our market value. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change. For further details in this regard, see the section titled "***Objects of the Issue***" on page 110.

- 43. *We have not entered into any definitive arrangements to utilise the proceeds towards the object of this Issue***

We intend to utilize the proceeds for general lending operations of the Company and other associated business objectives, to discharge existing debt obligations which were generally undertaken for business operations. Our Company has not entered into any definitive agreements for utilization of the

Net Proceeds towards the object of this Issue. For further details in this regard, see the section titled “**Objects of the Issue**” on page 110.

RISKS RELATING TO INVESTMENT IN THE BONDS:

44. *There has been no prior public market for the Bonds and it may not develop in the future, and the price of the Bonds may be volatile subject to fluctuations.*

The Bonds have no established trading market. There can be no assurance that a public market for these Bonds would develop or be sustained. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which the Bonds are being issued.

Further, the price of our Bonds may fluctuate after this Issue due to a wide variety of factors, including:

- Changes in the prevailing interest rate;
- Volatility in the Indian and global securities markets;
- Our operational performance, financial results and our ability to expand our business;
- Developments in India's economic liberalization and deregulation policies, particularly in the power sector;
- Changes in India's laws and regulations impacting our business;
- Changes in securities analysts' recommendations or the failure to meet the expectations of securities analysts;
- The entrance of new competitors and their positions in the market; and
- Announcements by our Company of its financial results.

We cannot assure that an active trading market for our Bonds will be sustained after this Issue, or that the price at which our Bonds are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

45. *A debenture redemption reserve will be created, up to an extent of 50% for the Bonds.*

The Department of Company Affairs General Circular No.9/2002 No.6/3/2001-CL.V dated April 18, 2002 specifies that NBFCs registered with RBI under Section 45-IA of the RBI (Amendment) Act, 1997, shall create debenture redemption reserve to the extent of 50% of the value of the debentures issued through public issue. Therefore, we will maintain a debenture redemption reserve only to the extent of 50% of the Bonds issued and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default in excess of such reserve. However, the maintenance of such DRR may get modified in future as per the applicable law at that time.

46. *You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.*

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all.

47. *There is no guarantee that the Bonds issued pursuant to this Issue will be listed on BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the BSE.

48. *Any downgrading in credit rating of our Bonds may affect the trading price of our Bonds.*

The Bonds proposed to be issued under this Issue have been rated “CRISIL AAA/Stable” by CRISIL Limited, “CARE AAA” by CARE, “Fitch AAA(ind)” by FITCH and “[ICRA]AAA” by ICRA Limited. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect REC’s ability to raise further debt.

49. *Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.*

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds.

50. *The Bonds are classified as ‘tax free bonds’ eligible for tax exemption under Section 10(15)(iv)(h) of the Income Tax Act, up to an amount of interest on such bonds.*

The Bonds are classified as ‘tax free bonds’ issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and CBDT Notification. In accordance with the said section, the amount of interest on such bonds shall be entitled to exemption under the provisions of Income Tax Act. Therefore only the amount of interest on bonds is exempt and not the actual amount of investment.

External Risk Factors

51. *A slowdown in economic growth in India could adversely impact our business. Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy*

Any slowdown in the Indian economy or in the growth of the industry to which we provide financing to or future volatility in global commodity prices could adversely affect our borrowers and the growth of our business, which in turn could adversely affect our business, results of operations and financial condition.

India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The recent global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States, led to a loss of investor confidence in worldwide financial markets. Indian financial markets also experienced the effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on our business, financial condition and results of operations.

52. *Shortages in the supply of crude oil, natural gas or coal (domestic and imported) could adversely*

affect the Indian economy and the power sector projects to which we have exposure, which could have a material adverse effect on our business, financial condition and results of our operations.

India imports approximately 75% of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors such as the level of global production and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Future increases in oil prices could affect the Indian economy, including the power sector, and the Indian banking and financial system. High oil prices could also add to inflationary pressures in the Indian economy. Additionally, increases in oil prices may have a negative impact on the power sector and related industries. This could adversely affect our business including our ability to grow, the quality of our asset portfolio, our financial performance, our ability to implement our strategy.

In addition, natural gas is an important input for power projects. India has experienced interruptions in the availability of natural gas, which has caused difficulties in these projects. Continued difficulties in obtaining reliable, timely supply of natural gas could adversely affect some of the projects we finance and could impact the quality of our asset portfolio and our financial performance.

Furthermore, the Indian power sector has been suffering generation loss due to shortage of coal (domestic and imported). Continued shortages of fuel could adversely affect some of the projects we finance and could impact the quality of our asset portfolio and could have a material adverse effect on our business, financial condition and results of operations.

53. *Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could have a material adverse effect on our business, financial condition and results of operations.*

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government of India's policies in the future could affect business and economic conditions in India in general. In addition, any political instability in India or geo-political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general.

54. *Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer.*

We are exposed to the risks resulting from our participation in the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, financial condition and results of operations.

55. *Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have a material adverse effect on our business, financial condition and results of operations.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our power projects under development and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be

granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business, financial condition and results of operations.

56. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on our business, financial condition and results of operations.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our securities trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. Any deterioration in relations between India and its neighbouring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

57. *Natural calamities could have a negative impact on the Indian economy and our business*

India has experienced natural calamities such as earthquakes, tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, in 2005, the Hurricane Katrina in U.S., in 2008, Hurricane in U.S. and Caribbean, in 2011, earthquake in Japan and India (Sikkim) and tsunami in Japan. Such unforeseen circumstances of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, financial condition and results of operations.

58. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business, financial condition and results of operations.*

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern such as swine influenza around the world could have a negative impact on economies, financial markets and business activities worldwide, which could have a material adverse effect on our business, financial condition and results of operations. Although, we have not been adversely affected by such outbreaks, we can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on our business, financial condition and results of operations.

59. *Any downgrading of India's sovereign rating by a credit rating agency could have a negative impact on our business, financial condition and results of operations*

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. Consequently, if India's sovereign credit rating were to be downgraded, we may not be able to competitively price our loans and, accordingly, we may not be able to maintain the profitability or growth of our business. Additionally, if we are unable to competitively price our loans, we are subject to greater levels of prepayments on our loans as borrowers seek loans from our competitors that can offer lower priced loans resulting from their lower cost of capital. Accordingly, any adverse revisions to our credit rating or the India's sovereign credit rating could have a material adverse effect on our business, financial condition and results of operations, our ability to obtain financing for lending operations.

60. *Direct capital market access by our borrowers could adversely affect us*

The Indian capital markets are developing and maturing and, as such, there may be a shift in the pattern of power sector financing. In particular, financially stronger SPU's might source their fund requirement directly from the market. We have a large exposure to SPU's and such changes may have an adverse impact on our profitability and growth, which would have a negative affect on our business, financial condition and results of our operations.

61. *Recent global economic conditions have been unprecedented and challenging and have had, and*

continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, financial condition and results of operations.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies as well as the United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which may continue have a material adverse effect on our business, our financial performance

SECTION III - INTRODUCTION

SUMMARY OF BUSINESS

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

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

We commenced our operations in 1969 for the purpose of developing the power infrastructure in rural areas. We have contributed to the development of rural India and India's agriculture through our funding of transmission and distribution projects in rural areas. Our mandate has evolved in accordance with the development priorities of the GoI and, since Fiscal 2003, permits us to finance all segments of the power sector, including generation, throughout the country. For Fiscal 2011, more than half of our loan sanctions related to generation projects and generation-related loan assets currently comprise more than a third of our total loan assets. 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 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 16¹ 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 long-term borrowing domestic credit ratings from CRISIL, ICRA, FITCH and CARE. On an international basis, we hold long-term borrowing ratings from Fitch and Moody's that are on par with sovereign ratings for India.

The President of India, acting through nominees from the MoP, currently holds 66.80%² of the issued and paid up equity capital of our Company. The GoI, acting through the MoP, oversees our operations and has power to appoint Directors to our Board.

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

- Our loan sanctions and loan disbursements have grown at a CAGR of 23.42% and 22.94%, respectively, between Fiscal 2007 and Fiscal 2011.
- For Fiscal 2011, we sanctioned ₹ 664,199 million of loans, including ₹ 404,917 million relating to generation projects, ₹ 223,202 million relating to transmission and distribution projects and ₹ 36,080 million under short-term loans. For the six months ended September 30, 2011, we sanctioned ₹ 322,817 million of loans, including ₹ 182,945 million of loans relating to generation projects, ₹ 114,072 million of loans relating to transmission and distribution projects and ₹ 25,800 million under short-term loans.

¹ List of Maharatna, Navratna and Miniratna CPSEs
 (Reference: <http://dpe.nic.in/newsite/navmini.htm>)

² Company, as of 31 December 2011

- For Fiscal 2011, we disbursed ₹ 245,193 million of loans, including ₹ 117,539 million relating to generation projects, ₹ 96,534 million relating to transmission and distribution projects and ₹ 31,120 million under short-term loans. For the six months ended September 30, 2011, our loan disbursements amounted to ₹ 116,017 million, including ₹ 59,898 million relating to generation projects, ₹ 43,819 million relating to transmission and distribution projects and ₹ 12,300 million under short-term loans.
- Our Company's loan assets have grown at a CAGR of 27.16% from ₹ 312,622 million in Fiscal 2007 to ₹ 817,255 million in Fiscal 2011 as per its standalone financial statements. As of September 30, 2011, our Company's loan assets were ₹ 903,731 million.
- Our Company's profit after tax as per its standalone financial statements for Fiscal 2007, 2008, 2009, 2010, 2011 and for the six months ended September 30, 2011 was ₹ 6,602.57 million, ₹ 8,601.44 million, ₹ 12,720.73 million, ₹ 20,014.16 million, ₹ 25,699.31 million and ₹ 12,862.43 million, respectively. Our Company's profit after tax as per its consolidated financial statements for Fiscal 2010, 2011 and for the six months ended September 30, 2011 was ₹ 20,222.53 million, ₹ 25,848.93 million and ₹ 12890.85 million, respectively.
- As on September 30, 2011, our Company had total assets of ₹ 930,866.81 million and a net worth of ₹ 140748.58 million as per its standalone financial statement.

OUR STRENGTHS

We believe that the following are our primary strengths:

- Our financial position is strong and our business is profitable
- We are uniquely positioned to access and appraise borrowers in the Indian power sector
- We occupy a key strategic position in the GoI's plans for growth of the power sector
- We have an experienced management team with sector expertise

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

For details in relation to risks faced by our Company in its business, see the section titled **"Risk Factors"** on page 10.

THE ISSUE

The Company has been authorised vide CBDT Notification to raise Tax Free Bonds aggregating upto ₹ 30,000 million by way of public issue in Fiscal 2012.

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “**Issue Structure**” & “**Terms of the Issue**” on page 239 & 243 respectively, of this Prospectus.

COMMON TERMS FOR THE BONDS

Issuer	Rural Electrification Corporation Limited
Issue of Bonds	Public Issue by Rural Electrification Corporation Limited ("REC" or "Issuer" or the "Company") of Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1,000 each in the nature of debentures having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act, 1961, as amended ("Bonds") for an amount of ₹ 15,000 million with an option to retain oversubscription upto an aggregate amount of ₹ 30,000 million ("Issue") on the terms and conditions as set out in this Prospectus.
Face Value (₹)	₹ 1,000
Objects of the Issue	Please refer to Section “ Objects of the Issue ” on page 110 of this Prospectus
Issue Price (₹)	₹ 1,000
Minimum Application	5 Bonds and in multiples of 1 Bond thereafter
Market Lot / Trading Lot	1 Bond
Pay-in Date	Application Date (Full Application Amount is payable on Application)
Ratings	CRISIL “AAA/Stable” by CRISIL, “CARE AAA” by CARE, “Fitch AAA(ind)” by FITCH and “[ICRA]AAA” by ICRA
Listing	BSE
Depository	CDSL & NSDL
Security	The Bonds issued by the Company will be secured by way of first pari passu charge on the identified immovable property(ies) of the Company and first pari passu charge on the book debts of the Company, other than those that are exclusively charged/earmarked to ITSL and/or any other lender(s) of the Company, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed with a minimum security cover of one time of the face value of Bonds outstanding at all times.
Debenture Trustee	IL&FS Trust Company Limited
Registrar	Karvy Computershare Private Limited
Modes of Payment	Cheques payable at par and Demand Draft
Issuance[^]	In dematerialized form
Trading	In dematerialized form only
Issue Opening Date	March 6, 2012
Issue Closing Date*	March 12, 2012 The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 15 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper. Further, Allotment shall be on first come first serve basis, with Issuer Company having the discretion to close the Issue early irrespective of whether any of the Portion(s) are fully subscribed.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Directors of the Company or any committee thereof approves the Allotment of the Bonds. All benefits relating

	to the Bonds including interest on Bonds shall be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment
Lead Managers to the Issue	A. K. Capital Services Limited, SBI Capital Markets Limited, RR Investors Capital Services Private Limited and Kotak Mahindra Capital Company Limited
Consortium Members for marketing of the Issue	A. K. Capital Services Limited, SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited, RR Investors Capital Services Private Limited, A.K. Stockmart Private Limited, SBICAP Securities Limited, Kotak Securities Limited and R R Equity Brokers Private Limited

^ The Bonds will not be allotted in physical form.

* The Issue shall remain open for subscription during banking hours for the period indicated above.

SPECIFIC TERMS

The terms of the Bonds are set out below:

Options	Bond Series 1	Bond Series 2
Tenor*	10 years	15 years
Redemption Date	At the end of 10th year from the Deemed Date of Allotment	At the end of 15th year from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date
Frequency of Interest Payment	Annual	Annual
Minimum Application Size	5 Bonds (₹ 5,000)	5 Bonds (₹ 5,000)
In Multiples of	1 Bond (Rs. 1,000)	1 Bond (Rs. 1,000)
Face Value(₹/Bond)	₹ 1,000	₹ 1,000
Issue Price(₹/Bond)	₹ 1,000	₹ 1,000
Mode of Interest Payment	Through various modes available**	Through various modes available**
Put/Call Option	None	None
Coupon Rates for Category-I, II and III Applicants (% p.a.)	7.93	8.12
Additional Coupon Rates for Category-III Applicants (% p.a.)***	0.20	0.20
Aggregate Coupon Rates for Category-III Applicants (% p.a.)***	8.13	8.32
Nature of Indebtedness and Ranking	The claims of the Bondholders shall be superior to the claims of any unsecured creditors, and shall rank pari passu with other secured creditors having a first pari passu charge on the identified immovable property(ies) of the Company and/or first pari passu charge on the book debts of the Company that are charged as security under this Issue.	

Options	Bond Series 1	Bond Series 2
Credit Ratings	CRISIL Limited (“CRISIL”) vide its letter no. MS/FSR/REC/2011-12/1616 dated February 21, 2012, has assigned a credit rating of “CRISIL AAA/Stable” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. 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. Credit Analysis & Research Limited (“CARE”) vide its letter dated February 21, 2012 has assigned a credit rating of “CARE AAA” to the market borrowing programme of the Company for 2011-12 aggregating ₹ 280,000 million. 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. FITCH Ratings India Private Limited (“FITCH”) vide its letter dated February 21, 2012 has assigned a credit rating of “Fitch AAA(ind)” to the long term borrowing programme of the Company aggregating ₹ 280,000 million. AAA national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the “best” credit risk relative to all other issuers or issues in the country. ICRA Limited (“ICRA”) vide its letter no. D/RAT/2011-12/R722 dated February 21, 2012 has assigned the rating of “[ICRA]AAA” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The 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 should be evaluated independently of any other ratings. For further details, please refer to Appendix - II of this Prospectus, for rationale for the above ratings.	

**Our Company shall allocate and allot Bond Series 2 bearing longest maturity to all valid applications, wherein the Applicants have not indicated their choice of the relevant Bond Series.*

*** For various modes of interest payment, see “**Terms of the Issue – Modes of Payment**” on page 249 of this Prospectus*

****For further details, see “**Terms of the Issue – Interest**” on page 246 of this Prospectus.*

SELECTED FINANCIAL INFORMATION
RURAL ELECTRIFICATION CORPORATION LIMITED
STANDALONE STATEMENT OF ASSETS & LIABILITIES

(₹ in Million)

Description	Schedule Number	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS							
Share Holder's Funds							
(a) Share Capital	1	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00
(b) Reserves & Surplus	2	130,873.99	118,011.56	100,928.76	53,314.16	45,090.45	32,321.07
		140,748.58	127,886.15	110,803.35	61,900.76	53,677.05	40,127.07
Loan Funds							
Secured Loans	3	449,207.65	462,674.31	462,447.38	376,136.53	294,219.51	265,339.72
Unsecured Loans	4	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35	37,470.29
		756,201.31	700,038.22	559,482.28	449,359.58	342,827.86	302,810.01
Deferred Tax Liability	8	-	-	-	9,566.85	8,170.78	7,396.68
Total		896,949.89	827,924.37	670,285.63	520,827.19	404,675.69	350,333.76
APPLICATION OF FUNDS							
Fixed Assets	5						
Gross Block		846.23	844.99	833.76	711.09	838.34	675.55
Less : Depreciation		206.58	192.55	162.81	144.76	135.78	121.85
Net Block		639.65	652.44	670.95	566.33	702.56	553.70
Capital Works-in-Progress		239.28	228.17	228.14	242.70	76.45	82.60
Investments	6	8,368.04	8,368.04	9,098.59	10,048.64	11,473.97	11,945.39
Loans	7	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12	320,991.02
Deferred Tax Assets	8	134.14	127.73	73.67	-	-	-
Current Assets, Loans & Advances	9						
Cash & Bank Balances		7,496.29	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70
Other Current Assets		3,994.41	5,148.82	5,792.89	4,583.91	4,991.20	3,123.59
Loans & Advances		631.72	735.67	1,140.99	570.26	304.49	203.56
		12,122.42	34,203.39	20,837.01	24,014.60	17,826.09	26,299.85
Less : Current Liabilities & Provisions	10						
Current Liabilities		32,848.96	31,338.98	19,613.40	24,464.66	14,886.55	7,149.73
Provisions		1,067.96	5,637.01	5,535.47	3,394.88	3,681.95	2,389.07
		33,916.92	36,975.99	25,148.87	27,859.54	18,568.50	9,538.80
Net Current Assets		(21,794.50)	(2,772.60)	(4,311.86)	(3,844.94)	(742.41)	16,761.05
Total		896,949.89	827,924.37	670,285.63	520,827.19	404,675.69	350,333.76

STANDALONE STATEMENT OF PROFITS & LOSSES

(₹ in Million)

Description	Schedule	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
INCOME							
Operating Income (Net)	11	48,667.18	82,569.11	65,497.58	47,571.69	33,782.19	26,516.96
Other Income	12	762.11	1,530.25	1,578.45	1,626.86	1,592.04	2,022.98
Total		49,429.29	84,099.36	67,076.03	49,198.55	35,374.23	28,539.94
EXPENSES							
Interest and other charges	13	29,132.50	47,809.22	38,912.02	28,858.05	20,528.09	17,408.95
Establishment Expenses	14	611.64	1,274.65	1,171.01	872.24	923.01	498.16
Administration Expenses	15	225.01	336.67	276.76	224.05	182.39	143.53
Bond/ Debt Instrument Issue Expenses	16	547.69	700.89	199.45	113.42	103.52	220.65
Provision for bad & doubtful debts		250.00	2.22	2.22	23.71	399.93	210.45
Depreciation		16.07	30.42	21.55	13.62	13.86	11.29
Provision for Diminution in Investments		-	-	-	10.53	(2.39)	(0.08)
Foreign Exchange Fluctuation Loss		1,327.58	(853.30)	-	(114.22)	95.95	18.27
Total		32,110.49	49,300.77	40,583.01	30,001.40	22,244.36	18,511.22
PROFIT BEFORE TAX & PRIOR PERIOD ITEMS		17,318.80	34,798.59	26,493.02	19,197.15	13,129.87	10,028.72
Prior period adjustment - expenses/ (Income) (net)		-	32.31	1.07	(3.87)	5.67	(33.17)
PROFIT BEFORE TAX		17,318.80	34,766.28	26,491.95	19,201.02	13,124.20	10,061.89
Provision for Taxation:							
Tax -Current Year		4,477.43	9,084.67	6,955.87	5,068.83	3,738.01	2,148.23
- Earlier year		(14.65)	36.35	0.28	0.22	-	141.46
- Adjustment for earlier years		-	-	(483.51)	-	-	-
- Deferred Tax - Current Year		(6.41)	(54.05)	5.15	1396.07	774.10	1,162.91
Deferred tax – earlier year		-	-	-	-	-	44,81.70
Less : Transferred from G/R		-	-	-	-	-	(44,81.70)
fringe benefit taxes		-	-	-	15.17	10.65	6.72
Total		4,456.37	9,066.97	6,477.79	6,480.29	4,522.76	3,459.32
Profit after tax available for appropriations		12,862.43	25,699.31	20,014.16	12,720.73	8,601.44	6,602.57
Add: Reversal of Deferred Tax Liability - Earlier Years		-	-	3,257.69	-	-	-
TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		12,862.43	25,699.31	23,271.85	12,720.73	8,601.44	6,602.57
Appropriation							

Description	Schedule	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Transfer to special reserve u/s 36 (1) (viii) of income tax Act 1961		3,113.00	6,101.10	4,580.30	3,400.00	2,550.00	3,450.00
Reserve u/s 36(1)(viia) of income tax for doubtful debt		725.90	1,440.90	1,076.00	800.00	580.00	340.00
proposed final dividend		-	3,949.84	3,456.11	2,146.65	2,575.98	1,770.00
interim dividend paid		-	3,456.11	2,575.98	1,717.32	-	-
corporate dividend tax :							
- proposed dividend		-	640.76	574.02	364.82	437.79	300.81
- interim dividend		-	573.93	437.70	291.86	-	-
transfer to general reserve		-	2,600.00	5,000.00	2,550.00	1,400.00	720.00
surplus carried to balance sheet		9,023.53	6,936.67	5,571.74	1,450.08	1,057.67	21.76
TOTAL		12,862.43	25,699.31	23,271.85	12,720.73	8,601.44	6,602.57

STANDALONE STATEMENT OF CASH FLOWS

(₹ in Million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
A. Cash Flow from Operating Activities :						
Net Profit before Tax	17,318.80	34,766.28	26,491.95	19,201.02	13,124.20	10,061.89
Adjustments for:						
1. Profit / Loss on Sale of Fixed Assets	(0.27)	0.05	(0.17)	(0.10)	0.08	(0.38)
2. Transfer from general reserves	-	-	-	-	(16.38)	-
3. Depreciation	16.07	30.41	21.54	13.62	13.86	11.29
4. Provision for fall in value of investments	-	-	-	10.53	(2.39)	(0.08)
5. Provision for Bad & doubtful debts	250.00	2.21	2.22	23.71	399.43	210.45
6. Excess Provision written back	-	(292.13)	(10.75)	(0.04)	(1.84)	(130.53)
7. Profit on sale/income of investment in units of "small is Beautiful Fund"	-	(18.99)	(6.71)	(1.10)	(3.30)	(10.65)
8. Loss/(Gain) on Exchange Rate fluctuation	1,327.58	(853.30)	-	(114.22)	95.95	-
9. Amount transferred to security premium	-	-	-	23.60	-	-
10. Dividend from Subsidiary Co.- REC PDCL	(0.50)	(0.50)	(0.50)	-	-	-
11. Discount on issue of Bonds written off	23.49	8.47	-	-	-	-
12. Dividend/Gain on Mutual Funds	(100.32)	(34.74)	-	-	-	-
13. Dividend & Div. Tax paid in excess of provision	-	0.14	0.09	-	-	-
Operating profit before working Capital Changes :	18,834.85	33,607.90	26,497.67	19,157.02	13,609.61	10,141.99
Increase / Decrease :						
1. Loans	(88,292.68)	(156,796.67)	(150,713.90)	(120,673.05)	(72,573.54)	(67,945.36)
2. Other Current Assets	1,154.41	400.35	(1,209.00)	407.30	(1,867.61)	(66.93)
3. Other Loans & Advances	238.87	405.32	17,328.40	(433.08)	(80.72)	(8.91)
4. Current Liabilities	3,296.77	3,924.67	(12,213.51)	6,379.74	6,391.80	1,421.15
Cash outflow from Operations	(64,767.78)	(118,458.43)	(120,310.34)	(95,162.07)	(54,520.46)	(56,458.06)
1. Advance Income Tax Paid	(4,610.54)	(9,642.29)	(6,743.00)	(4,810.93)	(7,496.22)	(2,196.84)
2. Income Tax refund	14.83	-	204.96	-	-	-
3. Wealth Tax paid	(3.74)	(3.55)	(3.67)	(0.22)	(0.02)	(0.02)
4. Fringe Benefit tax paid	-	-	-	(13.26)	(10.66)	(6.72)
Net Cash used in Operating Activities	(69,367.24)	(128,104.27)	(126,852.05)	(99,986.48)	(62,027.36)	(58,661.64)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
B. Cash Flow from Investing Activities						
1. Sale of Fixed Assets	0.49	0.24	0.89	1.34	0.16	1.66
2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	(14.61)	(12.23)	(112.34)	(44.87)	(156.79)	(4.96)
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	-	943.20	943.20	1,414.80	471.60	1,414.80
4. Redemption of units of "Small is Beautiful" Fund	-	31.10	23.85	-	-	-
5. Income on Investments in units of "Small is Beautiful" Fund	-	18.99	6.71	-	(19.48)	(155.31)
6. Investment in Shares of EESL	-	-	(6.25)	-	-	-
7. Sale of Investments in units of "Small is Beautiful" Fund	-	-	-	1.10	37.99	56.25
8. Investment in Shares of Subsidiary Co. "REC Power Distribution Co. Ltd,	-	-	-	-	(0.50)	-
9. Investment in REC Transmission Project Co. Ltd, Subsidiary Co.	-	-	-	-	-	(0.50)
10. Investment in Shares of Indian Energy Exchange	-	-	-	-	(12.50)	-
11. Investment in Mutual Funds	-	-	-	-	-	-
12. Dividend/Gain received on Mutual Funds	100.32	34.74	-	-	-	-
13. Dividend from "REC Power Distribution Co Ltd.	0.50	0.50	0.50	-	-	-
Net Cash used in investing Activities	86.70	1,016.54	856.56	1,372.37	320.48	1,311.94
C. Cash Flow from Financial Activities						
1. Issue of Bonds	117,801.25	154,324.35	165,911.54	138,073.31	60,739.24	87,209.12
2. Redemption of Bonds	(27,140.27)	(50,982.05)	(83,616.27)	(52,654.60)	(35,959.39)	(38,665.28)
3. Raising of Term Loans/STL from /FIs (Net)	(49,595.67)	6,777.09	10,603.79	53,746.33	43,725.00	11,998.00
4. Raising of Foreign Currency Loan (Net)/ECB	13,780.50	55,914.30	5,826.92	4,566.51	1,667.65	8,720.90
5. Grants received from GOI (Net of refund)	6,184.33	48,413.10	50,197.61	54,462.17	39,028.99	30,016.71
6. Disbursement of grants	(7,947.89)	(40,254.19)	(60,036.70)	(51,141.00)	(33,594.15)	(30,094.01)
7. Repayment of Term loans/STL from Banks/FIs	-	-	-	(49,863.83)	(30,065.00)	(6,650.00)
8. Repayment of Govt. Loan	(33.79)	(132.92)	(153.26)	(171.80)	(185.60)	(194.87)
9. Final Dividend paid	(3,949.84)	(3,456.17)	(2,146.73)	(2,575.98)	(1,770.00)	(1,012.60)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
10. Corporate Dividend Tax paid on Final Dividend	(640.68)	(573.94)	(364.84)	(437.79)	(300.81)	(142.02)
11. Issue of Shares	-	-	1,287.99	-	7,978.65	-
12. Security Premium on issue of shares	-	4.12	24,991.82	-	-	-
13. Issue of Commercial Paper	-	-	31,500.00	12,950.00	-	-
14. Repayment of Commercial Paper	-	(24,500.00)	(19,950.00)	-	-	-
15. Interim Dividend paid	-	(3,456.16)	(2,575.98)	(1,717.32)	-	-
16. Corporate Dividend Tax paid on Interim Dividend	-	(574.03)	(437.70)	(291.86)	-	-
Net Cash in-flow from Financing Activities	48,457.94	141,503.50	121,038.19	104,944.14	51,264.58	61,185.95
Net Increase/Decrease in Cash & Cash Equivalents	(20,822.61)	14,415.77	(4,957.30)	6,330.03	(10,442.30)	3,836.25
Cash & Cash Equivalents as at 1st April	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70	19,136.45
Cash & Cash Equivalents as at March 31/September 30	7,496.29	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70
Net Increase/Decrease in Cash & Cash Equivalents	(20,822.61)	14,415.77	(4,957.30)	6,330.03	(10,442.30)	3,836.25

RURAL ELECTRIFICATION CORPORATION LIMITED
STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES

(₹ in millions)

	Description	Schedule Number	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
I	SOURCES OF FUNDS						
	Share Holder's Funds						
	(a) Share Capital	1	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60
	(b) Reserves & Surplus	2	1,31,296.07	1,18,399.81	1,01,167.97	53,345.62	45,108.27
			1,41,170.66	1,28,274.40	1,11,042.56	61,932.22	53,694.87
	Loan Funds						
	Secured Loans	3	4,49,208.45	4,62,674.31	4,62,447.38	3,76,136.53	2,94,219.51
	Unsecured Loans	4	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35
			7,56,202.10	7,00,038.21	5,59,482.28	4,49,359.58	3,42,827.86
	Deferred Tax Liability	8	-	-	-	9,566.86	8,170.78
	Total		8,97,372.76	8,28,312.61	6,70,524.84	5,20858.66	404693.51
II	APPLICATION OF FUNDS						
	Fixed Assets	5					
	Gross Block		851.31	848.69	836.73	712.15	838.34
	Less : Depreciation / Amortization		207.70	193.14	163.12	144.85	135.78
	Net Block		643.61	655.55	673.61	567.30	702.56
	Capital Work-in-Progress		239.28	228.17	273.32	265.27	78.51
	Investments	6	8,117.54	8,367.04	9,097.59	10,047.64	11,472.97
	Loans	7	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12
	Deferred Tax Assets	8	133.85	127.61	73.60	-	-
	Current Assets, Loans & Advances	9					
	(a) Cash & Bank Balances		8,080.91	28,667.90	13,942.28	18,882.97	12,556.84
	(b) Sundry Debtors		228.99	195.34	446.74	-	-
	(c) Other Current Assets		4,022.91	5,160.24	5,793.45	4,583.90	4,991.44
	(d) Loans & Advances		665.17	755.05	1,004.72	563.74	294.55
			12,997.98	34,778.53	21,187.19	24030.61	17,842.83
	Less : Current Liabilities & Provisions	10					
	(a) Current Liabilities		33,054.85	31,527.25	19,784.86	24,476.29	14,887.84
	(b) Provisions						

	Description	Schedule Number	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
			1,067.96	5,637.67	5,521.92	3,390.47	3,681.95
			34,122.81	37,164.92	25,306.78	27,866.76	18,569.79
	Net Current Assets		(21,124.83)	(2,386.44)	(4,119.59)	(3,836.15)	(726.96)
	Misc Exp. To the extent not written off		0.04	0.04	0.17	0.14	1.31
	Total		897,372.76	828,312.61	670,524.84	520858.66	404,693.51

RURAL ELECTRIFICATION CORPORATION LIMITED
STATEMENT OF CONSOLIDATED PROFIT & LOSS

(₹ in millions)

Description	Schedule Number	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
INCOME						
Operating Income (Net)	11	48,667.18	82,569.11	65,497.58	47,571.70	33,782.19
Other Income	12	874.11	1,899.58	1,978.68	1,679.57	1,627.96
Total		49,541.29	84,468.69	67,476.26	49,251.27	35,410.15
EXPENSES						
Interest and other charges	13	29,132.50	47,809.22	38,912.03	28,858.04	20,530.98
Establishment Expenses	14	639.15	1,340.93	1,220.54	890.98	927.40
Administration Expenses	15	255.33	413.64	311.56	235.36	183.75
Bond Issue Expenses	16	547.69	700.89	199.46	113.41	103.81
Provision for bad & doubtful debts		250.00	2.22	2.22	23.71	399.93
Depreciation		16.47	30.71	21.78	13.71	13.86
Provision for Diminution in Investments		-	-	-	10.53	(2.39)
Foreign Exchange Fluctuation Loss/Gain (-)		1,327.58	(853.30)	-	(114.22)	95.95
Total		32,168.72	49,444.31	40,667.58	30,031.53	22,253.29
PROFIT BEFORE TAX & PRIOR PERIOD ITEMS		17,372.57	35,024.38	26,808.68	19,219.74	13,156.86
Prior period adjustment - expenses/ (Income) (net)		1.70	32.81	1.06	(3.87)	5.67
Profit before tax		17,370.87	34,991.57	26,807.62	19,223.61	13,151.19
Provision for Tax:						
Tax -Current Year		4,494.84	9,159.71	7,063.09	5,076.80	3,747.17
- Earlier year		(9.10)	36.94	0.29	0.22	-
- Adjustment for earlier years		-	-	(483.51)	-	-
- Deferred Tax - Current Year		(5.72)	(54.01)	5.22	1,396.07	774.10
- Fringe Benefit Tax		-	-	-	15.26	10.66
Total		4,480.02	9,142.64	6,585.09	6,488.35	4,531.93
PROFIT AFTER TAX & AVAILABLE FOR APPROPRIATION		12,890.85	25,848.93	20,222.53	12,735.26	8,619.26
Add: Reversal of Deferred						

Description	Schedule Number	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Tax Liability - Earlier Years		-	-	3,257.69	-	-
TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		12,890.85	25,848.93	23,480.22	12,735.26	8,619.26
Appropriation						
Transfer to special reserve u/s 36 (1) (viii) of income tax Act 1961		3,113.00	6,101.09	4,580.30	3,400.00	2,550.00
Reserve u/s 36(1)(viii) of income tax for doubtful debt		725.90	1,440.90	1,076.00	800.00	580.00
proposed final dividend		-	3,950.34	3,456.61	2,147.15	2,575.98
interim dividend paid		-	3,456.11	2,575.98	1,717.32	-
corporate dividend tax :						
- proposed dividend		-	640.85	574.10	364.91	437.79
- interim dividend		-	573.93	437.70	291.86	-
Transfer to general reserve		-	2,630.00	5,007.50	2,560.00	1,400.00
Transfer to reserve for doubtful debt		0.87	2.02	-	-	-
surplus carried to balance sheet		9,051.08	7,053.69	5,772.03	1,454.02	1,075.49
TOTAL		12,890.85	25,848.93	23,480.22	12,735.26	8,619.26

STATEMENT OF CONSOLIDATED CASH FLOWS

(₹ in millions)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash Flow from Operating Activities :					
Net Profit before Tax	17,370.87	34,991.57	26,807.62	19,223.61	13,151.19
Adjustments for:					
1. Profit / Loss on Sale of Fixed Assets	(0.21)	0.05	(0.17)	(0.10)	0.08
2. Depreciation	16.47	30.71	21.78	13.71	13.86
3. Provision for fall in value of investments	-	-	-	10.53	(2.39)
4. Provision for Bad & doubtful debts	250.00	2.22	2.22	23.71	399.43
5. Excess Provision written back	-	(292.13)	(10.75)	(0.04)	(1.84)
6. Profit on sale/income of investment in units of "small is Beautiful Fund"	-	(18.99)	(6.71)	(1.10)	(3.30)
7. Loss/(Gain) on Exchange Rate fluctuation	1,327.58	(853.30)	-	(114.22)	95.95
8. Dividend from Subsidiary Co.- REC PDCL	(0.50)	(0.50)	(0.50)	-	-
9. Dividend and Dividend tax paid in excess of provision	-	0.14	0.09	-	-
10. Discount on issue of Bonds written off	23.49	8.47	-	-	-
11. Interest on Income	(14.05)	(1.43)	-	-	-
12. Dividend/Gain on Mutual Funds	(100.32)	(34.74)	-	-	-
13. Amount transferred to security premium	-	-	-	23.60	-
14. Preliminary Expenses written off	-	0.01	0.01	1.18	-
15. Transfer from General Reserve	-	-	-	-	(16.38)
16. Interest Expenses	0.01	-	-	-	-
Operating profit before working Capital Changes :	18,873.33	33,832.06	26,813.59	19,180.88	13,636.60
Increase / Decrease :					
1. Loans	(88,292.68)	(156,796.67)	(150,713.90)	(120,673.05)	(72,573.54)
2. Sundry Debtors	(30.74)	251.41	(435.68)	-	-
3. Other Current Assets	1,124.75	389.47	(1,209.00)	407.27	(1,867.87)
4. Other Loans & Advances	215.37	442.11	17,202.21	(469.32)	(79.94)
5. Current Liabilities & Provisions	3,312.94	3,796.28	(11,814.64)	6,410.04	6,402.26
Cash outflow from Operations	(64,797.03)	(118,085.34)	(120,157.43)	(95,144.45)	(54,482.49)
1. Advance Income Tax Paid	(4,631.09)	(9,707.68)	(6,854.49)	(4,810.93)	(7,505.38)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
2. Income Tax refund	14.83	-	204.96	-	
3. Wealth Tax paid	(3.74)	(3.55)	(3.67)	(0.22)	(0.02)
4. Fringe Benefit tax paid	-	-	-	(13.26)	(10.66)
Net Cash used in Operating Activities	(69,417.03)	(127,796.58)	(126,810.62)	(99,968.59)	(61,998.54)
B. Cash flow from Investing Activities					
1. Sale of Fixed Assets	0.49	0.32	0.91	1.34	0.16
2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	(15.18)	(13.04)	(136.87)	(66.45)	(158.85)
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	-	943.20	943.20	1,414.80	471.60
4. Investments in units of "Small is Beautiful" Fund	-	31.10	23.85	-	(19.48)
5. Income on Investments in units of "Small is Beautiful" Fund	-	18.99	6.71	1.10	37.99
6. Investment in Shares of EESL	-	-	(6.25)	-	-
7. Investment in Shares of Subsidiary Co. "REC Power Distribution Co. Ltd./ RECTPCL	-	-	-	-	-
8. Investment in REC Transmission Project Co. Ltd, Subsidiary Co.	-	-	-	-	-
9. Investment in Shares of Indian Energy Exchange	-	-	-	-	(12.50)
10. Redemption of Shares in SPVs	-	1.50	-	-	-
11. Preliminary Expenses	-	-	(0.04)	-	-
12. Dividend/Gain received on Mutual Funds	100.32	34.74	-	-	-
13. Interest Income	14.05	1.43	-	-	-
14. Dividend from REC Power Distribution Company Limited	0.50	0.50	0.50	-	-
15. Investment in Mutual Funds	-	-	-	-	-
16. preliminary expenses	-	-	-	-	(1.31)
17. Investment in Shares of Vemagiri Transmission System Limited	(0.50)	-	-	-	-
Net Cash used in investing Activities	99.67	1,018.74	832.01	1,350.79	317.60
C. Cash Flow from Financial Activities					
1. Issue of Bonds	117,801.25	154,324.35	165,911.54	138,073.31	60,739.24
2. Redemption of Bonds	(27,140.27)	(50,982.05)	(83,616.27)	(52,654.60)	(35,959.39)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
3. Raising of Term Loans/STL from Banks/FIs (Net)	(49,593.75)	6,777.09	10,603.79	3,882.50	13,660.00
4. Raising of Foreign Currency Loan (Net)	13,780.50	55,914.30	5,826.92	4,566.51	1,667.65
5. Grants received from GOI (Net of refund)	6,184.33	48,413.10	50,197.61	54,462.17	39,028.99
6. -	-	-	-	-	-
7. Disbursement of grants	(7,947.89)	(40,254.19)	(60,036.70)	(51,141.00)	(33,594.15)
8. Repayment of Govt. Loan	(33.79)	(132.92)	(153.26)	(171.80)	(185.60)
9. Final Dividend paid	(3,949.84)	(3,456.17)	(2,146.73)	(2,575.98)	(1,770.00)
10. Corporate Dividend Tax paid on Final Dividend	(640.68)	(573.94)	(364.84)	(437.79)	(300.81)
11. Issue of Shares	-	-	1,287.99	-	7,978.65
12. Security Premium on issue of shares	-	4.13	24,991.82	-	-
13. Issue of Commercial Paper	-	-	31,500.00	12,950.00	-
14. Repayment of Commercial Paper	-	(24,500.00)	(19,950.00)	-	-
15. Interim Dividend paid	-	(3,456.16)	(2,575.98)	(1,717.32)	-
16. Corporate Dividend Tax paid on Interim Dividend	-	(574.03)	(437.70)	(291.86)	-
17. Interest Expenses paid	(0.01)	-	-	-	-
Net Cash in-flow from Financing Activities	48,459.86	141,503.51	121,038.19	104,944.14	51,264.59
Net Increase/Decrease in Cash & Cash Equivalents	(20,857.50)	14,725.67	(4,940.43)	6,326.34	(10,416.35)
Cash & Cash Equivalents as at 1 st april	28,938.41	13,942.24	18,882.71	12,556.62	22,973.19
Cash & Cash Equivalents as at March 31/September 30	8,080.91	28,667.90	13,942.28	18,882.96	12,556.84
Net Increase/(Decrease) in Cash & Cash Equivalents	(20,857.50)	14,725.67	(4,940.43)	6,326.34	(10,416.35)

Limited Review Report for the quarter ended 31st December, 2011

**The Board of Directors
Rural Electrification Corporation Limited
Core-IV, SCOPE Complex
7, Lodi Road,
New Delhi – 110003.**

We have reviewed the accompanying statement of un-audited financial results of Rural Electrification Corporation Limited for the quarter ended 31st December, 2011 except for the disclosures regarding ‘Public Shareholding’ and ‘Promoter and Promoter Group Shareholding’ which have been traced from disclosures made by the management and have not audited by us. These Financial Statements are the responsibility of the Company’s Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Institute of Chartered Accountants of India. The Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Bansal & Co.
Chartered Accountants
Firm Regn No. 001113N

For P.K. Chopra & Co.
Chartered Accountants
Firm Regn No. 006747

(R.C.Pandey)
Partner
M. No. 070811

(K.S. Ponnuswami)
Partner
M. No. 070276

Place: New Delhi
Date: 25th Jan. 2012

(Rs. In Millions)

Sl. No.	Particulars	STANDALONE					
		QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED 31.03.2011 (Audited)
		31.12.2011 (Un-Audited)	30.09.2011 (Un-Audited)	31.12.2010 (Un-Audited)	31.12.2011 (Un-Audited)	31.12.2010 (Un-Audited)	
1	Income						
a	Income from Operations	26,501	25,145	20,860	74,775	59,507	81,088
b	Other Operating Income	136	176	564	529	1,179	1,481
	Total Income from Operations	26,637	25,321	21,424	75,304	60,686	82,569
2	Expenditure						
a	Interest & Finance Expenses	16,449	15,649	12,380	46,129	35,468	48,510
b	Staff Cost	680	302	287	1,313	807	1,275
c	Other Expenditure	92	145	92	316	284	369
d	Provision - Bad and Doubtful Debts	241	-	-	491	1	2
e	Depreciation	7	9	8	23	23	30
f	Foreign Exchange Fluctuation Loss/(Gain)	(866)	1,255	(26)	462	(294)	(853)
	Total Expenditure	16,603	17,360	12,741	48,734	36,289	49,333
3	Profit from Operations before Other Income & Exceptional Items (1-2)	10,034	7,961	8,683	26,570	24,397	33,236
4	Other Income	354	380	331	1,117	910	1,530
5	Profit before Exceptional Items (3+4)	10,388	8,341	9,014	27,687	25,307	34,766
6	Exceptional Items	-	-	-	-	-	-
7	Profit from Ordinary Activities before Tax (5+6)	10,388	8,341	9,014	27,687	25,307	34,766
8	Provision for Taxation						
	- Current Year	2,701	2,135	2,332	7,179	6,572	9,085
	- Earlier Years / (Refund)	-	(15)	36	(14)	36	36
	- Deferred Tax Liability / (Asset)	(8)	(8)	5	(21)	2	(54)
9	Net Profit from Ordinary Activities after Tax (7-8)	7,695	6,229	6,641	20,543	18,697	25,699
10	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
11	Net Profit for the Period (9-10)	7,695	6,229	6,641	20,543	18,697	25,699
12	Paid up Equity Share Capital (Face Value Rs. 10 per share)	9,875	9,875	9,875	9,875	9,875	9,875
13	Reserves & Surplus (Excluding Revaluation Reserves)						118,012
14	Earnings Per Share (EPS) (Face Value Rs. 10 per share)						
a	Basic & Diluted EPS before Extraordinary Items (Rs.)	7.79	6.31	6.72	20.80	18.93	26.03
b	Basic & Diluted EPS after Extraordinary Items (Rs.)	7.79	6.31	6.72	20.80	18.93	26.03
15	Public shareholding						
	- Number of shares	327,852,000	327,852,000	327,852,000	327,852,000	327,852,000	327,852,000
	- Percentage of shareholding	33.20	33.20	33.20	33.20	33.20	33.20
16	Promoters and Promoter Group Shareholding						
	a) Pledged/ Encumbered						
	- Number of shares	NIL	NIL	NIL	NIL	NIL	NIL
	shareholding of promoter and promoter group)	NIL	NIL	NIL	NIL	NIL	NIL
	- % of shares (as a % of the total share capital of the company)	NIL	NIL	NIL	NIL	NIL	NIL
	b) Non-Encumbered shares						
	- Number of shares	659,607,000	659,607,000	659,607,000	659,607,000	659,607,000	659,607,000
	shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- % of shares (as a % of the total share capital of the company)	66.80	66.80	66.80	66.80	66.80	66.80

Notes

1. Previous period figures have been regrouped and re-arranged wherever necessary.
2. The above standalone financial results for the quarter/nine-months ended December 31, 2011 were reviewed by the Audit Committee at the meeting held on January 25, 2012 and approved by the Board of Directors and taken on record at the meeting held on January 25, 2012
3. The company has declared an inter dividend of Rs. 5 per equity share of Rs. 10 each for the financial year 2011 – 12
4. The company has changed its Accounting Policy w.e.f. 01.04.2011 with respect to the accounting treatment of foreign currency translation differences in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates' and has opted for amortising the foreign exchange fluctuation loss/(gain) on the long term foreign currency monetary items over the balance period of such items. Due to this change in accounting policy, the profit before tax for the quarter and nine months ended 31.12.2011 is higher by Rs. 1976.54 millions. The amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is Rs. 1976.54 millions.
5. The company's main business is to provide finance for power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India.
6. These results have been subjected to limited review by the Joint Statutory Auditors of the Company.
7. Pursuant to Clause 41 of the Listing Agreement, the details of Investors complaints are given below:

Listed securities	Pending as on 01.10.2011	Received during the quarter	Resolved during the quarter	Pending as on 31.12.2011
Equity Share	0	152	152	0
Debt Securities	0	5	5	0

GENERAL INFORMATION

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 03, 1970. Our Company became a deemed public limited company with effect from July 01, 1975. Our Company was converted into a public limited company with effect from July 18, 2003. For further details in relation to the corporate history of our Company, see the section titled “**History and Certain Corporate Matters**” on page 160.

Registered and Corporate Office

Our registered and corporate office is presently situated at Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India.

Registration

Details	Registration/Identification number
Registration Number	055 – 5095
Corporate Identity Number	L40101DL1969GOI005095
RBI Registration Number classifying Company as Infrastructure Finance Company	14.000011

For details on changes in our Registered Office, see “**History and Certain Corporate Matters**” on page 160 of this Prospectus.

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Tel: +91 (11) 2623 5704
Fax: +91 (11) 2623 5702

Company Secretary and Compliance Officer

Our Company Secretary is Mr. Rakesh Arora and Compliance Officer is Mr. Surendra Pradhan. Their contact details are as follows:

Company Secretary: Mr. Rakesh Kumar Arora GM (F&A) and Company Secretatry Core-4, SCOPE Complex 7, Lodhi Road, New Delhi 110 003, India Telephone: +91 11 2436 7305 Facsimile: +91 11 2436 2039 E-mail: rkarora@recl.nic.in	Compliance Officer: Mr. Surendra Pradhan Deputy General Manager (Finance) Core-4, SCOPE Complex 7, Lodhi Road, New Delhi 110 003, India Telephone: +91 11 43091676 Facsimile: +91 11 24365461 E-mail: s.pradhan@recl.nic.in

Investors may contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted Bonds in the respective beneficiary account or refund orders, etc.

LEAD MANAGERS TO THE ISSUE

A. K. Capital Services Limited

30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215,
Nariman Point, Mumbai 400021
Tel: +91 22 6754 6500/ 6634 9300; Fax: +91 22 6610 0594

Email: rectfbonds@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Mr. Hitesh Shah
Compliance Officer: Mr. Vikas Agarwal
SEBI Registration No.: INM000010411

SBI Capital Markets Limited

202, MakerTower E, Cuffe Parade,
Mumbai -400 005
Tel: +91 22 2217 8300; Fax: +91 22 2218 8332
Email: recbonds@sbicaps.com
Investor Grievance Email: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr Raman Goyal
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration No.: INM000003531*

**The SEBI registration of SBI Capital Markets Limited was valid up to July 31, 2011. The application for renewal of the certificate of registration in the prescribed manner has been made by SBI Capital Markets Limited on April 29, 2011, to SEBI, three months before the expiry of the period of the certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is currently awaited.*

Kotak Mahindra Capital Company Limited

1st Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021
Tel.: +91 22 6634 1100, Fax: +91 22 2284 0492
Email: rec.bonds@kotak.com
Website: www.kotak.com
Contact Person: Mr. Ganesh Rane
Investor Grievance ID: kmcccredressal@kotak.com
Compliance Officer: Mr. Ajay Vaidya
SEBI Registration No.: INM000008704

RR Investors Capital Services Private Limited

133-A, 13th Floor, A-wing,
Mittal Tower, Nariman Point,
Mumbai - 400 021
Tel: +91 22 2288 6627/28
Fax: +91 22 2285 1925
Email: recbonds@rrfcl.com
Investor Grievance Email: investors@rrfcl.com
Website: www.rrfinance.com / www.rrfcl.com
Contact Person: Mr. Brahmdutta Singh
Compliance Officer: Mr. Sandeep Mahajan
SEBI Registration No.: INM000007508

DEBENTURE TRUSTEE

IL&FS Trust Company Limited
IL&FS Centre, Plot No. C-22, G Block,
3rd Floor, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Website: www.itclindia.com
Contact Person: Ms. Labanya Mukherjee
Email: labanya.mukherjee@ilfsindia.com
SEBI Registration No.: IND000000452

STATUTORY AUDITORS

REGISTRAR TO THE ISSUE

Karvy Computershare Private Limited
Plot no. 17 to 24
Vittthalrao Nagar, Madhapur
Hyderabad 500 086
Telephone No.: +91 40 4465 5000
Facsimile No.: +91 40 23431551
Website: <http://karisma.karvy.com>
Investor Grievance Email: recl.bonds@karvy.com
Contact Person: Mr.M.Murali Krishna
SEBI Registration Number: INR0000000221

M/s Bansal & Co.
Chartered Accountants
A-6, Maharani Bag,
New Dehi 110065
Telephone No: 011-4162 6470
Email: info@bansalco.com
Contact Person: Mr. R.C.Pandey
Firm Registration: 001113N

M/s P K Chopra & Co.
Chartered Accountants
N Block, Bombay Life Building,
Radial Road 7, Connaught Place,
New Delhi 110 007
Telephone No.: 011-23315761
Email: pkc@pkchopra.com
Contact Person: K S Ponnuswami
Firm Registration: 006747N

Legal Advisors to the Issue

M.V. KINI & CO.,
Advocates & Solicitors
“Kini House”
6/39 Jungpura-B
New Delhi 100014
Tel: +91 11 2437 1038/39/40
Fax: +91 11 24379484
E-mail: iporec@mvkini.com

Escrow Collection Banks / Bankers to the Issue

ICICI Bank Limited Capital Market Division 30, Rajabhadur Mansion Mumbai Samachar Marg Fort, Mumbai – 400001 Tel: +91 22 666310322 Fax: +91 22 663310350 E-mail: anil.gadoo@icicibank.com Website: www.icicibank.com Contact Person: Mr. Anil Gadoo SEBI Registration: INBI000000004	State Bank of India Capital Market Branch Videocon Heritage (Killick House) Ground Floor, Charanjit Rai Marg, Mumbai – 400 001 Tel: +91 22 22094932/22094927 Fax: +91 22 22094921/2209422 E-mail: nib.11777@sbi.co.in sbi111777@yahoo.co.in Website: www.statebankofindia.com Contact Person: R. K. Prasad SEBI Registration: INBI000000038	Axis Bank Limited 148, Statesman House, Barakhamba Road, New Delhi – 110001 Tel: +91 11 474251020/41521310 +91 9818557400/9911591303 +91 9582202500 Fax: +91 11 23311054 E-mail: newdelhi.branchhead@axisbank.com kumar.sandeep@axisbank.com ashish.dhall@axisbank.com rajiv.taneja@axisbank.com Website: www.axisbank.com Contact Person: Mr. Sandeep Kumar Mr. Ashish Dhall Mr. Rajiv Taneja SEBI Registration: INBI000000017
Yes Bank Limited 3 rd Floor Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011 Tel: +91 22 66229031 Fax: +91 11 2497 4875 E-mail: dlbtiservices@yesbank.in Website: www.yesbank.in Contact Person: - SEBI Registration: INBI000000935	IndusInd Bank Limited Cash Management Services Solitaire Corporate Park No. 1001, Building No. 10, Ground Floor, Guru Hargovindji Marg, Andheri East, Mumbai – 400093 Tel: +91 22 6772 3901 to 3917 Fax: +91 22 6772 3998 E-mail: sanjay.vasarkar@indusind.com Website: www.indusind.com Contact Person: Mr. Sanjay Vasarkar SEBI Registration: INBI000000002	HDFC Bank Limited FIG – OPS Department Lodha, I Think Techno Campus, O – 3, Level, Next to Kanjurmarg Railway Station Kanjurmargh (East) Mumbai – 400042 Tel: +91 22 30752928 Fax: +91 22 25799801 E-mail: uday.dixit@hdfcbank.com figdelhi@hdfcbank.com ajit.mann@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Uday Dixit SEBI Registration: INBI000000063

Consortium Members for marketing of the Issue

In addition to the Lead Managers, following are also the Consortium Members for marketing of the Issue:

A. K. STOCKMART PRIVATE LIMITED Address: 30-39, Free Press House, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021 Tel. : +91 22 6754 6500; Fax: +91 22 6754 4666 E-mail ID: ankit@akgroup.co.in Website: www.akcapindia.com Contact person: Mr. Ankit Gupta SEBI Registration No.: BSE: INB011269538 NSE: INB231269532	SBICAP SECURITIES LIMITED Regd. Address: 191, 19 th Floor, Maker Tower-‘F’, Cuffe Parade, Mumbai 400005 Corr. Address: Mafatlal Chambers, 2nd floor, C wing, N M Joshi Marg, Lower Parel, Mumbai 400013 Tel: +91 22 4227 3446; Fax: +91 22 4227 3390 Email: archana.dedhia@sbicapsec.com Contact Person: Archana Dedhia SEBI Registration No.: BSE: INB 011053031 NSE: INB 231052938
KOTAK SECURITIES LIMITED Address: 3rd Flr, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai- 400025 Tel.: +91 22 66529191; Fax : +91 22 66617041 E-mail ID: sanjeeb.das@kotak.com Investor Grievance E-mail ID: ipo.redressal@kotak.com Website: www.kotak.com Contact person: Sanjeeb Kumar Das SEBI Registration No.: BSE: INB010808153 NSE: INB230808130	RR EQUITY BROKERS PRIVATE LIMITED Regd. Address: 47 M.M. Road, Rani Jhansi Marg, Jhandewalan, New Delhi – 110 055, India Tel: +91 11 23636362 - 63; Fax: +91 11 23636666 Email: manishagrawal@rrfcl.com Contact Person: Mr. Manish Agrawal SEBI Registration No.: BSE: INB 011219632 NSE: INB 231219636

Bankers to the Company

Axis Bank Limited 148, Statesman House, Barakhamba Road, New Delhi-110001. Telephone: 91 11 47425120, 91 11 41521310 Facsimile : 91 11 23311054 Email: newdelhi.branchhead@axisbank.com Contact Person: Shri Ashish Dhall Website: www.axisbank.com	Corporation Bank Block –11, Ground Floor, CGO Complex , Phase-I, Lodhi Road, New Delhi-110003. Telephone: 91 11 24369891, 91 11 24361469 Facsimile : 91 11 24363542 Email: cb371@corpbank.co.in Contact Person: Shri H. C. Wadhwa Website: www.corpbank.in
Dena Bank Scope Complex Branch, Core No 6, Ground Floor, 7 Lodhi Road, New Delhi-110003. Telephone: 91 11 24360440, 91 11 24360455 Facsimile : 91 11 24363767 Email: scopec@denabank.co.in Contact Person: Shri Sunil Tiwari Website: www.denabank.com	HDFC Bank Limited B6/3, Safdarjung Enclave, DDA Commercial Complex, Opp. Dear Park, New Delhi-110029 Telephone: 91 11 41392156 Fax: 91 11 41652283 Email: figdelhi@hdfcbank.com Contact person: Ms. Kulpreet Behl Website: www.hdfcbank.com
ICICI Bank Limited 9-A, Phelps Building, A- Block, Connaught Place, New Delhi-110001 Telephone: 91 11 86310448, Facsimile : 91 11 66310410 Email: mohit.sa@icicibank.com Contact Person: Shri Mohit Saxena Website: www.icicibank.com	IDBI Bank Limited Indian Red Cross Building, 1, Red Cross Road, New Delhi-110001 Telephone: 91 11 66281027, Facsimile : 91 11 23752730 Email: rajiv.sharma@idbi.co.in Contact Person: Shri Rajiv Sharma Website: www.idbi.com
IndusInd Bank Limited CMS, Solitare Corporate Park, Bldg. No.10, G.F. , G H Marg, Andheri East, Mumbai-400093 Telephone: 91 22 67723901 to 3917 Facsimile : 91 22 67723998	State Bank of India Corporate Accounts Group Branch 11th & 12th Floor, Jawahar Vyapar Bhawan, 1, Tolstoy Marg, New Delhi-110001 Telephone: 91 11 23701007, 23374504

Email: sanjay.vasarkar@indusind.com Contact Person: Shri Sanjay Vasarkar Website: www.indusind.com	Facsimile : 91 11 23353101 Email: rmamt4.cagdel@sbi.co.in Contact Person: Shri Manaw Prasad Website: www.sbi.co.in
State Bank of Hyderabad Core-6, Scope Complex, Lodhi Road, New Delhi-110003 Telephone: 91 11 47154905-18 Facsimile : 91 11 24365907 Email: scopecomplex@sbhyd.co.in Contact Person: Shri N.S. Negi Website: www.sbhyd.com	YES Bank Limited 3rd Floor, Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011 Telephone: 91 22 66229031 Facsimile : 91 22 24974875 Email: dibtiservices@yesbank.in Contact Person: Shri Mahesh Shirali Website: www.yesbank.in

Credit Rating Agencies

CRISIL LIMITED

CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400076
Tel - +91 22 33423000, Fax: +91 22 33423050
Email: crisilratingdesk@crisil.com
Website: www.crisil.com
Contact Person: Mr. Suman Chawdhury
SEBI Registration No.: IN/CRA/001/1999

CREDIT ANALYSIS AND RESEARCH LIMITED

4th Floor, Godrej Coliseum
Samaiya Hospital Road,
Off Eastern Express Highway
Sion (E) Mumbai – 400 022
Tel: +91 22 67543456 Fax: +91 22 67543457
Email: care@carerating.com
Website: www.careratings.com
Contact Person: Mr. Anuj Jain
SEBI Registration No.: IN/CRA/004/1999

FITCH RATINGS INDIA PRIVATE LIMITED

Apeejay House, 6th Floor, 3-Dinshaw Vaccha Road,
Churchgate, Mumbai 400020
Tel: +91 22 40001700; Fax: +91 22 40001701
Email: rajesh.patel@fitchratings.com
Website: www.fitchindia.com
Contact Person: Mr. Rajesh Patel
SEBI Registration No.: IN/CRA/002/1999

ICRA LIMITED

1105, Kailash Building,
11th Floor, 26th Kasturba Gandhi Marg,
New Delhi 110001
Tel: +91 124 4545300; Fax: +91 124 4545350
Email: vivek@icraindia.com
Website: www.icra.in
Contact Person: Mr. Vivek Mathur
SEBI Registration No.: IN/CRA/003/1999

Credit Rating and Rationale

CRISIL Limited (“CRISIL”) vide its letter no. MS/FSR/REC/2011-12/1616 dated February 21, 2012, has assigned a credit rating of “CRISIL AAA/Stable” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. 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. Credit Analysis & Research Limited

("CARE") vide its letter dated February 21, 2012 has assigned a credit rating of "CARE AAA" to the market borrowing programme of the Company for 2011-12 aggregating ₹ 280,000 million. 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. FITCH Ratings India Private Limited ("FITCH") vide its letter dated February 21, 2012 has assigned a credit rating of "Fitch AAA(ind)" to the long term borrowing programme of the Company aggregating ₹ 280,000 million. AAA national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country. ICRA Limited ("ICRA") vide its letter no. D/RAT/2011-12/R722 dated February 21, 2012 has assigned the rating of "[ICRA]AAA" to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The 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 should be evaluated independently of any other ratings. For further details, please refer to Appendix - II of this Prospectus, for rationale for the above ratings.

For details in relation to the rationale for the credit rating by CRISIL, ICRA, CARE and FITCH, please refer Appendix - II.

Expert Opinion

Except the letters dated February 21, 2012, February 21, 2012, February 21, 2012 and February 21, 2012 issued by CRISIL, CARE, FITCH and ICRA, respectively, in respect of the credit rating for the Bonds, the Auditors' Reports on our Standalone Financial Statements as on and for the 5 years ended March 31, 2007, 2008, 2009, 2010, 2011 and six months ended September 30, 2011 dated February 16, 2012 and Consolidated Financials Statements as on and for the years ended March 31, 2008, 2009, 2010, 2011 and six months ended September 30, 2011 dated February 16, 2012 and Statement of Tax Benefits dated February 16, 2012 issued by M/s Bansal & Co. and M/s P.K. Chopra & Co., REC has not obtained any other expert opinion.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith. The Company has decided not to stipulate any minimum subscription for this Issue.

Underwriting

This Issue is not underwritten.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	ISSUE CLOSURES ON
March 6, 2012	March 12, 2012

**The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 15 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Bond Committee of the Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper. Further, Allotment shall be on first come first serve basis with the Issuer Company having the discretion to close the Issue early irrespective of whether any of the Portion(s) are fully subscribed.*

CAPITAL STRUCTURE

The equity share capital of our Company, as on the date of this Prospectus, is set forth below:

(₹ million, except share data)

		Aggregate Value at nominal value
A)	AUTHORISED SHARE CAPITAL*	
	1,200,000,000 Equity Shares	12,000.00
B)	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	
	987,459,000 Equity Shares	9874.59
C)	SECURITIES PREMIUM ACCOUNT	32224.31

*Notes to Capital Structure:

- The authorised share capital of our Company was increased from ₹ 100 million comprising 100,000 equity shares of ₹ 1,000 each to ₹ 250 million comprising 250,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated December 26, 1970.
- The authorised share capital of our Company was increased from ₹ 250 million comprising 250,000 equity shares of ₹ 1,000 each to ₹ 500 million comprising 500,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated February 28, 1973.
- The authorised share capital of our Company was increased from ₹ 500 million comprising 500,000 equity shares of ₹ 1,000 each to ₹ 1,000 million comprising 1,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated December 2, 1974.
- The authorised share capital of our Company was increased from ₹ 1,000 million comprising 1,000,000 equity shares of ₹ 1,000 each to ₹ 1,500 million comprising 1,500,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated September 21, 1979.
- The authorised share capital of our Company was increased from ₹ 1,500 million comprising 1,500,000 equity shares of ₹ 1,000 each to ₹ 3,000 million comprising 3,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated September 30, 1985.
- The authorised share capital of our Company was increased from ₹ 3,000 million comprising 3,000,000 equity shares of ₹ 1,000 each to ₹ 4,000 million comprising 4,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated September 28, 1990.
- The authorised share capital of our Company was increased from ₹ 4,000 million comprising 4,000,000 equity shares of ₹ 1,000 each to ₹ 6,000 million comprising 6,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated December 31, 1992.
- The authorised share capital of our Company was increased from ₹ 6,000 million comprising 6,000,000 equity shares of ₹ 1,000 each to ₹ 8,000 million comprising 8,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated August 8, 1997.
- The authorised share capital of our Company was increased from ₹ 8,000 million comprising 8,000,000 equity shares of ₹ 1,000 each to ₹ 12,000 million comprising 12,000,000 equity shares of ₹ 1,000 each, through a resolution of the shareholders of our Company dated December 19, 2001.
- The authorised share capital of our Company was altered to ₹ 12,000 million divided into 1,200,000,000 Equity Shares by way of split of 12,000,000 equity shares of ₹ 1,000 each to 1,200,000,000 Equity Shares of ₹ 10 each, through a resolution of the shareholders of our Company dated September 27, 2002.

Notes to the Capital Structure

1. Share Capital History

The following is the history of the equity share capital of our Company:

Date of Issue/ allotment	No. of equity shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Considerati on 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 ⁽¹⁾	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
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

Date of Issue/ allotment	No. of equity shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Considerati on in Cash/ other than cash	Cumulative Share Premium	Equity Share Capital (₹)	Cumulative Equity Share Capital (₹)
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
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,	160,000	1,000	1,000	Further issue	Cash	Nil	160,000,000	6,466,000,000

Date of Issue/ allotment	No. of equity shares of our Company	Face Value (₹)	Issue price (₹)	Nature for allotment	Considerati on in Cash/ other than cash	Cumulative Share Premium	Equity Share Capital (₹)	Cumulative Equity Share Capital (₹)
1998								
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
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.								
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

(1) Initial allotment of 1,997 equity shares of ₹ 1,000 each to our Promoter, one equity share of ₹ 1,000 in favour of Mr. K.G.R. Iyer, one equity share of ₹ 1,000 in favour of Mr. A.T. Bambawale and one equity share of ₹ 1,000 in favour of Mr. A.P. Seethapathy, each such individual being the nominee of our Promoter.

** Allotment pursuant to the IPO of our Company comprising of a fresh issue of 78,060,000 Equity Shares and an offer for sale of 78,060,000 Equity Shares by the President of India, acting through the Ministry of Power, Government of India (the “**MoP**”), at an issue price of ₹ 105 per Equity Share.

*** The cumulative share premium of our Company (net of issue expenses), consequent to its IPO and FPO is ₹ 32,224.31 million.

Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Prospectus. Further, none of our Equity Shares have been issued for consideration other than cash.

Our Shareholding Pattern

The table below represents the shareholding pattern of our Company, as on December 31, 2011:

Sr. no.	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(A)	Promoter and Promoter Group ²							
(1)	Indian							
(a)	Individuals/Hindu Undivided Family	0	0	0	0	0	0	0
(b)	Central Government/State Government(s)	1	659607000	659607000	66.8	66.8	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0

(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
(d)	Financial Institutions/Banks	0	0	0	0	0	0	0
(e)	Any Other (Total)	0	0	0	0	0	0	0
	Sub-Total (A)(1)	1	659607000	659607000	66.8	66.8	0	0
(2)	Foreign							
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0
(d)	Any Other (Total)	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	1	659607000	659607000	66.8	66.8	0	0
(B)	Public shareholding³							
(1)	Institutions							
(a)	Mutual Funds/UTI	73	21118673	21118673	2.14	2.14	N.A.	N.A.
(b)	Financial Institutions/Banks	30	6710019	6710019	.68	.68	N.A.	N.A.
(c)	Central Government/State Government(s)	0	0	0	0	0	N.A.	N.A.
(d)	Venture Capital Funds	0	0	0	0	0	N.A.	N.A.
(e)	Insurance Companies	11	40386689	40386689	4.09	4.09	N.A.	N.A.
(f)	Foreign Institutional Investors	326	177030829	177030829	17.93	17.93	N.A.	N.A.
(g)	Foreign Venture Capital Investors	0	0	0	0	0	N.A.	N.A.
(h)	Any Other (Total)	0	0	0	0	0	N.A.	N.A.
	Sub-Total (B)(1)	440	245246210	245246210	24.84	24.84	N.A.	N.A.
(2)	Non-institutions							
(a)	Bodies Corporate	1759	42328595	42328595	4.29	4.29	N.A.	N.A.
(b)	Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >₹ 1 Lakh.	278545	34084676	34074440	3.45	3.45	N.A.	N.A.
	Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of ₹ 1 Lakh	79	2252000	2252000	.23	.23	N.A.	N.A.
(c)	Any Other (Total)	2770	3940519	3940519	.4	.4	N.A.	N.A.
(c1)	CLEARING MEMBERS	394	2413437	2413437	.24	.24	N.A.	N.A.
(c2)	NON RESIDENT INDIANS	2348	944007	944007	.1	.1	N.A.	N.A.
(c3)	TRUSTS	28	583075	583075	.06	.06	N.A.	N.A.

(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)
	Sub-Total (B)(2)	283153	82605790	82595554	8.37	8.37	N.A.	N.A.
	Total Public Shareholding (B)= (B)(1)+(B)(2)	283593	327852000	327841764	33.2	33.2	N.A.	N.A.
	TOTAL (A)+(B)	283594	987459000	987448764	100	100	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	N.A.	0	N.A.	N.A.
C1	Promoter and Promoter Group	0	0	0	N.A.	0	N.A.	N.A.
C2	Public	0	0	0	N.A.	0	N.A.	N.A.
	GRAND TOTAL (A)+(B)+(C)	283594	987459000	987448764	N.A.	100	0	0

5. Except as set forth below, none of our Directors hold any Equity Shares as on February 10, 2012

- (a) Shri Rajeev Sharma – 60 shares
- (b) Shri Hari Das Khunteta – 5,000 shares
- (c) Shri Prakash Thakkar – 4,030 shares

6. Our top ten shareholders and the number of Equity Shares held by them, as on February 10, 2012, are as follows:

S.No	Name	Shares	% ToEquity	Category
1	PRESIDENT OF INDIA	659607000	66.80%	POI
2	LIFE INSURANCE CORPORATION OF INDIA	44440834	4.50%	INS
3	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GLOBAL INVES	29169635	2.95%	FII
4	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	16661708	1.69%	LTD
5	DEUTSCHE SECURITIES MAURITIUS LIMITED	12471686	1.26%	FII
6	ABU DHABI INVESTMENT AUTHORITY - GULAB	8357337	0.85%	FII
7	HDFC TRUSTEE COMPANY LIMITED – HDFC TOP 200 FUND	8162877	0.83%	MUT
8	MONDRIAN EMERGING MARKETS EQUITY FUND L.P.	8116689	0.82%	FII
9	FID FUNDS (MAURITIUS) LIMITED	6256282	0.63%	FII
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND ASERIE	5021890	0.51%	FII

List of top 10 Non-convertible Debenture/Bondholders of the Company as on February 10, 2012:

I. Unsecured Non-convertible Debentures/Bonds

<u>LIST OF TOP 10 NON-CONVERTIBLE DEBENTURES / BONDHOLDERS (TAXABLE BONDS - UNSECURED)</u>					
S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
7.22% Redeemable at par on 31.12.2014- Sr.74					
1	74	National Thermal Power Corporation Limited Employees Provident Fund Trust	Ntpc Bhawan, Scope Complex, Scope Complex Delhi, 110003,	185	185000000
2	74	Oil And Natural Gas Corporation Limited Employees Contributory Provident Fund	Tel Bhawan, Dehradun, Dehradun , 248003,	143	143000000
3	74	Mtnl Employees Provident Fund Trust	Mtnl Corporate Office 6 th Floor,, Mahanagar Doorsanchar Bhavan, , Jawaharlal Nehru Marg, Near Zakir Hussain College New Delhi, 110002,	130	130000000
4	74	Provident Fund Of Tata Steel Limited	Bombay House 24, Homi Mody Street, Homi Mody Street, Fort, Bombay, 400001,	120	120000000
5	74	Nuclear Power Corporation Of India Limited Employees Provident Fund	6th Floor, South Wing Vikram Sarabhai Bhavan, Anushakti Nagar Mumbai, 400094,	110	110000000
6	74	General Insurance Corporation Of India	Suraksha., 170, J. T A T A Road Church Gate, Mumbai, 400020,	100	100000000
7	74	The New India Assurance Company Limited	New India Assurance Building, 87, M.G. Road 87, M.G. Road Fort Mumbai, 400001,	100	100000000
8	74	National Hydroelectric Power Corporation Limited Employees Provident Fund	Secretary Epf, Nhpc Ltd Employees, Provident Fund, 4th Flr F And A Wing, Nhpc Office Complex Sec 33 Faridabad, Haryana, 121003,	100	100000000
9	74	Hindalco Employees Provident Fund Institution	Hindalco Employees Provident Fund, Po Renukoot, Dist Sonbhadra 231217,	75	75000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
10	74	Tata Motors Limited Provident Fund	Bombay House,24 Homi Modi Street,24 Homi Modi Street,Fort,Mumbai,400023,	75	75000000
8.75% Redeemable At Par On 08.06.2025 USNC TXB Bonds - Sr.94					
1	94	Cbt Epf-11-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	3571	3571000000
2	94	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	2800	2800000000
3	94	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O,Axis House Level 4 South Blk Wad,International Centre P B Marg Wo,Mumbai,400025	1744	1744000000
4	94	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	904	904000000
5	94	Maharashtra State Electricity Boards Contributory Provident Fund	Estrella Batteries Expansion Bld,Plot No 1 Dharavi Road,Matunga,Mumbai,400019	602	602000000
6	94	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	280	280000000
7	94	United India Insurance Company Limited	24,Whites Road,Chennai ,600014	200	200000000
8	94	The Provident Fund For The Employees Of Indian Oil Corporation Ltd.(Marketing Division)	(9277) Indian Oil Bhavan,G 9 Ali Yavar Jung Marg Bandra (East),Mumbai,400051	195	195000000
9	94	Oil India Employees Pension Fund	Po Duliajan,Dist Dibrugarh Assam,786602	160	160000000
10	94	Oil India Limited Employees Provident Fund	Po Duliajan ,Dist Dibrugarh,786602	151	151000000
8.70% Redeemable At Par On 12.07.2019 USNC TXB Bonds 95 Series-I					
1	95-I	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	1700	1700000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
2	95-I	Bhel Employees Provident Fund	Bhel Hdep Unit,Rama Chandra Puram Hyderabad,502032	200	200000000
3	95-I	General Insurance Corporation Of India	Suraksha.,1 7 0, J. T A T A Road Church Gate,Mumbai,400020	100	100000000
8.75% Redeemable At Par On 08.06.2025 USNC TXB Bonds 95 Series-II					
1	95-II	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	5605	5605000000
2	95-II	Cbt Epf-11-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	4132	4132000000
3	95-II	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	2038	2038000000
4	95-II	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O,Axis House Level 4 South Blk Wad,International Centre P B Marg Wo,Mumbai,400025	1330	1330000000
5	95-II	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	710	710000000
6	95-II	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	650	650000000
7	95-II	Maharashtra State Electricity Boards Contributory Provident Fund	Estrella Batteries Expansion Bld,Plot No 1 Dharavi Road,Matunga,Mumbai,400019	364	364000000
8	95-II	The Provident Fund For The Employees Of Indian Oil Corporation Ltd.(Marketing Division)	(9277) Indian Oil Bhavan,G 9 Ali Yavar Jung Marg Bandra (East),Mumbai,400051	270	270000000
9	95-II	Coal Mines Pension Fund	State Bank Of India,Sec. Ser. Br,Epfo Sec. Mumbai Main Br. Bldg,Mumbai Samachar Marg,Fort, Mumbai,400001	257	257000000
10	95-II	Bangiya Gramin Vikash Bank	Bmc House, Chuapur,P. O. Berhampore,Dist. Murshidabad, W.B 742101	250	250000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8.80% Redeemable At Par On 25.10.2020 USNC TXB Bonds - Sr.96					
1	96	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	4652	4652000000
2	96	Cbt Epf-11-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	982	982000000
3	96	State Bank Of India Employees Pension Fund	Central Account Office,Kankaria Centre,2/1, Russel Street,Kolkata,700071	950	950000000
4	96	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	665	665000000
5	96	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	550	550000000
6	96	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	400	400000000
7	96	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	390	390000000
8	96	Postal Life Insurance Fund A/C Sbifmpl	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	250	250000000
9	96	Kotak Mahindra Old Mutual Life Insurance Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc, Bandra (East),Mumbai India,400051	249	249000000
10	96	Aai Epf Trust	Rajiv Gandhi Bhawan,Safdarjung Airport New Delhi,110003	200	200000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8.80% Redeemable At Par On 29.11.2020 USNC TXB Bonds - Sr.97					
1	97	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	5000	5000000000
2	97	State Bank Of India Employees Pension Fund	Central Account Office,Kankaria Centre,2/1, Russel Street,Kolkata,700071	2910	2910000000
3	97	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	2500	2500000000
4	97	Cbt Epf-11-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1849	1849000000
5	97	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1514	1514000000
6	97	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	650	650000000
7	97	Nhpc Limited	Nhpc Office Complex,Sector - 33 Faridabad,121003	600	600000000
8	97	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	461	461000000
9	97	Coal Mines Pension Fund	State Bank Of India,Sec. Ser. Br,Epfo Sec. Mumbai Main Br. Bldg,Mumbai Samachar Marg,Fort, Mumbai,400001	408	408000000
10	97	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	350	350000000
Redeemable At Face Value INR 30,000/-On 15.12.2020 USNC ZCB -Issue Price 13578/-- ZCB-I					
1	ZERO CPN 1	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	50020	679171560
2	ZERO CPN 1	Hero Motocorp Ltd	34 Basant Lok,Vasant Vihar New Delhi,110057	37000	502386000
3	ZERO CPN 1	Akzo Nobel India Limited	10th Floor,Dlf Plaza Tower,Gurgaon 122002	29450	399872100

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
4	ZERO CPN 1	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Serviv,Lodha-I Think Techno Campus 8th,Next To Kanjurmarg Railway Station,Kanjurmarg E Mumbai,400042	22793	309483354
5	ZERO CPN 1	V S Dempo Holdings Pvt Ltd	Dempo House,Campal,Panaji,Goa,40300 1	14730	200003940
6	ZERO CPN 1	Deutsche Bank International Asia - Debt Fund	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	14495	196813110
7	ZERO CPN 1	Religare Finvest Ltd	Religare Finvest Ltd,D3 P3b District Centre,Saket,New Delhi,110017	14320	194436960
8	ZERO CPN 1	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	11680	158591040
9	ZERO CPN 1	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	11330	153838740
10	ZERO CPN 1	Lavina Ashish Goenka	51a Embassy Apartments Chs Ltd 46 Nepean Sea Road,Mumbai,400036	8350	113376300
Redeemable At Face Value INR 30,000/-On 03.02.2021 USNC ZCB -Issue Price 12967/- ZCB-II					
1	ZERO CPN 2	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	8500	110219500
2	ZERO CPN 2	Ing Vysya Life Insurance Company Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	3860	50052620
3	ZERO CPN 2	Disha Kohli	D5- 2, Phase I,Dlf City,Gurgaon,Haryana,122002	3800	49274600
4	ZERO CPN 2	Anshuman Magazine	B-6 Hira Mahal 44-Amrita Shergill Marg,New Delhi,110003	3800	49274600
5	ZERO CPN 2	Dbh International Pvt Ltd	N-75 Connaught Circus,Bombay Life Building New Delhi,110001	3760	48755920
6	ZERO CPN 2	Max New York Life Insurance Co Ltd	Hsbc Securities Services,2nd Floor, Shiv, Plot No.139-140,Western Exp Highway,Sahar Rd Jun,Vile Parle-E Mumbai,400057	3330	43180110
7	ZERO CPN 2	Gaurav Pradeep Rathod	120, Jawahar Nagar Road,No. 10,Goregaon West,Mumbai.,400062	3080	39938360
8	ZERO CPN 2	Rmk Infotech Private Limited	A-2 Udyog Nagar,Industrial Area,Rohtak Road,New Delhi,110041	3030	39290010
9	ZERO CPN 2	Rajesh Gill	196 Cranbrook Road,Ilford, Essex,U K Ig14lu 111111	3020	39160340

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
10	ZERO CPN 2	Religare Finvest Ltd	Religare Finvest Ltd,D3 P3b District Centre,Saket,New Delhi,110017	2637	34193979
9.18% Redeemable At Par On 15.03.2021 USNC TXB Bonds - Sr.98					
1	98TH	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	30000	30000000000
9.70% Redeemable At Par On 08.06.2012 USNC TXB Bonds - Sr.99-I					
1	99-I	J.P.Morgan Securities Asia Private Limited	Jpmorgan Chase Bank N.A.,India Sub Custody,6th Floor, Paradigm B,Mindspace, Malad W, Mumba,400064	2300	23000000000
2	99-I	Ambre Mauritius Investment Limited	J.P.Morgan Chase Bank N.A.,India Sub Custody,6th Floor, Paradigm B,Mindspace, Malad W, Mumba,400064	2200	22000000000
3	99-I	Deutsche Bank International Asia - Debt Fund	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	2050	20500000000
4	99-I	Standard Chartered Bank (Mauritius) Limited -Debt	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	2000	20000000000
5	99-I	Barclays Merchant Bank (Singapore) Ltd.	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1500	15000000000
6	99-I	Nomura Mauritius Limited A/C Nomura Investments (Singapore) Pte. Ltd.	Hsbc Securities Services,2nd Floor, Shiv, Plot No.139-140,Western Exp Highway,Sahar Rd Jun, Vile Parle-E Mumbai,400057	1250	12500000000
7	99-I	Bank Of America Singapore Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1250	12500000000
8	99-I	Goldman Sachs Investments (Mauritius) I Ltd	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	750	7500000000
9	99-I	Credit Suisse Ag Singapore Branch	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	500	5000000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
10	99-I	Macquarie Emerging Markets Asian Trading Pte. Ltd.	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	500	500000000
9.75% Redeemable At Par On 07.06.2014 USNC TXB Bonds - Sr.99-II					
1	99-II	Tnsc Employees Pension Fund Trust	Thiruvalluvar House Pallavan Salai Chennai,600002	1000	1000000000
2	99-II	Bank Of Baroda (Employees) Pension Fund	Baroda House,First Floor,Mandvi,Baroda,390006	500	500000000
3	99-II	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road Fort Mumbai,400001	250	250000000
4	99-II	Allahabad Bank (Employees') Pension Fund	2, Netaji Subhas Road ,Kolkata,700001	250	250000000
5	99-II	Bank Of Baroda Gratuity Fund	Baroda House,First Floor,Mandvi,Baroda,390006	250	250000000
6	99-II	The Andhra Pradesh State Coop Bank Ltd	Post Box No 142,Troop Bazar Hyderabad,500001	250	250000000
7	99-II	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	200	200000000
8	99-II	The Karnataka Bank Ltd	Raheja Centre,Plot No-214,Free Press Journal Marg,Nariman Point Mumbai,400021	150	150000000
9	99-II	Icici Prudential Capital Protection Oriented Fund Series Iii-36 Months Plan	Hdfc Bank Ltd Custody Services,Lodha-I Think Techno Campus Off,8, Next To Kanjurmarg Rly Stn,Kanjurmarg East Mumbai,400042	150	150000000
10	99-II	Triveni Kshetriya Gramin Bank	2077/A, Naya Patel Nagar,Churkhi Road,,Orai,285001	100	100000000
9.63% Redeemable At Par On 15.07.2021 USNC TXB Bonds - Sr.100					
1	100	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	15000	15000000000
9.43% Redeemable At Par On 10.08.2014 USNC TXB Bonds - Sr.101-I					
1	101-I	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	600	600000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
2	101-I	Icici Prudential Short Term Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	373	373000000
3	101-I	Hdfc Trustee Company Ltd Hdfc Mf Monthly Income Plan Long Term Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	250	250000000
4	101-I	Icici Prudential Regular Savings Plan	Hdfc Bank Ltd Custody Services,Lodha-I Think Techno Campus Off,8, Next To Kanjurmarg Rly Stn,Kanjurmarg East Mumbai,400042	250	250000000
5	101-I	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	250	250000000
6	101-I	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Hybrid Fund - Series 2	Deutsche Bank Ag, Db House,Hazarimal Somani Marg P.O.Box No. 1142, Fort Mumbai 400001	250	250000000
7	101-I	The National Bank For Agriculture And Rural Development	C 24 Nabard G Block,Bandra Kurla Complex Mumbai,400051	250	250000000
8	101-I	Sbi Capital Protection Oriented Fund-Series Iii	Hdfc Bank Ltd Custody Services,Lodha-I Think Techno Campus Off,8, Next To Kanjurmarg Rly Stn,Kanjurmarg East Mumbai,400042	200	200000000
9	101-I	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Hybrid Fund - Series 1	Deutsche Bank Ag, Db House,Hazarimal Somani Marg P.O.Box No. 1142, Fort Mumbai 400001	197	197000000
10	101-I	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Capital Protection Oriented Fund - Series 7	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	140	140000000
9.45% Redeemable At Par On 10.08.2016 USNC TXB Bonds - Sr.101-II					
1	101-II	Bajaj Allianz General Insurance Company Limited	Standard Chartered Bank, CrescendoSecurities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	500	500000000
2	101-II	Birla Sun Life Trustee Company Pvt Limited A/C Birla Sun Life Dynamic Bond Fund	Standard Chartered Bank, CrescendoSecurities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	450	450000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
3	101-II	Canara Robeco Mutual Fund A/C Canara Robeco Indigo Fund	Hsbc Securities Services,2nd Floor, Shiv, Plot No.139-140, Western Exp Highway,Sahar Rd Jun,Vile Parle-E Mumbai,400057,	300	300000000
4	101-II	Hdfc Trustee Company Ltd Hdfc Mf Monthly Income Plan Long Term Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	250	250000000
5	101-II	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road Fort Mumbai,400001	250	250000000
6	101-II	Bank Negara Malaysia	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No. 60 Bkc Bandra East,Mumbai,400051	200	200000000
7	101-II	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Serv,Lodha-I Think Techno Campus 8th,Next To Kanjurmarg Railway Stati,Kanjurmarg E Mumbai,400042	200	200000000
8	101-II	Jtsb, Ltd. As Trustee For Cma Trust And Banking Company,Limited As Trustee For Kokusai Asia Pacific Sovereign Open Mother Fund	Jpmorgan Chase Bank N.A.,India Sub Custody,6th Floor, Paradigm B,Mindspace, Malad W, Mumba,400064	200	200000000
9	101-II	Central Bank Of India	Central Bank Of India,Treasury Department Chandramukhi Building,Nariman Po,Mumbai,400021	100	100000000
10	101-II	Sbimf-Magnum Monthly Income Plan	Hdfc Bank Ltd Custody Services,Lodha-I Think Techno Campus Off,8, Next To Kanjurmarg Rly Stn,Kanjurmarg East Mumbai,400042	100	100000000
9.48% Redeemable At Par On 10.08.2021 USNC TXB Bonds - Sr.101-III					
1	101-III	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	6150	6150000000
2	101-III	Reliance Capital Trustee Co Ltd A/C Reliance Monthly Income Plan	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	2200	2200000000
3	101-III	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1587	1587000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
4	101-III	Icici Prudential Life Insurance Company Ltd	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	1100	1100000000
5	101-III	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	950	950000000
6	101-III	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	880	880000000
7	101-III	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	816	816000000
8	101-III	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	753	753000000
9	101-III	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	750	750000000
10	101-III	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Monthly Income	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	550	550000000
9.38% Redeemable At Par On 06.09.2016 USNC TXB Bonds - Sr.102					
1	102	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	1850	1850000000
2	102	Bank Of India	Treasury Branch Head Office,Star House,7th Floor,C-5,'G'block,Bandra Kurla Comple,Bandra(East)Mumbai.,400051	1450	1450000000
3	102	Hdfc Trustee Company Ltd Hdfc Mf Monthly Income Plan Long Term Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	1250	1250000000
4	102	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051	1250	1250000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
5	102	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (East), Mumbai India, 400051	1073	1073000000
6	102	Cbt Epf-11-B-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (East), Mumbai India, 400051	820	820000000
7	102	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	700	700000000
8	102	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescendo Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (East), Mumbai India, 400051	608	608000000
9	102	Hdfc Trustee Company Ltd A/C Hdfc Medium Term Opportunities Fund	Hdfc Bank Ltd Custody Services, Lodha-I Think Techno Campus Off, 8, Next To Kanjurmarg Rly Stn, Kanjurmarg-E, Mumbai, 400042	550	550000000
10	102	Cbt Epf-11-A-Dm	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	502	502000000
9.35% Redeemable At Par On 19.10.2016 USNC TXB Bonds - Sr.103-I					
1	103-I	Hsbc Bank (Mauritius) Limited	Hsbc Securities Services 2nd Floor "Shiv" Plot No 139-140, Western Express Highway Sahar Rd Junct, Vile Parle, 400057	4100	4100000000
2	103-I	Ubs Ag	Hsbc Securities Services, 2nd Floor "Shiv", Plot No 139-140, Western Exp Highway, Sahar Rd Jun, Vile Parle-E, Mumbai, 400057	1550	1550000000
3	103-I	J.P.Morgan Securities Asia Private Limited	Jpmorgan Chase Bank N.A., India Sub Custody, 6th Floor, Paradigm B, Mindspace, Malad W, Mumba, 400064	1000	1000000000
4	103-I	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O, Axis House Level 4 South Blk Wad, International Centre P B Marg Wo, Mumbai, 400025	750	750000000
5	103-I	Deutsche Bank International Asia - Debt Fund	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	500	500000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
6	103-I	Aberdeen Asia Bond Institutional Fund	Deutsche Bank Ag, Db House, Hazarimal Somani Marg P.O.Box No. 1142, Fort Mumbai 400001	258	258000000
7	103-I	Qief Management Llc A/C Q Acpi India Fixed Income Fund Limited	Hsbc Securities Services, 2nd Floor, Shiv, Plot No. 139-140, Western Exp Highway, Sahar Rd Jun, Vile Parle-E Mumbai, 400057	250	250000000
8	103-I	International Opportunities Funds Asian Localbond	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	250	250000000
9	103-I	Sbm Capital Management Limited	Hdfc Bank Ltd Custody Services, Lodha -I Think Techno Campus Off, Flr 8, Next To Kanjurmarg Rly St, Kanjurmarg - E, Mumbai, 400042	200	200000000
10	103-I	Ubs Ag	Hsbc Securities Services, 2nd Floor "Shiv", Plot No. 139-140, Western Exp Highway, Sahar Rd Ju, Vile Parle-E, Mumbai, 400057	200	200000000
9.35% Redeemable At Par On 19.10.2016 USNC TXB Bonds - Sr.103-II					
1	103-II	Dbs Bank Ltd	Dbs Bank Ltd - Custody Dept., 3rd Floor, Fort House, 221 Dr D N Road, Fort, Mumbai, 400001	2500	2500000000
2	103-II	Deutsche Bank International Asia - Debt Fund	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	2500	2500000000
9.30% Redeemable At Par On 03.11.2016 USNC TXB Bonds - Sr.104					
1	104	Citicorp Investment Bank (Singapore) Limited	Citibank N A, Custody Services, 3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East, Mumbai, 400051	3000	3000000000
2	104	Kotak Wm India Fund Limited	C/O Kotak Mahindra Bank Limited, Kotak Infiniti, Bldg. No. 21, 6th, Zone Iv, Custody Servs, Infinity P, Gen. Ak Vaidya Marg, Mala, 400097	3000	3000000000
3	104	Nomura Mauritius Limited	Hsbc Securities Services, 2nd Floor "shiv", Plot No. 139-1, Western Exp Highway, Sahar Rd Jun, Vile Parle - E Mumbai, 400057	2000	2000000000
4	104	India High Yield Fund	Deutsche Bank Ag, Db House, Hazarimal Somani Marg P.O.Box No. 1142, Fort Mumbai 400001	2000	2000000000

S. No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
5	104	Morgan Stanley Investments (Mauritius) Limited	Hsbc Securities Services, 2nd Floor "Shiv", Plot No 139-14, Western Exp. Highway, Sahar Rd J, Vile Parle-E, Mumbai, 400057	250	250000000
9.75% Redeemable At Par On 11.11.2021 USNC TXB Bonds - Sr.105					
1	105	The State Bank Of India Employees Provident Fund	16th Floor, Ppg Deptt, Corporate Centre, M. C. Road, Mumbai, Maharashtra, 400021	10000	10000000000
2	105	Life Insurance Corporation Of India	Investment Department, 6th Floor, West Wing, Central Of, Yogakshema, Jeevan Bima Marg, Mumbai, 400021	10000	10000000000
3	105	Bank Of India	Treasury Branch Head Office, Star House, 7th Floor, C-5, 'G' block, Bandra Kurla Comple, Bandra (East) Mumbai., 400051	1250	1250000000
4	105	Welspun India Limited	Rehem Mansion No. 1, 1st Floor, 36/42, Shahid Bhagat Singh Road, Colaba, Mumbai., 400039	900	900000000
5	105	Coal Mines Provident Fund	C/O Icici Securities Primary, Dealership Limited, Icici Centre, H. T. Parekh Marg, Churchgate Mumbai, 400020	850	850000000
6	105	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	638	638000000
7	105	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services, Lodha - I Think Techno Campus, Off Flr 8, Next To Kanjurmarg St, Kanjurmarg East Mumbai, 400042	550	550000000
8	105	Kotak Mahindra Old Mutual Life Insurance Limited	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc, Bandra (Ea, Mumbai India, 400051	548	548000000
9	105	Reliance Capital Limited	570, Rectifier House, Naigaum Cross Road, Next To Royal Indl. Estate, Wadala, Mumbai, 400031	500	500000000
10	105	State Bank Of India Employees Pension Fund	Central Account Office, Kankaria Centre, 2/1, Russel Street, Kolkata, 700071	500	500000000

II. Secured Non-convertible Debentures/Bonds

<u>LIST OF TOP 10 NON-CONVERTIBLE DEBENTURES / BONDHOLDERS (TAXABLE BONDS - SECURED)</u>					
<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
12% Redeemable at par on 05.12.2011- Sr. 23-II					
1	23-II	Union Bank Of India	C/O. ILFS, ILFS House, Plot No.14 Raheja Vihar, Chandivali Andheri (E), Mumbai, 400072,	12000	120000000
2	23-II	The H.P. State Co-Operative Bank Ltd.	The Mall, No 1 Bank Bldg Shimla, 171001,	5000	50000000
3	23-II	State Bank Of India	Sbi Sg Global Secu. Serv. P. L., Jeevan Seva Extension Bldg. Gr. Floor, S.V. Road, Santacruz W, Mumbai, 400054,	4580	45800000
4	23-II	Tata Motors Limited Superannuation Fund	24 Homi Modi Street, Bombay House, Fort, Mumbai, 400023,	4000	40000000
5	23-II	Oriental Bank Of Commerce	4th Flr, Competent House, F-14, Connaught Place New Delhi, 110001,	1500	15000000
6	23-II	Syndicate Bank	F I M Department, Maker Towers E Ii Floor, Cuffe Parade Colaba, Mumbai, 400005,	1000	10000000
7	23-II	State Bank Of Hyderabad	Treasury Department, 7th Floor Sbi Lho Building, Bandra-Kurla Complex, Bandra (East) Mumbai, 400051,	1000	10000000
8	23-II	Bank Of Baroda	Dgm, Bank Of Baroda, Specialized Integrated Treasury Br., Bst, 4th And 5th Floor, C-34 G-Block, Bandra Kurla Complex, Mumbai, 400051,	500	5000000
9	23-II	The Udaipur Urban Co-Operative Bank Ltd	9 C-A Madhuvan, 1st Floor, Udaipur, Rajasthan, 313001,	250	2500000
10	23-II	Ashok Leyland Employees Ennore Provident Fund	Ashok Leyland Ltd, Ennore, Chennai 600057,	250	2500000
6.05% Redeemable At Par On 23.01.2014- Sr.69					
1	69	Bank Of Baroda	Dgm, Bank Of Baroda, Specialized Integrated Treasury Br., Bst, 4th And 5th Floor, C-34 G-Block, Bandra Kurla Complex, Mumbai, 400051,	3000	120000000
2	69	Bank Of India	Treasury Branch Head Office, Star House, 7th Floor, C-5, 'G' block, Bandra Kurla Complex, Bandra (East) Mumbai, 400051,	500	200000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
3	69	Central Bank Of India	Central Bank Of India,Treasury Department Chandramukhi Building,Nariman Point Mumbai,400021,	250	100000000
4	69	Union Bank Of India	C/O. ILFS, ILFS House,Plot No.14 Raheja Vihar,Chandivali Andheri (E),Mumbai,400072,	250	100000000
5	69	Punjab National Bank Employees Pension Fund	Punjab National Bank,Third Floor, Rajendra Bhawan,Rajendra Place,New Delhi,110008,	250	100000000
6	69	National Insurance Company Ltd	Inv Dept,Everest House, 4 Th F L O O R 46 C, J. N. Road,Cal Cutta,700071,	250	100000000
7	69	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road Fort Mumbai,400001,	250	100000000
8	69	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	150	60000000
9	69	Indian Bank	Indian Bank , Corporate Office,Treasury Branch, No.254-260,Avvai Shanmugam Salai, Royapettah,Chennai,600014,	100	40000000
10	69	The Oriental Insurance Company Limited	The Oriental Insurance Company Limit,Oriental House, P B 7037 A-25/27, Asaf Ali Road New Delhi,110002,	100	40000000
6.90% Redeemable At Par On 08.10.2014- Sr.73					
1	73	Bank Of Baroda (Employees) Pension Fund	Baroda House,First Floor,First Floor,Mandvi,Baroda,390006,	280	168000000
2	73	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited, Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	250	150000000
3	73	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road 87, M.G.Road Fort Mumbai,400001,	250	150000000
4	73	Central Bank Of India	Central Bank Of India,Treasury Department, Chandramukhi Building,Nariman Point Mumbai,400021,	150	90000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
5	73	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Office, ,Yogakshema, Jeevan Bima Marg,Mumbai,400021,	150	90000000
6	73	General Insurance Corporation Of India	Suraksha,,1 7 0, J. T A T A Road Church Gate,Mumbai,400020,	100	60000000
7	73	The Oriental Insurance Company Limited	The Oriental Insurance Company Limit,Oriental House, P B 7037, A-25/27, Asaf Ali Road New Delhi,110002,	100	60000000
8	73	Axis Bank Limited	Treasury Ops Non Slr Desk Corp Off,Axis House Level 4 South Blk Wadia, International Centre P B Marg Worli,Mumbai,400025,	98	58800000
9	73	The Provident Fund For The Employees Of Indian Oil Corporation Ltd.(Marketing Division)	(9277) Indian Oil Bhavan,G 9 Ali Yavar Jung Marg G 9 Ali Yavar Jung Marg Bandra (East),Mumbai,400051,	80	48000000
10	73	Union Bank Of India Employees Provident Fund	Union Bank Bhavan, P F Sec,Human Resource Management Dept,Human Resource Management Dept,Terminal Benefit Division,8th,Flr,239,Vidhan Bhavan Rd,400021,	70	42000000
7.20% Redeemable At Par On 17.03.2015- Sr.75					
1	75	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	100	100000000
2	75	The Oriental Insurance Company Limited	The Oriental Insurance Company Limit,Oriental House, P B 7037 Oriental House, P B 7037 A-25/27, Asaf Ali Road New Delhi,110002,	100	100000000
3	75	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	100	100000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
4	75	Bank Of India Provident Fund	Terminal Benefits Div.,H.R.Dept H.R.Dept 3rd Flr,Star House, C-5,'G',Block H.O, B.K.C. Bandra(E) Mumbai,400051,	100	100000000
5	75	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited, Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	100	100000000
6	75	Bank Of India (Employees) Pension Fund	Terminal Benefits Div.,Hr Dept, 3rd, Floor Hr H.O.Star House, C-5, 'G' Block B.K.C. Bandra (E) Mumbai,400051,	100	100000000
7	75	Ongc Gratuity Fund Trust	Ongc Gratuity Fund Trust,Shed No 26,Shed No 26,Tel Bhawan,Dehradun,248001,	100	100000000
8	75	Bank Of India (Employees) Pension Fund	Terminal Benefits Div.,Hr Dept, 3rd, Floor H.O.Star House, C-5, 'G' Block B.K.C. Bandra (E) Mumbai,400051,	100	100000000
9	75	Ongc Gratuity Fund Trust	Ongc Gratuity Fund Trust,Shed No 26,Shed No 26,Tel Bhawan,Dehradun,248001,	100	100000000
10	75	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited, Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020,	100	100000000
	75	Ongc Gratuity Fund Trust	Ongc Gratuity Fund Trust,Shed No 26,Shed No 26,Tel Bhawan,Dehradun,248001,	100	100000000
7.30% Redeemable At Par On 30.06.2015- Sr.77					
1	77	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-140 B,2nd Floor,Western Express Highway,Sahar Rd Junct, Vile Parle-E,Mumbai,400057,	400	400000000
2	77	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-140 B,2nd Floor,Western Express Highway,Sahar Rd Junct, Vile Parle-E,Mumbai,400057,	400	400000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
3	77	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-140 B,2nd Floor,Western Express Highway,Sahar Rd Junct, Vile Parle-E,Mumbai,400057,	400	400000000
4	77	Mtnl - Gratuity Trust	6 Th Floor,Mahanagar Doorsanchar Bhavan,,Minto Road Telephone Exchange Bldg,Jawaharlal Nehru Marg, New Delhi,110002,	260	260000000
5	77	J. P. Morgan Securities India Private Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus, ,Off Flr 8, Next To Kanjurmarg Stn,Kanjurmarg East Mumbai,400042,	200	200000000
6	77	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-140 B,2nd Floor,Western Express Highway,Sahar Rd Junct, Vile Parle-E,Mumbai,400057,	200	200000000
7	77	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road 87, M.G.Road Fort Mumbai,400001,	200	200000000
8	77	Punjab National Bank Employees Pension Fund	Punjab National Bank,Third Floor, Rajendra Bhawan, Rajendra Place,New Delhi,110008,	160	160000000
9	77	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg,Mumbai,400021,	150	150000000
10	77	Punjab National Bank Employees Provident Fund	H/O Pf Deptt,3rd Floor,Rajendra Bhawan, Rajendra Place,New Delhi,110008,	144	144000000
7.65% Redeemable At Par On 31.01.2016- Sr.78					
1	78	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescenzo,Securities Services, 3rd Floor, ,C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051,	3722	3722000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
2	78	Cbt Epf-11-C-Dm	Standard Chartered Bank, Crescenzo,Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (East),Mumbai India,400051,	3696	3696000000
3	78	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg,Mumbai,400021,	2080	2080000000
4	78	Axis Bank Limited	Treasury Ops Non Slr Desk Corp Off,Axis House Level 4 South Blk Wadia, International Centre P B Marg Worli,Mumbai,400025,	841	841000000
5	78	Up State Power Sector Employees Trust	612 Shakti Bhawan,14 Ashok Marg, Lucknow,226001,	500	500000000
6	78	Central Bank Of India	Central Bank Of India,Treasury Department Chandramukhi Building,Nariman Point Mumbai,400021,	350	350000000
7	78	Trustees Geb's C P Fund	Sardar Patel Vidyut Bhavan,Race Course, Baroda 390007,	350	350000000
8	78	The Life Insurance Corporation Of India Provident Fund No 1	3rdfloor Finance And Accounts Dept,Central Office Yogakshema West Wing, Jeevan Bima Marg Nariman Point,Mumbai,400021,	300	300000000
9	78	Rajasthan Rajya Vidyut Karamchari General Provident Fund	Rajasthan Raiya Vidyut Prasaran Nig,Shed No 11 Vidyut Bhavan, ,Jyoti Nagar,Jaipur,302005,	250	250000000
10	78	The Maharashtra State Co- Operative Bank Limited	The Maharashtra State Co Op Bank Ltd,9 Maharashtra Chambers Of Commerce, Fort Mumbai,400023,	250	250000000
7.85% Redeemable At Par On 14.03.2016 - Sr.79					

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
1	79	Axis Bank Limited	Treasury Ops Non Slr Desk Corp Off,Axis House Level 4 South Blk Wadia, International Centre P B Marg Worli,Mumbai,400025,	3313	3313000000
2	79	Up State Power Sector Employees Trust	612 Shakti Bhawan,14 Ashok Marg, Lucknow,226001,	300	300000000
3	79	Trustee New India Assurance Co. Ltd Staff Provident Fund	The New India Assurance Co Ltd,87 Mahatma Gandhi Road, Fort,Mumbai,400023,	240	240000000
4	79	Indian Overseas Bank Employees' Pension Fund	Job Employees' Pension Fund,762, Anna Salai, Central Office,Chennai,600002,	200	200000000
5	79	Pune District Central Co Operative Bank Ltd	4 B,B J Rd,B J Rd Pune,411001,	150	150000000
6	79	Punjab National Bank Employees Pension Fund	Punjab National Bank,Third Floor, Rajendra Bhawan, Rajendra Place,New Delhi,110008,	100	100000000
7	79	Kotak Mahindra Old Mutual Life Insurance Limited	Standard Chartered Bank, Crescenzo,Securities Services, 3rd Floor, C-38/39 G-Block, Bkc, Bandra (East),Mumbai India,400051,	90	900000000
8	79	Punjab National Bank Employees Provident Fund	H/O Pf Deptt,3rd Floor,Rajendra Bhawan, Rajendra Place,New Delhi,110008,	50	500000000
9	79	Trustees United Bank Of India Staff Providentfund	United Bank Of India,16 Old Court House Street, 8th Floor,Kolkata,700001,	50	500000000
10	79	The Oriental Insurance Co. Ltd. Provident Fund	Provident Fund Dept,Oriental Building, 3rd Floor, Mahatma Gandhi Rd, Fort,Mumbai,400001,	40	400000000
8.20% Redeemable At Par On 20.03.2016 - Sr.80					
1	80	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg,Mumbai,400021,	5000	5000000000
8.85% Redeemable At Par On 20.01.2017- Sr.81					

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
1	81	Trustee New India Assurance Co. Ltd Staff Provident Fund	The New India Assurance Co Ltd, 87 Mahatma Gandhi Road, Fort, Mumbai, 400023,	200	200000000
2	81	Max New York Life Insurance Company Limited	Hsbc Securities Services 2nd Floor "Shiv", Plot No. 139-140 B, Western Exp Highway, Sahar Rd Junct, Vile Parle-E, Mumbai, 400057,	100	100000000
3	81	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001,	100	100000000
4	81	Rajasthan Rajya Vidyut Karamchari General Provident Fund	Rajasthan Raiya Vidyut Prasaran Nig, Shed No 11 Vidyut Bhavan, Jyoti Nagar, Jaipur, 302005,	100	100000000
5	81	Trustees Hindustan Steel Limited Contributory provident Fund, Rourkela	Sail Rourkela, 769001,	100	100000000
6	81	Food Corporation Of India Cpf Trust	Khadya Sadan 13th Floor, 16 20 Barakhamba Lane, New Delhi, 110001,	100	100000000
7	81	The New India Assurance Company Employees Pension Fund	New India Assurance Bldg, Basement 87 M G Road, Fort, Mumbai, 400001,	100	100000000
8	81	Cesc Limited Provident Fund	Cesc House, Chowringhee Square, Kolkata 700001,	100	100000000
9	81	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg, Post Vasant Vihar New Delhi,	100	100000000
10	81	Seamen's Provident Fund Account	The Seamen's Prov. Fund Commissioner, Krupanidi, 3rd Floor, 9, Walchand Hirachand Marg, Ballard Estate, Mumbai, 400001,	70	700000000
9.85% Redeemable At Par On 28.09.2017- Sr.82					

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
1	82	Coal Mines Provident Fund	C/O Icici Securities Primary, Dealership Limited, Icici Centre, H. T. Parekh Marg, Churchgate Mumbai, 400020,	1050	1050000000
2	82	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Services, Lodha-I Think Techno Campus 8th Flr, Next To Kanjurmarg Railway Station, Kanjurmarg E Mumbai, 400042,	480	480000000
3	82	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg, Post Vasant Vihar New Delhi, 110057,	400	400000000
4	82	Kotak Mahindra Old Mutual Life Insurance Limited	Standard Chartered Bank, Crescenzo, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc, Bandra (East), Mumbai India, 400051,	392	392000000
5	82	Food Corporation Of India Cpf Trust	Khadya Sadan 13th Floor, 16 20 Barakhamba Lane, New Delhi, 110001,	330	330000000
6	82	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001,	250	250000000
7	82	The New India Assurance Company Limited	New India Assurance Building, 87, M.G.Road Fort Mumbai, 400001,	250	250000000
8	82	Canara Bank Staff Provident Fund	Naveen Complex (H O Annexe), 14 M G Road, Bangalore, 560001,	250	250000000
9	82	National Thermal Power Corporation Limited Employees Provident Fund Trust	Ntpc Bhawan, Scope Complex, Delhi, 110003,	240	240000000
10	82	Bochasanwasi Shriaksharapurushottam Swaminarayan Sanstha	A/Cs Dept, Dharma Sadan, Shri Swaminarayan Mandir, Shahibaug Road, Ahmedabad, 380004,	209	209000000
9.07% Redeemable At Par On 28.02.2018- Sr.83					

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
1	83rd	Coal Mines Provident Fund	C/O Icici Securities Primary, Dealership Limited, Icici Centre, H. T. Parekh Marg, Churchgate Mumbai, 400020	850	850000000
2	83rd	Uti - Childrens Career Balanced Plan	Uti Mutual Fund, Uti Asset Manage, Company Ltd., Department Of Fund, Accounts, Uti Tower, Gn Block, Ba, Kurla Complex, Bandra (Ea), 400051	500	500000000
3	83rd	Sbi Life Insurance Co. Ltd	Hdfc Bank Limited Custody Servie, Lodha-I Think Techno Campus 8th, Next To Kanjurmarg Railway Stati, Kanjurmarg E Mumbai, 400042	300	300000000
4	83rd	Icici Prudential Life Insurance Company Ltd	Deutsche Bank Ag, Db House, Hazarimal Somani Marg, Post Box No. 1142, Fort, Mumbai, 400001	295	295000000
5	83rd	The Oriental Insurance Company Limited	The Oriental Insurance Company L, Oriental House, P B 7037 A-25/27, Asaf Ali Road New Delhi, 110002	214	214000000
6	83rd	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg, Post Vasant Vihar New Delhi, New Delhi 110057, New Delhi, 110057	200	200000000
7	83rd	General Insurance Corporation Of India	Suraksha., 170, J. T A T A Road Church Gate, Mumbai, 400020	200	200000000
8	83rd	Uco Bank (Employees) Pension Fund	3rd Floor, 3-4 Dd Block Sector 1, Salt Lake, Kolkata, 700064	200	200000000
9	83rd	Tata Consultancy Services Employees Providentfund	Hdfc Bank Ltd, Custody Services, Lodha - I Think Techno Campus, Off. Flr 8, Next To Kanjurmarg S, Kanjurmarg East, Mumbai, 400042	150	150000000
10	83rd	Bajaj Allianz General Insurance Company Limited	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	150	150000000
9.45% Redeemable At Par On 04.04.2013- Sr.84					
1	84th	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	1700	1700000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
2	84th	Ubs Ag	Hsbc Securities Services,2nd Floor "Shiv",Plot No 139-140,Western Exp Highway,Sahar Rd Jun,Vile Parle-E,Mumbai,400057	1200	1200000000
3	84th	State Bank Of India, Retired Employees Medical Benefit Trust	State Bank Of India,P.P.G. Dept., Corporate Centre Post Box No.12 Mumbai,400021	850	850000000
4	84th	Standard Chartered Bank Singapore Branch	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	650	650000000
5	84th	Coal Mines Provident Fund	C/O Icity Securities Primary,Dealership Limited,Icity Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	620	620000000
6	84th	Bse Limited	Phiroze Jeejeebhoy Towers,25th Floor Dalal Street,Mumbai,400001	500	500000000
7	84th	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	438	438000000
8	84th	Morgan Stanley India Capital Private Limited	Hsbc Securities Services,2nd Floor"Shiv", Plot No.139-140,Western Exp Highway, Sahar Rd Ju,Vile Parle-E, Mumbai,400057	200	200000000
9	84th	Icity Bank Ltd	Treasury Middle Office Group,2nd Floor, North Tower, East Win,Icity Bank Tower, Bkc,Bandra (East) , Mumbai,400051	200	200000000
10	84th	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O,Axis House Level 4 South Blk Wad,International Centre P B Marg Wo,Mumbai,400025	184	184000000
9.68% Redeemable At Par On 13.06.2018- Sr.85					
1	85th	Cbt Epf-11-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	2000	2000000000
2	85th	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	1250	1250000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
3	85th	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1000	1000000000
4	85th	Export Credit Guarantee Corporation Of India Limited	Nirmal Bldg, 5th Floor,241/242, Backbay Reclamation,Nariman Point,Mumbai,400021	200	200000000
5	85th	Hsbc Indian Staff Provident Fund	52/60 M G Road, Fort, Mumbai 400001	170	170000000
6	85th	General Insurance Corporation Of India	Suraksha., 170, J. T A T A Road Church Gate, Mumbai, 400020	100	100000000
7	85th	Bangiya Gramin Vikash Bank	Bmc House, Chuapur, P. O. Berhampore, Dist. Murshidabad, W.B 742101	100	100000000
8	85th	Bank Of Baroda (Employees) Pension Fund	Baroda House, First Floor, Mandvi, Baroda, 390006	100	100000000
9	85th	Dena Bank Employee' S Pension Fund	Sharda Bhavan, 1st Floor, Near Mithibai College, V.M. Marg, Juhu Vileparle, Mumbai, 400056	50	500000000
10	85th	Bharat Heavy Electricals Employees Gratuity Fund	Bhel House, Siri Fort New Delhi, 110049	20	200000000
10.75% Redeemable At Par On 24.07.2013- Sr.86					
1	86th	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg, Post Vasant Vihar New Delhi, 110057	300	300000000
2	86th	Nps Trust- A/C Sbi Pension Fund Scheme - Central Govt	C/O Sbi Pension Funds Pvt. Ltd., No. 32, Maker Chambers - Iii, Nariman Point, Mumbai, 400021	300	300000000
3	86th	Uco Bank Employees Provident Fund	Uco Bank Personnel Deptt, P F Section New Admn Bldg 3rd Fl, 3 And 4 Dd Block Sector 1 Salt L, Kolkata, 700064	300	300000000
4	86th	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	263	263000000
5	86th	The New India Assurance Company Limited	New India Assurance Building, 87, M.G. Road Fort Mumbai, 400001	250	250000000
6	86th	Aai Epf Trust	Rajiv Gandhi Bhawan, Safdarjung Airport New Delhi, 110003	250	250000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
7	86th	West Bengal State Electricity Distribution Company Limited Employees Gratuity Fund	Bidyut Bhaban,6th Floor Block A,Bidhannagar,Kolkata,700091	200	200000000
8	86th	Coal Mines Pension Fund	State Bank Of India,Sec. Ser. Br,Epfo Sec. Mumbai Main Br. Bldg,Mumbai Samachar Marg,Fort, Mumbai,400001	160	160000000
9	86th	Icici Prudential Capital Protection Oriented Fund Series Ii - 24 Months Plan	Hdfc Bank Ltd Custody Services,Lodha -I Think Techno Campus Off,Flr 8, Next To Kanjurmarg Rly St,Kanjurmarg -E, Mumbai,400042	150	150000000
10	86th	West Bengal State Electricity Distribution Company Limited Employees Pension Fund	Bidyut Bhaban,6th Floor,Block A Bidhannagar,Kolkata,700091	150	150000000
10.70% Redeemable At Par On 29.07.2018- Sr.86A					
1	86A	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	5000	5000000000
10.90% Redeemable At Par On 14.08.2013- Sr.86B-II					
1	86B-II	Credit Suisse Ag Singapore Branch	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	350	350000000
2	86B-II	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	350	350000000
3	86B-II	The Royal Bank Of Scotland Asia Merchant Bank (Singapore) Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400098	250	250000000
4	86B-II	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	200	200000000
5	86B-II	Reliance Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	200	200000000
6	86B-II	The New India Assurance Company Employees Pension Fund	New India Assurance Bldg,Basement 87 M G Road,Fort,Mumbai,400001	200	200000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
7	86B-II	Sundaram Mutual Fund A/C Sundaram Capital Protection Oriented Fund 2years (Series 3)	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	174	174000000
8	86B-II	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	160	160000000
9	86B-II	Bharti Axa General Insurance Co. Ltd	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	100	100000000
10	86B-II	Wipro Information Technology Limited Provident Fund Trust	Sarjapur Road,Dodda Kannelli Bangalore,560035	95	95000000
10.85% Redeemable At Par On 14.08.2018- Sr.86B-III					
1	86B-III	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	305	305000000
2	86B-III	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	298	298000000
3	86B-III	Infosys Technologies Limited Employees Providentfund Trust	C O Infosys Technologies Ltd,Plot No 44 Electronics City,Hosur Road,Banglore,560100	250	250000000
4	86B-III	Ongc Self Contributory Post Retirement And Death In Service Super Annuation Benefit Trust	Prsb Section, Basement,Old Secretariat Bldg,Ongc, Tel Bhavan,Dehradun,248003	243	243000000
5	86B-III	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	234	234000000
6	86B-III	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	200	200000000
7	86B-III	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	166	166000000
8	86B-III	Punjab National Bank Employees Pension Fund	Punjab National Bank,Third Floor, Rajendra Bhawan,Rajendra Place,New Delhi,110008	150	150000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
9	86B-III	Oil And Natural Gas Corporation Limited Employees Contributory Provident Fund	Tel Bhawan,Dehradun ,248003	120	120000000
10	86B-III	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	100	100000000
10.90% Redeemable At Par On 30.09.2013- Sr.87-I					
1	87-I	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	302	302000000
2	87-I	The Royal Bank Of Scotland Asia Merchant Bank (Singapore) Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400098	300	300000000
3	87-I	Reliance Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	300	300000000
4	87-I	Icici Prudential Life Insurance Company Ltd	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	298	298000000
5	87-I	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	250	250000000
6	87-I	Bajaj Allianz General Insurance Company Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	250	250000000
7	87-I	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	200	200000000
8	87-I	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	150	150000000
9	87-I	Franklin Templeton Fixed Tenure Fund Series Xiv Plan B (Ftftf 14 B)	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	140	140000000
10	87-I	Franklin Templeton Fixed Tenure Fund - Series Xv (Ftftf 15)	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	100	100000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
10.85% Redeemable At Par On 30.09.2018- Sr.87-II					
1	87-II	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	2470	2470000000
2	87-II	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Servc,Lodha-I Think Techno Campus 8th,Next To Kanjurmarg Railway Stati,Kanjurmarg E Mumbai,400042	400	4000000000
3	87-II	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	390	3900000000
4	87-II	Tata Consultancy Services Employees Providentfund	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off. Flr 8, Next To Kanjurmarg S,Kanjurmarg East, Mumbai,400042	300	3000000000
5	87-II	National Dairy Development Board	Near Jagnath Temple, Pb.No. 40 Anand,Gujarat,Anand,388001	200	2000000000
6	87-II	Food Corporation Of India Cpf Trust	Khadya Sadan 13th Floor,16 20 Barakhamba Lane New Delhi,110001	200	2000000000
7	87-II	Delhi Transport Corporation Employees Provident Fund Trust	Dtc Head Quarters,Indraprastha Estate New Delhi,110002	150	1500000000
8	87-II	National Insurance Company Ltd	Inv Dept,Everest House, 4 Th F L O O R 46 C, J. N. Road,Cal Cutta,700071	150	1500000000
9	87-II	Nps Trust- A/C Sbi Pension Fund Scheme - Central Govt	C/O Sbi Pension Funds Pvt. Ltd.,No. 32, Maker Chambers - Iii,Nariman Point,Mumbai,400021	150	1500000000
10	87-II	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	100	1000000000
11.20% Redeemable At Par On 24.10.2018- Sr.87A-II					
1	87A-II	The Mumbai District Central Co-Op Bank Ltd	Mumbai Bank Bhavan,207 Dr D N Road,Fort,Mumbai,400001	100	1000000000
2	87A-II	Vijaya Bank Staff Provident Fund	Vijaya Bank,41/2, Mahatma Gandhi Road,Trinity Circle,Bangalore,560001	90	900000000
3	87A-II	Navodaya Vidyalaya Samiti Contributory Provident Fund A/C	A 28,Kailash Colony New Delhi,110048	60	600000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
4	87A-II	The Oriental Insurance Employees Gratuity Fund	Oriental House,A 25/27 Asaf Ali Road New Delhi,110002	50	50000000
5	87A-II	Kudremukh Iron Ore Company Employees Provident Fund Trust	II Block, Koramangala, Bangalore 560034	20	20000000
6	87A-II	Rcf Ltd Employees Provident Fund	Adminstrative Bldg,Chembur Mumbai,400074	10	10000000
7	87A-II	Otis Elevator Company (India) Limited Employees Gratuity Fund	9th Floor Magnus Towers,Mind Space Link Road,Malad West,Mumbai,400064	10	10000000
8	87A-II	Otis Elevator Company (India) Limited Staff Provident Fund	Magnus Towers, 9th Floor,Mind Space Link Road,Malad W,Mumbai,400064	9	9000000
9	87A-II	Idco Employees Provident Fund Trust	Idco Tower,Janpath,Bhubaneswar 751007	5	5000000
10	87A-II	Hindustan Sugar Mills Limited Provident Fund Institution	B - 10, Sector - 3 ,Noida (U. P.),201301	5	5000000
11.15% Redeemable At Par On 24.10.2018- Sr.87A-III					
1	87A-III	Kotak Mahindra Old Mutual Life Insurance Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc, Bandra (Ea,Mumbai India,400051	88	88000000
2	87A-III	Hindustan Petroleum Corporation Limited Provident Fund	17 J Tata Road,P O Box No 11041,Mumbai 400020	80	80000000
3	87A-III	Aricent Technologies Provident Fund Trust	Plot 31 Electronic City,Sector 18 Gurgaon,110016	60	60000000
4	87A-III	National Insurance Company Employees Pension Fund	Royal Insurance Building,2nd Floor,5 Netaji Subhas Road,Kolkata,700001	60	60000000
5	87A-III	Hvpnl Employees Pension Fund Trust	Shakti Bhawan, Sector 6 ,Panchkula,134109	35	35000000
6	87A-III	Apnpdel Pension And Gratuity Trust	1-1-478/503 And504,Opp. Rec Petrol Pump,Chaitanyapuri, Hanamkonda,Warangal,50600	32	32000000
7	87A-III	National Insurance Co Ltd Employees Providentfund	National Insurance Building,8 India Exchange Place,7th Floor,Kolkata,700001	30	30000000
8	87A-III	Hvpnl Employees Provident Fund Trust	Shakti Bhawan Sector 6 ,Panchkula (Haryana),134109	25	25000000
9	87A-III	Ndddb Staff Provident Fund	C/O Ndddb,Pb No 40,Anand,Gujarat,388001	20	20000000
10	87A-III	Rcf Ltd Employees Provident Fund	Adminstrative Bldg,Chembur Mumbai,400074	20	20000000
11.50% Redeemable At Par On 26.11.2013- Sr.87C-III					

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
1	87C-III	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	900	900000000
2	87C-III	Lic Nomura Mutual Fund Asset Management Company Limited A/C Nif	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	850	850000000
3	87C-III	Aviva Life Insurance Company India Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	850	850000000
4	87C-III	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	600	600000000
5	87C-III	Bajaj Holdings And Investment Ltd	Bajaj Auto Ltd Complex,Mumbai Pune Road,Akurdi,Pune,411035	600	600000000
6	87C-III	Bse Limited	Phiroze Jeejeebhoy Towers,25th Floor Dalal Street,Mumbai,400001	500	500000000
7	87C-III	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	450	450000000
8	87C-III	Sundaram Mutual Fund A/C Sundaram - Cpf - Series 2 - 3 Years	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	450	450000000
9	87C-III	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	250	250000000
10	87C-III	Max New York Life Insurance Company Limited A/C - ULIF00125/06/04LIFE GROWTH104 - Growth Fund	HSBC SECURITIES SERVICES 2ND FLOOR"SHIV", PLOT NO.139-140,WESTERN EXP HIGHWAY, SAHAR RD JU,VILE PARLE-E, MUMBAI,400057	250	250000000
8.65% Redeemable At Par On 15.01.2019- Sr.88					
1	88th	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	1390	1390000000
2	88th	Cbt Epf-11-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1181	1181000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
3	88th	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1059	1059000000
4	88th	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	950	950000000
5	88th	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	550	550000000
6	88th	Ing Vysya Life Insurance Company Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	550	550000000
7	88th	The New India Assurance Company Employees Pension Fund	New India Assurance Bldg,Basement 87 M G Road,Fort,Mumbai,400001	550	550000000
8	88th	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	540	540000000
9	88th	Indian Bank	Indian Bank , Corporate Office,Treasury Branch, No.254-260,Avvai Shanmugam Salai, Royapetta,Chennai,600014	400	400000000
10	88th	The Provident Fund For The Employees Of Indian Oil Corporation Ltd.(Marketing Division)	(9277) Indian Oil Bhavan,G 9 Ali Yavar Jung Marg Bandra (East),Mumbai,400051	380	380000000
7.00% Redeemable At Par On 02.06.2012- Sr.89-I					
1	89-I	Union Bank Of India	C/O. ILFS, ILFS House,Plot No.14,Raheja Vihar,Chandivali Andheri (E),Mumbai,400072	1600	1600000000
2	89-I	K Indian Fixed Income 2 Years A Fund	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1050	1050000000
3	89-I	The Royal Bank Of Scotland Asia Merchant Bank (Singapore) Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400098	950	950000000
4	89-I	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Capital Protection Oriented Fund - Series 1	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	700	700000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
5	89-I	Lic Of India Market Plus 1 Growth Fund	Life Insurance Corporation Of In,Central Office, Investment Dept.,6th Floor, East Wing, Yogakshema,Jeevan Bima Marg, Mumbai,400021	650	650000000
6	89-I	Sbi Debt Fund Series - 18 Months - 4 (November 2010)	Sbi Mutual Fund,191, Maker Tower 'E', 19th Floor,Opp. Wtc, Cuffe Parade Mumbai,400005	250	250000000
7	89-I	Ambre Mauritius Investment Limited	J.P.Morgan Chase Bank N.A.,India Sub Custody,6th Floor, Paradigm B,Mindspace, Malad W, Mumba,400064	250	250000000
8	89-I	The Royal Bank Of Scotland N.V.	C/O.R.Punjabi/V.A.Kasekar, Treasury Backoffice 82 Sakhar Bh,8th Floor Nariman Point Mumbai,400021	250	250000000
9	89-I	J. P. Morgan Securities India Private Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	150	150000000
10	89-I	Royal Sundaram Alliance Insurance Company Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	150	150000000
7.70% Redeemable At Par On 02.06.2014- Sr.89-II					
1	89-II	Lic Of India Wealth Plus Fund	Hdfc Bank Ltd Custody Services,Lodha -I Think Techno Campus Off,Flr 8, Next To Kanjurmarg Rly St,Kanjurmarg -E, Mumbai,400042	450	450000000
2	89-II	Idbi Cap Mkt Serv Ltd	3rd Floor,Mafatlal Centre,Nariman Point,Mumbai,400021	300	300000000
3	89-II	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road Fort Mumbai,400001	250	250000000
4	89-II	National Insurance Company Ltd	Inv Dept,Everest House, 4 Th F L O O R 46 C, J. N. Road,Cal Cutta,700071	200	200000000
5	89-II	Oriental Bank Of Commerce	4th Flr, Competent House,F-14, Connaught Place New Delhi,110001	200	200000000
6	89-II	Tata Aig General Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	150	150000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
7	89-II	The Federal Bank Limited	Treasury Department,C-8 1st Floor Laxmi Towers,Bandra -Kurla Complex,Bandra East Mumbai,400051	150	150000000
8	89-II	Bank Of Maharashtra Tibd	Apeejay House,1st Floor 130, Dr. V.B. Gandhi Marg Fort Mumbai,400001	100	100000000
9	89-II	India Infrastructure Finance Company Limited	India Infrastructure Finance Com,8th Floor, Hindustan Times House,18 & 20 , Kasturba Gandhi Marg New Delhi,110001	100	100000000
10	89-II	Hindustan Petroleum Corporation Limited Provident Fund	17 J Tata Road,P O Box No 11041,Mumbai 400020	100	100000000
7.15% Redeemable At Par On 05.08.2012- Sr.90A-I					
1	90A-I	State Bank Of India	Sbi Sg Global Secu. Serv. P. L.,Jeevan Seva Extension Bldg.Gr. F,S.V. Road, Santacruz W,Mumbai,400054	5000	5000000000
2	90A-I	K Indian Fixed Income 2 Years A Fund	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1500	1500000000
3	90A-I	K Foreign Fixed Income 2 Years B Fund	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	750	750000000
4	90A-I	Infrastructure Development Finance Co.Ltd.	C/O Hdfc Bank Ltd - Custody Serv,Lodha- I Think Techno Campus, Bl,Alpha, 8th Floor, Nr Railway Sta,Kanjur Marg (E), Mumbai,400042	500	500000000
5	90A-I	Lic Of India Market Plus 1 Bond Fund	Life Insurance Corporation Of In,Central Office, Investment Dept.,6th Floor, East Wing, Yogakshema,Jeevan Bima Marg, Mumbai,400021	350	350000000
6	90A-I	Union Bank Of India	C/O. ILFS, ILFS House,Plot No.14,Raheja Vihar,Chandivali Andheri (E),Mumbai,400072	250	250000000
7	90A-I	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O,Axis House Level 4 South Blk Wad,International Centre P B Marg Wo,Mumbai,400025	250	250000000
8	90A-I	The Royal Bank Of Scotland N.V.	C/O.R.Punjabi/V.A.Kasekar,Treasury Backoffice 82 Sakhar Bh,8th Floor Nariman Point Mumbai,400021	250	250000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
9	90A-I	The Karnataka Bank Ltd	Raheja Centre, Plot No-214, Free Press Journal Marg, Nariman Point Mumbai, 400021	200	200000000
10	90A-I	The Federal Bank Limited	Treasury Department, C-8 1st Floor Laxmi Towers, Bandra -Kurla Complex, Bandra East Mumbai, 400051	200	200000000
8.00% Redeemable At Par On 05.08.2014- Sr.90A-II					
1	90A-II	State Bank Of India	Sbi Sg Global Secu. Serv. P. L., Jeevan Seva Extension Bldg. Gr. F, S.V. Road, Santacruz W, Mumbai, 400054	5000	5000000000
2	90A-II	Punjab National Bank	Hsbc Securities Services, 2nd Floor "Shiv", Plot No 139-14, Western Express Highway, Sahar Rd Junct, Vile Par, 400057	600	600000000
3	90A-II	Reliance Industries Limited	Maker Chambers, Nariman Point Mumbai, 400001	450	450000000
4	90A-II	Lic Of India Money Plus Growth Fund	Life Insurance Corporation Of In, Central Office, Investment Dept., 6th Floor, East Wing, Yogakshema, Jeevan Bima Marg, Mumbai, 400021	400	400000000
5	90A-II	Standard Chartered Bank Singapore Branch	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	300	300000000
6	90A-II	Franklin Templeton Fixed Tenure Fund (Ftff) - Series Xii-Plan C	Citibank N. A. Custody Services, 3rd Flr Trent House G Block, Plot No.-60 Bkc, Bandra-East, Mumbai, 400051	250	250000000
7	90A-II	Lic Of India Market Plus 1 Bond Fund	Life Insurance Corporation Of In, Central Office, Investment Dept., 6th Floor, East Wing, Yogakshema, Jeevan Bima Marg, Mumbai, 400021	250	250000000
8	90A-II	Fil Trustee Company Private Limited A/C Fidelity Short Term Income Fund	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	250	250000000
9	90A-II	Reliance General Insurance Co Ltd	Hdfc Bank Ltd, Custody Services, Lodha - I Think Techno Campus, Off Flr 8, Next To Kanjurmarg St, Kanjurmarg East Mumbai, 400042	200	200000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
10	90A-II	Qief Management Llc A/C Q Acpi India Fixed Income Fund Limited	Hsbc Securities Services,2nd Floor, Shiv, Plot No.139- 140,Western Exp Highway,Sahar Rd Jun,Vile Parle-E Mumbai,400057	200	200000000
8.80% Redeemable At Par On 03.08.2019- Sr.90					
1	90	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	19800	1980000000 0
2	90	General Insurance Corporation Of India	Suraksha.,1 7 0, J. T A T A Road Church Gate,Mumbai,400020	200	200000000
8.35% Redeemable At Par On 04.09.2014- Sr.90B-I					
1	90B-I	State Bank Of India	Sbi Sg Global Secu. Serv. P. L.,Jeevan Seva Extension Bldg.Gr. F,S.V. Road, Santacruz W,Mumbai,400054	1700	1700000000
2	90B-I	Standard Chartered Bank Singapore Branch	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1000	1000000000
3	90B-I	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139- 14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	600	600000000
4	90B-I	Insurance Institute Of India	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	500	500000000
5	90B-I	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	500	500000000
6	90B-I	Central Bank Of India	Central Bank Of India,Treasury Department Chandramukhi Building,Nariman Po,Mumbai,400021	450	450000000
7	90B-I	The H.P. State Co- Operative Bank Ltd.	The Mall,No 1 Bank Bldg Shimla,171001	450	450000000
8	90B-I	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	400	400000000
9	90B-I	Rsrte Contributory Provident Fund Trust	Secretary Rsrte Lpf Trust,C/O Rsrte , Parivahan Marg,Jaipur 302001	300	300000000
10	90B-I	The Karnataka Bank Ltd	Raheja Centre,Plot No- 214,Free Press Journal Marg,Nariman Point Mumbai,400021	250	250000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8.72% Redeemable At Par On 04.09.2019- Sr.90B-II					
1	90B-II	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1456	1456000000
2	90B-II	Secretary Board Of Trustees Mpeb Employees Provident Fund	Block No 9 1st Floor,Shakti Bhawan Jabalpur,482008	1000	1000000000
3	90B-II	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	500	500000000
4	90B-II	Cbt Epf-11-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	490	490000000
5	90B-II	State Bank Of India Employees Pension Fund	Central Account Office,Kankaria Centre,2/1, Russel Street,Kolkata,700071	470	470000000
6	90B-II	Rsrc Contributory Provident Fund Trust	Secretary Rsrc Lpf Trust,C/O Rsrc , Parivahan Marg,Jaipur 302001	400	400000000
7	90B-II	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	355	355000000
8	90B-II	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Servic,Lodha-I Think Techno Campus 8th,Next To Kanjurmarg Railway Stati,Kanjurmarg E Mumbai,400042	250	250000000
9	90B-II	Canara Bank Staff Provident Fund	Naveen Complex (H O Annexe) ,14 M G Road Bangalore,560001	250	250000000
10	90B-II	Kendriya Vidyalaya Sangathan Employees Provident Fund Account	Kendriya Vidyalaya Sangathan,18 Institutional Area,Shahid Jeet Singh Marg,New Delhi,110016	160	160000000
7.90% Redeemable At Par On 06.10.2012- Sr.90C-I					
1	90C-I	Standard Chartered Bank (Mauritius) Limited -Debt	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1700	1700000000
2	90C-I	Barclays Merchant Bank (Singapore) Ltd.	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1550	1550000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
3	90C-I	Credit Suisse Ag Singapore Branch	Citibank N. A. Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	950	950000000
4	90C-I	Bank Of America Singapore Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	740	740000000
5	90C-I	Infrastructure Development Finance Co.Ltd.	C/O Hdfc Bank Ltd - Custody Serv,Lodha- I Think Techno Campus, B1,Alpha, 8th Floor, Nr Railway Sta,Kanjur Marg (E), Mumbai,400042	650	650000000
6	90C-I	Radha Madhav Investments Ltd	11 A,Mittal Chambers,Nariman Point,Mumbai,400021	600	600000000
7	90C-I	The Royal Bank Of Scotland N.V.	C/O.R.Punjabi/V.A.Kasekar,Tr easury Backoffice 82 Sakhar Bh,8th Floor Nariman Point Mumbai,400021	600	600000000
8	90C-I	Credit Suisse (Singapore) Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	550	550000000
9	90C-I	The Karnataka Bank Ltd	Raheja Centre,Plot No- 214,Free Press Journal Marg,Nariman Point Mumbai,400021	500	500000000
10	90C-I	Bnp Paribas	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139- 14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	500	500000000
8.80% Redeemable At Par On 06.10.2019- Sr.90C-II					
1	90C-II	Life Insurance Corporation Of India	Investment Department,6th Floor, West Wing, Central Of,Yogakshema, Jeevan Bima Marg,Mumbai,400021	1950	1950000000
2	90C-II	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	730	730000000
3	90C-II	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar New Delhi,New Delhi 110057,New Delhi,110057	650	650000000
4	90C-II	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	609	609000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
5	90C-II	National Thermal Power Corporation Limited Employees Provident Fund Trust	Ntpc Bhawan, Scope Complex Delhi, 110003	600	600000000
6	90C-II	Sbi Life Insurance Co.Ltd	Hdfc Bank Limited Custody Servc, Lodha-I Think Techno Campus 8th, Next To Kanjurmarg Railway Stati, Kanjurmarg E Mumbai, 400042	500	500000000
7	90C-II	Reliance Employees Provident Fund Bombay	Hdfc Bank Ltd, Custody Services, Lodha - I Think Techno Campus, Off Flr 8, Next To Kanjurmarg St, Kanjurmarg East Mumbai, 400042	343	343000000
8	90C-II	The West Bengal State Co-Operative Bank Ltd.	24 A, Waterloo Street , Kolkata 700069	300	300000000
9	90C-II	Hdfc Bank Ltd Pf Trust A/C (Rpfc Covered Employees)	Custody And Depository Services Trade World, A Wing, Kamla Mills, Compound, Senapati Bapat Marg, Lower Parel , Mumbai, 400013	250	250000000
10	90C-II	United India Insurance Company Limited	24, Whites Road, Chennai , 600014	200	200000000
7.75% Redeemable At Par On 17.11.2012- Sr. 91-I					
1	91-I	Barclays Merchant Bank (Singapore) Ltd.	Standard Chartered Bank, Crescen, Securities Services, 3rd Floor, C-38/39 G-Block, Bkc Bandra (Eas, Mumbai India, 400051	1500	1500000000
2	91-I	Punjab National Bank	Hsbc Securities Services, 2nd Floor "Shiv", Plot No 139-14, Western Express Highway, Sahar Rd Junct, Vile Parl, 400057	1300	1300000000
3	91-I	Lic Of India Money Plus Growth Fund	Life Insurance Corporation Of In, Central Office, Investment Dept., 6th Floor, East Wing, Yogakshema, Jeevan Bima Marg, Mumbai, 400021	1000	1000000000
4	91-I	Union Bank Of India	C/O. ILFS, ILFS House, Plot No.14, Raheja Vihar, Chandivali Andheri (E), Mumbai, 400072	800	800000000
5	91-I	Lic Of India Wealth Plus Fund	Hdfc Bank Ltd Custody Services, Lodha -I Think Techno Campus Off, Flr 8, Next To Kanjurmarg Rly St, Kanjurmarg -E, Mumbai, 400042	600	600000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
6	91-I	Lic Of India Profit Plus Growth Fund	Hdfc Bank Ltd Custody Services,Lodha -I Think Techno Campus Off,Flr 8, Next To Kanjurmarg Rly St,Kanjurmarg -E, Mumbai,400042	600	600000000
7	91-I	Lic Of India Fortune Plus Growth Fund	Hdfc Bank Ltd Custody Services,Lodha -I Think Techno Campus Off,Flr 8, Next To Kanjurmarg Rly St,Kanjurmarg -E, Mumbai,400042	400	400000000
8	91-I	Bank Of America Singapore Limited	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	350	350000000
9	91-I	The Tamil Nadu State Apex Co Op. Bank Ltd.	New No 4 Old No 233,N S C Bose Road Chennai,600001	300	300000000
10	91-I	Birla Sun Life Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	250	250000000
8.80% Redeemable At Par On 17.11.2019- Sr.91-II					
1	91-II	Cbt Epf-05-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	2411	2411000000
2	91-II	Coal Mines Provident Fund	C/O Icici Securities Primary,Dealership Limited,Icici Centre, H. T. Parekh Marg,Churchgate Mumbai,400020	1180	1180000000
3	91-II	Cbt Epf-11-D-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1000	1000000000
4	91-II	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	600	600000000
5	91-II	Hdfc Trustee Company Limited - Hdfc Prudence Fund	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	300	300000000
6	91-II	Delhi Transport Corporation Employees Provident Fund Trust	Dtc Head Quarters,Indraprastha Estate New Delhi,110002	280	280000000
7	91-II	Trustees Of Idbi Pension Fund	C/O Idbi Capital Market Services,5th Floor, Mafatlal Centre,Nariman Point,Mumbai,400021	250	250000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8	91-II	Hdfc Standard Life Insurance Company Limited	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	250	250000000
9	91-II	The West Bengal State Co-Operative Bank Ltd.	24 A, Waterloo Street ,Kolkata 700069	220	220000000
10	91-II	Bochasanwasi Shriaksharapurushottam Swaminarayan Sanstha	A/Cs Dept, Dharma Sadan,Shri Swaminarayan Mandir,Shahibaug Road,Ahmedabad,380004	200	200000000
7.60% Redeemable At Par On 22.01.2013- Sr.92-I					
1	92-I	The Royal Bank Of Scotland Asia Merchant Bank (Singapore) Limited	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400098	1100	1100000000
2	92-I	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139-14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	950	950000000
3	92-I	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	900	900000000
4	92-I	J.P.Morgan Securities Asia Private Limited	Jpmorgan Chase Bank N.A.,India Sub Custody,6th Floor, Paradigm B,Mindspace, Malad W, Mumba,400064	750	750000000
5	92-I	Union Bank Of India	C/O. ILFS, ILFS House,Plot No.14,Raheja Vihar,Chandivali Andheri (E),Mumbai,400072	600	600000000
6	92-I	Ing Bank N. V	Citibank N A, Custody Services,3rd Flr, Trent House, G Block Plot No. 60, Bkc, Bandra - East,Mumbai,400051	500	500000000
7	92-I	Lic Of India Money Plus Growth Fund	Life Insurance Corporation Of In,Central Office, Investment Dept.,6th Floor, East Wing, Yogakshema,Jeevan Bima Marg, Mumbai,400021	400	400000000
8	92-I	Lic Of India Market Plus Bond Fund	Life Insurance Corporation Of In,Central Office, Investment Dept.,6th Floor, East Wing, Yogakshema,Jeevan Bima Marg, Mumbai,400021	300	300000000
9	92-I	Jawaharlal Nehru Port Trust	Administration Bldg,Sheva,Navi Mumbai 400707	300	300000000
10	92-I	Franklin Templeton Fixed Tenure Fund-Series Xiii-Plan A (Fttf-Xiii-A)	Citibank N.A Custody Services,3rd Flr Trent House G Block,Plot No 60 Bkc Bandra East,Mumbai,400051	250	250000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8.65% Redeemable At Par On 22.01.2020- Sr.92-II					
1	92-II	Cbt Epf-11-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	1191	1191000000
2	92-II	Cbt Epf-05-B-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	650	650000000
3	92-II	Army Group Insurance Fund	Agi Bhawan Rao Tula Ram Marg,Post Vasant Vihar ,New Delhi,110057	400	400000000
4	92-II	Rajasthan Rajya Vidyut Karamchhari Contributory Provident Fund	Rajasthan Rajya Vidut Prasaran N,Shed No 11 Vidyut Bhavan,Jyoti Nagar,Jaipur,302005	260	260000000
5	92-II	Axis Bank Limited	Treasury Ops Non Slr Desk Corp O,Axis House Level 4 South Blk Wad,International Centre P B Marg Wo,Mumbai,400025	256	256000000
6	92-II	Cbt Epf-05-A-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	252	252000000
7	92-II	Cbt Epf-05-C-Dm	Standard Chartered Bank, Crescen,Securities Services, 3rd Floor,C-38/39 G-Block, Bkc Bandra (Eas,Mumbai India,400051	252	252000000
8	92-II	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	250	250000000
9	92-II	United India Insurance Company Limited	24,Whites Road,Chennai ,600014	250	250000000
10	92-II	Bhel Employees Provident Fund	Bhel Hdep Unit,Rama Chandra Puram Hyderabad,502032	207	207000000
7.65% Redeemable At Par On 19.02.2013- Sr.93-I					
1	93-I	Punjab National Bank	Hsbc Securities Services,2nd Floor "Shiv", Plot No 139- 14,Western Express Highway,Sahar Rd Junct, Vile Parl,400057	450	450000000
2	93-I	Reliance Industries Limited	Maker Chambers,Nariman Point Mumbai,400001	450	450000000
3	93-I	The Karnataka Bank Ltd	Raheja Centre,Plot No- 214,Free Press Journal Marg,Nariman Point Mumbai,400021	200	200000000

<u>S.No.</u>	<u>Series</u>	<u>Nature of Bond / Debenture Holders</u>	<u>Address</u>	<u>No. Of Bonds</u>	<u>Amount</u>
4	93-I	Dayanand Anglo Vedic College Trust And Management Society Employees Provident Fund	Secretary (Pf),Dav College Pf Tr,Chitra Gupta Road Pahar Ganj,New Delhi,110055	100	100000000
5	93-I	Icici Prudential Long Term Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	90	90000000
6	93-I	Idfc Capital Protection Oriented Fund-Series I	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	80	80000000
7	93-I	Idfc Capital Protection Oriented Fund-Series Iii	Deutsche Bank Ag, Db House,Hazarimal Somani Marg P.O.Box No. 1142, Fort Mumbai 400001	20	20000000
8	93-I	Icici Prudential Monthly Income Plan	Hdfc Bank Ltd, Custody Services,Lodha - I Think Techno Campus,Off Flr 8, Next To Kanjurmarg St,Kanjurmarg East Mumbai,400042	10	10000000
9	93-I	The National Co Operative Bank Ltd	53/1 Bull Temple Road,Bangalore ,560019	10	10000000
10	93-I	Dharmveer Sambhaji Urban Co Operative Bank Ltd	251 Sharma Building,Mumbai Pune Highway Road,Kasarwadi,Pune,411034	5	5000000
8.45% Redeemable At Par On 19.02.2015- Sr.93-II					
1	93-II	The Salem District Central Cooperative Bank Ltd	151,Cherry Road Salem,636001	400	400000000
2	93-II	Bajaj Allianz Life Insurance Company Ltd.	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	360	360000000
3	93-II	Bajaj Auto Limited	Bombay / Pune Road,Akurdi,Pune 411035	250	250000000
4	93-II	The New India Assurance Company Limited	New India Assurance Building,87, M.G.Road Fort Mumbai,400001	250	250000000
5	93-II	Hero Motocorp Ltd	34 Basant Lok,Vasant Vihar New Delhi,110057	200	200000000
6	93-II	Tata Aig General Insurance Company Limited	Deutsche Bank Ag,Db House, Hazarimal Somani Marg,Post Box No. 1142, Fort,Mumbai,400001	200	200000000
7	93-II	Lucknow Kshetriya Gramin Bank	Eye Hospital Road,Sitapur,Uttar Pradesh 261001	200	200000000

S.No.	Series	Nature of Bond / Debenture Holders	Address	No. Of Bonds	Amount
8	93-II	The Karur Vysya Bank Ltd	The Karur Vysya Bank Ltd, Treasury & Funds Management Dept, Central Office, Erode Road, Karur, 639002	150	150000000
9	93-II	General Insurance Corporation Of India	Suraksha, 170, J. T A T A Road Church Gate, Mumbai, 400020	150	150000000
10	93-II	Tamil Nadu Power Finance And Infrastructure Development Corporation Ltd.	No.490/3 - 4, Anna Salai, Nandanam, Chennai, 600035	150	150000000

Capital gain Tax Exemption bonds u/s 54EC of IT Act, 1961 as on 10/02/2012

Year of issue	No of Investors having highest investment (i.e. Rs 50lacs) that are amongst the top ten holders	Total amount of bonds outstanding (in Millions)	Total no. of investors
2008-09	439	6900.84	5971
2009-10	1952	30577.76	24227
2010-11	3585	50438.91	33365
2011-12 (allotment upto 31-01-12)	2500	35423.11	22144

Long Term Infrastructure Bonds u/s 80CCF of IT Act, 1961 as on 10/02/2012

S No	NAME	Address	No of Bonds	Amount
1	BHAGWAN DAS TAURANI	C/O HARISH R MENGHRAJANI FLOORS 5 B-1/502 ROSE PARADE SOLUNKE VIHAR RD KONDTIWA KHURD PUNE 411048	1000	5000000
2	SANDEEP MADAN BAHL	102 SANDALWOOD GREEN VALLEY WANAWADI PUNE	160	800000
3	RAJESHREE RAJENDRAKUMAR PATEL	27 NEW SURYANARAN SOCINR PARASMANI FLAT RANNA PARK GHATLODIA	105	525000
4	DEVENDRA SINGH KARGWAL	J 3/121 AJOURI GARDEN NEW DELHI 110027	100	500000
5	ARUP CHATTERJEE	B 12/13 ABHYBOY E KTP-4 ANANDPUR KOLKATA 700102	60	300000
6	VIJAYA WADHAWAN	238 DOUBLE STOREY NEW RAJINDER NAGAR NEW DELHI	40	200000
7	SHRIRAM BHADANI HUF	17 KRISHNA BHAWAN RAMDASPUR ROAD TOWN VILL GAYA BIHAR	40	200000

S No	NAME	Address	No of Bonds	Amount
8	SHRIRAM BHADANI HUF	17 KRISHNA BHAWAN RAMDASPUR ROAD TOWN VILL GAYA BIHAR	40	200000
9	MALU SHREECHAND PUSHRAJJI	GDMT CXS 82 GANDHIDHAM-K 370201	28	140000
10	N SRINIVASULU	FLAT 20 ANAND SAROVAR APTS NEW NO-198 KUTCHERY ROAD MYLAPORE CHENNAI	25	125000
11	SHRIRAM BHADANI HUF	17 KRISHNA BHAWAN RAMDASPUR ROAD TOWN VILL GAYA BIHAR	25	125000

Debt - Equity Ratio

(₹ in Millions)

Description	Standalone		Consolidated	
	Pre Issue ^	Post Issue *#	Pre Issue ^	Post Issue *#
Debt				
Short Term Debt ##	3,000.00	3,000.00	3,000.00	3,000.00
Long Term Debt	7,53,201.30	7,83,201.30	7,53,202.10	7,83,202.13
Total Debt	7,56,201.30	7,86,201.30	7,56,202.10	7,86,202.13
Shareholders Funds				
Share Capital	9,874.59	9,874.59	9,874.59	9,874.59
Reserves & Surplus	1,30,873.99	1,30,873.98	1,31,296.07	1,31,296.07
Total Shareholders Funds	1,40,748.58	1,40,748.58	1,41,170.66	1,41,170.66
Debt to Equity Ratio (times)	5.37	5.59	5.36	5.57
[Total Debt/Shareholders' Funds]				

^ Pre Issue Standalone and Consolidated figures are as on September 30, 2011.

* Post Issue Standalone and Consolidated Ratios has been calculated based upon the assumption that the issue of ₹ 30,000 Million is fully subscribed and there is no change in Shareholders' Funds and Short Term Debt.

Any change in Debt and Shareholders' Funds after September 30, 2011 has not been considered

Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks.

OBJECTS OF THE ISSUE

Issue Proceeds

The Company has been authorised vide CBDT Notification to raise Tax Free Bonds aggregating upto ₹ 30,000 million by way of public issue prior to March 31, 2012. The funds raised through this Issue will be utilized towards general lending operations of the Company and other associated business objectives and to discharge existing debt obligations which were generally undertaken for business operations.

The main objects clause of our Memorandum of Association permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

In accordance with the SEBI Debt Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of our Subsidiaries. Further, our Company is a public sector enterprise and, as such, we do not have any identifiable 'group' companies or 'companies under the same management'.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

Further, REC undertakes that Issue proceeds from Bonds allotted to banks shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations

Interim use of Proceeds

The Board of Directors of the Company, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, the Company intends to temporarily deploy funds in the interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities till the utilisation thereof for the purpose as aforesaid. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. Our Board of Directors shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our financial statements for the relevant fiscal commencing from Fiscal 2012, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. We shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security as stated in this Prospectus in the section titled — ***"Terms of the Issue – Security"*** on page 250 of this Prospectus and upon the listing of the Bonds.

Proposed Issue Expenses

A portion of the Issue proceeds will be used to meet Issue expenses. The details of Issue expenses are as follows

Particulars	Amount (₹ in million)	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Registrar to the Issue	3.00	0.01	1.84
Legal Advisors	1.00	0.00	0.61
Debenture Trustee	0.20	0.00	0.12

Particulars	Amount (₹ in million)	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Advertising and marketing	5.00	0.02	3.06
Lead Managers Fees, Selling and Brokerage commission	136.50	0.45	83.64
Other Miscellaneous Expenses	17.50	0.06	10.72
Total	163.20	0.54	100.00

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bond Holder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bond Holder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible interpretation of provisions where under the contents of his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bond Holder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

- a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 the Central Government vide Notification No 07/2012/F.No.178/56/2011 – (ITA.1) dated February 14, 2012 authorizes Rural Electrification Corporation to issue through a Public Issue, during the Financial year 2011-12, tax free, secured, redeemable, non-convertible bonds of Rs. 1,000 each for the aggregate amount of upto Rs. 30,000 millions subject to the following conditions that –

- i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
- ii) The holder of such bonds must register his, her or it's name and holding with the issuer.
- iii) The tenure of the bonds shall be 10 years or 15 years.
- iv) The interest on bonds shall be not less than fifty basis points lower than the yield on the Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on last working day of the month immediately preceding the month of the issue of bonds.

Provided that a higher coupon rate of upto 20 basis points may be offered to Retail Individual Investor vis-a-vis the rate offered to Qualified Institutional Buyers (QIBs), Corporate and High Networth Individuals (HNIs).

Provided further that higher rate of interest shall not be available in case the bonds are transferred, except in case of transfer to legal heir in the event of death of the original investor.

- v) Commission on sale shall be capped at a maximum of a flat fee of 1.25% of the issue size.

The flat fee shall include the total expense for the issue of bonds, including the expenses for advertisement, brokerage, printing, collection, canvassing charges, road shows and all other charges spent for this process.

Provided that the brokerage shall not exceed 0.15% in the case of Qualified Institutional Buyers and Corporates and 0.35% in the case of High Networth Individuals.

- b) Section 10(15)(iv)(h) to be read with Section 14A(1) provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Section 2(36A) of the IT Act defines “Public Sector Company” as any corporation established by or under any state Central, State, Provincial Act or a Government company as defined section 617 of the companies Act, 1956.

- c) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required.

- e) Under sec 195 of Income Tax Act, Income Tax shall be deducted from sum payable to Non-Residents on long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

2. CAPITAL GAIN

- a) Under section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to section 48 of Income tax act, 1961 benefits of indexation of cost of acquisition under second proviso of section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered 10% on listed bonds without indexation.

Securities Transaction Tax ("STT") is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. ₹ 180,000 in case of all other individuals, ₹ 190,000 in case of resident women, ₹ 250,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and ₹ 500,000 in case of resident very senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995.

A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge for corporate only) is payable by all categories of tax payers.

- b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para 3 above would also apply to such short-term capital gains.

- c) Under section 54 EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54 EC of the I.T. Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80 C of the I.T. Act.

- d) As per the provisions of section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house)

arising to Bond Holder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bond Holder should not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bond Holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3. Profit and loss

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

4. Taxation on gift

As per section 56(2)(vii) of the I.T. Act, in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

- A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;
- B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration;

shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received—

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer or donor, as the case may be; or
- e) from any local authority as defined in the Explanation to clause (20) of section 10; or
- f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

For Bansal & Co. Chartered Accountants Firm's Regn. No.: 001113N CA RC Pandey Partner (M. No.070811) Place: New Delhi Date: 16-02-2012	For P.K.Chopra & Co. Chartered Accountants Firm's Regn. No.: 006747N CA KS Ponnuswami Partner (M. No.070276) Place: New Delhi Date: 16-02-2012

SECTION IV - ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been obtained or derived from publicly available documents prepared by various sources, including officially prepared materials by the GoI, its various ministries and from various multilateral institutions. The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, or rounded off for presentation in this Prospectus.

The Indian Economy

India has an estimated population of 1,189,172,906 people as at July 2011, with an estimated gross domestic product ("GDP") calculated on a purchasing power parity basis of approximately U.S.\$ 4.06 trillion in 2010. This makes it the fifth largest economy in the world in terms of GDP after the European Union, United States of America, China and Japan. (Source: CIA World Factbook 2011)

In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms. (Source: CIA World Factbook 2011). By way of comparison, the below table illustrates the GDP growth in 2010 for certain other countries:

Country	GDP Growth in 2010 (%)*
Singapore	14.5
India	10.4
China	10.3
Brazil	7.5
Japan	3.9
United States	2.8
United Kingdom	1.3
*adjusted for inflation	

(Source: CIA World Factbook 2011)

In the past, India's GDP has grown at an average rate of 8.8% between Fiscal 2003 and Fiscal 2008. As a result of the global economic downturn, this growth trajectory was impeded in Fiscal 2009, with the growth rate of India's GDP decelerating to 5.9% in the second half of Fiscal 2009, compared to 7.3% in Fiscal 2008. The real GDP growth for 2009-10 was revised upwards to 7.4 percent from the earlier estimate of 7.2 percent mainly on account of strong growth of 8.6 percent in the fourth quarter. (Source: RBI, Macroeconomic and Monetary Developments: First Quarter Review: 2009-10 & 2010-11 ("RBI First Quarter Review"))

The Indian economy witnessed robust recovery in growth in the last quarter of fiscal 2010. The Industrial Outlook Survey of the RBI indicated further improvement in several parameters of the business environment for the three months ended September 30, 2010. The Professional Forecasters' Survey conducted by the RBI in June 2010 places the overall (median) GDP growth rate for fiscal 2011 at 8.4%, higher than 8.2% reported in the previous round of the survey. (Source: Macroeconomic and Monetary Developments: First Quarter Review Fiscal 2011).

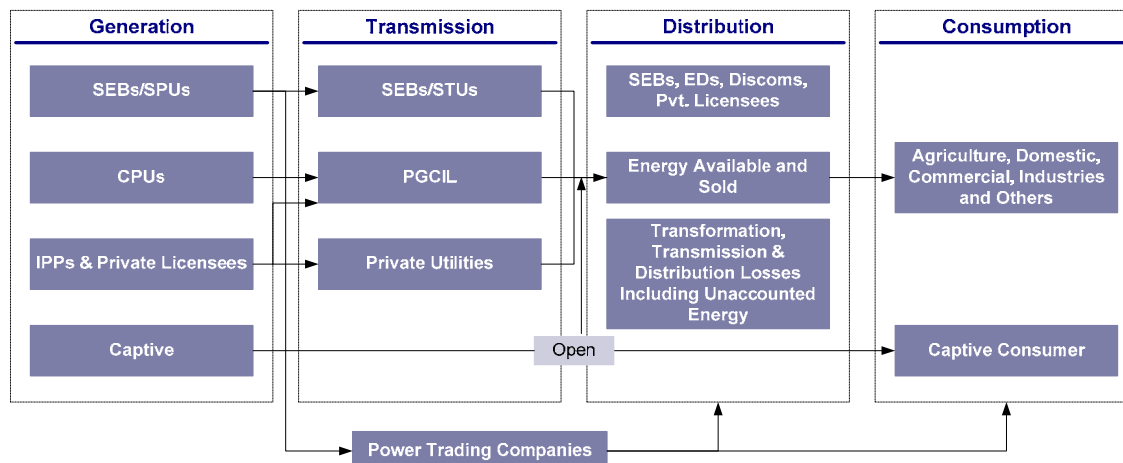
During the first quarter of Fiscal 2011, India's GDP grew by 8.8%, compared with a growth rate of 6.0% during the first quarter of Fiscal 2010.

(Source: http://mospi.nic.in/Mospi_New/upload/PRESS_NOTE_Q1_2010_11.pdf accessed on September 3, 2010)

THE INDIAN POWER SECTOR

Structure of the Indian Power Sector

The following diagram depicts the structure of the Indian power industry for generation, transmission, distribution and consumption:



Legend:

IPPs	Independent Power Producer
CPUs	Central Power Utilities
SEBs	State Electricity Boards
STUs	State Transmission Utilities
SPUs	State Power Utilities
PGCIL	Power Grid Corporation of India Limited
EDs	Electricity Departments
Discoms	Distribution Companies

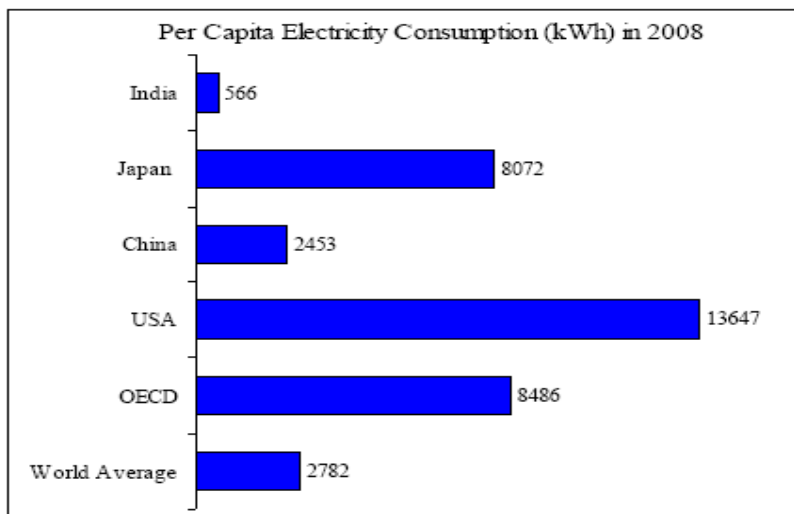
Overview of the Indian power sector

India has continuously experienced shortages in energy and peak power requirements. According to the Central Electricity Authority's ("CEA") monthly review of the power sector ("CEA Monthly Review") published in December 2011, the provisional total energy deficit and peak power deficit was approximately 7.9% and 10.6%, respectively. The shortages in energy and peak power have been primarily due to the sluggish progress in capacity addition. The Indian economy is based on planning through successive five year plans ("Five Year Plans") that set out targets for economic development in various sectors, including the power sector. During the 9th Five Year Plan (1997-2002) ("9th Plan"), capacity addition achieved was 19,015 MW, which was 47.5% of the 40,245 MW targeted under the 9th Plan. During the course of the 10th Five Year Plan (2002 to 2007) ("10th Plan"), capacity addition achieved was 21,180 MW, which was 51.6% of the 41,110 MW targeted under the 10th Plan. (Source: *White Paper on Strategy for 11th Plan, prepared by the CEA and the Confederation of Indian Industry, August 2007 (the "White Paper")*). The current revised capacity target for the 11th Five Year Plan (2007-2012) ("11th Plan") is 78,700 MW. As of July 31, 2011, capacity addition achieved over the 11th Plan has been 61.02% of the target addition or 48,028.91 MW. The total installed power generation capacity in India was 186,655MW as of December 31, 2011. (Source: *CEA Monthly Review (December 2011)*)

Power Demand in India

Rapid growth of the economy places a heavy demand on electric power. Reforms in the power sector, to make it efficient and more competitive, have been under way for several years and while there has been some progress, shortage of power and lack of access continues to be a major constraint on economic growth. The persistent shortages of electricity both for peak power and energy indicate the need for improving performance of the power sector in the country (Source: *website of the Planning Commission of India("Planning Commission")*).

Although power generation capacity has increased substantially in recent years, it has not kept pace with the continued growth of the Indian economy, despite low per capita electricity consumption. As set forth below, per capita consumption of power in India remains relatively low compared to other major economies:



(Source: IEA, Key World Energy Statistics, 2010)

The low per capita consumption of electricity in India compared to the world average presents significant potential for sustainable growth in the demand for electric power in India. The total energy consumption in India is estimated to grow to approximately 1,280 million tonnes of oil equivalent ("Mton") by Fiscal 2030. (Source: *World Energy Outlook 2008*, IEA). This implies growth of 3.5% CAGR in India's energy requirement over the next 25-30 years, reflecting the huge potential for investments in the energy sector in India.

Power Supply in India

Historical Capacity Additions

Each successive Five-Year Plan of the GoI has had increased targets for the addition of power generation capacity. The energy deficit in India is a result of insufficient progress in the development of additional energy capacity. In each of the last three Five-Year Plans (the 8th, 9th, and 10th Five-Year Plans, covering fiscal 1992 to fiscal 2007), less than 55.0% of the targeted additional energy capacity level was added. According to the White Paper, India added an average of approximately 20,000 MW to its energy capacity in each of the 9th Plan and 10th Plan periods.

The total capacity addition during the past 25 years between the 6th Five Year Plan and the 10th Plan was approximately 92,000 MW. The latest revised target capacity addition for the 11th Plan is 78,700 MW (61.02% of which had been achieved as of July 31, 2011) (Source: *CEA Monthly Review (July 2011)*), and this is expected to result in significant investments in the power generation sector.

Current Capacity

Out of India's total installed capacity of 186654.62 MW as on December 31, 2011, the installed capacity of central power sector utilities, state sector entities and private sector companies accounted for approximately 30.3%, 44.79% and 24.91%, respectively. The following table sets forth a summary of India's energy generation capacity as of December 31, 2011 in terms of fuel source and ownership:

(In MW)					
Sector	Thermal	Nuclear	Hydro	RES*	Total
Central	44067.23	4,780.00	8,885.40	0.00	57732.63
State	53041.73	0.00	27338.00	3225.92	83605.65
Private	25855.02	0.00	2525.00	16936.32	45316.34

Sector	Thermal	Nuclear	Hydro	RES*	Total
Total	122963.98	4,780.00	38748.40	20162.24	186654.62

*RES = Renewable energy sources

(Source: CEA Monthly Review (December 31, 2011))

Demand-Supply Imbalance in India

The Indian power sector has historically been beset by energy shortages which have been rising over the years. In fiscal 2011, peak energy deficit was 12.7% and total energy deficit was 10.1%. The demand for electricity has consistently exceeded the supply, and the demand-supply gap has been widening. The following table provides the peak and normative shortages of power in India for the periods indicated:

Period	Peak Demand (MW)	Peak Met (MW)	Peak Deficit/ Surplus (MW)	Peak Deficit/ Surplus (%)	Power Requirement (MU)	Power Availability (MU)	Power Deficit/ Surplus (MU)	Power Deficit/ Surplus (%)
Fiscal 2003	81,492	71,547	(9,945)	(12.2)	545,983	497,890	(48,093)	(8.8)
Fiscal 2004	84,574	75,066	(9,508)	(11.2)	559,264	519,398	(39,866)	(7.1)
Fiscal 2005	87,906	77,652	(10,254)	(11.7)	591,373	548,115	(43,258)	(7.3)
Fiscal 2006	93,255	81,792	(11,463)	(12.3)	631,757	578,819	(52,938)	(8.4)
Fiscal 2007	100,715	86,818	(13,897)	(13.8)	690,587	624,495	(66,092)	(9.6)
Fiscal 2008	108,866	90,793	(18,073)	(16.6)	739,345	666,007	(73,338)	(9.9)
Fiscal 2009	109,809	96,685	(13,124)	(12.0)	774,324	689,021	(85,303)	(11.1)
Fiscal 2010	119,166	104,009	(15,157)	(12.7)	830,594	746,644	(83,950)	(10.1)
Fiscal 2011	122,287	110,256	(12,031)	(9.8)	861,591	788,355	(73,236)	(8.5)
Fiscal 2012 (April – December 2011 prov.)	127,724	114,233	(13,491)	(10.6)	695,025	639,990	(55,038)	(7.9)

(Source: CEA Power Scenario at a Glance, January 2012)

The total Indian power deficit of 10.1% in fiscal 2010 can be compared to power deficits of 11.1% and 9.9% in fiscal 2009 and fiscal 2008, respectively. Similarly, the total Indian peak deficit of 12.7% can be compared to peak deficits of 12.0% and 16.6% in fiscal 2009 and fiscal 2008 (Source: www.powermin.nic.in).

The deficits in electric energy and peak power requirements vary across different regions in India. The peak deficit was 14.9% in the western region of the country, followed by 11.6% in the north-eastern region of the country in September 2011. The larger deficit in the former regions is a result of the slow development progress of additional power generation capacity in these areas. The following table outlines the peak and normative power shortages in India for the period April 2011 – December 2011 across the regions of India:

April 2011 - December 2011

Region	Energy (MU)	Deficit %	Peak	Deficit%
	Requirement		Demand (MW)	
Northern	208318	-6.4	40,248	-7.8
Western	214858	-11.3	42,352	-15.1
Southern	189552	-7.1	34,072	-7.6
Eastern	73,612	-4.3	14,505	-3.7
North Eastern	8,440	-9.3	1,920	-7.2
All India	694,780	-7.9	127,724	-10.6

*Provisional

(Source: CEA Monthly Review (December 2011))

Demand Projections

To deliver a sustained economic growth rate of 8.0% through to fiscal 2032, India needs, at the least, to increase its primary energy supply between three and four times and its electricity generation capacity between five and six times based on fiscal 2004 levels. With fiscal 2004 as a baseline, India's commercial energy supply would need to grow from 5.2% to 6.1% per annum while its total primary energy supply would need to grow at 4.3% to 5.1% annually. Further, power generation capacity must increase to around 800,000 MW by fiscal 2032 from the fiscal 2004 capacity levels of around 160,000 MW inclusive of all captive plants. (Source: *Planning Commission, Integrated Energy Policy Report of the Expert Committee on Power, August 2006 (the "IEP report August 2006")*). This represents a need for the substantial augmentation of power generation capacity. Such investment in power generation will require increased investment in power transmission and distribution if the additional power is to be effectively disseminated among potential customers.

The table below lays out the projected additional capacity needed by fiscal 2012, fiscal 2017 and fiscal 2022 under different GDP growth rate scenarios:

	Assumed GDP Growth (%)	Electricity Generation Required (Billion Units)	Projected Peak Demand (GW)	Installed Capacity Required (GW)	Capacity Addition Required ⁽¹⁾ (GW)
By Fiscal Year 2012	8.0	1,097	158	220	33
	9.0	1,167	168	233	46
By Fiscal Year 2017	8.0	1,524	226	306	119
	9.0	1,687	250	337	150
By Fiscal Year 2022	8.0	2,118	323	425	238
	9.0	2,438	372	488	301

⁽¹⁾ Based on installed capacity of approximately 186 GW in India as of 31 December 2011

Capacity Additions

11th Plan

The MoP's proposed sector-wise and mode-wise capacity addition for the 11th Plan is as follows:

	Thermal (MW)	Nuclear (MW)	Hydro (MW)	Total (MW)
Central	24,840	3,380	8,654	36,874
State	23,301	0.00	3,482	26,783
Private	11,552	0.00	3,491	15,043
Total	59,693	3,380	15,627	78,700

(Source: CEA Monthly Review (December 2011))

Additionally, the aim for the 11th Plan is to achieve a capacity addition of 15,000 MW from renewable fuels. (Source: www.mnre.gov.in, website of the Ministry of New and Renewable Energy ("MNRE"))

The total fund requirement to achieve the 11th Plan target was estimated as ₹ 10,316.00 billion. This included total estimated funding of ₹ 4,108.96 billion for generation projects (including nuclear projects) of which ₹ 1,237.92 billion was envisaged for the public sector, ₹ 2,020.67 billion for the central sector and ₹ 850.37 billion for the private sector, respectively. This also includes an estimated ₹ 1,400.00 billion for transmission system development (with ₹ 750.00 billion envisaged for the central sector and ₹ 650.00 billion for the public sector, respectively). Total fund requirement for the distribution sector (including rural electrification) during the 11th Plan was estimated at ₹ 2,870.00 billion, which was only for the public sector. (Source: White Paper)

12th Five Year Plan (2012-2017) (the "12th Plan")

A tentative capacity addition of approximately 100,000 MW has been envisaged for the 12th Plan. This comprises an estimated 74,000 MW thermal power, 20,000 MW hydro power, 3,400 MW nuclear power and 2,500 MW from lignite, respectively (Source: *Base Paper, International Conclave on Key Inputs for*

Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August, 2009, organized by the MoP and CEA ("International Conclave August 2009").

The total fund requirement to achieve the above targeted capacity addition is estimated at ₹ 11,000.00 billion, with an estimated ₹ 4,950.00 billion being required for generation projects, an estimated ₹ 2,400.00 billion being required for transmission projects and an estimated ₹ 3,710.00 billion being required for distribution projects. (Source: *International Conclave August 2009*).

POWER TRANSMISSION AND DISTRIBUTION

In India, the transmission and distribution system is a three-tier structure comprised of regional grids, State grids and distribution networks. The five regional grids, configured on a geographical contiguity basis, enable transfer of power from a power surplus State to a power deficit State. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between power plants. These regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be redirected to another region facing power deficits, thereby allowing a more optimal utilization of the national generating capacity.

Most inter-regional and inter-State transmission links are owned and operated by Power Grid Corporation of India Limited though some are jointly owned by the SEBs. State grids and distribution networks are mostly owned and operated by the respective SEBs, STUs, distribution companies, or State governments (through State electricity departments). A direct consequence of the high Aggregate Technical and Commercial ("AT&C") losses that are experienced by the Indian power sector is the inadequate financial condition of SEBs and SPUs thereby restricting the SEBs from making any meaningful investments in generation and the modernization of the transmission and distribution network.

POLICY INITIATIVES AND ECONOMIC REFORMS IN INDIA

Since 1991, India has witnessed reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- *Industrial Policy Reforms:* Removal of capacity licensing and opening up various sectors to FDI;
- *Trade Policy Reforms:* Lowering of import tariffs and restrictions on imports, across industries; and
- *Monetary Policy and Financial Sector Reforms:* Lowering interest rates, relaxation of restrictions on fund movement and the introduction of private participation in insurance sector.

In addition, FDI has been recognized as an important driver of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate FDI, and FDI is allowed in many key sectors of the economy, such as manufacturing, services, infrastructure and financial services. For many sectors, 100% FDI is allowed on an automatic basis, without prior approval from the Foreign Investment Promotion Board.

FDI inflows into India have accelerated since Fiscal 2007. From April 2000 through June 2011, FDI equity inflows into the services sector (both financial and non-financial) of India amounted to ₹ 1,299.63 billion (US\$ 29,087 million). In addition, from August 1991 to June 2010, cumulative FDI equity inflows amounted to ₹ 6,035.26 billion (US\$ 138,235 million). FDI inflows into India were US\$ 34,835 million, US\$ 37,838 million and US\$ 37,763 million and US\$ 30,380 million in Fiscal Years 2008, 2009, 2010 & 2011, respectively, and US\$ 13,441 million up to June 2011. (Source: *Department of Industrial Policy and Promotion Fact Sheet, August 1991 to June 2011*)

In recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the GoI has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. Some of the various strategies and reforms adopted by the GoI and other initiatives in the power sector in India are summarized below:

Electricity Act, 2003 ("Electricity Act")

The most significant reform package was the introduction of the Electricity Act, which modified the legal framework governing the electricity sector and was designed to alleviate many of the problems facing India's

power sector and to attract capital for large scale power projects. The Electricity Act replaced the multiple legislations that previously governed the Indian electricity sector. The most significant reform under the Electricity Act is the move toward a multi-buyer, multi-seller system, as opposed to the previous structure which permitted only a single buyer to purchase power from generators. Furthermore, under the Electricity Act, the regulatory regime is more flexible, has a multi-year approach and allows the Central and State regulatory commissions greater freedom in determining tariffs, without being constrained by rate-of-return regulations.

National Electricity Policy, 2005

The National Electricity Policy was notified in February 2005. This policy aims at accelerated development of the power sector, focusing on the supply of electricity to all areas and protecting interests of consumers and other stakeholders, keeping in view availability of energy resources technology available to exploit these resources, economics of generation using different resources and energy security issues.

National Tariff Policy, 2006

The National Tariff Policy ("NTP") was notified by the GoI on January 6, 2006. Its main objectives are to:

- ensure availability of electricity to consumers at reasonable and competitive rates;
- ensure financial viability of the sector and attract investments;
- promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks; and
- promote competition, efficiency in operations and improvement in quality of supply.

The NTP stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of pre-existing projects or where there is a public sector controlled or owned developer involved. In these cases, regulators must resort to tariffs set by reference to standards of the Central Electricity Regulatory Commission ("CERC"), provided that expansion of generating capacity by private developers for this purpose will be restricted to a one time addition of not more than 50% of the existing capacity. Under the NTP, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding after a certain time period.

Rural Electrification Initiatives

RGGVY and Rural Electrification Policy. The GoI has undertaken a number of initiatives over the years for rural electrification, including the Kutir Jyoti Yojana, Minimum Needs Programme, Pradhan Mantri Gramodaya Yojana, Accelerated Rural Electrification Program, Accelerated Electrification of One Lakh Villages and One Crore Households. In April 2005, the GoI launched the RGGVY, a comprehensive programme merging within it all the ongoing schemes with the aim to further strengthen the pace of rural electrification and with the initial objective to electrify all villages and provide access to electricity to all rural households.

In order to achieve the electrification of villages, the scheme envisages the creation of a rural electricity distribution backbone with at least one 33/11KV or 66/11 KV sub-station of adequate capacity in geographical blocks where these do not exist, a village electrification infrastructure with distribution transformers of appropriate capacity in villages and other habitations and decentralised distribution generation systems based on conventional/non-conventional sources where grid electricity supply is not feasible or cost effective. This infrastructure may also indirectly facilitate the requirements of agriculture and other activities in rural areas including irrigation pump sets, small and medium industries, local industries, warehousing, healthcare, education and information technology which, in turn would facilitate overall rural development, generate employment opportunities and alleviate rural poverty.

The GoI approved the continuation of the RGGVY scheme in the Eleventh Plan period with a capital subsidy of ₹ 280,000 million. Under the scheme, 90% capital subsidy is provided towards overall cost of the projects under the scheme.

The GoI also notified the Rural Electrification Policy on August 23, 2006. This policy aims at improving the access and quality of electricity supply in rural areas. The salient features of the policy are:

- provision of access to electricity to all households by year 2009;

- supply of reliable and quality power at reasonable rates;
- minimum lifeline consumption of 1 Unit per household per day as a merit good by year 2012.

Village electrification.

According to data available from the CEA, as on 30 November 2011, out of estimated 593,732 inhabited villages in India, as per 2001 Census, approximately 44,859 villages or 7.6% of the estimated total inhabited villages remained to be electrified.

The table below shows the status of rural electrification of villages in selected states in the country, as on 30 November 2011³ :

State	No. of Villages to be Electrified	Percentage of Villages to be electrified ⁽¹⁾ (%)
Jharkhand	3,164	11.80
Orissa	11,180	23.50
Bihar	6,333	16.20
Rajasthan	3,198	8.00
Uttar Pradesh	11,492	11.70
Assam	968	3.90
Maharashtra	778	1.90
Meghalaya	1,968	34.00

(1) Percentages are based on total inhabited villages, per 2001 census.

Development of the power sector requires large investment that cannot be met solely by public finance. The pace of reforms in the distribution sector would need to be accelerated in order to attract private investments. Therefore, the GoI is seeking a public private partnership model for resource mobilization and efficiency gains. An example of public private partnerships is already emerging in the form of franchisees in rural areas where electrification of villages has been achieved under the RGGVY.

Our Company is the nodal agency at the GoI level to implement the rural electrification programme. For further details see the section titled “**Our Business**” on page 131.

Ultra Mega Power Projects ("UMPPs")

For meeting the growing needs of the economy, generation capacity in India must rise significantly and sustainably over the coming decades. There is therefore a need to develop large capacity projects at the national level to meet the requirements of different States. Development of UMPPs is one step the MoP is taking to meet this objective. Each project is a minimum of 4,000 MW and involves an estimated investment of approximately U.S. \$ 4.00 billion. The projects are expected to substantially reduce power shortages in India. The UMPPs will be awarded to developers on a build-own-operate basis and are expected to be built at 16 different locations. (Source: website of the MoP) For details, see section titled “**Our Business**” and “**Regulations and Policies**” on pages 131 and 156 respectively of this Prospectus.

Independent Transmission Projects

The MoP has initiated a tariff based competitive bidding process for independent transmission projects (“ITPs”), which is a process similar to that followed for UMPPs, for the development of transmission systems through private sector participation. The ITPs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India. (Source: website of the MoP) For details, see section titled “**Our Business**” and “**Regulations and Policies**” on pages 131 and 156 respectively of this Prospectus.

Hydro Power Policy 2008

³ Central Electricity Authority, Government of India – Village Electrification Report
(Reference: http://www.cea.nic.in/reports/monthly/dpd_div_rep/village_electrification.pdf)

The Hydro Power Policy, 2008, emphasizes increasing private investment in the development of hydroelectric projects. The policy aims at attracting private funds by encouraging joint ventures with private developers and the use of the IPP model, in addition to promoting power trading and speeding up the availability of statutory clearances. The policy provides guidelines for accelerated development of the hydropower industry in India, particularly in the Himalayan States. (Source: *Hydropower Policy 2008, MoP*)

National Solar Mission

The MNRE has approved a new policy on development of solar energy in India by the Jawaharlal Nehru National Solar Mission. The mission recommends the implementation of an installed capacity of 20,000 MW in three stages by the end of the 13th Five Year Plan (2017-2022). It proposes to establish a single window investor-friendly mechanism, which reduces risk and at the same time, provides an attractive, predictable and sufficiently adequate tariff for the purchase of solar power from the grid. The key driver for promoting solar power would be through a renewable purchase obligation mandated for power utilities, with a specific solar component. (Source: *www.mnre.gov.in*)

Restructured Accelerated Power Development and Reform Program ("R-APDRP")

The MoP launched the R-APDRP in July 2008 to ensure the achievement of better results, primarily with the objective of reduction of AT&C losses and improve distribution system. R-APDRP was taken up in two parts. Part-A projects include those for establishment of a reliable system for the collection of accurate base line data and IT application, for energy auditing. Part-B projects include regular distribution strengthening projects, to improve the sub-transmission and distribution system. (Source: *www.powermin.nic.in, Website of the MoP; Office Memorandum dated December 22, 2008*)

Distribution Reform, Upgrades and Management ("DRUM")

The MoP, acting in conjunction with the United States Agency for International Development, have established the DRUM project in 2004 with the purpose of demonstrating best commercial and technological practices that improve the quality and reliability of "last mile" power distribution in selected urban and rural distribution circles in India. The project's objectives include improved power distribution, better availability and quality of electricity, enhanced commercial orientation and drive and the facilitation of the distribution reform process. (Source: *www.powermin.nic.in, website of the MoP; Background Note on DRUM*)

INDIAN ELECTRICITY CONSUMPTION AND DEMAND

The per capita energy consumption in India is relatively low in comparison to most other parts of the world, including other developing nations. According to statistical data for 2009, as published in the 2011 Key World Energy Statistics by International Energy Agency, India's electricity consumption was 597kWh⁴ per year, compared to a world average of 2730kWh. India's per capita energy consumption is also low relative to yearly averages of countries and regions in the world, such as 2631kWh in China, 741kWh in Asia and 1,884kWh in Latin America.

The power industry in India has historically been characterized by energy shortages. During the period April 2010 to March 2011, the peak energy deficit was estimated to be 9.8% and normative energy deficit was estimated at 8.5%⁵.

Growth, Capacity Additions and Funding Requirements

As India's economy continues to grow, it is expected that India's energy consumption will grow as well. A key risk to the continued growth of the Indian economy is inadequate power infrastructure. Growth in power infrastructure investment in India may be constrained without further improvements. In order to sustain a GDP growth rate of 8-9%, India would require additional capacity of about 33-46 GW by 2012, 119-150 GW by 2017 and 238-301 GW by 2022 based on normative powers⁶. The following table sets forth the additional total

⁴ International Energy Agency – 2011 Key World Energy Statistics

(Reference: http://www.iea.org/textbase/nppdf/free/2011/key_world_energy_stats.pdf)

⁵ Central Electricity Authority, Government of India – Load Generation Balance Report 2011- 2012

(Reference: http://www.cea.nic.in/reports/yearly/lgbg_report.pdf)

⁶ Planning Commission, Government of India – Integrated Energy Policy, Expert Committee on Power, August 2006

electricity generation capacity required by Fiscal Years 2012, 2017 and 2022 under different GDP growth rate scenarios⁷.

	Assumed GDP Growth (%)	Electricity Generation Required (Billion Units)	Projected Peak Demand (GW)	Installed Capacity Required (GW)	Capacity Addition Required ⁽¹⁾ (GW)
By Fiscal Year 2012	8.0	1,097	158	220	33
	9.0	1,167	168	233	46
By Fiscal Year 2017	8.0	1,524	226	306	119
	9.0	1,687	250	337	150
By Fiscal Year 2022	8.0	2,118	323	425	238
	9.0	2,438	372	488	301

⁽¹⁾ Based on installed capacity of approximately 186 GW in India as of 31 December 2011

The GoI has adopted a system of successive five year plans that set out targets for economic development in various sectors, including the power sector. In order to match the increasing demand for power within India, substantial increases in generation capacity will require additional improved transmission and distribution systems, all of which will require significant investment.

According to the Central Electricity Authority, India's power generation systems had a total installed capacity of 186,655 MW as at December 2011. To fulfill the objectives of the National Electricity Policy, a capacity addition of 78,700 MW was proposed for the Eleventh Plan; which was expected to provide a growth of 9.5% to the power sector⁸. According to the Report of the Working Group on Power for Eleventh Plan of the GoI, the overall requirement of funds in the Eleventh Plan of the GoI for the power sector has been estimated at INR 10,316,000 million. The capacity addition has been revised to 62,374 MW recently⁹. As per latest assessment made by the CEA, 47491 MW capacity (76.1%) has already been commissioned²¹. Delays / slippages of long term coal linkages to the projects identified and failure to achieve planned targets from captive coal mine blocks has to some extent affected the generation capacity addition plan. These bottlenecks have resulted in slippages of planned capacity addition targets and increased dependence of generating companies on imported coal, thereby having a cascading effect on cost of production. For the Twelfth Plan period, CEA estimated that in order to meet the projected demand requirement by 2017, capacity addition of 100,000 MW would be required; and including additions required in expanding transmission and distribution systems, the total fund requirement for the plan period would be about INR 11,000,000 million.

a) **Generation**

Out of India's total installed capacity of 186,655 MW as at 31 December 2011, the installed capacity of central power sector utilities, state sector entities and private sector companies accounted for 47%, 31% and 21% of the total installed capacity respectively.

The table below shows total installed generation capacity by sector and type of generation, in MW, as on 31 December 2011¹⁰:

Sector	Hydro	Thermal	Nuclear	R.E.S (1)	Total
State	27,338	53,042	0	3,226	83,606
Central	8,885	44,067	4,780	0	57,733
Private	2,525	25,855	0	16,936	45,316
Total	38,748	122,964	4,780	20,162	186,655

⁽¹⁾ Renewable Energy Sources, which include small hydro projects, biomass gas, biomass power, urban and industrial waste power and wind energy.

⁷ Planning Commission, Government of India – Integrated Energy Policy, Expert Committee on Power, August 2006

⁸ Report of the Working Group on Power for Eleventh Plan, Ministry of Power, February 2007

⁹ Planning Commission Eleventh Plan Mid Term Appraisal

¹⁰ Central Electricity Authority, Government of India – Monthly Review of Power Sector Reports December 2011 (Reference: http://www.cea.nic.in/reports/monthly/executive_rep/dec11/9-10.pdf)

Each successive five year plan of the GoI has had increased targets for the addition of power generation capacity. The Ninth Plan of the GoI targeted a capacity addition of 40,245 MW of which 73.41% was to come from thermal capacity, 24.39% was to come from hydro capacity and 2.19% was to come from nuclear capacity¹¹. According to the MoP, approximately 47.5% of the planned capacity was added during the Ninth Plan. The Tenth Plan for Fiscal Years 2002 to 2007 targeted a capacity addition of 41,110 MW, which was subsequently revised to 30,641 MW; however at the end of the Tenth Plan period, only 21,180 MW of capacity was added¹².

According to data from the MoP, the revised additional capacity required to meet the projected demand during the Eleventh Plan is estimated at 62,374 MW. Of this estimated capacity addition of 62,374 MW during the Eleventh Plan, the estimated contribution by the central, state and private sector is provided as follows¹³:

Sector	Capacity Additional (MW)	Percentage (%)
State	21,355	34.23
Central	21,222	34.02
Private	19,797	31.74
Total	62,374	100.00

Public sector - In India, control over the development of the power industry is shared between the central and the state governments. Central sector utilities were created in 1975 under administrative control of the MoP. State governments have set up state utilities that are responsible for ensuring the supply, transmission and distribution of electricity in the most economical and efficient manner. One of the key changes introduced by the Electricity Act is the elimination of the legal basis for the continuation of SEBs. It is intended that SEBs will be completely restructured and their assets unbundled into separate generation, transmission, and distribution companies. The SEBs of Orissa, Haryana, Andhra Pradesh, Karnataka, Uttar Pradesh, Uttaranchal Rajasthan, Delhi, Maharashtra, Gujarat, Assam and Madhya Pradesh have been unbundled as on 30 September 2009.

Private sector - In 1991 the GoI began to encourage private sector participation in the power industry.

The Electricity Act allows for private involvement in power sector development. In particular it has introduced important changes in the industry, notably by moving the sector from a single-buyer market to a multi-buyer and multi-seller system. The aim is to give the private sector access to the state electricity board transmission grids thereby allowing private power producers to sell directly to large industrial consumers.

Investments in generation - The total fund requirement for generation projects during the Twelfth Plan period is estimated at approximately INR 4,950,830 million, with approximately INR 1,266,490 million being required for the hydro sector, approximately INR 3,306,680 million being required for the thermal sector and approximately INR 377,660 million being required for the nuclear sector¹⁴.

b) Transmission

In order to accomplish the GoI's stated mission of "Power for all by 2012", there must be significant expansion of the regional transmission network and inter-regional capacity to transmit power. The transmission of electricity is typically defined as the bulk transfer of power over a long distance at a relative high voltage. A reliable transmission and distribution system is important for the proper and efficient transfer of power from generation facilities to sub-stations or between substations. A transmission and distribution system typically comprises of transmission lines, sub-stations, switching stations, transformers and distribution lines.

¹¹ Planning Commission – 9th Five Year Plan

(Reference: <http://planningcommission.gov.in/plans/planrel/fiveyr/9th/vol2/v2c6-2.htm>)

¹² Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

¹³ Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

¹⁴ Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

Demand for electric power transmission and distribution services is largely dependent on levels of electric power demand, and on the ability of the electric power generation and distribution sectors to service that demand. In order to ensure reliable supply of power, efficient utilization of generating capacity and effective exploitation of unevenly distributed generating resources in the country so as to optimize their potential, a strong interconnected transmission grid is required, which interconnects various generating stations and load centres.

In India, the transmission and distribution system is a 3-tier structure comprising distribution networks, state grids, and regional grids. These distribution networks and state grids are principally owned and operated by SEBs or other state utilities, or state governments (through state electricity departments). At present there are five regional grids operating in India, in the Northern, Eastern, Western, Southern and North-eastern regions. Regional or interstate grids facilitate the transfer of power from a region with surplus to one with deficit. Most of the inter-state transmission links are owned and operated by PGCIL. These regional grids also facilitate the scheduling of maintenance outages and coordination between power plants.

In Fiscal Year 2007, the GoI launched a scheme under the Electricity Act to invite private sector investments in major transmission projects pursuant to which private developers are proposed to become transmission service providers on a “build, own, operate and maintain” basis. The GoI has identified a number of transmission related projects to be implemented on a “build, own, operate and maintain” basis and the Company has been nominated as one of the nodal agencies to select the developer of Transmission System on tariff-based competitive bidding as per laid down policy norms by MoP.

National grid - In order to optimize the utilization of generation capacity through the exchange of power between surplus and deficit regions and to exploit the uneven distribution of hydroelectric potential across various regions, the GoI in 1981 approved a plan to establish a national grid. The plan envisaged high-voltage transmission links across various regions in order to enable the transfer of power from surplus to deficit regions. The process of establishing the national grid was initiated with the formation of central sector power generating and transmission companies.

The fast pace of development in the Indian power sector necessitates the need for the accelerated implementation of a national power grid in India in order to enable scheduled/unscheduled exchange of power as well as for providing open access to encourage competition in the power market. Formation of such a national power grid has been envisaged in a phased manner. The existing inter-regional power transfer capacity of 19,150 MW as of 31 March 2009 is to be further enhanced to 38,050 MW by Fiscal Year 2012 through creation of “Transmission Super Highways”¹⁵.

Investments in transmission - The total fund requirement for transmission system development and related schemes during the Twelfth Plan period is estimated at INR 2,400,000 million, with INR 1,400,000 million being required for the central sector and INR 1,000,000 million being required for the state sector¹⁶.

In 1998, the GoI enacted the Electricity Laws (Amendment) Act, which recognized transmission as an independent activity, distinct from generation and distribution, and allowed private investment in the transmission sector.

In April 2006, the MoP issued guidelines for tariff based competitive bidding for transmission services with the objective of developing competition in the transmission sector. These guidelines, framed under the provisions of the Electricity Act aim to promote competitive procurement of transmission services and encourage private investment in transmission lines. As per these guidelines, the selection of developer for identified projects would be through tariff based competitive bidding.

REC Transmission Projects Company Limited, was incorporated in January, 2007 as a wholly owned subsidiary of REC, with the objective to promote, organize or carry on the business of consultancy services and/or project implementation in any field of activity relating to transmission of electricity in India or abroad.

REC Transmission Projects Company Limited has been mandated the role of Bid Process Coordinator (BPC), as one of the nodal agencies, by the MoP, for the selection of project developer for the implementation of inter-state transmission projects through tariff based competitive bidding basis. The Transmission Projects, to be

¹⁵ Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

¹⁶ Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

implemented via competitive tariff based bidding route, are identified by “Empowered Committee on Transmission” and such projects are allocated by MoP to REC Transmission Projects Company Limited as Bid Process Coordinator (BPC).

The Company has finalized all the three transmission projects, which are worth a total of INR 45,000 million . The transmission projects entrusted to it thus far by the MoP are namely North Karanpura Transmission System, Talcher-II augmentation System and recently awarded Raichur-Sholapur 765 kV Line-1. In all these cases, SPVs have been transferred to the respective developers (first two projects to Reliance Power Transmission Ltd., and the third one to Consortium of Patel Engg., Simplex Infra and BS Transcom). In all the three projects, the annual annualized tariff was significantly lower than CERC benchmark tariff as per cost plus model generally being adopted by Transcos including Powergrid.

Three more inter-state transmission projects have been awarded by the empowered committee to REC for the role of a BPC. In addition, REC Transmission Projects Company Limited is also making efforts to act as BPC for inter-state transmission projects. REC Transmission Projects Company Limited is likely to be nominated as BPC for Transmission Project valuing approx. INR 500 million of Orissa State.

In the coming future, more Inter-State Transmission Projects may get implemented through tariff based bidding, as the Government has decided that with effect from 5 January 2011, all Inter-State Transmission services are to be procured only through tariff based competitive bidding barring critical schemes related to system exigency and involving high technology areas like HVDC Installations as well.

c) Distribution

Power distribution is a critical link between generation, transmission and the end users of power. As a result of high transmission, distribution and commercial losses and the poor financial health of bulk power purchasers (SEBs and SPUs), investments in the distribution sector have been relatively low and the growth and maintenance of distribution systems in India has been poor. The poor financial health of SEBs and SPUs historically affects their ability to invest in new generation capacity, to update their transmission and distribution network and to undertake any system improvement. With distribution being the weakest link in the chain of power supply, distribution reforms have been identified as a key area of focus in the power sector reform process.

As regards to the structure, the distribution network and the state grids in India were earlier mostly owned and operated by erstwhile SEBs or state governments through SEBs. Most of these SEBs have now been vertically integrated, forming a separate entity for generation and transmission functions and the distribution being entrusted to one or more distribution companies depending upon the bifurcation/ trifurcation model adopted by the states and tariff in most of such utilities regulated by State Electricity Regulatory Commissions (SERCs). As a part of distribution reforms carried in the country, Delhi and Orissa are two states where private companies oversee power distribution. Additionally, Tata Power Limited, CESC Limited, Reliance Energy Limited, AEC Torrent Power Limited, SEC Torrent Power Limited and Noida Power Company Limited own and operate distribution networks in their respective license areas.

Investments in distribution - The total fund requirement for the Distribution sector, during the Twelfth Plan period, is estimated at INR 3,710,000 million¹⁷ .

STRUCTURE OF INDIA'S FINANCIAL SERVICES INDUSTRY

The RBI is the central regulatory and supervisory authority for the Indian financial system. The Board for Financial Supervision, constituted in November 1994, is the principal body responsible for the enforcement of the RBI's statutory regulatory and supervisory functions. SEBI and the Insurance Regulatory Development Authority regulate the capital markets and the insurance sectors, respectively.

A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These are:

- commercial banks;
- NBFCs;

¹⁷ Base Paper, International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for Twelfth Plan and Beyond, 18-19 August 2009, Ministry of Power and Central Electricity Authority

- specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries development Bank of India and the Tourism Finance Corporation of India;
- securities brokers;
- investment banks;
- insurance companies;
- mutual funds; and
- venture capital funds.

Debt Market in India

The Indian debt market has two segments, namely, the Government securities market and corporate debt market.

Government securities market:

The fresh issuance of GoI dated securities in 2009 amounted to ₹ 48,90,000 million as against ₹ 20,43,170 million in 2008. The outstanding dated securities of the GoI increased from ₹ 1,41,64,430 million at the end of December 2008 to ₹ 1,82,67,740 million at the end of December 2009. Yields on securities showed relatively lower intra-year variations in 2009 as compared with the previous year. The cut-off yield-to-maturity range on fresh issuances during the year narrowed from 6.24-10.03% in 2008 to 4.86-8.43% in 2009.

The volume of secondary market transactions (outright) in Government securities has improved, with the turnover ratio (volume of transactions as a ratio of end-period stock) increasing to 1.7 in the calendar year 2009, compared to 1.5 in calendar year 2008.

In the secondary market, yields on dated government securities hardened during the year, particularly after July 2009, reflecting the impact of the announcement of a relatively large government borrowing programme for Fiscal 2010. Yields on dated securities of five and 10 year maturities increased to 7.30% and 7.59% respectively in the end of December 2009 and from 5.41% and 5.25% respectively, in end-December 2008.

Corporate debt market:

Pursuant to the guidelines of the High Level Expert Committee on Corporate Bonds and Securitisation (December 2005) and the subsequent announcement made in the Union Budget 2006-07, SEBI authorised BSE (January 2007), NSE (March 2007) and the Fixed Income Money Market and Derivatives Association of India (FIMMDA) (August 2007) to set up and maintain corporate bond reporting platforms for information related to trading in corporate bonds.

BSE and NSE put in place corporate bonds trading platforms in July 2007 to enable efficient price discovery in the market. This was followed by operationalization of a DvP-I(trade-by-trade)- based clearing and settlement system for over-the-counter trades in corporate bonds by the clearing houses of the exchanges. In view of these market developments, the RBI announced in its Second Quarter Review of the Annual Policy Statement for 2009-10 in October 2009 that the repo in corporate bonds could now be introduced. The RBI issued the Repo in Corporate Debt Securities (Reserve Bank of India) Directions, 2010, on January 8, 2010.

Total traded volume in corporate bonds during April-December 2009 was ₹ 24,26,860 million, higher by 173.4% over the traded volume of ₹ 8,87,500 million during April-December 2008. During Fiscal 2010 up to December 2009, the yield on corporate debt paper with AAA rating for five-year maturity moved in the range of 7.71-8.94%. The spread between yield on five-year GoI bonds and corporate debt paper with AAA rating with five-year maturity, which was around 330 basis points in the beginning of 2009, narrowed to 150 basis points by the end of June 2009 and further to around 110 points by the end of December 2009.

NBFC-Infrastructure Finance Companies ("IFCs")

In February 2010, the RBI introduced IFCs as a new category of infrastructure funding entities. Non-deposit taking NBFCs which satisfy the following conditions are eligible to apply to the RBI to seek IFC status:

- minimum of 75% of its assets deployed in infrastructure loans;
- net owned funds of at least ₹ 3,000.00 million;
- minimum credit rating "A" or equivalent rating by accrediting agencies; and
- capital to risk (weighted) assets ratio of 15% (with a minimum Tier 1 capital of 10%).

IFCs enjoy benefits which include a lower risk weight on their bank borrowings (from a flat 100% to 20% for AAA- rated borrowers), higher permissible bank borrowing (up to 20% of the bank's net worth compared to 15% for an NBFC that is not an IFC), access to external commercial borrowings (up to 50% of owned funds under the automatic route) and relaxation in their single party and group exposure norms. These benefits would enable a highly rated IFC to raise more funds, of longer tenor and at lower cost, and in turn to lend more to infrastructure companies.

For more information, see section titled "**Regulations and Policies**" on page 156 of this Prospectus..

PROVIDERS OF FINANCE TO THE POWER SECTOR IN INDIA

The primary providers of power sector financing in India are power sector specific government companies, financing institutions, public sector banks and other public sector institutions, international development institutions and private banks.

Power Sector Specific Government Companies

Our Company was incorporated in July 1986, with the main objective of financing power projects, transmission and distribution works and the renovation and modernization of power plants.

Besides our Company, the other public sector companies and agencies engaged in financing the power sector are as follows. For details on our Company, see section titled "**Our Business**" on page 131 of this Prospectus.

Power Finance Corporation Limited

In order to provide funds for the power projects in India and to act as developmental financial institution for the power sector in India, PFC was incorporated on July 16, 1986. PFC is a Public Sector Undertaking and its main objective is to raise resources from international and domestic sources at competitive rates and terms and conditions and on-ward lend these funds on optimum basis to the power projects in India. PFC has been actively persuading State Governments to initiate reform and restructuring of their power sector in order to make them commercially viable and in this regard, is providing financial assistance to reform-minded States under relaxed lending criteria/exposure limit norms. It is also providing funds based services like Term Loans, Equipment Leasing, Bill Discounting, Buyers Line of Credit and also non funds based services like Guarantee Services and Consultancy Services. (Source: <http://pfc.gov.in> – accessed on February 08, 2012)

Indian Renewable Energy Development Agency

The Indian Renewable Energy Development Agency ("IREDA") is a wholly-owned government company, which is registered as an NBFC and has been notified as an IFC. It was established in 1987, under the administrative control of the Ministry of Non-Conventional Energy Sources, GoI, with the objective of promoting, developing and extending financial assistance for renewable energy and energy efficiency, and energy conservation projects.

Private Financial Institutions

Financial institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernization of existing facilities. These institutions provide fund based and non-fund based assistance to industry in the form of loans, underwriting, direct subscription to shares, debentures and guarantees, and therefore compete in the Indian power finance sector. The primary long-term lending institutions include Infrastructure Development Finance Company Limited, India Infrastructure Finance Company Limited, IFCI Limited, PTC India Financial Services Limited, Industrial Investment Bank of India Limited and Small Industries Development Bank of India.

State Level Financial Institutions

State financial corporations operate at the State level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote small and medium-sized enterprises. At the State level, there are also State industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises. Examples include Delhi Financial Corporation, Delhi State Industrial Development Corporation Limited, Economic Development Corporation of Goa, Daman and Diu Limited, Goa Industrial Development Corporation, Western Maharashtra Development Corporation Limited, Madhya Pradesh

State Industrial Development Corporation Limited and Orissa Industrial Infrastructure Development Corporation. (Source: website for the Council of State Industrial Development and Investment Corporations of India – www.cosidici.com – accessed on February 8, 2012)

Public Sector Banks and other Public Sector Institutions

Public sector banks are believed to make up the largest category of banks in the Indian banking system. The primary public sector banks operating in the power sector include the Industrial Development Bank of India, State Bank of India, Punjab National Bank and the Bank of Baroda. Other public sector entities also provide financing to the power sector. These include organizations such as the Life Insurance Corporation of India and India Infrastructure Finance Company Limited.

International Cooperation and Development

International development financial institutions are supportive of power sector reform and of more general economic reforms aimed at mobilizing investment and increasing energy efficiency. The primary international development financial institutions involved in power sector lending in India include several international banking institutions such as Japan Bank for International Cooperation, KfW, the World Bank, the Asian Development Bank ("ADB") and the International Finance Corporation.

In the early 1990s, the World Bank decided to finance mainly projects in states that "demonstrate a commitment to implement a comprehensive reform of their power sector, privatize distribution, and facilitate private participation in generation and environment reforms". Recent loans from the World Bank have gone to support the restructuring of SEBs. In general, the loans are for rehabilitation and capacity increase of the transmission and distribution systems, and for improvements in metering the power systems in Indian States that have agreed to reform their power sector.

The overall strategy of the ADB for the power sector is to support restructuring, especially the promotion of competition and private sector participation. Like the World Bank, the ADB also provides loans for restructuring the power sector in the States and improving transmission and distribution.

OUR BUSINESS

In this section, unless the context otherwise requires, a reference to the "Company" is a reference to Rural Electrification Corporation Limited and unless the context otherwise requires, a reference to "we", "us" and "our" refers to Rural Electrification Corporation Limited and its Subsidiaries, joint ventures and associate company, as applicable in the relevant fiscal period, on a consolidated basis. Unless stated otherwise, the financial data in this section is as per our standalone financial information.

OVERVIEW

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

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

We commenced our operations in 1969 for the purpose of developing the power infrastructure in rural areas. We have contributed to the development of rural India and India's agriculture through our funding of transmission and distribution projects in rural areas. Our mandate has evolved in accordance with the development priorities of the GoI and, since Fiscal 2003, permits us to finance all segments of the power sector, including generation, throughout the country. For Fiscal 2011, more than half of our loan sanctions related to generation projects and generation-related loan assets currently comprise more than a third of our total loan assets. 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 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 16¹⁸ 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 long-term borrowing domestic credit rating from each of CRISIL Limited, ICRA Limited, Fitch and CARE Limited. On an international basis, we hold long-term borrowing ratings from Fitch and Moody's that are on par with sovereign ratings for India.

The President of India, acting through nominees from the MoP, currently holds 66.80%¹⁹ of the issued and paid up equity capital of our Company. The GoI, acting through the MoP, oversees our operations and has power to appoint Directors to our Board.

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

- Our loan sanctions and loan disbursements have grown at a CAGR of 23.42% and 22.94%, respectively, between Fiscal 2007 and Fiscal 2011.

¹⁸ ¹⁸ List of Maharatna, Navratna and Miniratna CPSEs
 (Reference: <http://dpe.nic.in/newsite/navmini.htm>)

¹⁹ Company, as of 31 December 2011

- For Fiscal 2011, we sanctioned ₹ 664,199 million of loans, including ₹ 404,917 million relating to generation projects, ₹ 223,202 million relating to transmission and distribution projects and ₹ 36,080 million under short-term loans. For the six months ended September 30, 2011, we sanctioned ₹ 322,817 million of loans, including ₹ 182,945 million of loans relating to generation projects, ₹ 114,072 million of loans relating to transmission and distribution projects and ₹ 25,800 million under short-term loans.
- For Fiscal 2011, we disbursed ₹ 245,193 million of loans, including ₹ 117,539 million relating to generation projects, ₹ 96,534 million relating to transmission and distribution projects and ₹ 31,120 million under short-term loans. For the six months ended September 30, 2011, our loan disbursements amounted to ₹ 116,017 million, including ₹ 59,898 million relating to generation projects, ₹ 43,819 million relating to transmission and distribution projects and ₹ 12,300 million under short-term loans.
- Our Company's loan assets have grown at a CAGR of 27.16% from ₹ 31,262 million in Fiscal 2007 to ₹ 81,725 million in Fiscal 2011 as per its standalone financial statements. As of September 30, 2011, our Company's loan assets were ₹ 90,373 million.
- Our Company's profit after tax as per its standalone financial statements for Fiscal 2007, 2008, 2009, 2010, 2011 and for the six months ended September 30, 2011 was ₹ 6,602.57 million, ₹ 8,601.44 million, ₹ 12,720.73 million, ₹ 20,014.16 million, ₹ 25,699.31 million and ₹ 12,862.43 million, respectively. Our Company's profit after tax as per its consolidated financial statements for Fiscal 2010, 2011 and for the six months ended September 30, 2011 was ₹ 20,222.53 million, ₹ 25,848.93 million and ₹ 12,890.85 million, respectively.
- As on September 30, 2011, our Company had total assets of ₹ 930,866.81 million and a net worth of ₹ 140,748.58 million as per its standalone financial statement.

OUR STRENGTHS

We believe that the following are our primary strengths:

Our financial position is strong and our business is profitable

Our loan asset portfolio is becoming increasingly diversified by sector and customer base. For the six months ended September 30, 2011, 56.67% of our loan sanctions related to generation projects and 18.01% of our loan sanctions were for the benefit of private sector borrowers. As of September 30, 2011, gross non-performing loans constituted only 0.298% of our gross loan assets; and, as of September 30, 2011, we have reduced our exposure in the form of outstanding loans to our top ten borrowers to 45.81% of our total outstanding loans, with no single borrower holding more than 7.22% of our outstanding loans. As of September 30, 2011, our loans outstanding by category included 49.85% relating to transmission and distribution, 44.22% relating to generation, and 5.93% relating to other types of financing.

We fund our business with market borrowings of various maturities, including bonds and term loans. Our relationship with the GoI currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies, such as the Japan International Cooperation Agency (JICA) and KfW. Domestically, we hold the highest long-term borrowing domestic credit rating from each of CRISIL, ICRA, FITCH and CARE. On an international basis, we hold long-term borrowing ratings from Fitch and Moody's that are on par with sovereign ratings for India. For the six months ended September 30, 2011, our Company's overall cost of funds as per its financial statement was 8.03%. Because our sources enable us to raise funds at competitive costs, we believe we are able to price our financial products competitively. We have increased our net interest margins from 3.13% in Fiscal 2007 to 4.42% for the six months ended September 30, 2011.

We have operated our financing business profitably for fifteen consecutive years, including a profit after tax on an standalone basis of ₹ 25,699.31 million for Fiscal 2011 and ₹ 12,862.43 million for the six months ended September 30, 2011. We have paid dividends each year since Fiscal 1998, including a total dividend of ₹ 7,405.95 million for Fiscal 2011. As on September 30, 2011, our Company had a net worth of ₹ 140,748.58 million as per its standalone financial statement. Our Company's annualized return on net worth for the six months ended September 30, 2011 was 19.15% as per its standalone financial statement. As on September 30, 2011, our Company had a net worth of ₹ 141,170.65 million as per its consolidated financial statement. Our

Company's annualized return on net worth for the six months ended September 30, 2011 was 19.14% as per its consolidated financial statement.

We are uniquely positioned to access and appraise borrowers in the Indian power sector

We have been involved in Indian power sector finance since 1969 and were the first financial institution to exclusively focus on financing the Indian power sector. Since our inception in 1969, we have developed extensive power sector knowledge, relationships with power sector borrowers and the ability to appraise and extend financial assistance for a wide variety of projects.

Our knowledge of the India power sector drives our client relationships and the marketing of our financial products. Our clients seek our involvement in their power projects to obtain the benefit of the technical knowledge we can provide for the design and implementation of their power projects. Our 40 years of experience and knowledge enables us to provide solutions to various problems faced by power sector borrowers by providing technical guidance from project design through completion. To help ensure that our loan products remain an integral part of our clients' financing plans, we also assist our clients in developing detailed five-year plans addressing their anticipated technical and financial needs. We service our clients through a network of 18 project offices spread across India. Our project offices play a critical role in the development of our relationship with our clients, operation and promotion of our business and our loan appraisal, loan sanctioning and post-sanction monitoring processes. Our proximity to our clients enables us to service our clients on a local level, keep abreast of local issues and to monitor closely the projects we finance.

We occupy a key strategic position in the GoI's plans for growth of the power sector

We are one of a limited number of government-owned companies that focus exclusively on financing the development of the power sector in India. We have consistently benefited from the GoI's power infrastructure plans since 1969 and the GoI has ensured that our mandate has evolved in accordance with its development priorities. We believe we will continue to occupy a key strategic position in the GoI's ongoing plans to develop the Indian power sector.

Historically, we were primarily focused on the electrification of rural India, consistent with the objective of GoI objective to electrify all rural villages under a variety of schemes that were ultimately merged into RGGVY in Fiscal 2006. We remain the nodal agency for RGGVY and derive benefits from that scheme, and we continue to finance rural electrification and transmission and distribution projects. The GoI has a number of stated priorities in the areas of rural electrification and transmission and distribution, including feeder separation and reduction of aggregate technical and commercial losses; and we believe we will be strategically central to these priorities.

Additionally, over the past decade, the GoI has become increasingly focused on the power supply shortage in India and the need for increased investment in power generation. In Fiscal 2003, the GoI enacted the Electricity Act which, among other things, aims at creating a sufficient power supply in India to meet demand through private sector investment in the power generation sector. In that same year, the GoI broadened our mandate to permit us to finance all segments of the power sector throughout India, which has enabled us to also occupy a key strategic position in the growth of the power generation sector.

Annually, we enter into an MOU with the GoI that provides guidelines for our activities that are closely aligned with the GoI's own five-year policy initiatives. Under our current MOU, the GoI has agreed to a number of important measures that we believe will facilitate the development of our business, reduce the risks we face and provide for our continued involvement in the GoI's power sector development plans. The objectives of the current MOU include promoting and financing projects aimed at integrated system improvement, power generation, promotion of decentralised and non-conventional energy sources, energy conservation, renovation and maintenance and power distribution. The MOU also aims at mobilizing funds from various sources including domestic and international agencies.

Because of our strategic importance to the GoI, we receive direct and indirect benefits, including tax concessions for some of our bonds that enable us to maintain low cost of funds. We also benefit from direct tax benefits provided by the GoI.

We have an experienced management team with sector expertise

We are managed by experienced and highly qualified professionals. Our key managerial personnel have an established track record in managing public financial institutions in India and bear a considerable knowledge of the power sector in India. For example, most of our key managerial personnel have over 30 years of relevant

experience in India and have been employed with prominent companies in the power sector. For further details in relation to our Company's management, see the section titled **"Our Management"** on page 177.

OUR STRATEGY

The key elements of our business strategy are as follows:

Continue to fund the increased investment in the Indian power sector

India has long suffered from a shortage of power supply, as well as low per capita power consumption, which will be exacerbated by, and ultimately constrain, the growth of the Indian economy unless met by substantially increased investment. Consequently, the GoI has prioritized investment into the power sector in a number of ways, including through the implementation of the Electricity Act in June 2003 in order to address systemic deficiencies in the Indian power sector and attract capital for large-scale power projects, the notification of the National Electricity Policy in February 2005 in order to accelerate the development of the power sector, the launch of RGGVY in April 2005 in order to increase the pace of rural electrification and provide access to electricity to all rural households and the revision of the APDRP in March 2009 to provide sustained loss reduction to India's transmission and distribution infrastructure. The continued prioritization of the power sector will need to be met by increased funding to the sector. The Eleventh Plan, which came into effect from Fiscal 2008, was then estimated to require funds in excess of ₹ 10,000,000 million for investment in transmission, distribution and generation. For the Twelfth Plan, which will come into effect from Fiscal 2013, it is estimated that funds in excess of ₹ 11,000,000 million will be required. As a consequence of the GoI's focus on increased funding for the power sector, our loan sanctions and loan disbursements have grown at a CAGR of 23.42% and 22.94%, respectively, between Fiscal 2007 and Fiscal 2011. We intend to continue to provide the funding necessary for the GoI to meet its policy goals for the power sector and believe our business will continue to be a prime beneficiary from the increased growth of, and investment into, the Indian power sector.

Maintain the diversity of our asset portfolio and seek higher yielding loan assets

Our mandate permits us to finance all types of power projects, including transmission, distribution and generation and renewable energy throughout the country, irrespective of size or location. As on September 30, 2011, our loan assets comprised of 49.85% transmission and distribution-related loans. We have utilized our broad mandate to capture the higher rates of return available in the generation sector and diversify our loan asset portfolio. As on September 30, 2011, 44.22% of our loan asset portfolio was comprised of generation-related loans. Going forward, we believe that the breadth of our mandate will continue to afford us flexibility to manage our business and our asset portfolio in a manner that enables us to diversify the risk associated with any one area of the power sector, as well as to focus on higher yielding loan assets in response to market conditions.

Increase our involvement in consortium lending and private sector participation in the Indian power sector

From Fiscal 2007 to Fiscal 2011, our loan sanctions relating to consortium lending increased from 25000 million to ₹ 197580.30 million and our overall loan sanctions to the private sector increased from ₹ 25000 million to ₹ 207197.4 million. We aim to continue to capitalise on the increasing private sector participation in the Indian power sector. We believe we are well-positioned to continue to benefit from increased private participation in a number of ways. We believe broad-based public and private and overseas lenders look to us as a key member of lending consortia in order to capitalise on our industry-specific knowledge and experience. To this end, we have entered into a memorandum of understanding with other financial institutions to ensure that we are well positioned to provide speedy consortium financing for large power infrastructure projects.

We believe our participation in consortium lending will continue to involve us in financing increasingly larger and more complex power projects that accompany private sector involvement, and our industry experience and knowledge, as well as our broad mandate, will enable us to do so successfully, which will further diversify our asset portfolio.

In particular, we believe we will be well-positioned to benefit from the GoI's intention to replicate in the transmission and distribution sector the success it has had in drawing private investment into the generation sector. Specifically, in Fiscal 2007, the GoI initiated a scheme to invite private sector investments in major transmission projects pursuant to which private developers are proposed to become transmission service providers on a "build, own and operate" basis. The GoI has identified many transmission projects to be implemented on a build, own and operate basis. We have been appointed as coordinator for 7 projects that have been allocated under the scheme, and we have issued letters of intent to the successful bidders with respect to 3

of them. We believe our early involvement in the large scale transmission projects for which we are appointed coordinator, coupled with our extensive knowledge of the Indian power transmission sector will well-position us to remain involved in the financing plans for those projects.

Increase our fee-based income

We intend to continue to seek high margin income streams that do not require balance sheet fund commitment. For example, in order to capitalize commercially on our specialized knowledge, we have incorporated REC Transmission Projects Company Limited and REC Power Distribution Company Limited for the purpose of providing consultancy services with respect to transmission and distribution systems, respectively. In addition, under RGGVY, we currently receive a fee equal to 1% of the project cost from the GoI for administering the scheme and under the GoI's transmission-related "build, own and operate" scheme we receive a professional fee, on successfully assigning the project to successful bidder, of ₹ 150 million for each project allocated upto March 2011 and 1% of total estimated cost for all subsequent projects.

Implement technological innovation to manage our growth and remain a dynamic organisation

In Fiscal 2007, we initiated the implementation of a major enterprise resource planning system to enable us to manage our growth effectively, increase our revenues and profits and remain a dynamic organisation. Our ERP system has been implemented in all major client-facing business functions. Our new system will enable us to quickly access and process information relating to our borrowers, our products and the market conditions we face. In particular, our system will enable us to reduce the time it takes us to make our first disbursement under any given loan application which we believe will give us a competitive advantage and the benefit of more quickly converting our funds to interest-bearing assets. Additionally, the ERP system will enable us to fully leverage the role of our project offices in the promotion of our business and in our loan appraisal, sanction and post-sanction monitoring process. As our business and our organisation continues to grow, we intend to remain committed to technological innovation to ensure our ability to respond to our increasingly sophisticated and competitive market and to mitigate the risks we face as a financial institution.

THE PROJECTS WE FUND

The table below shows our loan sanctions by type of project and the percentage such amount represented of our total loan sanctions for all projects for the periods indicated.

(₹ million, except percentages)

(C million, except percentages)

Sector	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
*Transmission and distribution	169376	41.57	172,359	38.00	223,202	33.60	114,072	35.34
**Generation	217082	53.28	240313	52.98	404,917	60.96	182,945	56.67
***Other (1)	21000	5.15	40900	9.02	36080.00	5.43	25,800	7.99
Total	407,458	100	453,572	100	664,199	100	322,817	100

* Sanctions in Transmission and distribution consists of Transmission and Distribution, International Cooperation and Development, DDG and RGGVY

**Sanctions under Generation consist of Generation, Solar Projects and DDG (renewable projects)

*** includes short term loans, debt refinancing and bridge loans

The table below shows our loan disbursements by type of project and the percentage such amount represented of our total loan disbursements for all projects for the periods indicated.

(₹ million, except percentages)

(¥ million, except percentage)

Sector	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Transmission and distribution	72,667.00	42.35	89,450.00	42.3	96,534.00	39.37	43,819.00	37.77
Generation	78,506.00	45.76	83,975.00	39.74	117,539.00	47.94	59,898.00	51.63
Other (1)	20,400.00	11.89	37,900.00	17.93	31,120.00	12.69	12,300.00	10.60

Sector	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Total	171,573.00	100	211,325.00	100	245,193.00	100	116,017.00	100

The table below shows our loan amount outstanding by the type of project and the percentage such amount represented of our total loan amounts outstanding for all projects as on the respective dates indicated.

(₹ million, except percentages)

Sector	As on March 31						As on September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Transmission and distribution	287,804.00	56.82	364,401.00	55.23	417,740.00	51.11	450,527.00	49.85
Generation	182,300.00	35.99	238,476.00	36.14	346,103.00	42.35	399,651.00	44.22
Other (2)	36,424.00	7.19	56,910.00	8.63	53,412.00	6.54	53,553.00	5.93
Total	506,528.00	100	659,787.00	100	817,255.00	100	903,731.00	100

Transmission and Distribution Projects

Within transmission, the principal projects we finance are for the evacuation of power from new power generation stations and the augmentation or strengthening of existing transmission systems including construction of new substations and associated lines. In distribution, the principal projects we finance are for system improvement to reduce distribution losses and the creation of new distribution systems, which includes new sub station lines and purchase of distribution equipments.

Transmission projects. Transmission projects are projects that relate to the transmission of electricity at higher voltages (132 KV and above) over relatively long distances, generally from generation facilities to sub-stations or between sub-stations. We finance projects related to transmission systems, sub-transmission systems, power evacuation lines and transmission links.

Distribution projects. Distribution projects are projects that relate to the distribution of electricity at relatively lower voltages (66 KV and below) over shorter distances, generally from sub-stations to end-users or between sub-stations. Our distribution projects involve creating additional infrastructure through the erection of new sub-stations and lines and the improvement of the existing distribution systems by upgrading existing sub-stations and lines to increase capacity and reduce losses. Distribution projects also include the modernization of distribution systems to reduce the losses of power utilities.

In distribution, the principal projects for which we provide funding are:

System improvement projects, which include projects to strengthen existing infrastructure through new substations and lines and the replacement of damaged and outdated equipment, to convert low voltage distribution systems (LVDS) to high voltage distribution systems (HVDS) in order to reduce aggregate technical and commercial losses (AT&C), to create new distribution systems to provide power to end-users and to introduce new technologies. System improvement projects also include bulk loan schemes for the procurement and installation of equipment such as meters, transformers and capacitors counterpart funding for R-APDRP projects are also provided under this category.

Intensive electrification projects, which are projects to provide new rural end-user power connections (domestic, commercial, industrial and agricultural) in areas in which power is already distributed.

Pump-set energisation projects, which are projects to create the necessary infrastructure to provide power to agricultural pump-sets for irrigation.

Generation Projects

In generation, the principal projects we finance are for the creation of new generation capacity.

Thermal energy power generation projects. We currently finance thermal energy power generation projects in the public sector, joint sector and private sector. Thermal energy power generation projects include coal-based power plants, gas-based combined cycle power plants, captive co-generation power plants and biomass based power plants. Since 2002, we have financed over 116 (as on September 30, 2011) thermal energy power generation projects located in various states. The major thermal energy power generation projects for which we have sanctioned funding include the 1,350 MW Amravati (Phase-I) Thermal Power Project in Maharashtra, the 3,600 MW Phase I and II Power Project of KSK Mahanadi Power Company Limited in Chattisgarh and the 1,000 MW Vallur Thermal Power Project in Tamil Nadu. We are also financing thermal power projects with supercritical technology which include the 3,960 MW Sasan Ultra Mega Power project in Madhya Pradesh, the 1320MW (Phase-I) and the 660 MW Phase-II thermal power plant of Adani Power Maharashtra Limited in Maharashtra and the 1320 MW Coal-based thermal power plant of Jhajjar Power Limited in Haryana.

The table below shows our number of loans sanctioned, total loan sanctions and total loan disbursements for thermal generation projects for the periods indicated.

(₹ million, except number of loans)

Thermal Generation	Fiscal			For the six months ended September 30, 2011
	2009	2010	2011	
Number of loans sanctioned	15	13	31	10
Total loan sanctions	210,199.00	186,107.50	390,748.00	180,590.00
Total loan disbursements	68,356.00	68,749.00	96,585.00	53,731.00

Hydro energy power generation projects. We provide financing to hydro energy power generation in the public sector, joint sector and private sector. Hydro energy power generation projects include projects of varying sizes, from large hydro to small hydro and mini hydro power plants. Since Fiscal 2003, we have financed over 50 hydro energy power generation projects located in various states. The major hydro energy power generation projects for which we have provided funding include the 1000 MW Tehri Stage I Hydro Power Project in Uttaranchal, the 1,000 MW Karcham Wangtoo Hydro Electric Project in Himachal Pradesh, the 400 MW Vishnu Prayag Hydro Electric Project in Uttaranchal, the 500 MW Teesta Stage VI Hydro Electric Project in Sikkim, the 450 MW Baglihar Hydro Electric Project in Jammu and Kashmir and the 1,200 MW Teesta Stage III Hydro Power Project in Sikkim.

The table below shows our number of loans sanctioned, total loan sanctions and total loan disbursements for hydro generation projects for the periods indicated.

(₹ million, except number of loans)

Hydro Generation	Fiscal			For the six months ended September 30, 2011
	2009	2010	2011	
Number of loans sanctioned	3	4	2	0
Total loan sanctions	4257.00	39350.00	10190.00	0
Total loan disbursements	9333.00	7751.90	11374.00	3,663.00

Renovation, modernization and life-extension schemes. We provide finance for the renovation, modernization and life-extension of old thermal and hydro power plants. Such renovation and modernization allows older power plants to run more efficiently, safely, economically and in a more environment-friendly manner. Since 2002, we have sanctioned financing for 35 renovation, modernization and life-extension schemes. The major projects under this scheme for which we have recently provided funding include the renovation and modernization and upgrading of 5x108 MW Bhakra Left Bank Powerhouse in Himachal Pradesh, the renovation and modernization of the 2x110 MW Guru Nanak Dev thermal power project at Bhatinda and the renovation and modernization of the 6 x 210 MW Guru Gobind Singh Super Thermal Power Station in Ropar, Punjab.

The table below shows our number of loans sanctioned, total loan sanctions and total loan disbursements for renovation, modernization and life-extension schemes for the periods indicated.

(₹ million, except number of loans)

Renovation, modernization and life--extension schemes	Fiscal			For the six months ended September 30, 2011
	2009	2010	2011	
Number of loans sanctioned	3	3	1	0.00
Total loans sanctions	2626	4,766.40	72	0.00
Total loans disbursements	816	1,272	2199	237.00

Renewable Energy Power Generation Projects

REC provides financing for power projects based on renewable sources like solar, wind, biomass and small hydro power projects. During the Fiscal 2012, as on December 31, 2011, REC has sanctioned 8 projects for ₹ 3271.70 Million consisting of 4 solar PV, 2 small hydro and 2 biomass power generation projects.

Lead Financial Institution

We are also acting as the lead financial institution in consortium lending of various generation projects which include the 100 MW Malana-II Hydro Electric Project in H.P., the 1200 MW Teesta Phase-III Hydro Electric Project in Sikkim, 2 x 300 MW MEPL TPP at Nellore, the 270 MW Phase-I and 270 MW Phase-II coal-based thermal power project of Wardha Power Company Private Limited in Maharashtra, the 1200 MW Anpara-C Thermal Power Project in Uttar Pradesh, 1320 MW coal-based thermal power project of Thermal PowerTech Corporation (India) Limited in Andhra Pradesh, 1320 MW TPS of NCC Power Limited in Andhra Pradesh, 65 MW Coal based captive power plant of Rukminirama Steel Rollings Private Limited; 150 MW each Phase I and II of Nagai Power Private Limited, 1320 MW TPS of NSL Nagapatnam Power and Infratech Private Limited in Tamil Nadu, 600 MW Bhoopalapally Thermal Power Project of APGENCO Stage II, 500 MW Vallur TPS Phase I of NTECL (JV of TANGEDO & NTPC and 500 MW Vallur TPS Phase II of NTECL (JV of TANGEDO & NTPC).

OUR PRODUCTS

Our principal products are long-term loans and short-term loans. Additionally, we may offer debt-refinancing and bridge loans from time to time. All of our financial products are denominated in Rupees.

The table below shows the total loan amount outstanding for each of our financial products and the percentage such amount represented of our total loan amounts outstanding for all financial products as on the respective dates indicated.

(₹ million, except percentages)

(¥ million, except percentages)

Financial Product	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Long-term loans ⁽¹⁾	470,104.00	92.81	602,876.00	91.37	763,843.00	93.46	850,178.00	94.07
Short-term loans	23,669.00	4.67	46,957.00	7.12	46,140.00	5.65	47,456.00	5.26
Other	12,755.00	2.52	9,954.00	1.51	7,272.00	0.89	6,097.00	0.67
Total	506,528.00	100	659,787.00	100	817,255.00	100	903,731.00	100

⁽¹⁾ Long-term loans outstanding includes ₹ 14826 million, ₹ 20409 million, ₹ 24176 million and ₹ 25001 million of long-term loans outstanding that were issued under RGGVY and predecessor schemes as on March 31, 2009, 2010, 2011 and September 30, 2011, respectively. Long-term loans issued under RGGVY (and certain predecessor schemes) are subject to terms different than our long-term loans offered on a commercial basis. For further details, see the section titled “Our Business” beginning on page 131.

LOAN OUTSTANDING BY STATE AS ON SEPTEMBER 30, 2011

LOAN OUTSTANDING BY STATE AS ON SEPTEMBER 30, 2011



Long-term Loans

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

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

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

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

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

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

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

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

Short-term Loans

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

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

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

Other

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

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

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

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

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

Loans for Power Purchase through Indian Energy Exchange. In December 2009, our Board of Directors approved a new scheme pursuant to which we intend to finance power purchases made through the India Energy Exchange, which is one of two energy exchanges operating in India. It is currently intended that these power purchase loans may be offered to our existing public sector borrowers for the purpose of non-speculative purchases of power through the exchange with a maturity of 90 days from disbursement. Power purchase loans will be secured by escrow arrangements or bank guarantees, at the discretion of the borrower.

THE SECTORS OF OUR BORROWERS

We sanction and disburse loans to central and state public sector, joint sector and private sector borrowers, as well as to rural electricity cooperatives.

The table below shows our loan sanctions by the borrower's sector and the percentage such amount represented of our total loan sanctions for all sectors for the periods indicated.

(₹ million, except percentages)

(¥ million, except percentages)

Sector	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Public sector	368,761.00	90.5	320,862.00	70.74	455165.00	68.53	264680.00	81.99
Private sector	38,698.00	9.5	132,710.00	29.26	209034.00	31.47	58137.00	18.01
Total	407,459.00	100	453,572.00	100	664199.00	100	322817.00	100

The table below shows our loan disbursements by the borrower's sector and the percentage such amount represented of our total loan disbursements for all sectors for all the periods indicated.

(₹ million, except percentages)

(¥ million, except percentages)

Sector	Fiscal						For the six months ended September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Public sector	148,484.00	86.54	192,780.00	91.22	212,493.00	86.66	92,203.00	79.47
Joint sector	7,583.00	4.42	4,654.00	2.22	5,650.00	2.30	1,759.00	1.52
Private sector	15,506.00	9.04	13,891.00	6.56	27,050.00	11.04	22,055.00	19.01
Total	171,573.00	100	211,325.00	100	245,193.00	100	116,017.00	100

The table below shows the loan amount outstanding by the borrower's sector and the percentage such amount represented of our total loan amounts outstanding for all sectors as on the respective dates indicated.

(₹ million, except percentages)

(₹ million, except percentages)

Sector	As on March 31						As on September 30, 2011	
	2009		2010		2011			
	Amount	%	Amount	%	Amount	%	Amount	%
Public sector	468,482.00	92.49	612,564.00	92.84	739,402.00	90.47	802,739.00	88.83
Joint sector	7,583.00	1.50	10,642.00	1.61	16,292.00	1.99	18,051.00	2.00
Private sector	30,259.00	5.97	36,528.00	5.54	61,513.00	7.53	82,894.00	9.17
Rural electricity cooperatives	204.00	0.04	53.00	0.01	48.00	0.01	47.00	0.00
Total	506,528.00	100	659,787.00	100	817,255.00	100	903,731.00	100

OUR PARTICIPATION IN GOVERNMENT PROGRAMMES

The GoI has initiated a number of programmes aimed at accelerating the growth and development of the power sector. We play a key role in implementing the following programmes.

Rajiv Gandhi Grameen Vidyutikaran Yojana

In Fiscal 2006, the GoI initiated the RGGVY, which has as its objectives the electrification of un-electrified villages and providing access to electricity to all rural households in the country, including the electrification of un-electrified habitations with a population of above 100, providing free electricity connections to BPL households. We have been appointed the nodal agency for implementation of the scheme and are responsible for complete oversight of the programme from conception to completion.

In order to achieve the electrification of villages, RGGVY contemplates the creation of a rural electricity distribution backbone with at least one 33/11 KV or 66/11 KV sub-station of adequate capacity in blocks where these do not exist, a village electrification infrastructure with distribution transformers of appropriate capacity in villages and other habitations and decentralized distribution-cum-generation from conventional or non-conventional sources for villages where grid connectivity is either not feasible or not cost effective. This infrastructure may also indirectly facilitate power requirement of agriculture and other activities which, in turn would facilitate overall rural development, employment generation and poverty alleviation.

Under RGGVY, the GoI provides subsidies in the form of grants, which are channelled through us, upto 90% of the funding required for projects falling within the purview of the scheme. We provide the remaining 10% of the funding in the form of a long-term loan. The long-term loans that we issue under RGGVY have a 15-year maturity, inclusive of a 5-year moratorium on payment of principal. Prior to September 10, 2007, our long-term

loans issued under RGGVY were at an interest rate of 5% per annum for the first three years and the interest rate for subsequent periods was determined by our Board of Directors. Subsequent to September 10, 2007, our long-term loans issued under RGGVY bear interest at the rate prevailing for transmission and distribution schemes from time to time less 50 basis points. We receive a fee from the GoI equal to 1% of the project cost for administering the RGGVY scheme. For additional information on RGGVY, see the section titled “**Industry Overview**” on page 115.

As on September 30, 2011, under RGGVY the MoP has sanctioned 578 projects involving electrification of 118675 unelectrified villages, intensive electrification of 356689 already electrified villages and providing electricity connections to 24.74 million eligible BPL households.

As on September 30, 2011, under RGGVY, 578 projects have been sanctioned involving loan component of ₹ 32968.3 millions against which ₹ 25,438 million have been disbursed.

DDG under RGGVY

The guidelines for decentralised distributed generation (“DDG projects”) under RGGVY were issued by the MoP on January 12, 2009. RGGVY provides for DDG projects from conventional or non-conventional sources where grid connectivity is either not feasible or not cost effective.

For DDG projects under RGGVY, the GoI also provides subsidies in the form of grants, which are channelled through us, for 90% of the funding required for projects falling within the purview of the scheme. However, the remaining 10% of the project cost is contributed by states through their own resources or by loans from financial institutions.

The Eleventh Plan has allocated ₹ 5,400 million as subsidy for DDG projects. So far, 148 number of projects have been sanction for an amount of ₹ 1936.20 million under DDG scheme

Restructured APDRP

The APDRP programme has been restructured from March 31, 2009 and the GoI has proposed to continue the programme as R-APDRP during the remainder of the Eleventh Plan. The focus of the restructured programme is to achieve demonstrable sustained loss reduction. The restructured programme covers urban areas with population of more than 30,000 (or 10,000 in case of special category states). In addition, in certain high-load density rural areas with significant loads, the restructured programme will include projects to separate agricultural power feeders from domestic and industrial feeders, as well as high voltage distribution systems.

Part A of the restructured programme will focus on establishing reliable and automated systems in order to collect accurate base line data, and the adoption of information technology relating to energy accounting. Part B of the restructured program will focus projects that strengthen power distribution systems.

The estimated size of the programme is ₹ 515,770 million, of which ₹ 100,000 million will relate to Part A and ₹ 400,000 million will relate to Part B (and ₹ 15,770 million of which will relate to enabling activities to be implemented by MOP and incentive to utility staff).

In part A of the restructured programme, the GoI will provide 100% of the loan to initiate the project, which shall be converted into a grant if the required base-line data system is established within a stipulated time frame. In part B of the restructured programme, the GoI will provide funding of up to 25% of the project cost in the form of a loan (90% for special category states), 50% of which will be converted into a grant in five equal tranches if the project achieves 15% AT&C loss reduction. Our Company proposes to provide counterpart funding for the projects sanctioned by GoI to the extent not covered by GoI grant and/ or loan.

So far upto September 30, 2011, REC has sanctioned counterpart funding for 249 projects with loan amount of ₹ 35,120 million

Accelerated Generation and Supply Programme

In Fiscal 1998, the GOI launched the AG&SP, which provides interest subsidies for projects involving renovation, modernization and life-extension of coal, thermal and hydro power plants, completion of ongoing generation projects, construction of transmission links, system improvements and grants for various studies, subject to fulfilment of certain conditions. During Fiscal 2002, the scheme was modified to restrict it to renovation, modernization and life-extension schemes and generation projects. We began to participate in the

AG&SP in Fiscal 2003 and oversee and operate this scheme with respect to generation projects on behalf of the GoI with other government companies.

Pursuant to this scheme, the GoI subsidizes our normal lending rates on loans to SPU. The subsidy is paid in advance into a separate account maintained by us for purposes of the scheme. We receive disbursements from the account against our borrower's interest liability as it arises.

The AG&SP has not been extended to the Eleventh Plan period. Hence, no AG&SP related sanctions have been made after Fiscal 2007 and no AG&SP subsidy has been received after Fiscal 2007.

As on September 30, 2011, we held an aggregate of ₹ 50.46 million of undisbursed GoI subsidies under AG&SP.

INTERNATIONAL COOPERATION AND DEVELOPMENT

In Fiscal 2005, we started our International Cooperation and Development division to coordinate with bilateral and multilateral agencies for project-based funds and to forge partnerships with international agencies. This division currently has four active lines of credit, comprised of two lines of credit from each of Japan International Cooperation Agency and KfW.

JICA. In Fiscal 2006, we entered our first loan agreement with JICA which provides for financial assistance of JPY 20,629 million, to be utilised for implementation of the Rural Electricity Distribution Backbone Project, which provides loan assistance for the improvement of sub-transmission systems, reduction of transmission and distribution losses and the expansion of access to electricity for un-electrified households for different economic activities through the construction of sub-stations and associated distribution lines in the states of Andhra Pradesh, Maharashtra and Madhya Pradesh.

In Fiscal 2008, we entered into a second loan agreement with JICA for financial assistance of JPY 20,902 million to be utilised for the implementation of Haryana Transmission System Project.

KfW. Our International Cooperation and Development division has also arranged two lines of credit from the KfW under Indo-German Bilateral Cooperation for our Energy Efficiency Programme.

In Fiscal 2007, we entered into our first loan agreement with KfW which provides for financial assistance of Euro 70 million to be utilised for implementation of HVDS projects. The objectives of these projects are the reduction in line losses and the improvement in voltage drops and reliability of power supply in selected districts in the State of Andhra Pradesh. Pursuant to this loan agreement, we also entered into an agreement with KfW for a grant contribution of Euro 500,000 which is to be used exclusively for strengthening our position and the position of the power distribution companies to whom we grant a loan pursuant to our first loan agreement with KfW.

In Fiscal 2009, we entered into our second loan agreement with KfW which provides for financial assistance of Euro 70 million to be utilised for implementation of HVDS projects in selected districts in the State of Haryana. Simultaneously, we entered into a second financing agreement with KfW for a maximum amount of Euro 500,000 which is to be used exclusively for strengthening our position and the position of the power distribution companies to whom we grant a loan pursuant to our second loan agreement with KfW.

Our borrowings under the above mentioned four lines of credit are linked to the implementation and progress of the selected projects.

For a description of the financial terms of our loans with respect to these projects, see the section titled **“Our Business”** beginning on page 131.

OUR SPECIALIZED KNOWLEDGE

We have developed special technical expertise in distribution systems which we utilize to ensure the continual enhancement of the knowledge of our borrowers, including SPU. For example, we promote the standardization of technical specifications and construction practices in power distribution. We have established 78 technical specifications and 232 construction standards relating to power distribution lines, sub-stations and service connections. We have also authored 14 manuals on construction and repair practices.

In order to capitalize commercially on our specialized knowledge, we have incorporated REC Transmission Projects Company Limited and REC Power Distribution Company Limited for the purpose of providing consultancy services with respect to transmission and distribution systems, respectively.

CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION

In Fiscal 1979, we established the Central Institute for Rural Electrification at Hyderabad, a training institute established for the purpose of designing and conducting training programmes on various aspects of power transmission and distribution systems and non-conventional energy systems. We have conducted training in broad array of power-related areas, including best technical practices in transmission and distribution systems, legal aspects of power sector operations and power sector accounting. Beginning in Fiscal 2006, CIRE was empanelled to conduct training for foreign nationals. In Fiscal 2011, 472 Franchises programme were conducted with 16770 participants and 1372 programme for employees of C & D categories were conducted with 32383 participants by various utilities across the country.

OUR PROJECT OFFICES

We service our clients through a network of 18 project offices and 2 sub offices spread across India. Our project offices play an integral role in the development of our relationships with our clients, the operation and promotion of our business and in our loan appraisal, loan sanction and post-sanction monitoring processes. Our project offices are located in the cities of Mumbai, Bangalore, Hyderabad, Guwahati, Patna, Vadodara, Panchkula, Shimla, Jammu, Thiruvananthapuram, Shillong, Bhubaneswar, Jaipur, Chennai, Lucknow, Kolkata, Bhopal and Ranchi. Our two suboffices are located at Dehradun and Raipur. Our proximity to our clients enables us to service our clients on a local level, keep abreast of local issues and to monitor closely the projects we finance.

RESOURCE MOBILIZATION

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 September 30, 2011, we had total outstanding borrowing of ₹ 756,201 million, of which ₹ 449,207 million, or 59.40%, was secured and ₹ 306,994 million, or 40.60%, was unsecured.

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, 2009 and September 30, 2011. 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.

(₹ million, except percentages)

Resource Denomination	As on March 31,						As on September 30, 2011	
	2009		2010		2011		Amount	%
	Amount	%	Amount	%	Amount	%		
Rupee	434,423.00	96.68	538,718.00	96.29	624,205.00	89.17	665,236.00	87.97
Foreign currency	14,937.00	3.32	20,764.00	3.71	75,833.00	10.83	90,965.00	12.03
Total	449360	100	559482	100	700,038.00	100	756,201.00	100

For additional information on our financial indebtedness, see the section titled “**Financial Indebtedness**” on page 193.

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.

For further details on our domestic credit ratings, see the section titled “**Our Business**” beginning on page 131.

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, 2009, 2010, 2011 and September 30, 2011.

(₹ million, except percentages)

Rupee Denominated	As on March 31,						As on September 30, 2011	
	2009		2010		2011		Amount	%
	Amount	%	Amount	%	Amount	%		
Taxable bonds	179,223.00	39.90	307,596.00	54.98	398,255	56.89	481,439.00	63.67
54EC long term tax exemption bonds	143,943.00	32.03	99,494.00	17.78	110,996	15.86	118,454.00	15.66
Infrastructure bonds	188.00	0.04	0.00	0.00	2,172.00	0.31	2,190.00	0.29
Tax-free bonds	1,250.00	0.28	500.00	0.09	0.00	0.00	0.00	0
SLR bonds	1,711.00	0.38	1,020.00	0.18	530.00	0.08	530.00	0.07
Commerical term loans	94,511.00	21.03	105,114.00	18.79	111,891.00	15.98	62,296.00	8.24
GoI loans	647.00	0.14	494.00	0.09	361.00	0.05	327.00	0.04
Commercial paper	12,950.00	2.88	24,500.00	4.38	0.00	0.00	0.00	0.00
Other	14,937.00	3.32	20,764.00	3.71	75,833.00	10.83	90,965.00	12.03
Total	449,360.00	100	559,482.00	100	700,038.00	100	756,201.00	100

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

The weighted average interest rate on taxable bonds issued during the six months ended September 30, 2011, Fiscal 2011, Fiscal 2010, Fiscal 2009 and Fiscal 2008 was 9.52%, 8.43%, 8.19%, 10.67%, and 9.49%, respectively. The weighted average annual interest rate on all of our outstanding taxable bonds as on September 30, 2011 was 8.91%.

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

54EC long term tax exemption bonds. We began issuing 54EC long term tax exemption bonds in Fiscal 2001. Under Section 54EC of the Income Tax Act, 1961, holders of such bonds are exempt from taxes arising on capital gains from prior investments invested in these bonds, subject to limits and qualifications. We are, therefore, able to price such bonds at a lower rate of interest than would otherwise be available to us. In order to qualify for the tax exemption, these bonds must be held for no less than three years. These bonds typically have put dates or maturity dates at three years from issuance.

The availability of the tax exemption in connection with these bonds is reviewed annually by the GoI in connection with the annual implementation of the Finance Act. Since January 2007, the GoI has limited that amount of our bonds that an individual investor can utilize to offset capital gains to ₹ 5 million which has reduced the amount of bonds we have been able to offer for subsequent periods.

The weighted average annual interest rate on 54EC long term tax exemption bonds issued during the six months ended September 30, 2011, Fiscal 2011, Fiscal 2010, Fiscal 2009 and Fiscal 2008 was 6.00%, 6.00%, 6.25%, 6.01% and 5.50%, respectively. The weighted annual average interest rate on all of our outstanding 54EC long term tax exemption bonds, as on September 30, 2011 was 6.09%.

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

Long Term Infrastructure bonds. We began issuing our infrastructure bonds in Fiscal 2011. Under provisions Section 80CCF of the Income Tax Act 1961, deduction is allowed from gross total income of an assessee on investment in these bonds and terms of the issue were subject to notification No 48/2010/F NO 149/84/2010-SO (TPL) issued by CBDT. The weighted average interest annual rate on all of our outstanding infrastructure bonds as on September 30, 2011 was 8.14%.

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

The infrastructure bonds were offered on a domestic private placement basis and are not listed on any exchange.

Tax-free bonds. We have not issued tax-free bonds since Fiscal 2002. Under provisions of the Income Tax Act, 1961, interest on these bonds was tax exempt for bondholders and we were therefore able to price such bonds at a lower rate of interest than would otherwise have been available to us. There are no outstanding tax-free bonds as on September 30, 2011.

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

SLR bonds. We have not issued SLR bonds since Fiscal 1999. SLR bonds were issued pursuant to permission granted by the RBI and are guaranteed by the GoI. SLR bonds typically have a maturity of ten or twenty years from the date of issuance and bear a fixed interest rate that depended upon market conditions at the time of issuance. The weighted average annual interest rate on all of our outstanding SLR bonds as on September 30, 2011 was 12.36%

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

Term loans from commercial banks and financial institutions. As on September 30, 2011 we had a total of 9 (nine) Rupee denominated term loan facilities from commercial banks and financial institutions, 4 (four) of which were secured and 5 (five) of which were unsecured. These facilities are obtained on commercial terms and have varying maturity dates and interest rates. For additional information on the terms of term loan facilities from commercial banks and financial institutions, see the section titled “**Financial Indebtedness**” beginning on page 193.

The weighted average annual interest rate on all new borrowings under our term loan facilities from commercial banks and financial institutions during the six months ended September 30, 2011, Fiscal 2011, Fiscal 2010, Fiscal 2009 and Fiscal 2008 was NIL, 9.28%, 6.99%, 8.85% and 8.84%, respectively. The weighted average annual interest rate on all of our outstanding indebtedness under term loan facilities from commercial banks and financial institutions as on September 30, 2011 was 7.88%.

Commercial Paper: The Corporation mobilized funds through Commercial Paper during various years. These are obtained on varying maturity dates and interest rates. For additional information on the terms of term loan facilities from commercial banks and financial institutions, see the section titled “**Financial Indebtedness**” beginning on page 193.

The weighted average annual interest rate on all new borrowings through Commercial Paper during the six months ended September 30, 2011, Fiscal 2011, Fiscal 2010, Fiscal 2009 and Fiscal 2008 was Nil, 6.09%, 4.92, 7.74% and Nil, respectively. There were no Commercial Paper outstanding as on September 30, 2011.

Loans from the GoI: As on September 30, 2011, we had a total of 24 Rupee-denominated unsecured loans from the GoI. These loans are unsecured, have a maturity of thirty years and have a five-year moratorium on payment of principal. The weighted average annual interest rate on our outstanding loans from the GoI was 7.15%. For additional information on the terms of our loans from the GoI, see the section titled “**Financial Indebtedness**” beginning on page 193.

We have not made any new borrowings directly from the GoI since Fiscal 2001 and all of our currently outstanding direct borrowings from the GoI were issued prior to Fiscal 1987. The weighted average annual interest rate on all of our outstanding indebtedness on our loans from the GoI as on March 31, 2011 was 7.15%.

Foreign Currency Resources

We first began arranging for foreign currency borrowings during Fiscal 2007. As on September 30, 2011, we had foreign currency borrowing facilities that provided for an aggregate availability equivalent to ₹ 1,06,123.59 million, of which we had outstanding ₹ 90,964.75 million.

Commercial borrowings in foreign currency. In Fiscal 2007, we entered into a syndicated loan agreement through Standard Chartered Bank, London and DEPFA Investment Bank Limited, Cyprus for the Japanese Yen equivalent of US\$200 million (which, at the time of draw-down, equated to JPY 23,570 million). Loans under this agreement bear a variable interest at a spread of 48 basis points over six-month JPY libor and mature in 2011. As on September 30, 2011, this loan facility was fully drawn. As on September 30, 2011, this loan facility was fully drawn and is fully hedged at 6.50% p.a.

In Fiscal 2011, the we raised ECB under

- Syndicated loan agreement through Bank of Tokyo-Mitsubishi, UFJ, Ltd., Singapore Branch and State Bank of India, New York Branch for USD 400 million. Loan under this agreement bear a variable interest at a spread of 139 basis points over six-month USD LIBOR and mature in 2015. As at 30 September 2011, this loan facility was fully drawn and fully hedged USD 200 million at 7.51% and principal only swap for USD 200 million at 3.69% pa.
- Syndicated loan agreement through HSBC Mauritius for USD 70 million. Loans under this agreement bear a variable interest at a spread of 175 basis points over six-month USD LIBOR and mature in 2015. As at 30 September 2011, this loan facility was fully drawn and hedged with principal only swap for USD 70 million at 3.8139% pa.
- International Bond through Reg S for USD 500 million. Loan under this agreement bear fixed rate of interest at 4.25% pa mature in 2016. As at 30 September 2011, this loan facility was fully drawn and hedged with principal only swap for USD 250 million at 4.1810% pa.
- Two bilateral loan agreements with Bank of Tokyo-Mitsubishi, UFJ, Ltd., and Mizuho Corporate bank Ltd separately for USD 100 million each. Loan under this agreement bear a variable interest at a spread of 129 basis points over six-month USD LIBOR and mature in 2016. As at 30 September 2011, this loan facility was fully drawn and fully hedged USD 100 million each at 7.45 % pa.

In Fiscal 2012, the Issuer raised ECB under Syndicated loan agreement through Bank of Tokyo-Mitsubishi, UFJ, Ltd., Mizuho Corporate Bank Ltd, ANZ Ltd and SMBC bank for USD 300 million. Loan under this agreement bear a variable interest at a spread of 142 basis points over six-month USD LIBOR and mature in 2016. As at 30 September 2011, this loan facility was fully drawn and fully hedged USD 300 million at 7.3325% pa.

For further details, see the section titled “**Financial Indebtedness- Foreign currency borrowings of our Company**” on page 205.

Bilateral credit agreements. We also have four 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, which was equivalent to ₹ 13181.93 million as on September 30, 2011. 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 September 30, 2011, JPY 16119.50 million (equivalent to ₹ 7,631.90 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, which was equivalent to ₹ 13,356.38 million as on September 30, 2011. This agreement bears a fixed interest rate of 0.65% per annum and matures in 2023. The GoI has guaranteed borrowings under this facility for which we pay a guarantee fee. As on September 30, 2011, JPY 8989.81 million (equivalent to ₹ 4,704.04 million) has been drawn under this facility.

In Fiscal 2007, we entered into a loan agreement with KfW for financial assistance of Euro 70 million, which was equivalent to ₹ 4,665.21 million as on September 30, 2011. Loans under this agreement bears a fixed interest rate of 3.73% per annum and matures in 2018. The GoI has guaranteed borrowings under this facility

for which we pay a guarantee fee. As of September 30, 2011, entire loan amount of Euro 70 million (equivalent to ₹ 46,58.81 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, which was equivalent to ₹ 4,665.21 million as on September 30, 2011. 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 September 30, 2011, no amounts have been drawn under this facility.

For additional information on our bilateral credit agreements, see the section titled **“Our Business”** beginning on page 131.

OUR CREDIT RATINGS

Domestic Ratings

CRISIL Limited (“CRISIL”) vide its letter no. MS/FSR/REC/2011-12/1616 dated February 21, 2012, has assigned a credit rating of “CRISIL AAA/Stable” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. 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.

Credit Analysis & Research Limited (“CARE”) vide its letter dated February 21, 2012 has assigned a credit rating of “CARE AAA” to the market borrowing programme of the Company for 2011-12 aggregating ₹ 280,000 million. 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.

FITCH Ratings India Private Limited (“FITCH”) vide its letter dated February 21, 2012 has assigned a credit rating of “Fitch AAA(ind)” to the long term borrowing programme of the Company aggregating ₹ 280,000 million. AAA national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the “best” credit risk relative to all other issuers or issues in the country.

ICRA Limited (“ICRA”) vide its letter no. D/RAT/2011-12/R722 dated February 21, 2012 has assigned the rating of “[ICRA]AAA” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision.

For further details, please refer to Appendix - II of this Prospectus, for rationale for the above ratings.

International Ratings

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

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

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

INVESTMENT OPERATIONS

The primary objective of our investment policy is the prudent management of surplus funds so as to achieve optimal returns. We aim to use our treasury operations to manage our liquidity. Our investments of short-term surplus are primarily in bank deposits and debt-based schemes of public mutual funds for a period of one year beginning July 9, 2009 or the date of any modification of the guidelines issued by the government for investment of surplus funds in debt based schemes of public mutual funds, whichever is earlier.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy which includes Asset Liability Management Policy and Hedging Policy. The Asset Liability Management Policy inter-alia includes liquidity risk management, interest rate risk management as well as risk testing methodologies and risk reporting mechanisms. Hedging policy covers the management and reporting of risks associated with foreign currency borrowings and derivative transactions entered.

Risk Management Structure

Our Board of Directors is entrusted with the overall responsibility for the management of risks of our business and implements our risk management policies and sets limits for our liquidity, interest rate and foreign currency exchange rate tolerances.

The company has constituted an Asset Liability Management Committee (ALCO), chaired by the Chairman and Managing Director, and it comprises of Director (Finance), Director (Technical), one independent director along-with heads of finance and operational divisions. ALCO monitors risks related to liquidity, interest rate and currency rates. The company has also appointed a Risk Management Consultant to advice on various risks faced by the company.

Our ALCO is responsible for ensuring that our ALM strategy and market risk management policies are implemented and that we adhere to the risk tolerance limits set by our Board of Directors, for monitoring our risk levels, and for authorizing the use of hedging instruments, among other things. Our ALM department periodically reports to ALCO on risk management issues.

Credit Risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance.

We follow a systematic institutional and project appraisal process to assess and mitigate credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. We use a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project.

Our current policies look at the borrower's eligibility criteria placing emphasis on financial and operational strength, capability and competence. We determine borrower creditworthiness within the public sector based, inter alia, on third party ratings of such borrowers that are made available to us. Lending policies are set out in the Loan Policy Circulars and permit prioritization in the form of differential interest rates and project credit limits. We evaluate the credit quality of the borrower by assigning risk weightings on the basis of the various financial and non-financial parameters.

We are subject to credit risk in a number of ways; for additional information on our credit risk, see the section titled **“Risk Factors”** on page 10.

Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk exposures result primarily from fluctuations in interest rates and foreign currency exchange rates.

Interest rate risk. Interest rate risk is the risk that is associated with the changes in market interest rates and may adversely affect our financial condition. The primary interest rate-related risks are from timing difference in the maturity of our fixed rate assets and liabilities, e.g., in an increasing interest rate environment, if our fixed rate

liabilities mature prior to our fixed rate assets then it require us to incur additional liabilities at a higher interest rate, and repricing risk, i.e., where there is an adverse mismatch between the repricing terms of our loan assets and our loan liabilities.

We have historically, and will in the future, implement interest rate risk management through the contractual terms of our loans, including pricing terms, maturities and pre-payment and repricing provisions. Initially, all of our loans were on a fixed rate basis. We also include in our products provisions that allow us to reset the interest rate after three or ten years.

In order to mitigate the interest rate risk, we periodically review our lending rates based on our cost of borrowing. We then determine our lending rates based on prevailing market rates, our weighted average cost of funding and our post tax margins.

In order to manage pre-payments risk, most of our contracts either prohibit pre-payment prior to an interest reset date or require a pre-payment premium if the loan is prepaid prior to an interest reset date. The interest rate reset dates typically occur at three or ten year intervals. Additionally, the terms of most of our loans permit us to increase the interest rate on any undrawn portions of the overall sanction.

Under our interest rate risk management policies, we are instituting analytical techniques, such as gap analysis and duration gap analysis in order to measure our interest rate risk. Under our gap analysis technique, we group our interest rate sensitive assets and liabilities based on their respective maturities (or repricing dates) to determine our susceptibility, from an interest income perspective, to both increasing and decreasing interest rate environments within the time period.

Under our duration gap analysis technique, which we intend to fully implement in future, where we will further test to determine our susceptibility, from a balance sheet perspective, to both increasing and decreasing interest rate environments after giving effect to embedded options, e.g., pre-payment provisions, repricing terms, puts and calls, contained in our assets, liabilities and off-balance sheet arrangements. We have begun conducting training in this technique and have hired outside consultants in order to ensure its effective implementation.

Under our policy, we intend to perform sensitivity analyses based on assumed interest rate scenarios to determine our susceptibility to sudden changes in the interest rate environment.

Our ALCO has agreed on the following limits for interest rate risk: our year-end mismatch of rate sensitive assets and rate sensitive liabilities may not exceed 25% of rate sensitive liabilities; however, ALCO will retain discretion to extend the limit up to 40%.

For additional information on our interest rate risk, see the section titled ***“Risk Factors—We will be impacted by volatility in interest rates in our operations and may be adversely affected by either declining or rising interest rates”*** on page 13.

Foreign currency exchange rate risk. Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. We have foreign currency borrowings that could expose us to foreign currency exchange rate risk and we expect to increase our foreign currency-denominated borrowings in the future. As on September 30, 2011, our total foreign currency liabilities outstanding are JPY 46.71 billion, US \$1.47 billion and EURO 55.26 million. As on September 30, 2011, we did not engage in foreign currency denominated lending.

The company manages foreign currency risk associated with exchange rate and interest rate through various derivative instruments. For this, the Company has put in place a Hedging Policy to manage risk associated with foreign currency borrowings. Based on the policy, ALCO will frame hedging strategy and closely monitor the volatility of any open foreign currency exchange rate risk exposure.

Our ALCO has agreed on the following limits: the net open exposure position shall not be more than 30% of our net worth at any point of time for exchange rate risk and not more than 20% of our net worth for interest rate risk.

For additional information on our foreign currency risk, see the section titled ***“Risk Factors—We currently engage in foreign currency borrowings and are likely to do so at increased levels in the future, which will expose us to fluctuations in foreign exchange rates, which could adversely affect our business, financial condition and results of operations.”*** on page 13.

Liquidity Risk

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

Our ALCO has agreed on the following limits for liquidity mismatch, the one-month mismatch of assets and liabilities may not exceed 10% of cash outflow, the three months cumulative mismatch may not exceed 15% of aggregate cash outflow and the annual cumulative mismatch may not exceed 25% of aggregate cash outflow.

For additional information on our liquidity risk, see the section titled ***“Risk Factors—We currently fund our business in significant part through use of borrowings that have shorter maturities than the maturities of substantially all of our new loan assets and we may be required to obtain additional financing in order to repay our indebtedness and grow our business”*** on page 12.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have continually strengthened our systems and procedures to recognize and reduce operational risk in our business. For this the company has constituted Risk Management Committee (RMC) consisting Director (Finance), Director (Technical) and One Independent Director for managing the integrated risk of the company.

Operational controls in project finance activities. We have operational guidelines and manuals that provide a detailed description of the systems and procedures to be followed in the course of appraisal, approval, disbursement and recovery of a loan.

Operational controls in treasury activities. Our Investment Policy provides policies for deployment of short-term surplus funds and a description of operations to be followed, with suitable exposure and counterparty limits. Compliance with our guidelines is monitored through internal control and external and internal audits.

Legal risk. Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations. We seek to minimize the legal risk through legal documentation and forward-looking contractual provisions in the legal documents.

CORPORATE GOVERNANCE

Our Company has complied with the corporate governance code in accordance with clause 49 of the listing agreement to be entered with the Stock Exchanges. However, as per the Clause 49 quarterly filing by the Company for the quarter ended December 31, 2011, the composition of Board of Director is not in compliance with the requirement of Clause 49 of the listing agreement from November 29, 2011. The Board of Director was reconstituted with effect from November 29, 2011 to comprise of 3 executive directors, one government nominee and 3 part time non official independent directors, thereby short by 1 part time non official independent director. The matter of appointment of 1 more part time non official independent director is being followed up with MoP.

COMPETITION

Our primary competitors are public sector banks, private banks (including foreign banks), multi lateral development institutions and other financial institutions. For further details, see the section titled ***“Industry Overview”*** on page 115.

REGULATIONS AND POLICIES

We are a public limited company under the Companies Act and notified as a public financial institution under Section 4A of the Companies Act. We are also registered with the Reserve Bank of India as a NBFC. We are a government company under Section 617 of the Companies Act. We believe that we are not currently subject to the directions of RBI applicable to NBFCs relating to prudential norms, maintenance of liquid assets, creation of reserve funds and acceptance of public deposits since we are a government company. For further details, see the section titled ***“Regulations and Policies”*** on page 156.

EMPLOYEES

Our executives have experience and domain knowledge in different fields related to the power sector, project appraisal, project financing, international finance and domestic resource mobilization. As on February 10, 2012, we had 681 employees. Out of the 681 employees, 247 are non-executive employees and 434 are executive employees. As a matter of practice, we recruit professionally qualified persons as our employees through open advertisements. Additionally, we also take officials from the GoI, CPSU, State Governments and other public sector undertakings on deputation at various levels to work in our Company.

Our non-executive employees are all affiliated with the REC Employees Union, which is duly registered under the Trade Unions Act, 1926 as a “trade union”. We believe that we have a good relationship with this union and have not yet had any lost time on account of strikes or labour unrest.

Training and Development

We attach great importance to the provision of continuous training to our officials in order to update them regarding the latest developments in the industry and expand their knowledge and skills. The training needs of our staff are assessed on a regular basis. As on September 30, 2011, our staff had completed a total of 971 man days of training in aggregate. Additionally, since 1979, we have operated CIRE that conducts internal and external training programmes in a broad array of power-related areas, including best technical practices in transmission and distribution systems, legal aspects of power sector operations and power sector accounting.

PROPERTIES

Registered and corporate office. Our Registered and Corporate Office is presently located at Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi. The office space covering an area of approximately 5,911.69 square meters has been allotted to us by the Standing Conference of Public Enterprises. We have an extension of our Corporate Office at No.215 to 220 and 301, 302, 305 and 311, 2nd and 3rd Floor, Palika Bhawan, R.K. Puram, New Delhi. This extended Corporate Office covers an area of approximately 787.71 square meters and is occupied by us through a license deed.

Project offices: We have 18 project offices in Mumbai, Bangalore, Hyderabad, Guwahati, Patna, Vadodara, Panchkula, Shimla, Jammu, Thiruvananthapuram, Shillong, Bhubaneswar, Jaipur, Chennai, Lucknow, Kolkata, Bhopal and Ranchi.

Sub Offices: We have two sub offices at Raipur and Dehradun.

Training Center: We have a training center at Hyderabad, i.e. Central Institute for Rural Electrification (CIRE).

Owned properties: We own the premises occupied by five of our project offices, brief details of which are as follows:

Project Office	Address	Area (in square meters)
Bangalore	No. 1/5, Ulsoor Road, Bangalore	462.18
Panchkula	Bay No 7-8, Sector 2, Panchkula	539.50
Chennai	No. 12 and 13, TNHB Complex, 180 Luz Church Road, Mylapore, Chennai	376.71
Hyderabad (including the area occupied by CIRE)	Shivramapally Post NPA, Near Aramghar, National Highway No 7, Hyderabad	59,063.86
Lucknow	19/8, Indira Nagar Extension, Ring Road, Lucknow	1,179.76

Leased properties. We lease certain properties that we utilize as offices, brief details of which are as follows:

Project Office	Address	Area (in square meters)
Bhubaneswar	Deen Dayal Bhawan, 5th Floor, Ashok Nagar, New Capital, Bhubaneswar	500.54
Mumbai - The company is in occupation of the three premises in Mumbai on the	Premise No.51 B, 5th Floor, “B” Wing, Mittal Tower, Nariman Point	63.92
	Premise No. 52 B, 5th Floor, “B” Wing, Mittal	68.65

Project Office	Address	Area (in square meters)
basis of an agreement for sale and not a lease deed	Tower, Nariman Point	
	Premise No. 58 B, 5th Floor, “B” Wing, Mittal Tower, Nariman Point	60.85
Guwahati	Shraddha, Plot No. 20, M.G. Road, Christian Basti, Guwahati	171.93
Jaipur	J-4-A, Jhalana Dungari, Institutional Area, Jaipur	831.94
Jammu	157-A Gandhi Nagar, Behind Apsara Cinema, Jammu	204.38
Patna	Premise 45- 48 and Premise 59- 62, 'Maurya Lok' Complex Block C, 4th Floor, New Dak Bangla Road, Patna	470.32
Ranchi	Flat No. A-101 and D-104, First Floor, Om Shree Enclave, Airport Road, Hinoo, Ranchi	139.35
Shillong	First floor, Plot No. 22, Lachumiere, Patta No. 105, Shillong	204.37
Shimla	Shop No. 201, 202, 203 and 315, Pandit Padamdev Commercial Complex, Phase-II, First Floor, The Ridge, Shimla	175. 64
Thiruvananthapuram	No. 0-5, 4th Floor, “Saphallayam” Commercial Complex, Block B TRIDA Building Palayam, Thiruvananthapuram	301.68
Vadodara	Plot No. 585, Sub-Plot No. 8, Subhanpura, Vadodara	999
Kolkata	7th Floor, ICMARD Building, Block 14/2, C.I.T. Scheme, VIII (M), Ultadanga, Kolkata	554.82
Bhopal	2nd Floor, Krishna Palace, E-3/15, Arera Colony, Bhopal 462 016	278.71
Raipur (Sub Office)	KH No. 185/17, Shanti Vihar Colony, Dangania, Raipur 492003	111.90
Dehradun (Sub Office)	7 New Road, Opposite, MKP College, Dehradun, 248001	102.60

Residential accommodation. We also possess certain residential properties on leasehold/freehold basis at Bangalore, Bhubaneswar, Faridabad, Ghaziabad, Gurgaon, Kolkata, Mumbai, New Delhi, Noida, Shimla, Panchkula and Thiruvananthapuram.

Vacant land. We also own land in Gurgaon, Kolkata, and Wardha, brief details of which are as follows:

Location	Area (in square meters)
Plot No. 186, Block IB, Sector III, Bidhannagar, Kolkata	761.21
Plot No. I-4, City Centre, Sector 29, Gurgaon	16,890.25
Land in Sector 57, Gurgaon*	40,468.60
Land bearing Mojani No. 120, P.H. No. 2, Mouje Vela, Hinganghat, Wardha, Maharashtra	51,192.78

* Land allotted by the Haryana Urban Development Authority. However, we are yet to receive possession of this land. Accordingly, the area indicated is subject to certain changes on possession.

IMPORTANT RATIOS OF REC (ON STANDALONE BASIS)

(₹ in Million)

PARTICULARS	31.03.2007	31.03.2008	31.03.2009	31.03.2010	31.03.2011	30.09.2011
Total Loan Assets (net)	312,621.82	386,148.29	506,528.15	659,787.48	817,254.54	903,731.46
Gross Npa	6,197.12	3,161.80	688.92	195.41	195.41	2,695.41
Net NPA	5,779.63	2,344.40	208.85	19.96	17.74	2,267.74
Gross Npa % to loan outstanding	1.98%	0.82%	0.14%	0.03%	0.02%	0.30%
Net NPA % to loan outstanding	1.85%	0.61%	0.04%	0.003%	0.002%	0.251%
Capital Adequacy ratio (%)	12.35%	13.26%	11.60%	16.05%	19.09%	17.26%
CRAR Tier I capital (%)	11.39%	12.35%	10.76%	15.24%	18.04%	16.31%
CRAR Tier II capital (%)	0.96%	0.91%	0.84%	0.81%	1.05%	0.90%
Interest income	26,389.96	33,605.14	46,649.35	64,308.54	81,087.73	48,273.76
interest expenses	17,647.84	20,727.55	28,971.45	39,111.48	48,510.11	29,680.19
Net interest income	8,742.12	12,877.60	17,677.90	25,197.06	32,577.63	18,593.58
Net interest margin	3.13%	3.69%	3.96%	4.32%	4.48%	4.42%
Yield on Loan Assets	9.45%	9.62%	10.45%	11.03%	10.98%	11.22%
Cost of funds	6.50%	6.42%	7.31%	7.75%	7.62%	8.03%
Profit after tax	6,602.57	8,601.44	12,720.73	20,014.16	25,699.31	12,862.43
Net worth	40,127.07	53,677.05	61,900.76	110,803.35	127,886.15	140,748.58
Return on net worth (average)	16.08%	18.34%	22.01%	23.17%	21.53%	19.15%
Total borrowings	302,810.01	342,827.86	449,359.58	559,482.28	700,038.22	756,201.31
Debt-equity ratios (times)	7.55	6.39	7.26	5.05	5.47	5.37
Total assets	359,872.56	423,244.19	548,686.73	695,434.50	864,900.36	930,866.81
Return on assets (average)	2.00%	2.20%	2.62%	3.22%	3.29%	2.87%

REGULATIONS AND POLICIES

Our Company is notified as a public financial institution under section 4A of the Companies Act and also classified as an Infrastructure Finance Company by RBI vide its letter dated September 17, 2010. The business activities of NBFCs and public financial institutions are regulated by various RBI regulations. However, pursuant to an amendment to the NBFC regulations [Ref: DNBS. (PD).CC.No.12/02.01/99-2000] dated January 13, 2000 whereby the RBI exempt government companies, conforming to section 617 of the Companies Act from the applicability of the provisions of the RBI Act relating to maintenance of liquid assets, creation of reserve funds and the directions relating to acceptance of public deposits and prudential norms, our business operations are not regulated by such RBI regulations applicable to NBFCs and public financial institutions. Our Company is engaged in the financing and promotion of transmission, distribution and generation projects throughout India. The following is an overview of the important laws and regulations which are relevant to our business. The description of laws and regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999 apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by us, see the section titled “**Government and Other Approvals**” on page 225.

I. NBFC Regulations

The Reserve Bank of India Act, 1934 (“RBI Act”)

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of the power vested in it under Chapter IIIB of the RBI Act. The RBI Act defines an NBFC under Section 45-I (f) as:

- (i) a financial institution which is a company;
- (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
- (iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.”

A “financial institution” and a “non- banking institution” have been defined under Sections 45-I(c) and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated April 8, 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration (“**CoR**”) and having a minimum net owned fund of ₹ 20 million. In case an NBFC does not accept deposits from the public (“**NBFC-ND**”), it shall obtain a CoR without authorization to accept public deposits. All NBFCs are required to submit a certificate from their statutory auditors every year to the effect that they continue to undertake the business of a non-banking financial institution, thereby requiring them to hold a CoR. The NBFC must also have a minimum net owned fund ₹ 20 million.

As per the Master Circular, DNBS. PD. CC. No. 148 /03. 02.004/2009-10 dated July 1, 2009, issued by the RBI summarising its notifications, NBFCs which are housing finance institutions, merchant banking companies, micro finance companies, mutual benefit companies, government companies, venture capital fund companies, insurance companies, stock exchanges, stock brokers or sub-brokers, nidhi companies, chit companies, securitization companies and mortgage guarantee companies have been exempted from complying with certain

specified provisions of the RBI Act.

Public Deposit Regulations

As per the RBI Master Circular No. DNBS (PD) CC No. 143/03.02.001/2009-10) dated July 1, 2009, which summarises RBI Regulations, certain NBFC-NDs are entitled to certain exemptions from the norms and conditions stipulated on NBFCs taking deposits. In order to benefit from these exemptions, the board of directors of the NBFC-ND must pass a resolution within certain stipulated time period.

Certain finance companies including *inter alia* merchant banking companies, government companies, insurance companies and companies doing business as a stock broker or sub-broker, are exempt from the requirement of obtaining a CoR or complying with the Public Deposit Regulations.

Prudential Norms

As per the Master Circular, DNBS (PD) CC No.224/ 03.02.001/ 2010-11) dated July 1, 2011 issued by the RBI summarising its Directions (“**Prudential Norms**”), the RBI has issued detailed directions on prudential norms, which *inter alia*, prescribe guidelines on income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, constitution of audit committee, disclosures in the balance sheet, requirement of capital adequacy, restrictions and concentration of credits and investments. The Prudential Norms are not applicable to NBFC, being government companies under Section 617 of the Companies Act.

KYC Guidelines

The RBI has extended the Know Your Customer (“**KYC**”) guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including *inter alia* customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Norms for excessive interest rates

In addition, the RBI has, pursuant to its notifications dated May 24, 2007 (Notification DNBS. PD/CC. No. 95/ 03.05.002/ 2006-07) and January 2, 2009 (Notification No. DNBS. 204 / CGM (ASR)-2009) requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. The board of directors of each NBFC shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rates of interest and the approach for gradation of risks shall have to be made available on the websites of the companies or published in the relevant newspapers. Further, the rates of interest should be annualised rates so that borrowers are aware of the exact rates that would be charged to the account.

Government companies

The RBI vide its notification (No. DNBS. 192/ DG (VL) - 2007) dated February 22, 2007 has exempt government companies, conforming to Section 617 of the Companies Act, from the applicability of the Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Further, the RBI vide notification (No. DNBS (PD) CC No. 96/ 03.02.01/ 2007-08) dated July 2, 2007 has exempt government companies, conforming to Section 617 of the Companies Act, from the Public Deposit Regulations.

II. Classification of Infrastructure Finance Companies

Pursuant to the RBI circular dated February 12, 2010, a fourth category of NBFC known as Infrastructure Finance Company (“**IFC**”) was introduced. Prior to the inclusion of IFCs, three categories of NBFCs existed, namely, asset finance companies, loan companies and investment companies. Consequently, our Company was classified as an IFC by the RBI through its letter dated November 22, 2010. An IFC is defined as an NBFC-ND that fulfils the following criteria:

- (i) a minimum of 75 per cent of its total assets should be deployed in infrastructure loans, as defined in Para 2(viii) of the Non-Deposit Accepting or Holding Prudential Norms 2007;
- (ii) net owned funds of ₹ 3,000 million or above;
- (iii) minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA, or equivalent rating by any other accrediting rating agencies; and
- (iv) CRAR of 15% (with a minimum tier I capital of 10%) IFCs are eligible to avail, under the automatic route (without prior approval of RBI), ECBs up to US\$ 750 million each fiscal year subject to maximum of 50% of their owned funds, from recognised lenders under the automatic route.

III. Regulations regarding foreign investment

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations and the consolidated FDI policy issued from time to time by the DIPP.

IV. External commercial borrowings

The current policy of the RBI directly relating to External Commercial Borrowing (“ECB”) is embodied in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended from time to time and as summarised under the Master Circular No. 09/2011-12 dated July 1, 2011 (“**ECB Master Circular**”).

ECB can be accessed under two routes, viz. (i) automatic route, and (ii) approval route. The ECB Guidelines are subject to amendment from time to time. Investors are urged to consult their own advisors in connection with the applicability of any Indian laws or regulations.

V. Legislative framework for recovery of debts

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**Securitisation Act**”) provides the powers of “seize and desist” to banks and grants certain special rights to banks and financial institutions to enforce their security interests. The Securitisation Act provides that a “secured creditor” may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets.

Under the Securitisation Act, all mortgages and charges on immovable properties in favour of banks and financial institutions are enforceable without the intervention of the courts. The Securitisation Act also provides for the establishment of asset reconstruction companies regulated by RBI to acquire assets from banks and financial institutions. A bank or financial institution may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75% by value of the total loans to the borrower are classified as non-performing and at least 75% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. The banks or financial institution selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Furthermore, banks or financial institutions may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks or financial institutions may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. While each bank or financial institution is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (“**Debts Recovery Act**”) provides for establishment of Debt Recovery Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debts Recovery Act, the procedures for recoveries of debt have been simplified and time frames been fixed for speedy disposal of cases. Upon establishment of the Debts Recovery Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debts Recovery Act, except the higher courts in India in certain circumstances.

VI. Labour laws

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (“**the Gratuity Act**”) establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 0.35 million.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (“**ESI Act**”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. It applies to, *inter alia*, seasonal power using factories employing ten or more persons and non-power using factories employing 20 or more persons. Every factory or establishment to which the ESI Act applies is required to be registered in the manner prescribed in the ESI Act. Under the ESI Act every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to ₹ 10,000 per month is entitled to be insured.

In respect of such employees, both the employer and the employee must make certain contributions to the Employee State Insurance Corporation. Currently, the employee’s contribution rate is 1.75% of the wages and that of employer’s is 4.75% of the wages paid/payable in respect of the employee in every wage period.

The ESI Act states that a principal employer, who has paid contribution in respect of an employee employed by or through an immediate employer, shall be entitled to recover the amount of the contribution so paid from the immediate employer, either by deduction from any amount , payable to him by the principal employer under any contract, or as a debt , payable by the immediate employer.

Provident Funds Act, 1925

The Provident Funds Act, 1925 provides for the institution of compulsory provident funds for the benefit of employees. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief Corporate History of our Company

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 03, 1970. Our Company became a deemed public limited company with effect from July 01, 1975. Our Company was converted into a public limited company with effect from July 18, 2003.

Our Company was declared a ‘public financial institution’ under Section 4A of the Companies Act, pursuant to a notification (S.O. 128(E)) dated February 11, 1992 issued by the then Department of Company Affairs, Ministry of Law, Justice and Company Affairs, GoI. Further, pursuant to the RBI circular dated February 12, 2010, a fourth category of NBFC known as Infrastructure Finance Company (“**IFC**”) was introduced and the Company qualified as an IFC under the circular. We are also registered with the RBI as a NBFC with effect from February 10, 1998. For further details in relation to the terms of such registration certificate issued by the RBI, see the section titled “**Government and other Approvals**” on page 225.

For details in relation to our business activities and investments, see section “**Our Business**” on page 131 of this Prospectus.

Changes in the Registered and Corporate Office

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

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

Major Events and Milestones

Calendar Year	Event
1969	Incorporation of our Company
1970	Commenced lending operations to SEBs
1974	Authorised by the Ministry of Irrigation and Power to finance rural electrification under the ‘Minimum Needs Programme’
1979	CIRE set up in Hyderabad
1988	Launch of Kutir Jyoti and Jal Dhara programmes for rural electrification
1992	Declared a Public Financial Institution under Section 4A of the Companies Act
1993	Entered into MoU with the MoP for the year 1993-1994 for the first time to achieve certain performance related targets
1998	Registered as a NBFC under Section 45(IA) of the RBI Act.
2001	Capital Gains Tax Benefit under Section 54 EC of the IT Act to bonds floated by our Company. Upgradation from Schedule ‘B’ to Schedule ‘A’ Corporation
2002	Grant of Mini Ratna- I status
2005	Appointed as the nodal agency for RGGVY
2006	Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,629 million Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 million*
2008	Listed our Equity Shares on the Stock Exchanges Accorded “Navratna” status by the Department of Public Enterprise, GoI for our operational efficiency

Calendar Year	Event
	and financial strength, which affords greater operational freedom and autonomy in decision making.
2009	Received 'LAAA' rating from ICRA Limited in relation to ₹ 250,000 million long term borrowing programme for the Fiscal 2010
2010	Follow-on issue of Equity Shares resulting in (a) raising INR 26,475 million (USD million) of gross proceeds through fresh issue and (b) GoI reducing its ownership to 66.80% RBI categorised REC as an Infrastructure Finance Company ("IFC") Entered into two offshore syndicated facility agreements for availing loan facilities of USD 400 million and USD 70 million respectively REC was included in the MSCI emerging marketing index
2011	REC successfully priced a USD 500 million 4.25% 5-year Reg S Senior Unsecured Notes transaction. REC was the first Indian NBFC-IFC to enter into the international debt market Entered into two offshore bilateral loan agreements for availing a loan facility of USD 100 million each from The Bank of Tokyo-Mitsubishi UFJ Ltd. and Mizuho Corporate Bank, Ltd. Completed a US\$300Million Syndicated Term Loan Facility with Australia and New Zealand Banking Group Limited, The Bank of Tokyo-Mitsubishi UFJ Ltd. and Mizuho Corporate Bank, Ltd.
2012	REC has been rated excellent for fiscal 2011 in terms of MoU signed with Govt of India for the 18 th year in succession since fiscal 1994 when the first MoU was signed. "Best Listed CPSE Award" from Department of Public Enterprises

As on February 10, 2012, the total number of holders of Equity Shares was 272687.

Our Company is not operating under any injunction or restraining order.

Capital Raising Activities through Equity and Debt

For details in relation to our capital raising activities through equity and debt, see the sections titled "**Capital Structure**", "**Other Regulatory and Statutory Disclosures**" and "**Financial Indebtedness**" on pages 58, 236 and 193, respectively.

Strikes or Labour Unrest

We have till date, not lost any time on account of strikes or labour unrest.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

For details in relation to defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity, see the section titled "**Financial Indebtedness**" on page 193.

Awards and Accreditations

Calendar Year	Awards / Accreditations
1990	Awarded the Indira Gandhi Memorial Award for Excellence in Public Sector Undertakings for the year 1989-1990
1994	Received rating of "excellent" by the GoI, for the first time, for fulfilling the targets pursuant to the MoU entered into the MoP for the year 1993-1994*
2000	Declared to be among the top ten public sector enterprises by the GoI**
2008	Accorded "Navratna" status by the Department of Public Enterprise, GoI for our operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making.
2009	Received the Award for Excellence in Rural Electrification for Rural India Connect in India Pride Awards organised by Dainik Bhaskar
2009	Received certifications from Det Norske Veritas Certification B.V. for conforming to the quality management system standard ISO 9001:2008, at our various offices***
2009	Received certifications from BSI Management Systems for conforming to the quality management system standard ISO 9001:2000, at our various offices***

Calender Year	Awards / Accreditations
	Received SCOPE Meritorious Award under the category of the Best Managed Bank, Financial Institution or Insurance Company.
2010	Received Dalal Street Investment Journal (“DSIJ”), PSU Award 2010, for The Best Wealth Creator” Received India Pride Award 2010 “The Best NBFC” Received Asis Pacific HRM Congress Award 2010 for “Organizational Development and Leadership”
2011	Received DSIJ PSU Award 2011 for “Speed King” for fastest growing PSUs across Maharatnas, Navratnas and Miniratnas Featured in Dun & Bradstreet’s India Top PSUs
2012	Received “Best Listed CPSE Award” from Department of Public Enterprises, GOI for fiscal 2010

*In recognition of our performance and our consistent achievement of targets negotiated under the MoU entered into with the GoI on an annual basis, we have received rating of “excellent” by the GoI in relation to our performance for fulfilling the targets pursuant to the MoU, from the Fiscal 1994 to 2011.

** We have also been ranked among the top ten public sector undertakings for the Fiscals 2000, 2001, 2002, 2004 and 2005 by the Ministry of Heavy Industries and Public Enterprises, GoI

*** For further details, see the section titled “History and Certain Corporate Matters--Certifications pertaining to quality standard” below.

Main Objects

Our main objects as contained in our Memorandum are:

Clause	Particulars
III(a)(1)	To finance rural and other electrification schemes in the country.
III(a)(2)	To subscribe to special rural electrification bonds that may be issued by the state electricity boards on conditions to be stipulated from time to time.
III(a)(3)	To promote and finance rural electricity co-operatives in the country.
III(a)(4)	To administer the moneys received from time to time from the GoI and other sources as grants or otherwise for the purpose of financing rural electrification in the country in general.
III(a)(5)	To promote, organise or carry on the business of consultancy services and/or project implementation in any field of activity in which it is engaged in India and abroad.
III(a)(6)	To finance and/or execute works on small/mini/micro and other generation projects, promotion and development of other energy source and to provide financial assistance of leasing out or to directly lease out or otherwise the above sources of energy including small/mini/micro and other generation projects.
III(a)(7)	To finance survey and investigation of projects falling in the ambit of REC.
III(a)(8)	To promote, develop and finance viable decentralised power system organisation in cooperative, joint, private sector, panchayat and/or local self bodies.
III(a)(9)	To subscribe or invest by way of units or other securities in venture capital funds, and/or to set up trust under the Indian Trust Act for establishment of venture capital fund or similar funds, formed for the purpose of financing and/ or investment in companies, partnership firms, co-operative societies, users associations, decentralised power system organizations, non-governmental organisations, panchayat institutions, franchisees or such other bodies or entities which are engaged in electricity generation, transmission and/ or distribution projects or implementation or such projects or in promotion and development of other energy sources.
III(a) (10)	To finance and to provide assistance for those activities having a forward and/or backward linkage with power projects, (including but not limited to), such as development of coal and other mining activities for use as fuel in power projects, development of other fuel supply arrangements for the power sector, and to meet other enabling infrastructure facilities that may be required for the speedy and effective development of power sector.

Amendments to our Memorandum

The following changes have been made to our Memorandum since incorporation:

Date of shareholders' resolution	Details
December 26, 1970	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 100 million comprising 100,000 equity shares of ₹ 1,000 each to ₹ 250 million comprising 250,000 equity shares of ₹ 1,000 each.
February 28, 1973	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 250 million comprising 250,000 equity shares of ₹ 1,000 each to ₹ 500 million comprising 500,000 equity shares of ₹ 1,000 each.
December 2, 1974	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 500 million comprising 500,000 equity shares of ₹ 1,000 each to ₹ 1,000 million comprising 1,000,000 equity shares of ₹ 1,000 each.
September 21, 1979	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 1,000 million comprising 1,000,000 equity shares of ₹ 1,000 each to ₹ 1,500 million comprising 1,500,000 equity shares of ₹ 1,000 each.
September 30, 1985	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 1,500 million comprising 1,500,000 equity shares of ₹ 1,000 each to ₹ 3,000 million comprising 3,000,000 equity shares of ₹ 1,000 each.
September 28, 1990	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 3,000 million comprising 3,000,000 equity shares of ₹ 1,000 each to ₹ 4,000 million comprising 4,000,000 equity shares of ₹ 1,000 each.
March 14, 1991	Inserted the words, “to finance small/mini/micro hydel and other small generation projects” to clause VI were added to the main objects.
December 31, 1992	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 4,000 million comprising 4,000,000 equity shares of ₹ 1,000 each to ₹ 6,000 million comprising 6,000,000 equity shares of ₹ 1,000 each.
February 10, 1995	Clause III (a) amended to insert the following new objects at No. 5, 6, 7 and 8 respectively. 5- to promote organise or carry on the business of consultancy services and/or project implementation in any field of activity in which it is engaged in India and abroad. 6- to finance and/or execute works on small/mini/micro generation projects, promotion and development of other energy sources and to provide financial assistance for leasing out or to directly lease out or otherwise the above sources of energy including small/mini/micro generation projects. 7- to finance survey and investigation of projects falling in the ambit of REC. 8- to promote, develop and finance viable decentralised power system organisations in co-operative, joint, private sector, panchayat and/or local self bodies, etc. Further, Clause III(b) was also amended to insert the following: 24- to obtain, apply for, arrange for the issue or enactment of order or Act of Legislature of Act of Authority in India or any other part of the world for enabling the Company to obtain powers, authorities, protection, financial and other help, necessary or expedient to carry out

Date of shareholders' resolution	Details
	or extend any of the objects of the Company or for any other purposes which may seem expedient and to oppose any proceedings or application or any other endeavours, steps or measures, which may seem calculated directly or indirectly to prejudice the Company's interests. 25- to subscribe for, underwrite, purchase or otherwise acquire and to hold, dispose of and deal with the shares, stocks, securities and evidence of indebtedness or the right to participate in profits or other similar documents issued by any government, authority, corporation or body or by company or body of persons and any option or right in respect thereof. 26- to act as an agent of the government or public sector financial institution to exercise all the rights and power exercisable at any meeting of any company engaged in the planning, investigations, research, design and preparation or preliminary feasibility and detailed project reports, construction, generation, operation and maintenance of power stations and projects, transmission, distribution and sale of power in respect of any shares held by the Government public financial institutions, nationalised banks, nationalised insurance companies with a view to secure the most effective utilisation or the financial investments and loans in such companies and the most efficient development of the concerned industries.
August 8, 1997	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 6,000 million comprising 6,000,000 equity shares of ₹ 1,000 each to ₹ 8,000 million comprising 8,000,000 equity shares of ₹ 1,000 each.
December 19, 2001	Clause V of our Memorandum was amended pursuant to the increase in the authorised share capital of our Company from ₹ 8,000 million comprising 8,000,000 equity shares of ₹ 1,000 each to ₹ 12,000 million comprising 12,000,000 equity shares of ₹ 1,000 each.
July 26, 2002	Clause III(a)(1) of our Memorandum which read as "to finance rural electrification schemes in the country" was amended to add the words "and other", so as to read as "to finance rural and other electrification schemes in the country." Amendment in Clause III(a)(6) which read as: "to finance and/or execute works on small/mini/micro generation projects, promotion and development of other energy sources and to provide financial assistance for leasing out or to directly lease out or otherwise the above sources of energy including small/mini/micro generation projects" by adding words "and other after the words small/mini/micro". The amended clause III(a)(6) read as under: "To finance and/or execute works on small/mini/micro and other generation projects, promotion and development of other energy sources and to provide financial assistance for leasing out or to directly lease out or otherwise the above sources of energy including small/mini/micro and other generation projects."
September 27, 2002	Clause V of our Memorandum was amended pursuant to the alteration of the authorised capital of our Company to ₹ 12,000 million divided into 1,200,000,000 Equity Shares of ₹ 10 each on account of splitting of equity shares of ₹ 1,000 each to ₹ 10 each.
March 25, 2004	Amendment by insertion of a new sub-clause 9 after the existing sub-clause 8 in Clause III(a). The said sub-clause 9 reads as: "To subscribe or invest by way of units or other securities in venture capital funds, and/or to set up trusts under the Indian Trusts Act for establishment of venture capital funds or similar funds, formed for the purpose of financing and/or investment in companies, partnership firms,

Date of shareholders' resolution	Details
	co-operative societies, users associations, decentralised power system organisations, non-governmental organisations, panchayat institutions, franchisees or such other bodies or entities which are engaged in electricity generation, transmission and/or distribution projects or implementation of such projects or in promotion and development of other energy sources.”
September 19, 2009	Amendment by insertion of a new sub-clause 10 after the existing sub-clause 9 in Clause III(a). The said sub-clause 10 reads as: “To finance and to provide assistance for those activities having a forward and/or backward linkage with power projects, (including but not limited to), such as development of coal and other mining activities for use as fuel in power projects, development of other fuel supply arrangements for the power sector, and to meet other enabling infrastructure facilities that may be required for the speedy and effective development of power sector.”

The Board of Directors have approved the proposal relating to amendments/modifications to MoA of the Company in the 377th meeting of the Board of the Directors held on May 24, 2011 subject to approval of the president and also subject to approval of shareholders of the Company.

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, revaluation of assets in the last fiscal.

Holding entity- Our Promoter

Our Promoter is the President of India, acting through the MoP, holding 66.80% of our Equity Share capital as on the date of filing of this Prospectus.

Previous public issues

Our Company had made an FPO of 171,732,000 Equity Shares for cash at a price of ₹ 193 – 206 per Equity Share (including a premium of ₹ 183 - 196 per Equity Share) aggregating to ₹ 35,299.42 million through a prospectus dated February 25, 2010. The said FPO comprised a fresh issue of 128799000 Equity Shares and an offer for sale of 42933000 Equity Shares by our Promoter. Further, the said FPO comprised a net issue of 171382000 Equity Shares to the public and a reservation of 350000 Equity Shares for subscription by certain eligible employees. The opening date of FPO was February 19, 2010 and the closing date was February 23, 2010. Dispatch of refunds pursuant to the FPO was made on and March 6, 2010 and trading at NSE and BSE in equity shares allotted in FPO commenced on March 8, 2010.

Our Company had made an IPO of 156,120,000 Equity Shares for cash at a price of ₹ 105 per Equity Share (including a premium of ₹ 95 per Equity Share) aggregating to ₹ 16,393 million through a prospectus dated February 28, 2008. The said IPO comprised a fresh issue of 78,060,000 Equity Shares and an offer for sale of 78,060,000 Equity Shares by our Promoter. Further, the said IPO comprised a net issue of 152,217,000 Equity Shares to the public and a reservation of 3,903,000 Equity Shares for subscription by certain eligible employees. The IPO opened on February 19, 2008 and closed on February 22, 2008. Allotment of Equity Shares and dispatch of refunds pursuant to the IPO of our Company was made on March 5, 2008 and March 8, 2008, respectively. Trading at NSE and BSE in equity shares allotted in IPO commenced on March 12, 2008.

We confirm that other than the disclosures made in this Prospectus, nothing material has changed in respect of disclosures made by us at the time of our previous issue made in our prospectus dated February 28, 2010.

None of our Subsidiaries have completed any public or rights issue in the three years preceding this Prospectus.

Date of listing on the Stock Exchange

Our Equity Shares were listed on March 12, 2008 on the BSE and NSE.

List of Subsidiaries, Joint Ventures and Associates

Subsidiaries

The following are the Subsidiaries of our Company

- 1) REC Transmission Projects Company Limited;
- 2) REC Power Distribution Company Limited;
- 3) Vemagiri Transmission System Limited; and
- 4) Vizag Transmission Limited

Joint Ventures

- 1) Energy Efficiency Services Limited

Associates

We do not have any associates.

Details of Subsidiaries

The significant details of our Subsidiaries are as provided below:

1) REC Transmission Projects Company Limited (“RECTPCL”)

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.

Shareholding Pattern

The equity shares of RECTPCL are not listed on any stock exchange. The shareholding pattern of RECTPCL as on February 10, 2012 is as follows:

Name of the shareholder	No. of equity shares of ₹ 10 each	% shareholding
REC through its Chairman and Managing Director	49,994	99.99
Mr. Sunil Kumar*	1	Negligible
Mr. Puneet Kumar Goyal*	1	Negligible
Mr. Vijay Kumar Arora*	1	Negligible
Mr. Rakesh Kumar Arora*	1	Negligible
Mr. Prakash Thakkar*	1	Negligible
Mr. Ajeet Kumar Agarwal*	1	Negligible
Total	50,000	100.00

*one share each held as a nominee of REC

There has been no change in the capital structure of RECTPCL in the last six months prior to the filing of this Prospectus.

Board of Directors

The Board of directors of RECTPCL currently comprises of:

Mr. Rajeev Sharma;
 Mr. Prakash Thakkar; and
 Mr. Ajeet Kumar Agarwal.

2) REC Power Distribution Company Limited (“RECPDCL”)

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.

Shareholding Pattern

The equity shares of RECPDCL are not listed on any stock exchange. The shareholding pattern of RECPDCL as on February 10, 2012 is as follows:

Name of the shareholder	No. of equity shares of ₹ 10 each	% shareholding
REC through its Chairman and Managing Director	49,994	99.99
Mr. T.S.C. Bosh*	1	Negligible
Mr. Rakesh Kumar Arora*	1	Negligible
Mr. Bhanu Pratap Yadav*	1	Negligible
Mr. Vijay Kumar Arora*	1	Negligible
Mr. Prakash Thakkar*	1	Negligible
Mr. Sanjiv Garg*	1	Negligible
Total	50,000	100.00

- one share each held as a nominee of REC

There has been no change in the capital structure of RECPDCL in the last six months prior to the filing of this Prospectus.

Board of Directors

The board of directors of RECPDCL currently comprises of:

Mr. Rajeev Sharma;
 Mr. Prakash Thakkar; and
 Mr. Sanjiv Garg;

3) Vemagiri Transmission System Limited (“VTSL”)

VTSL was incorporated on April 21, 2011 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 June 08, 2011. VTSL is presently engaged inter alia in the business of Transmission System Associated with IPPs of Vemagiri Area- Package A which comprise of:

- Vemagiri Pooling Station-Khammam 765 kV 1xD/c (1st ckt.) line.
- Khammam – Hyderabad 765 kV D/C (1st ckt.) line.

Shareholding Pattern

The equity shares of VTSL are not listed on any stock exchange. The shareholding pattern of VTSL as on February 10, 2012 is as follows:

Name of the shareholder	No. of equity shares of ₹ 10 each	% shareholding
RECTPCL through its CEO	49,994	99.99
Mr. Prakash Thakkar*	1	Negligible
Mr. Sanjeev Kumar Gupta*	1	Negligible
Mr. Vijay Kumar Singh*	1	Negligible
Mr. Rameshwar Prasad Vaishnav*	1	Negligible
Mrs. Valli Natarajan*	1	Negligible
Mrs. Harinder Kaur Chani*	1	Negligible
Total	50,000	100.00

- one share each held as a nominee of RECTPCL

There has been no change in the capital structure of VTSL in the last six months prior to the filing of this Prospectus.

Board of Directors

The board of directors of VTSL currently comprises of:

Mr. Sunil Kumar;
Mr. T.S.C. Bosh; and
Mr. V.K. Singh;

4) Vizag Transmission Limited (“VTL”)

VTL was incorporated on November 30, 2011 as a public limited company and its registered office is situated at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003, India. VTL is presently engaged inter alia in the business of Evacuation System for Vizag – Vemagiri Projects-Hinduja (1040 MW), Transmission Scheme - 1) Generation switchyard-Vemagiri-II Pooling Station 400 kV D/C(Quad) line, and 2) Khammam (new)-N’ Sagar 400 kV D/C line.

Shareholding Pattern

The equity shares of VTL are not listed on any stock exchange. The shareholding pattern of VTL as on February 10, 2012 is as follows:

Name of the shareholder	No. of equity shares of ₹ 10 each	% shareholding
RECTPCL through its CEO	49,994	99.99
Mr. T.S.C. Bosh *	1	Negligible
Mr. Vijay Kumar Singh *	1	Negligible
Mr. Rameshwar Prasad Vaishnav *	1	Negligible
Mr. Ajoy Choudhury*	1	Negligible
Mrs. Daljeet Singh Khatri*	1	Negligible
Mrs. Swati Gupta*	1	Negligible
Total	50,000	100.00

- one share each held as a nominee of RECTPCL

There has been no change in the capital structure of RECPDCL in the last six months prior to the filing of this Prospectus.

Board of Directors

The board of directors of VTL currently comprises of:

Mr. Sunil Kumar;
Mr. Rameshwar Prasad Vaishnav; and
Mrs. Valli Natarajan;

Details of Joint Ventures

The EESL JVA

Pursuant to an agreement dated November 19, 2009 (the “EESL JVA”) among our Company, NTPC Limited (“NTPC”), Power Finance Corporation Limited (“PFC”) and Power Grid Corporation of India Limited (“PGCIL”), Energy Efficiency Services Limited (“EESL”) has been incorporated as a joint venture. EESL received its certificate of incorporation under the Companies Act on December 10, 2009 and certificate of commencement of business on February 11, 2010. EESL is authorised to engage in the business of carrying on and promoting the business of energy efficiency and climate change, including manufacture and supply of energy services and products and provide consultancy services in relation to the same. The authorised share capital of EESL is ₹ 1900 million divided into 190,000,000 equity shares of ₹ 10 each and the paid-up capital of EESL is ₹ 25 million divided into 2,500,000 equity shares of ₹ 10 each. Our Company is required to hold 25% of the equity share capital of EESL. As on September 30, 2011, REC has made application for allotment of further equity amounting to ₹ 24.38 millions for which shares are yet to be allotted.

Initially, the EESL Board shall comprise of six directors. The total strength of the EESL Board shall be between four and fifteen directors. Our Company and the other parties to the EESL JVA have agreed that so long as we each hold at least 10% of the paid-up share capital of EESL, we shall each be entitled to nominate one director to the board of directors of EESL (the “EESL Board”) and shall also determine the period for which their respective nominees shall hold office. Apart from directors nominated by the parties, MoP shall have the power to nominate two part-time directors. The non-executive chairman of the EESL Board shall be appointed for a period of two years on a rotation basis amongst the parties. Hence, the first Chairman shall be appointed by NTPC and subsequently by PFC, REC and PGCIL, in that order.

ENTITIES IN WHICH WE HAVE EQUITY INVESTMENT

Indian Energy Exchange Limited (“IEX”)

Pursuant to a resolution dated July 31, 2007, our Company approved the acquisition of 8% of the initial capital of ₹ 100 million of IEX and pursuant to resolution dated August 13, 2007, the equity stake of our Company was reduced from 8% to 5% of the then equity share capital of IEX, reducing the amount of consideration paid by our Company to ₹ 12.50 million. Consequent upon further allotment of shares by IEX to Jindal Power Limited, the percentage of shareholding of REC in IEX has reduced from 5% to 4.68%. Certain significant details of IEX are provided hereunder:

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

Shareholding Pattern

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

Board of Directors

The Board of Directors of IEX currently comprises of:

1. Mr. Venkat Chary;
2. Mr. Jayant Narahar Deo;
3. Mr. Jignesh Prasad Shah;
4. Mr. Joseph Massey;
5. Mr. Deepak Amitabh;

6. Mr. Surender Kumar Tuteja;
7. Mrs. Asha Das;
8. Mr. Rajeev Sharma;
9. Mr. Bejul Somiah
10. Mr. Vishal Gupta

‘Small is Beautiful’ Fund

‘Small is Beautiful’ Fund (the “Fund”), 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 the Fund. The office of the Fund is situated at Plot No. 84, Kaveri Hills, Phase II, Madhapur, Hyderabad - 500033, Andhra Pradesh, India. The Fund is engaged in the business of making investments in power generation and other allied projects in Indian power sector.

Material Corporate and Business Agreements

Except as disclosed in this section, our Company has not entered into any shareholder’s agreement and there are no shareholders agreements with respect to our Company. The significant corporate and business related agreements entered into by our Company have been provided hereinbelow:

Corporate agreements

Contribution agreement dated March 29, 2004 entered among KSK Trust Private Limited, KSK Energy Ventures Limited and our Company in relation to contribution towards ‘Small is Beautiful’ Fund.

Pursuant to a contribution agreement dated March 29, 2004 entered among KSK Trust Private Limited, KSK Energy Ventures Limited and our Company, our Company has contributed ₹ 225.00 million as a ‘capital commitment’ towards ‘Small is Beautiful’ Fund (the “Fund”), 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, in its capacity as the trustee shall issue drawdown notices simultaneously on a pro rata basis, on receipt of which, within 30 business days (referring to the days when the RBI is open for business) from the date mentioned in such drawdown notice, our Company shall make payment of its contribution to the Trust. In the event our Company fails to do so, the trustee shall issue a notice providing for a further period of 15 business days within which our Company shall be required to pay the amount alongwith an interest at the rate of 2% per annum above State Bank of India’s PLR on the defaulted portion of the contribution. If our Company does not fulfill such requirements, our Company’s entitlements may be forfeited at the discretion of the trustee in consultation with KSK Energy Ventures Limited, in its capacity as the ‘investment manager’.

Our Company shall not have the right to demand the return of its contribution, except upon the dissolution of the Fund. However, our Company shall not have any personal liability in its capacity as a contributor whether to the Fund or to any other contributor of the Fund, for the debts, liabilities, contracts or any other obligations of the Fund or for any losses of the Fund. The units of the trust (one unit taken together or individually evidencing a beneficial interest in the Fund for the value stated therein, and being included in two classes of units, namely ‘Class A’ units and ‘Class B’ units) shall be issued by the trustee on behalf of the Fund to all contributors after receipt of capital contribution as the drawdown notice issued in terms of the agreement in this regard. Our Company has the right to nominate one member on the board of directors of the trustee.

In the event of the occurrence of any event of default as specified in the agreement, including, supply of misleading information, bankruptcy and insolvency proceedings against the trustee, reorganisation of the trustee or its inability to pay debts, the majority of the contributors may, by notice in writing to the trustee remove the trustee and appoint a new trustee. Further, if they are dissatisfied with the performance of the Fund, they may by a written notice, revoke their respective contributions, and the trustee shall terminate the Fund in accordance with the procedure mentioned in the agreement.

As on December 31, 2011, our Company holds 8269709 units of the face value of ₹ 10 each of the Fund, which amounts to 9.74% of the total number of units of the Fund. For further details in relation to the Fund, see the section titled **“History and Certain Corporate Matters”** beginning on page 169.

Material Business agreements

A. Transmission and Distribution

- (i) MoU dated August 6, 2009 entered between Maharashtra State Electricity Transmission Company Limited ("MSETCL") and our Company

Our Company has entered into a MoU on August 6, 2009 with MSETCL to invest in the upgradation of infrastructure of the existing transmission network and new transmission schemes to meet the demand of power in the state of Maharashtra. MSETCL shall submit its various new transmission loan proposals in the state of Maharashtra for availing financial assistance of ₹ 40,000 million from our Company for a period of three years in accordance with the prescribed guidelines of our Company.

Our Company shall extend financial assistance to MSETCL taking into account exposure norms and at such interest rates, as applicable to transmission schemes in accordance with our Company's policies. MSETCL shall provide securities as per prevailing loan policy of our Company. Our Company shall offer a discount of 25 basis points on the interest rate applicable for loans of transmission schemes, if the disbursement under these loans reaches at the least ₹ 7,000 million within the specified period of two years from the date of signing of the MoU. The MoU shall be valid for a period of three years from the date of signing of the MoU.

In accordance with and pursuant to the said MoU, our Company has approved the sanction of loan assistance for four transmission projects (for evacuation of power from new generation projects) for a total loan assistance of ₹ 21,670 million.

MSETCL has plans to establish a robust transmission network with transmission capacity of 30,000 to 35,000 MW by 2012, an increase of more than 120%, as the present system is quite inadequate. In view of this, MSETCL has prepared a five-year rolling plan for 2007-12 and obtained approval from Maharashtra Electricity Regulatory Commission for establishment of sub-station and transmission lines from 132 KV to 765 KV.

- (ii) MoU dated April 2, 2007 entered between our Company and Tamil Nadu Electricity Board ("TNEB")

Our Company entered into a MoU with TNEB on April 2, 2007 pursuant to which our Company has agreed to provide financial assistance to TNEB for various thermal/hydro power projects and various transmission and distribution schemes to meet the demand of power in Tamil Nadu.

TNEB shall draw loans amounting to ₹ 160,000 million from our Company over a period of five years from the date of signing of the MoU for their generation, transmission and distribution projects. Loans shall be granted to TNEB by our Company in accordance with our Company's policies and at interest rates as applicable for relevant category of schemes in consonance with our Company's policies on the date of disbursement. Our Company shall offer a discount of 0.25% on the interest rate applicable for loans of transmission and distribution schemes if the disbursement under these loans reaches a minimum amount of ₹ 10,000 million within two years from the date of signing the MoU. The discount shall be passed on to the borrowers only on the interest rate due on or after drawal of ₹ 10.00 million. TNEB shall provide securities as per the prevailing loan policy of our Company for the loans to be sanctioned and disbursed under the MoU.

The MoU is valid for a period of five years from the date of execution and either party may terminate the MoU by 30 days written notice to the other party.

B. Generation Projects

Our Company has entered into MoUs with certain entities whereby these entities have agreed to take loans from our Company over a period of time to fund their generation projects and to expand our business in these sectors. Under the terms of such arrangements, these entities shall submit their individual loan proposals to our Company in accordance with our prescribed guidelines and we shall sanction the financial assistance as per our prevalent policy for that particular project. The interest rates applicable for such loans shall be the rates as applicable to such generation projects prevailing on the date of disbursement.

Name of Entity		Date of MoU	Purpose for grant of loan	Loan and Draw down	Validity of MOU
Andhra Pradesh		November 18,	To fund the following	APGENCO shall	March 31, 2012

Name of Entity	Date of MoU	Purpose for grant of loan	Loan and Draw down	Validity of MOU
Power Generation Corporation Limited ("APGENCO")	2004	projects: 500 MW Bhoopalapally Thermal Power Project with estimated cost of ₹ 21,030 million; 520 MW Ramagundam Thermal Power Station with estimated cost of ₹ 27,720 million; 500 MW KTPS Stage VI with estimated cost of ₹ 20,000 million; 50 MW Nagarjunsagar Tailpond Dam with estimated cost of ₹ 4,650 million; 240 MW Lower Jurala Hydro Electric Project with estimated cost of ₹ 5,710 million; and 188 MW Pranahita with estimated cost of ₹ 4,700 million.	draw approximately ₹ 25,000 million from our Company during the remaining period of the 10th Five Year Plan, beginning with 2004-05, and the entire 11th plan period 2007-12 as per annual allocation.	unless otherwise mutually extended.
Neyveli Lignite Corporation Limited ("NLC")	January 28, 2005	To finance projects proposed to be taken up during the 10th and 11th Five Year Plan.	NLC shall draw a maximum of ₹ 25,000 million from our Company over the remaining period of the 10th Five Year Plan, beginning with 2005-06, and thereafter.	March 31, 2012 unless otherwise mutually extended.
Jammu and Kashmir State Power Development Corporation Limited ("JKSPDC")	September 9, 2005	To fund the following projects: 93 MW New Ganderbal Hydro Electric Project at District Srinagar; 37.5 MW Parnai Hydro Electric Project at District Poonch; and 240 MW Kerthai Hydro Electric Project at District Doda.	JKSPDC shall draw approximately 70% of the project cost from our Company during the remaining period of the 10th plan period, beginning with 2006-07, and the entire 11th plan period 2007-12 as per annual allocation.	March 31, 2012 unless otherwise mutually extended.
Maharashtra State Power Generation Company Limited ("MSPGCL")	June 20, 2006	To fund the Bhusawal Thermal Power Station (2 x 500 MW) involving estimated costs of ₹ 46,160 million. Our Company shall steer the power project and/or act as a liaison with government agencies for getting expeditious fuel linkage and various approvals for the project,	MSPGCL shall draw an estimated loan amount of ₹ 46,160 million from our Company during the remaining period of the 10th Five Year Plan, beginning with April 1, 2006, and the entire 11th Plan period 2007-12 as per a mutually agreed draw down	To be mutually decided by parties.

Name of Entity	Date of MoU	Purpose for grant of loan	Loan and Draw down	Validity of MOU
		if the same is requested by MSPGCL. Our Company is also willing to act as the lead institution for achieving expeditious financial closure. MSPGCL shall not seek financial assistance for the projects steered by our Company from other agencies without prior consent of our Company.	schedule.	

C. Rural Electrification

Additionally, our Company has also entered into MoUs with GoI entities and CPSUs to implement and monitor projects under the RGGVY scheme for accelerated electrification of un-electrified villages and rural households to be undertaken in association with the concerned state government and state power utility/ utilities. Presently, we have entered into MoUs with Power Grid Corporation of India Limited (“PGCIL”), National Hydroelectric Power Corporation Limited (“NHPC”) Damodar Valley Corporation Limited (“DVC”) and National Thermal Power Corporation Limited (“NTPC”)

(i) MoU dated July 14, 2004 entered between our Company and PGCIL

Our Company entered into a MoU with PGCIL on July 14, 2004 pursuant to which our Company and PGCIL have agreed to be associated in the formulation and implementation of projects under the programme for erstwhile ‘Accelerated Electrification’ of ‘one lakh villages and one crore households’ of the GoI. The said programme for ‘Accelerated Electrification’ has now merged with the RGGVY.

The project activities shall involve system planning, design, engineering, procurement and execution of projects under the said programme. Our Company is responsible for identifying the projects that are to be undertaken by PGCIL and for acquiring such approvals, as are relevant to our Company as a financial institution, wherever applicable. PGCIL shall undertake the projects on a deposit work basis after a separate multilateral agreement is entered into as stated in the MoU. Furthermore, PGCIL shall be responsible for formulation, development and implementation of the projects in the identified areas involving system planning, design, engineering and procurement in accordance with our Company’s guidelines, specifications and construction standards and in accordance with agreed competitive bidding procedures. PGCIL shall implement the projects in a time bound manner as scheduled and immediately after completion, the project shall be taken over by the concerned state government or state power utility which will be responsible for proper operation and maintenance thereafter. However, if the state government or the state public utility so desires, PGCIL may take up the operation and maintenance of the completed project after entering into a separate agreement with the concerned state government or state power utility. Furthermore, if the concerned state government or state power utility so desires, the role of PGCIL may be limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, if required, and supervision of quality of works during construction.

Our Company shall fund the project from the funds sanctioned to state governments or state power utilities under the programme which shall be released by our Company directly to PGCIL including service charges as per a separate multilateral agreement is entered into as stated in the MoU. PGCIL shall be entitled to service charge of 12% of the project cost on pro rata basis and the same may be included in project costs. Moreover, any additional statutory taxes , payable by PGCIL shall also be reimbursed. In case the scope of work of PGCIL is limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, as may be necessary, and supervision of quality of works during construction; PGCIL shall be entitled to service charges of 2% and 5% of the project cost, respectively. Moreover, any additional statutory taxes , payable by PGCIL shall also be reimbursed. PGCIL shall maintain separate accounts for development and implementation

of each such project that is funded by our Company. The MoU is valid for a period of 10 years from the date of execution, unless otherwise extended.

(ii) MoU dated July 14, 2004 entered between our Company and NHPC

Our Company entered into a MoU with NHPC on July 14, 2004 pursuant to which our Company and NHPC have agreed to be associated in the formulation and implementation of projects under the erstwhile programme for 'Accelerated Electrification' of 'one lakh villages and one crore households' of the GoI. The said programme for 'Accelerated Electrification' has now merged with the RGGVY.

The project activities shall involve system planning, design, engineering, procurement and execution of projects under the said programme. Our Company is responsible for identifying the projects that are to be undertaken by NHPC and is also responsible for acquiring such approvals, as are relevant to our Company as a financial institution, wherever applicable. NHPC shall undertake the projects on a deposit work basis after a separate multilateral agreement is entered into as stated in the MoU. Further, NHPC shall be responsible for formulation, development and implementation of the projects in the identified areas involving system planning, design, engineering and procurement in accordance with our Company's guidelines, specifications and construction standards and in accordance with agreed competitive bidding procedures.

Our Company shall fund the project from the funds sanctioned to state governments/ state power utilities under the programme which shall be released by our Company directly to NHPC including service charges. NHPC shall be entitled to service charge of 12% of project cost on pro rata basis and the same may be included in project costs. The MoU is valid for a period of 10 years from the date of execution, unless otherwise extended.

(iii) MoU dated July 23, 2004 entered between our Company and DVC

Our Company entered into a MoU with DVC on July 23, 2004 pursuant to which our Company and DVC have agreed to be associated in the formulation and implementation of projects under the programme for 'Accelerated Electrification' of 'one lakh villages and one crore households' of the GoI for providing electricity to un-electrified villages and access to electricity at rural households.

The project activities shall involve system planning, design, engineering, procurement and execution of projects under the said programme. Our Company is responsible for identifying the projects that are to be undertaken by DVC and for acquiring such approvals, as are relevant to our Company as a financial institution, wherever applicable. DVC shall undertake these projects on a deposit work basis after a separate multilateral agreement is entered into as stated in the MoU. Furthermore, DVC shall be responsible for formulation, development and implementation of the projects in the identified areas involving system planning, design, engineering and procurement in accordance with our Company's guidelines, specifications and construction standards and in accordance with agreed competitive bidding procedures. DVC shall implement the project in a time bound manner as scheduled and immediately after completion, the project shall be taken over by the concerned state government or state power utility which will be responsible for proper operation and maintenance thereafter. However, if the state government or the state public utility so desires, DVC may take up the operation and maintenance of the completed project after entering into a separate agreement with the concerned state government or state power utility. Furthermore, if the concerned state government or state power utility so desires, the role of DVC may be limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, if required, and supervision of quality of works during construction.

Our Company shall fund the project from the funds sanctioned to state government or state power utilities under the programme which shall be released by our Company directly to DVC including service charges as per a separate multilateral agreement is entered into as stated in the MoU. DVC shall be entitled to service charge of 12% of project cost on pro rata basis and the same may be included in project costs. Moreover, any additional statutory taxes, payable by DVC shall also be reimbursed. In case the scope of work of DVC is limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, as may be necessary, and supervision of quality of works during construction; DVC shall be entitled to service charges of 2% and 5% of the project cost respectively. Moreover, any additional statutory taxes, payable by DVC shall also be reimbursed. The MoU is valid for a period of 10 years from the date of execution, unless otherwise extended.

(iv) MoU dated August 16, 2004 entered between our Company and NTPC

Our Company entered into a MoU with NTPC on August 16, 2004 pursuant to which our Company and NTPC have agreed to be associated in the formulation and implementation of projects under the erstwhile programme for 'Accelerated Electrification' of 'one lakh villages and one crore households' of the GoI, one block each in West Bengal and Jharkhand, up to 33/11 KV sub-station at the block level and up to 11/0.4 KV distribution sub-station in each village of the block and other associated work as mutually agreed. The programme for 'Accelerated Electrification' has now merged with the RGGVY.

The project activities shall involve system planning, design, engineering, procurement and execution of projects. Our Company is responsible for identifying the projects that are to be undertaken by NTPC and is also responsible for acquiring such approvals, as are relevant to our Company as a financial institution, wherever applicable. NTPC shall undertake the projects on a deposit work basis after a separate multilateral agreement is entered into as stated in the MoU. Furthermore, NTPC shall be responsible for the formulation, development and implementation of projects in the identified areas involving system planning, design, engineering and procurement in accordance with our Company's guidelines, specifications and construction standards and in accordance with agreed competitive bidding procedures. NTPC shall implement the projects in a time bound manner as scheduled and immediately after completion, the project shall be taken over by the concerned state government or state power utility which will be responsible for proper operation and maintenance thereafter. However, if the concerned state government or state public utility so desires, NTPC may take up the operation and maintenance of the completed project after entering into a separate agreement with the concerned state government or state power utility. Furthermore, if the concerned state government or state power utility so desires, the role of NTPC may be limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, if required, and supervision of quality of works during construction. Our Company shall identify one block each for implementation by NTPC in Jharkhand and West Bengal and NTPC's obligation under the MOU shall be limited to these two blocks only.

Our Company shall fund the project from the funds sanctioned to state governments or state power utilities under the erstwhile Accelerated Electrification Programme which shall be released by our Company directly to NTPC including service charges as per a separate multilateral agreement is entered into as stated in the MoU. NTPC shall be entitled to service charge of 12% of the project cost on pro rata basis and the same may be included in project costs. Moreover, any additional statutory taxes, payable by NTPC shall also be reimbursed. In case the scope of work of NTPC is limited to either project monitoring and supervision of quality of works during construction or to formulation and preparation of project reports, arranging project approvals, providing advisory support during procurement, as may be necessary, and supervision of quality of works during construction; NTPC shall be entitled to service charges of 2% and 5% of the project cost respectively. Moreover, any additional statutory taxes, payable by NTPC shall also be reimbursed. The MoU shall remain valid for a period of 10 years from the date of execution, unless otherwise extended.

MoU dated October 18, 2011, entered between our Company and Nuclear Power Corporation of India Limited (NPCIL).

Our Company entered into a MoU with NPCIL on October 18, 2011 pursuant to which our Company and NPCIL have agreed to examine the feasibility of Debt Financing and other services for development of nuclear power projects of NPCIL in order to facilitate envisaged capacity addition, REC has agreed to offer Debt financing to NPCIL including Renovation & Modernisation, safety upgradation and life extension etc. REC also wish to provide consultancy services. REC also envisages direct equity stake in projects of NPCIL.

MoU dated March 28, 2011 between our Company and Ministry of Power (MoP).

Our Company entered into a MoU with MoP on March 28, 2011 wherein it has been envisaged that Government of India will assist Company in realisation of Outstanding dues from defaulting states, securing the needed help from RBI, obtaining approvals from RBI for external commercial borrowings, approval of Ministry of finance to a lower dividend payout, assisting company in implementation of Rajiv Gandhi Grameen Vidyutikaran Yojana, helping in making sure timely availability of funds.

D. Miscellaneous agreements

Our Company entered into agreements with the Housing and Urban Development Corporation Limited (“HUDCO”) and India Infrastructure Finance Company Limited (“IIFCL”) on June 5, 2007 and July 13, 2007, respectively, so as to consider participative approach for financing and to provide a single window to power utilities for consortium lending and housing related to power projects and co-financing other infrastructure development projects related to the power sector. Pursuant to the implementation of such ‘single window’, a standard format of common application form shall be developed for utilities to apply for consortium financing. Our Company has agreed to take the responsibility of the lead institution in relation to the agreement with IIFCL. However, under the terms of the agreement with HUDCO, both parties may act as the lead institution depending upon the nature of each project.

The parties have also agreed to share data and information involving all aspects of power sector in India, including, regulation, operation, marketing, finance and accounting, management, restructuring, customer service, individual project data and other areas of expertise. Subject to the directions/guidelines issued by the GoI or any other authorities from time to time, the parties agree to participate jointly or severally, in equity of entities responsible for development of power as well as other infrastructure projects, subject to obtaining requisite approvals as may be necessary. The agreements are valid until mutually terminated.

Collaborations

Except as provided in this section, our Company has not entered into any collaboration with any third party.

Strategic or Financial Partners

Except as stated in this section and apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our Company currently does not have any strategic or financial partners.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five Fiscals, including details of non-recurring items of income, see the section titled **“Financial Statements”** on page F-1.

OUR MANAGEMENT

Under our Articles of Association, we are required to have not less than three directors and not more than fifteen directors. We currently have seven directors out of which three are whole-time directors, one is a government nominee director and three are independent directors.

Our Board

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

Name, Fathers' name, Designation, Occupation, Age, Nationality and DIN	Residential Address	Other Directorships
Mr. Rajeev Sharma S/o. Mr. Brahm Dutt Sharma Chairman and Managing Director <i>Non-Independent Director</i> Occupation: Service DIN: 00973413 Age: 51 years Nationality: Indian	House No. 594, Pocket-E, Mayur Vihar, Phase-II, Delhi, 110091, India.	• REC Transmission Projects Company Limited; • REC Power Distribution Company Limited; and • Indian Energy Exchange Limited
Mr. Hari Das Khunteta S/o. (Late) Mr. R.D Khunteta Director (Finance) Executive Director <i>Non-Independent Director</i> Occupation: Service DIN: 00061925 Age: 59 years Nationality: Indian	A-3, Jal Vidyut Apartments, Sector 21-C, Part-III, Faridabad -121 001, Haryana, India.	Nil
Mr. Prakash Thakkar S/o. Mr. Jaswant Rai Thakkar Director (Technical) Executive Director <i>Non-Independent Director</i> Occupation: Service DIN: 01120152 Age: 56 years Nationality: Indian	F4/203, Charmwood Village, Surajkund Road, Faridabad-121009, Haryana, India.	• REC Transmission Projects Company Limited; • REC Power Distribution Company Limited; and • Vemagiri Transmission System Limited (Promoter)
Mr. Devender Singh S/o. Mr. Karan Singh Panwar Government Nominee Director Non-Executive Director Occupation: Service DIN: 01792131 Age: 49 years Nationality: Indian	L-32, Nivedita Kunj, Sector-10, R.K. Puram, New Delhi-110022, India.	• Power Finance Corporation Limited.

Name, Fathers' name, Designation, Occupation, Age, Nationality and DIN	Residential Address	Other Directorships
Dr. Devi Singh S/o. Late Mr. Saudan Singh Non-Executive Director <i>Independent Director</i> Occupation: Service DIN: 00015681 Age: 59 years Nationality: Indian	Director's Bungalow, IIM Campus, Praband Nagar, Off Sitapur Road, Lucknow-226103, Uttar Pradesh, India	• Munjal Showa Limited • Energy Infratech Private Limited • Future Generali India Insurance Company Limited • Future Generali Life Insurance Company Limited • Hindustan Shipyard Limited
Dr. Govinda Marapalli Rao S/o. Late Mr. Laxminarayana Acharya Non-Executive Director <i>Independent Director</i> Occupation: Service DIN: 01982343 Age: 64 years Nationality: Indian	1, Academic Staff Quarters, NIPFP, 18/2, Satsang Vihar Marg, Special Institutional Area, New Delhi-110067, India	• NTPC Limited
Mr. Venkataraman Subramanian S/o. Mr. Subramanian Venkataraman Non-Executive Director <i>Independent Director</i> Occupation: Service DIN: 00357727 Age: 63 years Nationality: Indian	M - 104, Ground Floor Greater Kailash Part II, New Delhi-110048, India	• TVS Energy Limited • Mount Everest Mineral Water Limited • Sundaram Clayton Limited • Titan Energy Systems Limited • Wind Force Management Services Private Limited • Lanco Solar Energy Private Limited • PTC Energy Limited • Gravitational Network Advisors Private Limited

Relationship with other Directors

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

BRIEF PROFILE OF OUR DIRECTORS

Shri. Rajeev Sharma, 51 years, is Chairman & Managing Director (CMD) of Rural Electrification Corporation Limited (RECL) since November 29, 2011. Shri Sharma was Director (Projects), Power Finance Corporation Limited from March 9, 2009 before joining RECL as CMD.

As Director (Projects), PFC, he was responsible for all functions of Projects Division including technical appraisal of the projects financed by the Company. During his tenure as Executive Director in PFC since August, 2005, he was Director (in-charge) for development of Krishnapatnam Ultra Mega Power Project and was responsible for implementation of R-APDRP in India. In addition, he also looked after the southern states for projects appraisal and functions of HR and Administration of PFC.

He holds a Bachelors degree in Electrical Engineering from Govind Ballabh Pant University, Pantnagar, a Post Graduate Diploma (Electronics and Communication Engineering) and a Masters degree in Engineering (Electrical Engineering) from Indian Institute of Technology, Roorkee. He also holds a Masters degree in Business Administration from University of Delhi. Shri Sharma has experience in power sector of over 26 years.

Shri Hari Das Khunteta, 59 years, is Director (Finance) of REC since May, 2004. He holds a Bachelor's Degree in Commerce from the University of Rajasthan. He is also a Associate Member of the Institute of Chartered Accountants of India (ICAI). Shri Khunteta has 34 years of professional experience in the area of financial management including resource mobilization from domestic and international markets, investor servicing and corporate governance. Prior to his appointment as Director (Finance), he held the position of Executive Director (Finance and Accounts) in National Hydroelectric Power Corporation Limited (NHPC), He was also Non Executive Director on the Board of the Narmada Hydroelectric Development Corporation, a joint venture of NHPC and Government of Madhya Pradesh.

He is responsible for formulating financial strategies and plans to enable the company in achieving its vision. He provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.

Mr. Prakash Thakkar, 56 years, is Director (Technical) since May 2, 2011. He holds a bachelor's degree in electrical engineering from Maharaja Sayajirao University, Baroda. He is in charge of all technical and operational aspects of various projects financed by our company in the generation, transmission and distribution sectors as well as rural electrification projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). Shri Thakkar has over 33 years of rich and diversifies experience of power sector including hydroelectric projects and installation of hydro generators and operation & maintenance of power stations.

Prior to his taking over charge as Director (Technical) of the Company, he was working in the company as Executive Director (Transmission and Distribution/RGGVY). He joined our company as General Manager (Technical) on deputation on September 19, 2005 and subsequently he was permanently absorbed in the Company on September 18, 2007. Prior to joining our Company, he has worked about 15 years on different posts in Power Grid Corporation of India Limited (Powergrid). He was a member of India's first 400 kV Thyristor Controlled Series Compensation (TCSC) project implementation team. He was also a core member for switchgear equipment specifications for 800/400/220/132 kV. He has also served as Advisor to Government of Nepal for operation & maintenance of Devighat Hydro Electric Project during the year 1985-86.

He is a member of CIGRE and AIMA and also serves as nominee Director on the Boards of various companies. He has authored/co-authored various technical papers in National and International seminars.

Shri Devender Singh, 49 years, currently the Joint Secretary in the Ministry of Power, where he is incharge of Rural Electrification, Energy Conservation, Demand Side Management and Distribution. He holds a Bachelor's Degree in Electronics and Communication from the Delhi College of Engineering, Delhi and Master's Degree in Business Administration from the Indian Institute of Management (IIM), Ahmedabad. He has been a part of the IAS since 1987 in the Haryana cadre and has been in the Civil Services for about 23 years. Prior to joining Ministry of Power, Government of India, he has also served as Deputy Commissioner, Gurgaon, Haryana, Deputy Commissioner Karnal, Director Industries and Managing Director, Haryana Supply and Marketing

Federation. He was Managing Director, Haryana Dairy Development Cooperative Federation Limited. He is also a Government Nominee Director on the Board of Power Finance Corporation Limited (PFC). He joined the Board of REC on August 29, 2007.

Dr. Devi Singh, 59 years, is a Part-time Non-official Independent Director on the Board of REC from June 10, 2011. He was earlier appointed as Part-time Non-official Independent Director on the Board of REC on January 7, 2008 and completed tenure of three years on January 6, 2011. He holds a Bachelor's Degree and a Master's Degree in Economics from Rajasthan University. He holds a Ph.d (Fellow) from the Indian Institute of Management at Ahmedabad and is a well known professor of International Finance and Business. He has a total work experience of more than 33 years in teaching, training, research and academic administration and recognized as a leading institution builder. He has been Director of the Indian Institute of Management, Lucknow for more than seven years. He has also served as Director of the Management Development Institute, Gurgaon during 1999-2003. He was a Visiting Professor at the Faculty of Management, McGill University, Montreal during 1990 -1996. He has taught at the International Centre for Public Enterprises in Developing Countries, Ljubljana, Slovenia, ESCP Europe, Paris, SKK Graduate Business School, Seoul, and at many other leading Business Schools. He has received many prestigious awards i.e. "Best B-School Director 1999", "UP Ratan 2008", "ISTE Fellow 2007" among others. He was also honored by the American Biographical Institute, USA with the "Man of the Millennium Award" in 2000.

Dr. Govinda Marapalli Rao, 64 years, is Part-time Non-official Independent Director on the Board of REC from 10th June, 2011. He was earlier appointed as Part-time Non-official Independent Director on the Board of REC on December 20, 2007 and completed tenure of three years on December 19, 2010. He has a Doctoral Degree in Economics. He is a Member of the Economic Advisory Council to the Prime Minister of India. He is presently the Director, National Institute of Public Finance and Policy (NIPFP). Prior to this, Dr. Rao was Director, Institute for Social and Economic Change, Bangalore (1998- 2002), Fellow, Research School of Pacific and Asian Studies, Australian National University (1995-1998), Professor at NIPFP(1985-1995) and Economic Adviser to the Finance Commission, Government of India (1987-1990). He is a Member of Board of Governors of Institute of Economic Growth, New Delhi, Institute for Social and Economic Change, Bangalore and Madras School of Economics, Chennai. He has been a Consultant to the World Bank, International Monetary Fund, Asian Development Bank and UNDP and worked in several developing countries on various development issues. He is also a Part-time Non-official Director on the Board of National Thermal Power Corporation (NTPC) as well. Dr. Rao is also a Member of the Local Board of Reserve Bank of India for the Southern Region. He has authored 14 Books and Monographs and a number of research papers in national and international journals on various economic policy issues.

Shri Venkataraman Subramanian, 63 years, is Part-time Non-official Independent Director on the Board of REC since June 10, 2011. He joined the Indian Administrative Service, premier service of the Government of India in 1971. Till his retirement in June 2008 as the Secretary to the Government in the Ministry of New and Renewable Energy, he occupied various important positions in the Government of West Bengal and the Government of India. His rich experience both at the implementation level and policy making level cuts across various sectors like Finance, Aviation, Energy, Labour etc. Mr. Subramanian was instrumental in the creation of the External Commercial Borrowings Division in the Ministry of Finance in the eighties and structured many innovative deals for Indian Public Sector Enterprises. He was also the Adviser to the Government of Mozambique for three years in 1990-1993. He was also the Secretary to the State Government in the Departments of Power and Labour. As Additional Secretary and Financial Adviser in the Ministry of Civil Aviation and Tourism (2000-2005) he was closely involved in policy formulation on Aviation and Tourism. He was on the Boards of Air India, Indian Airlines, Airports Authority of India, Helicopters Corporation of India, Indian Tourism Development Corporation and a host of other PSEs. He was also the Member-Secretary of the High level Committee to recommend a roadmap for the growth of aviation in India. Most of the recommendations are being acted upon now. As Secretary in the Ministry of New and Renewable Energy, he undertook path breaking initiatives that resulted in more than doubling the grid connected renewable power generation capacity in less than three years. Presently, he is the Secretary General of the Indian Wind Energy Association. He was also the Business Development Adviser to the Council for Scientific and Industrial Research, till recently. He is on the Board of M/s TVS Energy Limited as Chairman and on the Boards of M/s Mount Everest Mineral Water Limited, Sundaram Clayton Limited, Titan Energy Systems Limited, Wind Force Management Services Private Limited, Lanco Solar Energy Private Limited and PTC Energy Limited as a Director. He is also a freelance consultant and well known speaker on "Renewable Energy" in various international conferences.

Borrowing powers of our Board

Pursuant to a resolution passed by our shareholders at the 41st Annual General Meeting held on September 8, 2010 in accordance with the provisions of the Companies Act under section 293(1)(d), our Board has been authorised to borrow such sums of money, not exceeding Rs 10,00,000 million, for the purposes of the business of our Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from our Company's bankers, in the ordinary course of the business) would exceed the aggregate of our paid-up capital and free reserves.

Details of Appointment of our Directors

Name of Director	Appointment letter no. / Office orders issued by the MoP	Term
Mr. Rajeev Sharma	46/8/2011-RE dated November 29, 2011	Appointment with effect from November 29, 2011 for a period of five years or till the date of his superannuation, or until further orders, whichever is the earliest.
Mr. Hari Das Khunteta	No. 46/3/2003-D (RE) dated April 26, 2004 and No. 46/3/2003-D(RE) dated June 15, 2009	Appointment with effect from May 5, 2004 for a period of five years or till the date of superannuation or until further orders whichever is the earliest. Further, his tenure has been extended beyond May 4, 2009, till the date of his superannuation being July 31, 2012, or until further orders, whichever is earlier.
Mr. Prakash Thakkar	F.46/9/2010-RE dated May 2, 2011	Appointment with effect from May 2, 2011 for a period of five years or till the date of his superannuation, or until further orders, whichever is the earliest.
Mr. Devender Singh	No. 46/4/2007-RE dated August 29, 2007	Appointment with effect from August 29, 2007 as government nominee Director until further orders.
Dr. Devi Singh	No. 46/2/2010-RE dated June 10, 2011	Appointed with effect from June 10, 2011 as 'Part Time Non-official Independent Director' for a period of three years, or until further orders, whichever is the earlier.
Dr. Govinda Marapalli Rao	No. 46/2/2010-RE dated June 10, 2011	Appointed with effect from June 10, 2011 as 'Part Time Non-official Independent Director' for a period of three years, or until further orders, whichever is the earlier.
Mr. Venkataraman Subramanian	No. 46/2/2010-RE dated June 10, 2011	Appointed with effect from June 10, 2011 as 'Part Time Non-official Independent Director' for a period of three years, or until further orders, whichever is the earlier.

Changes in our Board during the last three years:

Name	Designation	Date of Appointment	Date of Cessation	Reason
Mr. Hari Das Khunteta*	Director (Finance)	May 5, 2004	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Mr. Devender Singh	Government Nominee Director	August 29, 2007	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Mr. Parthasathi Uma Shankar	Chairman & Managing Director	March 1, 2008	June 15, 2010	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Jairaj Moreshwar Phatak	Chairman & Managing Director	June 15, 2010	April 16, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Govinda	Part time Non-	December 20,	December	Ceased to be a Director pursuant to a

Name	Designation	Date of Appointment	Date of Cessation	Reason
Marapalli Rao	official Independent Director	2007	19, 2011	notification by the MoP, GoI.
Mr. Peralam Ramchandaran Balasubramanian	Part time Non-official Independent Director	December 20, 2007	December 19, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Mr. Venugopal Nandlal Dhoot	Part time Non-official Independent Director	December 20, 2007	December 19, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Dr. Devi Singh	Part time Non-official Independent Director	January 7, 2008	January 6, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Mr. Guljit Kapur	Director (Technical)	December 1, 2008	March 31, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Mr. Rakesh Jain	Government Nominee Director	January 20, 2011	July 5, 2011	Ceased to be a Director pursuant to a notification by the MoP, GoI.
Mr. Prakash Thakkar	Director (Technical)	May 2, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Devi Singh	Part time Non-official Independent Director	June 10, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Govinda Marapalli Rao	Part time Non-official Independent Director	June 10, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Mr. Venkataraman Subramanian	Part time Non-official Independent Director	June 10, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Mr. Rajeev Sharma	Chairman & Managing Director	November 29, 2011	Continuing	Appointment pursuant to a notification by the MoP, GoI.

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

Remuneration of Directors

i. Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid to the Whole Time Director during the Fiscal 2011:

Name of the Director	Salary including allowances, perquisites and reimbursement	Company contribution to Provident Fund	Total (Amount in million)
Shri P. Uma Shankar CMD (upto April 30, 2010)	2.92	-	2.92

Name of the Director	Salary including allowances, perquisites and reimbursement	Company contribution to Provident Fund	Total (Amount in million)
Shri J. M. Phatak CMD (with effect from June 16, 2010)	1.31	-	1.31
Shri H. D. Khunteta, Director Finance	5.60	0.16	5.76
Shri Guljeet Kapur, Director Technical (Retired on March 31, 2011)	7.33	0.18	7.51*

*Includes Rs. 2.27 Million towards retirement benefits

ii. Part time Non official Independent 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 March 23, 2009 decided to pay following as sitting fee to Part time Non official Independent Directors:

S. No	Meetings	Sitting fees per Meeting (in ₹)
1	Board Meeting	15,000
2	Committee Meeting	15,000

Mr. Devender Singh, being a nominee of the GoI, is not entitled to remuneration or sitting fee or any other remuneration from our Company.

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 two years preceding the date of this Prospectus 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 Directors, 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.

Shri Devi Singh, Independent Directors holds directorship in M/s Energy Infratech Private Limited to whom contract has been awarded by REC for empanelment as lender engineer for projects funded by REC as lead financier.

Our Directors, may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Payment or Benefit to Officers of REC

REC follows a pay structure in conformity with the guidelines prescribed by Department of Public Enterprises, as applicable, however, the deputationist are paid salary and allowances as per REC scale/or scale applicable to their parent department as opted by them. No officer or other employee is entitled to any benefit on termination of his employment in REC, other than statutory benefits such as provident fund and gratuity in accordance with the applicable rules and post retirement medical benefits as per the rules of the Company.

Corporate Governance

The provisions of the listing agreement entered into with the Stock Exchanges with respect to corporate governance and the SEBI Regulations in respect of corporate governance are applicable to our Company post listing of our Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of such listing agreement, particularly, in relation to constitution of the Audit Committee, the Shareholders/Investors Grievance Committee and the Remuneration Committee. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement entered into with the Stock Exchanges.

However, as per the Clause 49 quarterly filing by the Company for the quarter ended December 31, 2011, the composition of Board of Director is not in compliance with the requirement of Clause 49 of the listing agreement from November 29, 2011. The Board of Director was reconstituted with effect from November 29, 2011 to comprise of 3 executive directors, one government nominee and 3 part time non official independent directors, thereby short by 1 part time non official independent director. The matter of appointment of 1 more part time non official independent director is being followed up with MoP.

In terms of the Clause 49 of the listing agreement entered into with the Stock Exchanges, our Company has constituted the following committees:

- a) Audit Committee; and
- b) Shareholders/Investors Grievance Committee.

Other committees:

- a) Remuneration Committee
- b) Loan Committee
- c) Sub Committee of the Board for review and updation of HR Policies
- d) Sub-Committee for Review of Lending Rates of Short Term Loans and Term Loans
- e) Sub-Committee for Borrowings other than Debentures
- f) Risk Management Committee
- g) Executive Committee of the Board
- h) Share Transfer Committee

Audit Committee

The Audit Committee was constituted by the Board of Directors pursuant to a resolution passed by circulation on January 31, 2001 and confirmed by them at their meeting held on April 27, 2001 (“**Audit Committee**”).

The Audit Committee currently comprises of:

Name of the Director*	Designation	Position in Committee
Dr. Govinda Marapalli Rao	Part time Non-official Independent Director	Chairman
Dr. Devi Singh	Part time Non-official Independent Director	Member
Mr. Venkataraman Subramanian	Part time Non-official Independent Director	Member

** Quorum for the meeting is two members including the Chairman subject to minimum two Independent Directors. Director (Finance), GM (Internal Audit) and the Joint Statutory Auditors are standing invitees in the Audit Committee meetings. Senior functional executives are also invited as and when required to provide inputs to the Committee.*

The terms of reference of the Audit Committee are as under:

- a) to comply with the requirements in accordance with Section 292A of the Companies Act, 1956;
- b) to comply with the requirements relating to Audit Committee as envisaged in Clause 49 of the Listing Agreement;
- c) to comply with the Guidelines on Corporate Governance for CPSEs 2010, as notified by the DPE; and
- d) to comply with any other applicable provisions relating to the Audit Committee.

Clause 49 of the listing agreement entered into with the Stock Exchanges provides for the following functions of the Audit Committee:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

The Audit Committee is required to meet at least four times in a year and each meeting is required to be held within four months of the previous meeting. The quorum of the meetings shall be two members including the Chairman of the Audit Committee.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted as 'Investors Grievance Committee' by our Directors at their meeting held on July 30, 2004 (the "**Investors Grievance Committee**"). The name of the committee was changed to 'Shareholders/Investors Grievance Committee', pursuant to a resolution dated January 18, 2008 passed by our Board. The Company Secretary of our Company shall be the secretary to the Investors Grievance Committee. The current composition of Investors Grievance Committee is as under:

Name of the Director	Designation	Position
Mr. Devender Singh	Government Nominee Director	Chairman
Mr. Hari Das Khunteta	Director (Finance)	Member
Mr. Prakash Thakkar	Director (Technical)	Member

Scope and terms of reference: The Shareholders/ Investors Grievance Committee has been constituted to look into redressal of shareholders' and investors' complaints in relation to, inter alia, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. as provided under the listing agreement entered into with the Stock Exchanges. Clause 49 of the listing agreement entered into with the Stock Exchanges provides for the following functions of the Investors Grievance Committee.

- a) To approve the request for transfer, transmission, etc., of Equity Shares;
- b) To approve the dematerialisation of shares and re-materialization of Equity Shares;
- c) To consider and approve, split, consolidation and issuance of duplicate Equity Shares;
- d) To review from time to time overall working of the secretarial department of our Company relating to our Equity.

Shares and functioning of the share transfer agent and other related matters.

Quorum for the meeting is two members including the Chairman. Registrar & Share Transfer Agents (RTAs) appointed by the Company are standing invitees at the Meetings of Shareholders/Investors Grievance Committee. Shri Rakesh Kumar Arora, GM (F&A) & Company Secretary is the Compliance Officer of the Company in terms of Clause 47(a) of the Equity Listing Agreement.

Other Committees

In addition to the above committees, our Board has also constituted the following committees:

Remuneration Committee

I. Remuneration Committee as per Listing Agreement

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by President of India. Hence the Board does not decide the remuneration of Directors. Therefore the Remuneration Committee as per Listing Agreement is not constituted in the Company. Part-time Nonofficial Independent Directors are paid only sitting fees at the rate fixed by the Board within the ceiling prescribed under the Companies Act, 1956 for attending the Board Meetings as well as Committee Meetings.

II. Remuneration Committee as per DPE

The Department of Public Enterprises (DPE) has vide Office Memorandum dated 26.11.2008, 9.2.2009 and 2.4.2009 notified the revision of pay scales for Board level and below Board level executives and Non-Unionised Supervisors w.e.f. 01.01.2007. DPE vide the aforesaid Office Memorandums has also directed that each CPSE will constitute a Remuneration Committee headed by a Part-time Non-official Independent Director which will decide the annual bonus/variable pool and policy for its distribution across the executives and Non-Unionised Supervisors within the prescribed limits.

In accordance with the directions of DPE, the Board of REC has constituted a Remuneration Committee on 20.04.2009 to decide the Performance Related Payment for the year 2009-10 onwards.

The Remuneration Committee currently comprises:

Name of the Director	Designation	Position in Committee
Dr. Devi Singh	Part time Non-official Independent Director	Chairman
Dr. Govinda Marapalli Rao	Part time Non-official Independent Director	Member
Mr. Venkataraman Subramanian	Part time Non-official Independent Director	Member

* Quorum of the Committee is two members including the Chairman. Director (Finance), Director (Technical) and ED (HR)/ AGM (HR) are Standing Invitees.

Loan Committee

The 'Loan Committee' was constituted by our Directors at their meeting held on May 26, 2008 ("Loan Committee"). The Loan Committee was constituted for sanctioning of loans to (a) central or state government power utilities in excess of ₹ 1,500 million but up to ₹ 5,000 million in each case, with an annual ceiling of up to ₹ 200,000 million, and (b) to private sector power utilities in excess of ₹ 1,000 million but up to ₹ 5,000 million in each case, with an annual ceiling of up to ₹ 40,000 million.

The Loan Committee currently comprises:

Name of the Director	Designation	Position in Committee
Mr. Rajeev Sharma	Chairman and Managing Director	Chairman
Mr. Hari Das Khunteta	Director (Finance)	Member
Mr. Prakash Thakkar	Director (Technical)	Member
Mr. Devender Singh	Government Nominee Director	Member

Sub Committee of the Board for review and updation of HR Policies

The Sub-Committee of the Board for review and updation of HR Policies was constituted by the Board of Directors in their Meeting held on August 9, 2008. It has been constituted for development, review and revision of Human Resources Policies and benefits / facilities of employees broadly in line with comparable Public Sector Enterprises such as Power Finance Corporation Limited, NTPC Limited etc. and to submit the policies for approval of the Board.

The current composition of Sub- Committee of the Board for review and updation of HR Policies is as under:

Name of the Director	Designation	Position in Committee
Mr. Hari Das Khunteta	Director (Finance)	Chairman
Dr. Devi Singh	Part-time Non-official Independent Director	Member
Mr. Venkataraman Subramanian	Part-time Non-official Independent Director	Member

Sub-Committee for Review of Lending Rates of Short Term Loans and Term Loans

The ‘Sub-Committee for Review of Lending Rates of Short Term Loans and Term Loans’ was constituted by our Directors at their meeting held on July 21, 2006 (the “**Lending Rates Committee**”). Further the scope of work of the Committee was enlarged by the Board of Directors in their meeting held on October 26, 2006 to review the lending rates on term loans also. The Lending Rates Committee currently comprises:

Name of the Director	Designation	Position in Committee
Mr. Rajeev Sharma	Chairman and Managing Director	Chairman
Mr. Hari Das Khunteta	Director (Finance)	Member
Mr. Prakash Thakkar	Director (Technical)	Member

Sub-Committee for Borrowings other than Debentures

The ‘Sub-Committee for Borrowings other than Debentures’ was constituted by our Directors at their meeting held on April 29, 2005 (the “**Debentures Committee**”). The Debentures Committee was constituted for approving borrowings other than debentures of our Company. The Debentures Committee currently comprises:

Name of the Director	Designation	Position in Committee
Mr. Rajeev Sharma	Chairman and Managing Director	Chairman
Mr. Hari Das Khunteta	Director (Finance)	Member
Mr. Prakash Thakkar	Director (Technical)	Member

Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors in its 377th Meeting held on May 24, 2011. It has been constituted to manage the Integrated Risk. The main function of Risk Management Committee is to monitor various risks likely to arise and to examine the various Risk management policies and practices adopted by the Company and to initiate action for mitigation of risks arising in the operation and other related matters of the Company. The current composition of the Risk Management Committee is as under:

Name of the Director	Designation	Position in Committee
Mr. Hari Das Khunteta	Director (Finance)	Member
Mr. Prakash Thakkar	Director (Technical)	Member
Dr. Devi Singh	Part-time Non-official Independent Director	Member

Executive Committee of the Board

The Executive Committee of the Board has been constituted for sanction of loans upto ₹ 1,500 million in each case for Central / State Government Power Utilities or Central / State PSUs with Annual Financial Ceiling of upto ₹ 160,000 million and for sanction of loans to Private Sector Power Utilities, the power delegated is upto ₹ 1000 million in each case with Annual Financial Ceiling being upto ₹ 40,000 million. These powers for sanction of loans are subject to recommendation of the Screening Committee constituted for the purpose. The Board of Directors at its meeting held on July 4, 2011 approved the re-constitution of the Executive Committee of the Board with Functional Directors only. The Current Composition of the Executive Committee of the Board is as under:

The Current Composition of the Executive Committee of the Board is as under:

1.	Chairman and Managing Director	-Member
2.	Director (Finance)	-Member
3.	Director (Technical)	-Member

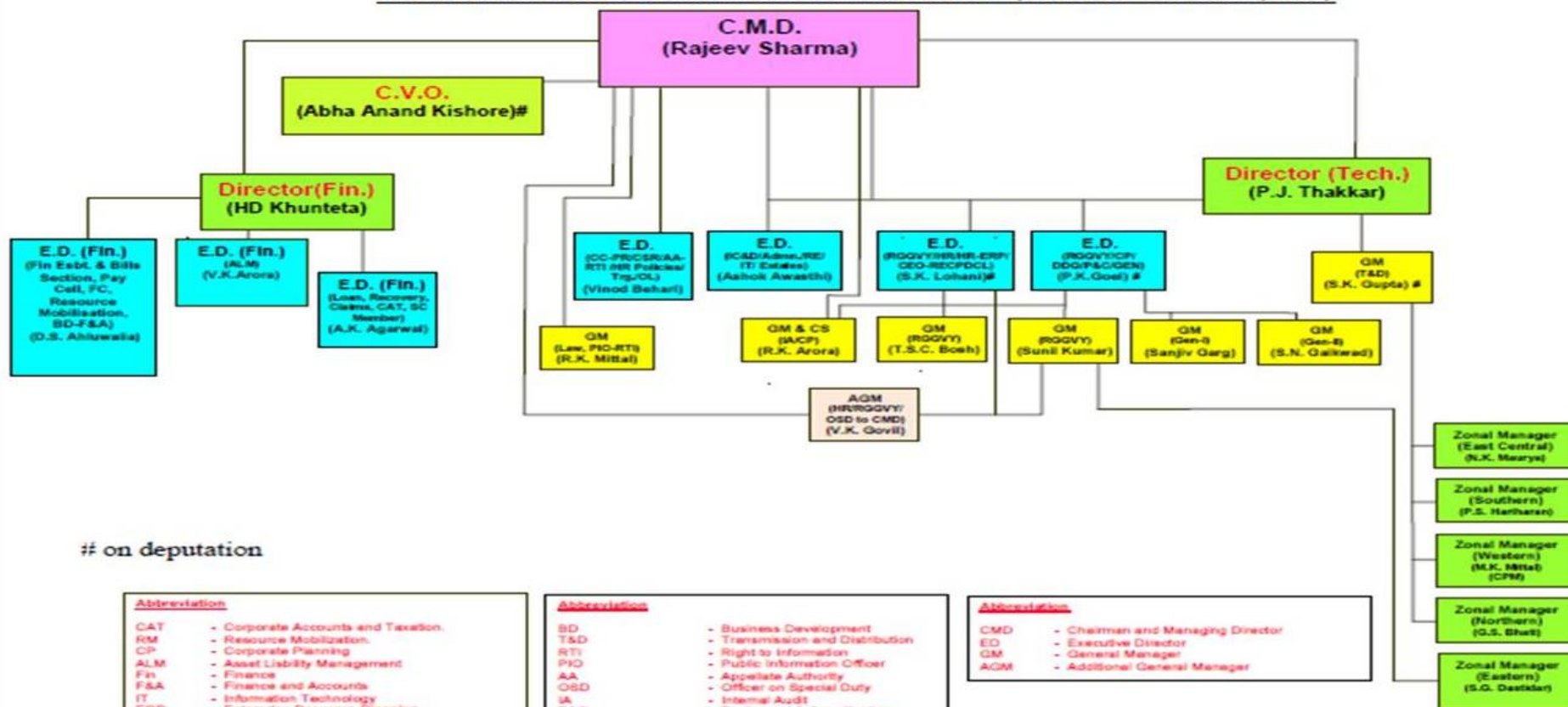
Share Transfer Committee

The Share Transfer Committee was reconstituted by Board of Directors in their Meeting held on 28.07.2008. The Committee has been constituted to consider and approve requests received from shareholders for splitting/consolidation and transfer of physical shares exceeding 500 equity shares per individual in each case. The current composition of Share Transfer Committee is as under:

Sl No.	Name of the Officer	Designation
1.	Shri Ajeet Kumar Agarwal	Executive Director (Finance)
2.	Shri Rakesh Kumar Arora	General Manager (F&A) & Company Secretary

ORGANIZATIONAL STRUCTURE CHART

EXISTING CORPORATE ORGANOGRAM (AS ON 24th JANUARY, 2012)



STOCK MARKET DATA FOR OUR EQUITY SHARES/DEBENTURES

The stock market data for the Equity Shares/non-convertible debentures issued by our Company listed on the NSE and /or BSE are set forth below. Stock market data for issued debentures which are listed only on NSE has been given separately. The debentures for which data is not stated are infrequently traded on the respective stock exchange(s).

a) Equity Shares

Our Company's Equity Shares are listed on the BSE and NSE.

As our Company's shares are actively traded on the NSE and BSE, stock market data has been given separately for each of these Stock Exchanges.

- The high and low closing prices recorded on NSE (as applicable) during the last three years and the number of equity shares traded on the days the high and low prices were recorded are stated below.**

NSE							
Year ended March 31	High (₹)	Date of High	Volume on date of high (no. of equity shares)	Low (₹)	Date of Low	Volume on date of low (no. of equity shares)	*Average price for the year (₹)
2011	413.80	12 October 2010	3461052	215.70	24 February 2011	4354128	300.23
2010	274.80	14 January 2010	2798585	94.50	1 April 2009	66816	197.53
2009	126.20	30 April 2008	7733561	53.00	28 November 2008	271279	85.65

Source: www.nseindia.com

*Average computed based on number of trading days during the year

- The high and low prices and volume of equity shares traded on the respective dates during the last six months are as follows:**

NSE							
Month	High (₹)	Date of High	Volume on date of high (no. of equity shares)	Low (₹)	Date of Low	Volume on date of low (no. of equity shares)	Average price for the month* (₹)
September 2011	191.85	19 September 2011	2801258	163.10	6 September 2011	2403858	175.41
October 2011	187.00	31 October 2011	2006003	153.60	5 October 2011	1263858	172.00
November 2011	208.45	9 November 2011	5100774	173.00	21 November 2011	2484347	188.03
December 2011	203.40	7 December 2011	2645231	143.50	28 December 2011	1952147	169.85
January 2012	205.80	27 January 2012	3775086	149.65	2 January 2012	1137891	172.16
February 2012	252.00	17 February 2012	4865996	189.5	1 February 2012	3253849	220.53

Source: www.nseindia.com

*The average price has been computed based on the daily closing price of equity shares.

3. **The high and low closing prices recorded on BSE (as applicable) during the last three years (or such lesser period as may be applicable) and the number of equity shares traded on the days the high and low prices were recorded are stated below.**

BSE							
Year ended March 31	High (₹)	Date of High	Volume on date of high (no. of equity shares)	Low (₹)	Date of Low	Volume on date of low (no. of equity shares)	*Average price for the year (₹)
2011	409.50	11 October 2010	1123192	216.50	24 February 2011	513486	298.16
2010	274.50	19 January 2010	395483	94.10	8 April 2009	190987	197.45
2009	126.25	30 April 2008	4586318	53.55	28 November 2008	121029	85.65

Source: www.bseindia.com

*Average computed based on number of trading days during the year

4. **The high and low prices and volume of equity shares traded on the respective dates during the last six months are as follows:**

BSE							
Month	High (₹)	Date of High	Volume on date of high (no. of equity shares)	Low (₹)	Date of Low	Volume on date of low (no. of equity shares)	Average price for the month* (₹)
September 2011	191.70	19 September 2011	435492	163.35	6 September 2011	433914	175.34
October 2011	187.00	31 October 2011	534348	155.00	4 October 2011	557574	172.22
November 2011	208.25	9 November 2011	884282	175.00	21 November 2011	360866	187.98
December 2011	203.05	7 December 2011	334416	143.50	28 December 2011	416132	169.60
January 2012	205.40	27 January 2012	504978	149.20	2 January 2012	233845	172.11
February 2012	251.4	17 February 2012	176661041	189.3	1 February 2012	110867188	220.29

Source: www.bseindia.com

*The average price has been computed based on the daily closing price of equity shares.

The stock market data for the nonconvertible debentures issued by our Company listed on the NSE is appended as Appendix III.

FINANCIAL INDEBTEDNESS (ON STANDALONE BASIS)

Set forth below is a brief summary of our Company's significant outstanding secured borrowings of ₹ 4,49,207.65 million and unsecured borrowings of ₹ 3,06,993.66 million, as on September 30, 2011, together with a brief description of certain significant terms of such financing arrangements.

I Secured borrowings availed by our Company

I.1 Secured term loans availed by our Company

Set forth below is a brief summary of our secured term loans aggregating ₹ 49,545.70 million, as on September 30, 2011.

A. Secured term loans from banks availed by our Company

Name of the Lender	Facility granted and loan documentation	Facility (₹ million)	Amount outstanding (₹ million) as on September 30, 2011	Rate of interest (%)	Repayment schedule
Central Bank of India#	Term loan Agreement for Hypothecation of Book Debts as Prime Security dated November 23, 2005 (1)	2,000	1,000.00	6.50, payable on monthly rests.	Seven year tenor with a three year moratorium, repayable in four yearly equal installments.
State Bank of Saurashtra#	Agreement for Hypothecation Of Goods and Assets dated March 23, 2005 (2)(3)(4)	1,000	679.00	7.25 ,being BPLR minus 4.25, subject to a maximum of 7.25, payable on monthly rests.	10 year tenor with a five year moratorium, repayable in 10 half-yearly equal installments commencing from September 2010.
Bank of Maharashtra#	Composite Deed of Hypothecation for Term Loan Facility dated December 12, 2007	1,000	666.70	10.25, being BPLR minus 4.50, payable on monthly rests.	Five year tenor with two year moratorium, repayable in three annual equal installments.
IIFCL#	Agreement for availing Refinance from IIFCL dated March 29, 2010	8700	8700.00	7.85, payable on monthly rests.	Repayable by a bullet payment at the expiry of four years from the date of disbursement.
IIFCL#	Agreement for availing Refinance from IIFCL dated December 31, 2010	10,000	10,000.00	7.85, payable on monthly rests.	Repayable by a bullet payment at the expiry of four years from the date of disbursement.
Total Term Loans from banks			21,045.70		

B. Secured term loans from Life Insurance Corporation of India availed by our Company

Name of the Lender	Facility granted and loan documentation	Facility (₹ million)	Amount outstanding (₹ million) as on September 30, 2011	Rate of interest (%)	Repayment schedule
Life Insurance Corporation of India (“LIC”) †	Term loan agreement dated August 6, 2004 (2)(3)(4)(5)	20,000	18,000.00	7.35, being annualized G-Sec for 10 years + 100 bps, payable annually.	Repayable in 10 equal annual installments after a moratorium of five years starting from October 1, 2010
LIC#†	Term loan agreement dated March 24, 2004 (2)(3)(4)	5,000	3,500.00	6.23, 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 installments after a moratorium of five years starting from October 1, 2008
LIC#†	Term loan agreement dated January 29, 2004 (2)(3)(4)	10,000	7,000.00	6.24, being average 10 years G-Sec reckoned from one week prior to the date of disbursement.	Repayable in 10 equal annual installments after a moratorium of five years starting from October 1, 2008
Total Term Loans from LIC			28,500.00		

The term loan is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited (“ITCL”), and the security trustee for the charged receivables is ITSL on the basis of joint hypothecation agreement last updated on September 24, 2010.

† LIC reserves the right to recall the loan if our Company’s credit quality as measured by CRISIL, deteriorates below investment grade viz. “BBB”. Further LIC reserves the right to reset the interest rate in case our Company’s rating as measured by CRISIL falls below “AAA”.

(1) Our Company has undertaken not to transfer, encumber, alienate or part with the possession in any manner, whatsoever, the assets owned by or belonging to them without the consent of the lender in writing in the event of default.

(2) Our Company has undertaken to carry out such alterations in its Articles and Memorandum, as may be necessary in the opinion of the lender to safeguard its interest arising out of the facility agreement.

(3) Our Company has covenanted to maintain its credit corporate rating of ‘AAA’ as measured by the external credit agency during the entire tenor of the facility, further, our Company has agreed to raise capital as stipulated in the Loan Agreement and promoters shall subscribe to such share capital to the extent stipulated by the lender. In addition, our Company has agreed to broad-base its Board in consultation with and to the satisfaction of the lender if called upon to do so.

(4) Prior consent of the lender will be required for our Company to (a) issue any debenture, raise any loans, deposits from the public, equity or preferential capital or change its capital structure; (b) prepay any loan availed of by it from any other party; (c) pay any commission to its Promoter, Directors, managers or other persons for furnishing guarantees or indemnities or for undertaking any other liability in connection with any financial

assistance obtained for or by our Company; (d) make any investment by way of deposit, loans, share capital, etc. in any concern; (e) create any subsidiary or permit any company to become its subsidiary; (f) sell or otherwise dispose of any or all of its present or future revenues or cash flows or other dues received by our Company or create or permit thereon any encumbrance.

(5) Prior consent of the lender will be required for our Company to (a) undertake any new project, diversification, modernization or substantial expansion of the project described in the agreement; (b) declare or pay any dividend to its shareholders during any financial year unless it has paid all the dues to lender up to the date on which the dividend is proposed to be declared; (c) undertake or permit any merger, consolidation, reorganization scheme or arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; (d) revalue its assets at any time during the currency of the loan; (e) carry on any general trading activities other than the sale of its own products.

(6) The loan shall be utilized only for such purposes for which the facility has been granted.

C. Secured bonds issued by our Company

i. Secured taxable bonds issued by our Company:

Set forth below is a brief summary of our secured outstanding taxable bonds. These bonds have been issued on private placement basis and are currently listed on the 'whole sale debt market segment' in the NSE.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
1.	Secured non-convertible redeemable 'taxable non-priority sector bonds – 2014' ('69th Series') in the nature of debentures, allotted on January 23, 2004 #	6,692	4015.20	6.05, payable annually	Redeemable at par in five equal installments at the end of each sixth/ seventh/ eighth/ ninth and tenth year respectively from the date of allotment.
2.	Secured non-convertible redeemable 'taxable non-priority sector bonds – 2014' ('73rd Series') in the nature of debentures, allotted on October 8, 2004 ##	2,339	1871.20	6.90, payable annually	Redeemable at par in five equal installments at the end of each sixth/ seventh/ eighth/ ninth and tenth year, respectively, from the deemed date of allotment.
3.	Secured non-convertible redeemable 'taxable non-priority sector bonds – 2015' ('75th Series') in the nature of debentures, allotted on March 17, 2005##	5,000	3500	7.20, payable annually	Redeemable at par in ten equal installments redeemed at the end of each fifth year and six months, sixth, sixth year and six months, seventh, seventh year and six months, eighth, eighth year and six months, ninth, ninth year and six months, and tenth year, respectively, from the date of allotment.
4.	Secured non-convertible redeemable 'taxable	9,855	7884	7.30, payable annually	Redeemable at par in five equal installments at the end of each sixth, seventh, eighth,

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
	bonds - 2015' ('77th Series') in the nature of debentures, allotted on June 30, 2005###				ninth and tenth year, respectively, from the date of allotment
5.	Secured non convertible redeemable 'taxable bonds - 2016' ('78th Series') in the nature of debentures, allotted on January 31, 2006###	17,957	17,957	7.65, payable annually	Redeemable at par on the expiry of ten years from the date of allotment.
6.	Secured non-convertible redeemable 'taxable bonds- 2016' ('79th Series') in the nature of debentures, allotted on March 14, 2006*###	5,000	5,000	7.85, payable half yearly	Redeemable at par on the expiry of ten years from the date of allotment.
7.	Secured non convertible redeemable 'taxable bonds – 2016' ('80th Series') in the nature of debentures, allotted on March 20, 2006###	5,000	5,000	8.20, payable annually	Redeemable at par on the expiry of ten years from the date of allotment.
8.	Secured non convertible redeemable 'taxable bonds - 2017' ('81st Series') in the nature of debentures, allotted on January 20, 2007 ###	3,148	3,148	8.85, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
9.	Secured non convertible redeemable 'taxable bonds – 2017' ('82nd Series') in the nature of debentures allotted on September 28, 2007###	8,831	8,831	9.85, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
10.	Secured non convertible redeemable 'taxable bonds – 2018' ('83rd Series') in the nature of debentures, allotted on February 28, 2008 ###	6,852	6,852	9.07, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
11	Secured non convertible redeemable 'taxable bonds – 2013' ('84th Series') in the nature of debentures, allotted on April 4, 2008###	10,000	10,000	9.45, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
12	Secured non convertible redeemable 'taxable bonds - 2018' ('85th Series') in the nature of debentures, allotted on June 13, 2008* ###	5,000	5,000	9.68, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
13	Secured non convertible redeemable 'taxable bonds - 2013' ('86th Series') in the nature of debentures, allotted on July 24, 2008###	7,279	7,279	10.75, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
14	Secured non convertible redeemable 'taxable bonds - 2018' ('86th A Series') in the nature of debentures, allotted on July 29, 2008###	5,000	5,000	10.70, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
15	Secured non convertible redeemable 'taxable bonds – 2013' ('86th B – II Series') in the nature of debentures, allotted on August 14, 2008###	3,541	3,541	10.90, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
16	Secured non convertible redeemable 'taxable bonds – 2018' ('86th B – III Series') in the nature of debentures, allotted on August 14, 2008 ###	4,320	4,320	10.85, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
17	Secured non convertible redeemable 'taxable bonds – 2013' ('87th - I Series') in the nature of debentures, allotted on September 30, 2008###	3,702	3,702	10.90, payable annually	Redeemable at par on the expiry of five years from the date of allotment.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
18	Secured non convertible redeemable 'taxable bonds – 2018' ('87th - II Series') in the nature of debentures, allotted on September 30, 2008. ###	6,574	6,574	10.85, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
19	Secured non convertible redeemable 'taxable bonds – 2013' ('87th A - I Series') in the nature of debentures allotted on October 24, 2008 ###	2,497	2,497	11.35, payable annually	Redeemable at par on the expiry of five years from the date of allotment with put and call option at par at the end of three years from the date of allotment. Put option exercised by investors on 24.10.2011.
20	Secured non convertible redeemable 'taxable bonds – 2018' ('87th A - II Series') in the nature of debentures, allotted on October 24, 2008###	364	364	11.20, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment with put and call option at par at the end of five years from the date of allotment.
21	Secured non convertible redeemable 'taxable bonds – 2018' ('87th A - III Series') in the nature of debentures, allotted on October 24, 2008 ###	618	618	11.15, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
22	Secured non convertible redeemable 'taxable bonds – 2011' ('87th B Series') in the nature of debentures, allotted on November 3, 2008. ###	9,409	9,409	11.75, payable annually	Redeemable at par on the expiry of three years from the date of allotment. Redeemed on 03.11.2011.
23	Secured non convertible redeemable 'taxable bonds – 2013' ('87th C - III Series') in the nature of debentures, allotted on November 26, 2008###	8,600	8,600	11.50, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
24	Secured non convertible redeemable 'taxable bonds – 2019' ('88th Series') in the nature	14,950	14,950	8.65, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
	of debentures, million allotted on January 15, 2009###				
25	Secured non convertible redeemable 'taxable bonds – 2012' ('89th-I Series') in the nature of debentures, allotted on June 2, 2009†	6,715	6,715	7.00, payable annually	Redeemable at par on the expiry of three years from the date of allotment.
26	Secured non convertible redeemable 'taxable bonds – 2014' ('89th II Series') in the nature of debentures, allotted on June 2, 2009†	2,550	2,550	7.70, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
27	Secured non convertible redeemable 'taxable bonds – 2019' ('90th Series') in the nature of debentures, allotted on August 3, 2009††	20,000	20,000	8.80, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
28	Secured non convertible redeemable 'taxable bonds – 2012' ('90th A Series I') in the nature of debentures, allotted on August 5, 2009††	10,000	10,000	7.15, payable annually	Redeemable at par on the expiry of three years from the date of allotment.
29	Secured non convertible redeemable 'taxable bonds – 2014' ('90th A Series II') in the nature of debentures, allotted on August 5, 2009††	10,000	10,000	8.00, payable annually	Redeemable at par on the expiry of five years from the date of allotment.
30	Secured non convertible redeemable 'taxable bonds – 2014' ('90th B Series- I') in the nature of debentures, allotted on September 4, 2009††	8,839	8,839	8.35, payable annually	Redeemable at par on the expiry of five years from the date of allotment.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
31	Secured non convertible redeemable 'taxable bonds – 2019' ('90th B Series- II') in the nature of debentures, allotted on September 4, 2009††	8,682	8,682	8.72, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
32	Secured non convertible redeemable 'taxable bonds – 2012' ('90th C Series- I') in the nature of debentures, allotted on October 6, 2009††	14,175	14,175	7.90, payable annually	Redeemable at par on the expiry of three years from the date of allotment.
33	Secured non convertible redeemable 'taxable bonds – 2019' ('90th C Series- II') in the nature of debentures, allotted on October 6, 2009††	10,400	10,400	8.80, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
34.	Secured non convertible redeemable 'taxable bonds – 2012' ('91st Series- I') in the nature of debentures, allotted on November 17, 2009”	9430	9430	7.75, payable annually	Redeemable at par on the expiry of 3 years from the date of allotment.
35.	Secured non convertible redeemable 'taxable bonds – 2019' ('91st Series- II') in the nature of debentures, allotted on November 17, 2009”	9959	9959	8.80, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
36.	Secured non convertible redeemable 'taxable bonds – 2013' ('92nd Series- I') in the nature of debentures, allotted on January 22, 2010”	9246	9246	7.60, payable annually	Redeemable at par on the expiry of 3 years from the date of allotment.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ Redemption Terms
37.	Secured non convertible redeemable 'taxable bonds – 2020' ('92nd Series- II') in the nature of debentures, allotted on January 22, 2010"	9453	9453	8.65, payable annually	Redeemable at par on the expiry of 10 years from the date of allotment.
38.	Secured non convertible redeemable 'taxable bonds – 2013' ('93rd Series- I') in the nature of debentures, allotted on February 19, 2010"	1415	1415	7.65, payable annually	Redeemable at par on the expiry of 3 years from the date of allotment.
39.	Secured non convertible redeemable 'taxable bonds – 2015' ('93rd Series- II') in the nature of debentures, allotted on February 19, 2010"	4431	4431	8.45, payable annually	Redeemable at par on the expiry of Five years from the date of allotment.
Total Secured Taxable Bonds			2,81,207.40		

The bond is secured by a charge on (a) the receivables of our Company and the security trustee for the charged receivables is ITCL, and (b) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India on the basis of joint hypothecation agreement dated September 24, 2010

The bond is secured by a charge on (a) the receivables of our Company, both present and future, save and except receivables hypothecated to ITCL, and the security trustee for the charged receivables is ITSL, and (b) mortgage of premises at 51 and 52/58-B, 5th floor, Mittal Tower, Block II, Backbay Scheme, Nariman Point, Colaba, Mumbai 400 005, Maharashtra, India on the basis of joint hypothecation agreement dated Sept 24, 2010

The bond is secured by (a) a charge on the receivables of our Company, both present and future, save and except receivables hypothecated to ITCL, and the security trustee for the charged receivables is ITSL and, (b) mortgage of Flat no. 640, Asiad Games Village, New Delhi 110 049, India on the basis of joint hypothecation agreement dated September 24, 2010

* We have entered into a swap transaction with respect to this bond series.

- (1) Our Company has undertaken not to create any subsidiary except as previously agreed in writing.
- (2) The prior consent of the trustee is required in the event our Company undertakes or permits any merger, consolidation, reorganization scheme or arrangement or compromise with its creditors or shareholders or scheme of amalgamation or reconstruction.
- (3) Our Company has undertaken not to declare or pay any dividend to its shareholders during any financial year unless it has paid the installment of principal and interest then due and payable on the bonds, or has made provision satisfactory to the trustees for making such payment.
- (4) Our Company has undertaken not to carry out any new project, diversification, modernization, or substantial expansion of any project without permission of the trustees.

- (5) The prior consent of the trustee is required in the event our Company should create or suffer any mortgage, charge, lien or hypothecation or other encumbrance affecting the hypothecation.
- (6) Our Company shall make further issue of bonds or raise further loans to be secured on a pari passu basis with the security created on such terms as may be mutually acceptable to our Company, the trustee and the investment institutions participating in the bond issue.
- (7) Our Company is required to obtain prior consent of the trustee for events including, inter alia, taking any action for reduction of capital by our Company or any alteration of our Memorandum and Articles which affects the interest of the bondholders.

ii. Capital gains tax exemption bonds under Section 54EC of the IT Act

Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the IT Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not proposed to be listed on any stock exchange.

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ redemption terms
1.	'54 EC long term capital gains tax exemption Series IV Bonds' issued in Fiscal 2005 (1)(2)(3)(4)(5)	22,895	9.73	5.15, 5.50 and 5.60, payable annually	Redemption at par on the expiry of 5 or 7 years, as applicable, from the deemed date of allotment at 5.15%, 5.50% and 5.60% payable annually, with a put and call option at the end of 3 or 5 years, respectively, from the date of allotment.
2.	54 EC long term capital gains tax exemption Series VIII Bonds' issued in Fiscal 2009 † (1)(2)(3)(4)(5)	25,252 million	15672.92	5.75 to 6.25, payable annually	Redemption at par on the expiry of three years from the deemed date of allotment.***
	54 EC long term capital gains tax exemption Series VIII Bonds' issued in Fiscal 2010 † (1)(2)(3)(4)(5)	30,577.72 million	30577.76	5.75 to 6.25, payable annually	Redemption at par on the expiry of three years from the deemed date of allotment.***
	54 EC long term capital gains tax exemption Series VIII Bonds' issued in Fiscal 2011 † (1)(2)(3)(4)(5)	50,436.53 million	50436.53	5.75 to 6.25, payable annually	Redemption at par on the expiry of three years from the deemed date of allotment.***

S. No.	Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (%)	Tenor/ redemption terms
	54 EC long term capital gains tax exemption Series VIII Bonds' issued in Fiscal 2012 upto September 30, 2011 † (1)(2)(3)(4)(5)	21,744.83 million	21744.83	5.75 to 6.25, payable annually	Redemption at par on the expiry of three years from the deemed date of allotment.***
3.	Interest Accrued & Due		12.78		
Total Secured Capital gains Bonds			118,454.55		

† The bond is secured by a charge on (a) the receivables of our Company, both present and future, save and except receivables hypothecated to ITCL, and the security trustee for the charged receivables is ITSL, and (b) mortgage over Company's immovable properties situated at Flat No. 641, Asiad Village Complex, New Delhi 110 049, India on the basis of joint hypothecation agreement dated Sept. 24, 2010

*** The issue is open up to March 31, 2012. The security in relation to the bonds allotted in Fiscal 2011 is intended to be created thereafter. However, the amount collected in Fiscal 2011 is Rs. 50,436.53, security in relation to which has been created. For such bonds issued in Fiscal 2011, the security is in the form of a charge on (a) the receivables of our Company, both present and future, save and except receivables hypothecated to ITCL, and the security trustee for the charged receivables is ITSL, and (b) mortgage over Company's immovable properties situated at Flat No. 641, Asiad Village Complex, New Delhi 110 049, India on the basis of joint hypothecation agreement dated Sept. 24, 2010.

- (1) The prior consent of the trustee is required in the event our Company creates any subsidiary.
- (2) The prior consent of the trustee is required in the event of any amalgamation, consolidation, reconstruction, reorganization scheme or arrangement or any compromise with our Company's creditors or shareholders.
- (3) Our Company has undertaken not to declare or pay any dividend to its shareholders during any financial year unless it has paid the installment of principal and interest then due and payable on the bonds, or has made provision satisfactory to the trustees for making such payment.
- (4) Our Company has undertaken not to carry out any new project, diversification, modernization, or substantial expansion of any project.
- (5) Our Company is required to obtain prior consent of the trustee for events including, inter alia, taking any action for reduction of capital by our Company or any alteration of our Memorandum and Articles.

II. Unsecured borrowings availed by our Company

II.1 Unsecured long term loans from banks availed by our Company

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

Name of the Lender	Loan documentation	Facility (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Rate of interest (% p.a.)	Terms of repayment*
Bank of Baroda	Term Loan Agreement dated December 30, 2004 (2)	2,500	250.00	10.50 (BPLR minus 4.50), payable on monthly rests.	Seven year tenor with a two year moratorium, repayable in 10 half-yearly equal installments.
Central Bank of India	Term Loan Agreement dated February 25, 2009 (2)	5,000	5,000.00	10.50 (BPLR minus 4.50), payable on monthly rests.	Five years tenor with a bullet repayment on maturity from date of first disbursement
Bank of Maharashtra	Term Loan Agreement dated September 11, 2009	1,000	1,000.00	9.50 (BPLR minus 5.25 with a minimum of 7.00) with monthly rests	Three years tenor repayable by a bullet payment at the expiry of three years from the date of disbursement of first tranche of the facility.
Bank of Maharashtra	Term Loan Agreement dated July 14, 2009	1,000	1,000.00	9.50 (BPLR minus 5.25 with a minimum of 7.00) with monthly rests	Three years tenor repayable by a bullet payment at the expiry of three years from the date of disbursement of first tranche of the facility.
Bank of Maharashtra	Term Loan Agreement dated June 30, 2010	2,500	2,500.00	8.00 payable with monthly rests	50% principal payable at the end of 4th Year and remaining at the end of 5th year from the date of drawal.
Total Loans term loans from banks			9750.00		

* The moratorium period, wherever provided, is applicable on payment of principal amount.

- (1) Prior consent of the lender will be required for our Company to sell or otherwise dispose of any or all of its present or future revenues or cash flows or other dues received by our Company or create or permit thereon any encumbrance.
- (2) The loan shall be utilized only for such purposes for which the facility has been granted
- (3) Our Company shall not induct any person on its Board who is declared a wilful defaulter by a bank of financial institution, and if any Director is so declared, our Company shall take expeditious steps for his removal.
- (4) The loans are payable on demand.

II.2 Unsecured short term loans availed by our Company

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

Name of the Lender	Nature of Loan	Facility (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Rate of interest (% p.a.)
State Bank of India	Working Capital Drawal Limit	10000	3000	10% p.a. payable at monthly rests.
Total			3000	

III.3 Foreign currency borrowings of our Company

Set forth below is a brief summary of foreign currency borrowings.

Name of Lender(s)	Facility/ Loan Documentation	Facility	Amount Outstanding, as on September 30, 2011	Interest Rate (% p.a., unless otherwise specified)	Tenor/ Repayment Terms
Japan Bank for International Cooperation Agency#	Loan Agreement No. ID-P169 dated March 31, 2006 (1)**	JPY 20,629 million	Rs 6,888.31 million i.e. JPY 14,154.83 million	0.75	15 years tenor with a moratorium of five years. Repayable in semi-annual installments beginning March 20, 2011 (JPY 982.340 million), and in equal installments ending March 20, 2021 (JPY 982.333 million).
Japan International Cooperation Agency#	Loan Agreement No. ID-P190 dated March 10, 2008 (1)**	JPY 20,902 million	Rs 4,729.39 million i.e. JPY 8989.81 million	0.65, payable semi-annually)	15 years tenor with a moratorium of five years. Repayable in semi-annual installments beginning March 20, 2013 (JPY 995.340 million), and in equal installments ending March 20, 2023 (JPY 995.333 million).
KfW, Frankfurt am Main #	Loan Agreement dated August 8, 2006 *(2)**	Euro 70 million	Rs 3,621.74 million i.e. Euro 55.26 million	3.73	12 years tenor with a moratorium of three years. Repayable in 19 consecutive semi-annual installments starting December 30, 2009.
Syndicated unsecured borrowings^	Syndicated Facility agreement dated March 21, 2007, ^ (3) (4) (5) (6)	JPY 23,570 million	₹ 8,702.63 million i.e., JPY 23,570 million	6 months JPY LIBOR plus 0.48.^^	Five years tenor; repayable at the expiry of five years from date of drawdown, being on March 26, 2012.
Syndicated Unsecured Borrowings	Credit Agreement dated September 6, 2010	USD 400 million	Rs 17,889.63 million i.e. USD 400 million	6 Months USD Libor plus 1.39%	Five Years Tenor, Repayable on September 22, 2015
Syndicated Unsecured Borrowings	Loan Agreement dated October 18, 2010	USD 70 million	Rs 3,113.60 million i.e. USD 70 million	6 Months USD Libor plus 1.75%	Five Years Tenor, Repayable on October 28, 2015
International Bond	Offering circular	USD 500 million	Rs 23,417.04 million i.e. USD 500 million	4.25% p.a.	Five Years Tenor, Repayable on January 25, 2016

Name of Lender(s)	Facility/ Loan Documentation	Facility	Amount Outstanding, as on September 30, 2011	Interest Rate (% p.a., unless otherwise specified)	Tenor/ Repayment Terms
Bilateral Unsecured Borrowings	Agreement dated March 23, 2011	USD 100 million	Rs 4,465 million i.e. USD 100 million	6 Months USD Libor plus 1.29%	Five Years Tenor, Repayable on March 30, 2016
Bilateral Unsecured Borrowings	Credit Agreement dated March 23, 2011	USD 100 million	Rs 4,465 million i.e. USD 100 million	6 Months USD Libor plus 1.29%	Five Years Tenor, Repayable on March 30, 2016
Syndicated Unsecured Borrowings	Syndicated Term Loan Facility Agreement dated August 12, 2011	USD 300 million	Rs 13672.43 million i.e. USD 300 million	6 Months USD Libor plus 1.42%	Five Years Tenor, Repayable on August 19, 2016
Total Foreign currency loan			90964.75		

Secured by a guarantee provided by the Republic of India, represented by its President for the entire amount.

^ The two original lenders, being. Standard Chartered Bank and DEPFA Investment Bank have entered into a separate agreement dated April 23, 2007, pursuant to which they have transferred part of respective shares of their loans to nine different lenders, i.e., Kommunal Kredit International Bank Limited, BNP Paribas, DZ Bank AG, Bank of China (Hong Kong) Limited, Bank of Taiwan, the Export-Import Bank of the Republic of China, Cathay United Bank, Intesa Sanpaolo S.p.A, Mega International Commercial Bank.

^^ After giving effect to our foreign currency hedge, our effective annual cost of borrowings under this facility in Fiscal 2008 is 6.75% p.a.

Our Company has also entered into two contribution agreements with KfW, dated August 8, 2006 and March 16, 2009 for a grant of Euro 500,000 each, to be utilized for capacity building measures by our Company and the Discoms implementing KfW-assisted projects. 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).

(1) In the event our Company creates a statutory or other lien on any of its assets, it is obligated to include an express covenant providing the lender with a proportionate lien securing the payment of the principal, interest and other charges of the present loan. Further, the prior consent of the lender is required in the event our Company assigns or transfers any assets partly or wholly financed from this facility, except in the course of ordinary business or if such assignment or transfer does not materially affect our Company's ability to service the loan.

(2) Our Company is required to keep the lender informed of the happening of any 'events of default', and is required to attempt to remedy such default within the period specified by KfW, such events including (a) our Company failing to meet any payment or other obligations under this agreement; (b) appointment of a receiver/ liquidation/ compulsory or voluntary winding up; (c) declaration of a moratorium in respect of any of our Company's indebtedness; (d) bankruptcy; (e) discontinuance of our Company's business; (f) the sale of an essential portion of our Company's assets; (g) our Company being unable to prove that loan amounts have been used for the sanctioned purpose (i.e., HVDS projects); (h) any alteration in our Company's legal status, control, nature or scale of our Company's business, which may be judged detrimental to KfW's interest.

(3) In the event our Company creates a lien on any of its assets, it is obligated to include an express covenant providing the lenders with a proportionate lien securing the payment of the principal, interest and other charges of the present loan. However, this restriction shall not be applicable in the following events: (a) the lien

arising as a consequence of operation of law and in the ordinary course of our Company's trading activities in respect of any obligation which is less than 30 days overdue; (b) loans not exceeding US\$ 1 million; (c) loans in foreign currency and obtained from international multilateral agencies; (d) rupee loans raised from the Indian market; or (e) if the majority lenders under this facility, (i.e., lenders whose participation in the facility is at least 51%, depending on the extent of drawdown by our Company) provide their written consent for availing of such loans.

(4) Our Company shall require lender's consent, through the agent, being Standard Chartered Bank, for any of the following events: (a) effecting a merger or consolidation with any entity; (b) taking any steps with a view to dissolution, liquidation or winding up or becoming subject to any kind of reconstruction or reorganization scheme or arrangement; (c) acquiring any assets or business that may adversely affect the lender's interest or if such business is not within the core business activities of our Company; (d) assigning or transferring any of its obligations under the present loan, or transferring any assets wholly or partly financed from the present loan, except in the ordinary course of business; or if such assignment or transfer is not material too's ability to service the loan.

(5) During the tenor of this loan, (a) Our Company is required to maintain a capital adequacy ratio ("CAR") of at least 10%; (b) our Company's total unsecured debt shall not exceed 50% of its total debt; (c) our Company's interest coverage ratio shall not be less than 1.3.

(6) Our Company is required to intimate the lender of the details of any plan which may result in an important modification of the project for which this facility was sanctioned, and these shall be the subject of agreement between the bank and our Company.

II.4 Long term loans availed by our Company from the MoF

Set forth below is a brief summary of our outstanding unsecured long term borrowings from the MoF, GoI with a brief description of certain significant terms of such financing arrangements.

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.

Facility granted and loan documentation	Amount outstanding, as on September 30, 2011 (₹ million)	Rate of interest (% p.a.)*
Sanction letter 37(3)/PF-I/81 dated December 15, 1981 for ₹ 150 million	6.00	6.00% for the first ten years; 6.25% for the next ten years, and 7.00% for the remaining ten years
Sanction letter 37(12)PF-I/81 dated February 1, 1982 for ₹ 100 million	4.00	
Sanction letter 37(12)PF-I/81 dated March 18, 1982 for ₹ 100 million	4.00	
Sanction letter 37(12)PFI/81 dated March 30, 1982 for ₹ 45.3 million	1.81	
Sanction letter 37(4)PF-I/82-7 dated May 1, 1982 for ₹ 95 million	3.80	
Sanction letter 37(4)/PF-I/82 dated November 30, 1982 for ₹ 100 million	8.00	
Sanction letter 37(4)/PF-I/82 dated January 13, 1983 for ₹ 100 million	8.00	
Sanction letter 37(4)/PF-I/82 dated February 23, 1983 for ₹ 150 million	12.00	
Sanction letter 37(4)/PF-I/82 dated March 30,	10.11	

Facility granted and loan documentation	Amount outstanding, as on September 30, 2011 (₹ million)	Rate of interest (% p.a.)*
1983 for ₹ 126.4 million		
Sanction letter 37(3) PF-I/83-20 dated May 20, 1983 for ₹ 150 million	12.00	
Sanction letter 37(3)/PF-I/83 74 dated December 6, 1983 for ₹ 150 million	18.00	
Sanction letter 37(3)/PF-I /83-22 dated January 30, 1984 for ₹ 150 million	18.00	
Sanction letter 37(3)PF-I/83-122 dated March 26, 1984 for ₹ 138.6 million	16.63	
Sanction letter 37(6)PF-I/84-4 dated April 10, 1984 for ₹ 74.7 million	8.97	
Sanction letter 37(6)PF-I/84-13 dated June 2, 1984 for ₹ 100 million	12.00	6.50% for the first ten years; 6.75% for the next ten years, and 7.50% for the remaining ten years
Sanction letter 37(6)/PF-I/84-30 dated September 14, 1984 for ₹ 100 million	12.00	
Sanction letter 37(6)/PF-I/84.39 dated November 12, 1984 for ₹ 100 million	16.00	
Sanction letter 37(6)PF-I/84-49 dated January 18, 1985 for ₹ 74 million	11.84	
Sanction letter 37(2)PF-I/85-4 dated April 17, 1985 for ₹ 75 million	12.00	
Sanction letter 37(2)PF-I/85-16 dated June 18, 1985 for ₹ 75 million	12.00	
Sanction letter 37(2)PF-I/85-25 dated July 8, 1985 for ₹ 75 million	12.00	7.00% for the first ten years; 7.25% for the next ten years, and 8.00% for the remaining ten years
Sanction letter 37(2)/PF-I/85-59 dated November 22, 1985 for ₹ 200 million	40.00	
Sanction letter 37(2)PF-I/85-88 dated February 4, 1986 for ₹ 200 million	40.00	
Sanction letter 37(2)/PF-I/85-100 dated March 6, 1986 for ₹ 141.6 million	28.32	
Total Loans from Government of India	327.48	

* Tenor of 30 years with a moratorium of five years repayable in 25 equal annual installments commencing from the sixth anniversary of the facility. The moratorium is applicable on the payment of principal amount.

II.5 Government guaranteed bonds issued by our Company

Set forth below is a brief summary of our outstanding government guaranteed bonds. These bonds are listed on the 'whole sale debt market' segment in the NSE.

Nature of the Bonds	Total value of bonds (₹ million)	Amount outstanding, as on September 30, 2011 (₹ million)	Interest/ coupon rate (% p.a.)	Redemption date	Security
'SLR Bond XXIII' (1st tranche) issued on December 5, 1991	226.50	226.50	12.00, payable half yearly	December 5, 2011	GoI guarantee through a MoP letter dated February 3, 1992.
'SLR Bond XXIII' (2nd tranche) issued on February 21, 1992	303.50	303.50	12.00, payable half yearly	February 21, 2012	GoI guarantee through a MoP letter dated February 3, 1992.
Total		530.00			

II. 6 (a) Other 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.

Nature of the bond	Total value of bond (₹ million)	Amount outstanding (₹ million)	Interest rate (% p.a)	Redemption date
'74th Taxable non-priority sector bond' issued on December 31, 2004* +	2,500	2,500	7.22 payable half yearly.	December 31, 2014
'94th Taxable non-priority sector bond' issued on June 08, 2010* +	12500	12500	8.75 payable yearly.	June 08, 2025
'95-Ith Taxable non-priority sector bond' issued on July 12, 2010* +	2000	2000	8.70 payable yearly.	July 12, 2019
'95-IIth Taxable non-priority sector bond' issued on July 12, 2010*+	18000	18000	8.75 payable yearly.	July 12, 2025
'96th Taxable non-priority sector bond' issued on October 25, 2010*+	11500	11500	8.80 payable yearly.	October 25, 2020
'97th Taxable non-priority sector bond' issued on November 29, 2010	21205	21205	8.80 payable yearly.	November 29, 2020
'ZCB-1 st Taxable non-priority sector bond' issued on December 15, 2010	53332.08	5332.08	8.25 compounded	December 15, 2020
'ZCB-Ith Taxable non-priority sector bond' issued on February 03, 2011	1160.68	1160.68	8.75 compounded	February 03, 2021
'98th Taxable non-priority sector bond' issued on March 15, 2011	30000	30000	9.18 payable yearly.	March 15, 2021
'99-Ith Taxable non-priority sector bond' issued on June 07, 2011	14800	14800	9.70 payable yearly.	June 08, 2012
'99-IIth Taxable non-priority sector bond' issued on June 07, 2011	4452	4452	9.75 payable yearly.	June 07, 2014
'100th Taxable non-priority sector	15000	15000	9.63 payable	July 15, 2021

Nature of the bond	Total value of bond (₹ million)	Amount outstanding (₹ million)	Interest rate (% p.a)	Redemption date
bond' issued on July 15,2011			yearly.	
'101-Ith Taxable non-priority sector bond' issued on August 10,2011	3956	3956	9.43 payable yearly.	August 10,2014
'101-IIth Taxable non-priority sector bond' issued on August 10,2011	3946	3946	9.45 payable yearly.	August 10,2016
'101-IIIth Taxable non-priority sector bond' issued on August 10,2011	31718	31718	9.48 payable yearly.	August 10,2021
'102nd Taxable non-priority sector bond' issued on September 06,2011	22162	22162	9.38 payable yearly.	September 06,2016
Total		2,00,231.76		

+ we have entered into swap transaction with respect to this series.

II.6(b)Unsecured Infrastructure bonds issued by our Company

Nature of the bond	Total value of bond (₹ million)	Amount outstanding (₹ million)	Interest rate (% p.a)	Redemption date
u/s 80CCF of I T Act 1961 Taxable, Non-convertible Bonds (2010-11)	2189.67	2189.67	8%, 8.1%, 8.2% payable annually .	March 31, 2021
TotalBonds		2,189.67		
Total 6(a) to 6(b)		202421.43		
Total Unsecured Loans (B1 to B7)		3,06,993.66		

* We have entered into a swap transaction with respect to this bond series .

Grand Total Secured and Unsecured Borrowings		7,56,201.31		

III. Indebtedness of our Company subsequent to Sept. 30, 2011, as on January 25, 2012

a) Secured taxable bonds issued by our Company

Nature of the bond	Total value of bond (₹ million)	Interest rate (% p.a)	Redemption date
Secured non convertible redeemable taxable Capital gain tax Exemption bonds (54EC) in the nature of debentures	14,961.06	6.00 payable annually	Redeemable at par on the expiry of three years from the deemed date of allotment
	14,961.06		

b) *Unsecured taxable bonds issued by our Company*

Nature of the bond	Total value of bond (₹ million)	Interest rate (% p.a)	Redemption date
Unsecured non convertible redeemable 'taxable bonds – 2016' ('103 Series – I') in the nature of debentures allotted on Oct. 19, 2011	9,150.00	9.35 payable annually	Redeemable at par on the expiry of five years from the date of allotment with put/call option after two years from the date of allotment
Unsecured non convertible redeemable 'taxable bonds – 2016' ('103 Series – II') in the nature of debentures allotted on Oct. 19, 2011	5,000.00	9.35 Cumulative	Redeemable at par on the expiry of five years from the date of allotment with put/call option after two years from the date of allotment
Unsecured non convertible redeemable 'taxable bonds – 2016' ('104 Series') in the nature of debentures allotted on Nov. 03, 2011	10,250.00	9.30 payable annually	Redeemable at par on the expiry of five years from the date of allotment with put/call option after 18 months from the date of allotment
Unsecured non convertible redeemable 'taxable bonds – 2021' ('105 Series') in the nature of debentures allotted on Nov. 11, 2011	39,222.00	9.75 payable annually	Redeemable at par on the expiry of ten years from the date of allotment
Unsecured non convertible redeemable taxable Long Term Infrastructure bonds – (2011-12) in the nature of debentures	663.42	8.95, 9.15 (Cumulative), 8.95, 9.15 (payable annually)	Redeemable at par on the expiry of ten/fifteen years from the deemed date of allotment with buyback option after five/seven years respectively
	64285.42		

c) *Foreign Currency Borrowings*

Name of Lender(s)	Facility/ Loan Documentation	Facility	Fund raised from 1.10.2011-25.1.2012	Interest Rate (% p.a., unless otherwise specified)
Japan International Cooperation Agency [#]	Loan agreement dated March 31, 2006 ^{(1)**}	JPY 20,629 million	Rs 50.17 million i.e. JPY 74.87 million	0.75
Japan International Cooperation Agency [#]	Loan agreement dated March 10, 2008 ^{(1)**}	JPY 20,902 million	Rs 233.20 million i.e. JPY 349.06 million	0.65
KfW, Frankfurt am Main [#]	Loan agreement dated March 16, 2009 ^{*(2)**}	Euro 70 million	Rs 4,809.7 million i.e. Euro 70 million	2.89

IV. Servicing behaviour on existing debt securities, payment of due interest on due dates on term loans and debt securities

As on the date of this Prospectus, there have been no defaults in payment of principal or interest on any term loan or debt securities issue by the Company in the past.”

SECTION V – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENT

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

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

Litigation involving our company and contingent liabilities of our Company

A. Contingent liabilities not provided for as on September 30, 2011

Our contingent liabilities not provided for and outstanding guarantees as on September 30, 2011 (as disclosed in our standalone financial statements) are as follows:

Sr. No.	Contingent Liability	Amount (₹ Million)
1.	Claim against our Company not acknowledge as debts	47.67
2.	Estimated amount of the contracts remaining to be executed on capital account and not provided for	67.68
3.	Others	51,859.77

B. Pending Litigation against our Company

Income Tax Matters

Assessment year 2003-2004

- (i) The Assessing Officer, IT Department vide order dated December 28, 2010 raised a demand of ₹ 19,26,38,929 under section 147/143 (3) of the IT Act for the assessment year 2003-2004. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 34/10-11) on February 01, 2011 challenging the assessment order dated December 28, 2010 on the grounds, *inter alia*, of reopening of regular assessment beyond the permissible time limit, disallowance of expenditure towards issue of Bond/Debt Instrument as tax deductible revenue expenditure by treating the same as capital expenditure and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

Assessment year 2005-2006

- (ii) The Assessing Officer, IT Department vide order dated January 31, 2006 raised a demand of ₹ 128,112,382 under section 143 (3) of the IT Act for the assessment year 2005-2006. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 106/05-06) on March 09, 2006, challenging the assessment order dated January 31, 2006 on the grounds, *inter alia*, of disallowance of certain deductions derived from consultancy, management fees, upfront fees

and swapping premium for computation of Deduction under section 36(1)viii, deductions under sections 36(1)(viiia) regarding provision for Bad and Doubtful Debts, not allowing prior period expenses and initiating penalty proceedings under section 271(1)(c) of the IT Act. The CIT (Appeals) vide its order dated October 6, 2006 dismissed our appeal and upheld the order of the IT Department. Aggrieved by the order of CIT (Appeals), we have preferred an appeal before the ITAT on January 18, 2007 challenging the order of CIT (Appeals). The matter is currently pending before the ITAT.

- (iii) The Assessing Officer, IT Department vide order dated December 07, 2011 raised a demand of ₹ 9,701,165 after reopening the earlier assessment under section 143 (3) of the IT Act for the assessment year 2005-2006. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 07, 2011 on the grounds, *inter alia*, of addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

Assessment Year 2006-2007

- (iv) The Assessing Officer, IT Department vide order dated January 30, 2009 raised a demand of ₹ 36,351,557 under section 154/143(3) of the IT Act for the assessment year 2006-2007. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No.24/08-09) on March 02, 2009 challenging the assessment order dated December 19, 2008 on the grounds of disallowance of deduction under section 36(1)viii of the IT Act in respect of swapping premium, disallowance of deduction under section 36(1)vii(a)c of the IT Act and disallowance on account of prior period expenses. The Assessing Officer, IT Department vide order dated August 17, 2010 raised a further demand of ₹ 5,507,785 by rectifying the original assessment order under section 154/143(3) of IT Act. The matter is currently pending before CIT (Appeals).
- (v) Assessing Officer, IT Department vide order dated December 07, 2011 raised a demand of ₹ 9,456,307 after reopening the earlier assessment under section 143 (3) of the IT Act for the assessment year 2006-2007. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 07, 2011 on the grounds, *inter alia*, of addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

Assessment Year 2008-2009

- (vi) The Assessing Officer, IT Department vide order dated December 28, 2010 raised a demand of ₹ 81,501,145 under section 143 (3) of the IT Act for the assessment year 2008-2009. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 35/10-11) on February 01, 2011, challenging the assessment order dated December 28, 2010 on the grounds, *inter alia*, of disallowance of deduction under section 36(1)viii of the IT Act in respect of Bridge Loan, disallowance of expenditure towards provision for Post Retirement Benefit and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).
- (vii) Assessing Officer, IT Department vide order dated December 28, 2010 raised a demand of ₹ 4,820,309 under section 115WE(3) of the IT Act for the assessment year 2008-2009. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) (Appeal No. 36/10-11) on February 01, 2011, challenging the order dated December 28, 2010 on the grounds, *inter alia*, of disallowance of Fringe Benefit Tax. The matter is currently pending before CIT (Appeals).

Assessment Year 2009-2010

- (viii) The Assessing Officer, IT Department vide order dated December 14, 2011 raised a demand of ₹ 46,654,945 under section 143 (3) of the IT Act for the assessment year 2009-10. Aggrieved by the demand raised by the IT Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 14, 2011 on the grounds, *inter alia*, of disallowance of expenditure towards provision for Post Retirement Benefit, disallowance of expenditure for earning exempt income under section 14A of IT Act and addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. The matter is currently pending before CIT (Appeals).

Others

- (ix) The Assessing Officer, IT Department vide Notices under section 148 of the IT Act dated March 03, 2011 has proposed to reopen the assessment for the assessment years 1999-2000, 2000-2001, 2001-2002, 2002-2003 and 2004-2005 for making addition of income by treating the interest income earned on Special Reserve Fund created by Cooperative societies out of the interest forgone by us as our income. We have filed Writ petitions in Delhi High court (W.P.(C)7943/2011, W.P.(C)7944/2011, W.P.(C)7945/2011, W.P.(C)7946/2011 and W.P.(C)7947/2011). The Delhi High court in its interim order dated November 16, 2011 has directed that the assessment proceedings may go on but the orders, if any, passed, be not given effect to till the next date of hearing. The IT Department has proceeded with the reassessments and issued Assessment orders dated December 14, 2011. The Delhi High court after hearing on February 01, 2012 has further directed that the assessment order saved demands/penalty and other notices issued by the IT Department shall not be given effect to till the next date of hearing. The next date of hearing in Delhi High court is April 11, 2012.
- (x) The Commissioner of Income Tax (LTU) has filed Writ petitions in Delhi High court (ITA 1393,1397,1401 and 1402 of 2010) for Assessment year 1997-1998 to 2000-2001 challenging the ITAT decision of allowing Deduction u/s36(1)viii of IT Act in respect of Lease income in their consolidated order dated July 17, 2009. The Delhi High court after hearing on February 08, 2012 has fixed the next date of hearing as March 21, 2012.

1. Civil Cases

There are 32 civil cases filed against our Company, pending before various courts in India. Out of these cases, claims in only 10 cases have been quantified which aggregate to approximately ₹ 1.37 million. Claim amounts for the remaining cases have not been quantified. Brief details of these cases are as follows:

- i) A Writ Petition numbered as **WP No. 23541(W) of 2009**, titled as **JoydebChowdhury & Others v/s. Station Manager, Laxmikantapur Group Electricity & Ors.**, was filed before Calcutta High Court, by the petitioners i.e. JoydebChowdhury. The Petitioner has stated in the writ that a master plan (Rajiv Gandhi Gramin Vidutikaran Yojna) was prepared for electrification of the concerned area and poles were installed but some points were left out. It is alleged in the writ that there is no electricity in the area where the petitioners are residing. The Petitioner further alleges that no steps are being taken to install the poles on common passage. The Petitioner has mainly prayed to the court to get poles installed on common passage within specified time so that the residents get electricity. REC is a Performa Party as there are no allegations against it. The case was last listed on 25.10.2010. Next date of hearing is yet to be fixed.
- ii) Dr. Jayant Kishore Verma, an employee of our Company, has filed a writ petition titled as **Dr. Jayant Kishore Verma Vs. CMD (Rural Electrification Corporation) & Ors.** numbered as **C.W.J.C. No. 4432 of 1998** against our Company before the Patna High Court, challenging the decision of our Company for not granting him a promotion from the post of 'Deputy Chief' to 'Joint Chief'. The petitioner has sought directions for his promotion to the grade of 'Joint Chief' retrospectively from December 20, 1993 when the first batch of promotion orders were issued along with the consequent pecuniary and other benefits. The claim amount has not been quantified. The Petition has been admitted but not listed for final hearing. Next date of hearing is yet to be fixed.
- iii) **Rural Electrification Corporation Limited Employees' Union ("RECLU")** has filed a Writ Petition (**C.W.P. No. 1781 of 1999**) against our Company before the Delhi High Court on April 17, 1999. RECLU has challenged the inaction on the part of our Company in not granting and implementing the revised pay scales of personal assistants employed in our Company in accordance with the 4th Pay Commission Report and the office order dated July 31, 1990 issued by the Department of Personnel and Training, Union of India. RECLU sought an order to direct our Company to fix the pay of the employees (holding the position of assistants, as on January 1, 1986) in the revised scales of ₹ 1,640-2,900 and grant them arrears on account of the revised pay with effect from, January 1, 1986. The claim amount has not been quantified. The court dismissed the Writ Petition vide order dated 7.4.2008 for non-Prosecution. An application Civil Miscellaneous Petition numbered as 6984/08 was filed by

Employees union for restoration of the petition which was allowed by the Court vide order dated 04.11.2008. The case was last fixed on 25.03.2010. The matter is now listed as regular item.

- iv) **Gramin Vidyut Sahkari Samiti (“GVSS”), District Sidhi, Madhya Pradesh** has filed a writ petition (**W.P No. 6477 of 2001**) before the Madhya Pradesh High Court at Jabalpur, against Madhya Pradesh Electricity Regulatory Commission (“**MPERC**”), Madhya Pradesh State Electricity Board (“**MPSEB**”) our Company and others challenging the order of the MPERC which had increased the tariff rate on the supply of electricity. GVSS has claimed that the said tariff was not fixed in consultation with our Company and that the said order of MPERC lacked transparency and justification. GVSS has contended that it would suffer irreparable losses in the event the increased tariff rate was allowed to be implemented and has sought directions to quash the notifications that increased the tariff. The case was fixed on 10.08.2011. The matter is pending before the High court, Jabalpur and will be listed in due course for final hearing.
- v) **Mr. N. Mishra**, an ex-employee of our Company, has filed three writ petitions (**C.W.P. No. 7166 of 2001, C.W.P. No. 5253 of 2002 and C.W.P. No. 6898 of 2004**) against our Company, before the Delhi High Court. He has challenged the validity of the orders passed by the disciplinary authority and appellate authority of our Company, whereunder, he was held guilty of various offences, including, misuse of leave travel concession and medical reimbursement schemes, misuse of phone facility, for having availed loans by submitting false documents. Consequently, his pay scale was reduced considerably and he was shifted to a lower post. Mr. Mishra, in all these cases, has prayed for quashing the respective orders of our Company and has contended that levy of such a huge penalty was misconceived and without any basis. The claim amounts have not been quantified. The matters are currently pending. The matter of C.W.P. No. 5253 of 2002 was scheduled for hearing on December 4, 2009. No counter reply has been filed by the Petitioner. The case has been fixed for regular hearing and next date of hearing is yet to be fixed. In the C.W.P. No. 6898 of 2004. Corporation has filed its reply in the Court. Case was fixed on 24.11.2011 before Registrar, Delhi High Court for service of notice to Sh. K.K. Ray, Ex-CPM, Bhubaneswar. The next date of hearing in the matter 22.05.2012.
- vi) **Mr. S. K. N. Haider**, an ex-employee of our Company, has filed a writ petition (**S.W.P. No. 1119 of 2001**) against our Company, before the Jammu and Kashmir High Court, challenging the validity of an order dated May 23, 2001 passed by our Company, whereby Mr. S. K. N. Haider was found guilty of certain offences which resulted in his reversion from the post of ‘Joint Chief’ to ‘Deputy Chief’. He has challenged the orders issued by our Company and has claimed release of his retirement benefits and all other outstanding dues. The claim amount has not been quantified. The High Court, vide its interim order dated June 1, 2001 admitted the Writ Petition and directed our Company to maintain *status quo* with respect to the present status of the petitioner. The case was listed on 30.03.2011 but could not be taken up. Next date of hearing is yet to be fixed.
- vii) **Mr. S.K.N. Haider**, an ex-employee of our Company, has filed a **contempt petition (No. CoA SW-19-A/01)** against our Company, before the Jammu and Kashmir High Court on the grounds of non-implementation of the interim order of the High Court dated June 1, 2001, whereby the writ petition was admitted and our Company was directed to maintain *status quo* with respect to the present status of the petitioner. Reply has been filed by REC clarifying that no contempt has been committed. The case was last listed on 27.04.2011 before the court. The next date of the case is yet to be fixed.
- viii) **Mr. T. C. Jindgar, an ex-employee** of our Company, has filed a writ petition (**C.W.P. No. 4790 of 2002**) against our Company, before the Delhi High Court, challenging the validity of the orders passed for not granting him higher scale with effect from October 31, 1998 by our Company holding him guilty for certain offences due to his not submitting factual report to Competent Authority on installation of 27 NosX410 KW WEG in these projects . The Court dismissed the writ petition vide order dated 31.08.2009 for non-Prosecution. Application was filed by Petitioner for restoration of the Petition which was allowed by the Court. The Last date of hearing was 18.10.2010. The matter is now listed as a regular item.

- ix) **Mr. G. Jawahar Lal**, an ex-employee of our Company, had filed a Civil Writ Petition (**WP No. 3578/09**) before the Andhra Pradesh High Court against our Company for grant of annual memento for the year 2002-2003 only to those employees who were on the roles of our Company. He had prayed for declaration of the decision as arbitrary and award him with the annual memento for the year 2002. The case was last fixed on 01.04.2009. After hearing the parties Writ Petition is admitted. However, the same is yet to be listed for final hearing.
- x) **Mr. K. Rajaiah** has filed a civil suit (**O.S. No. 25660/2007**) before City Civil Judge before the Hon'ble High Court against RCMC Share Registry Private Limited, our Company and others before the City Civil Judge, Bangalore. Mr. K. Rajaiah is disputing the validity of will dated September 27, 2006 in favour of certain other beneficiaries who are also impleaded as parties to the suit, who invested about ₹ 80 million in the capital gains exempted bonds of our Company, from the money received pursuant to the will. Mr. K. Rajaiah has sought a declaration that the nominations pursuant to the will are illegal and void and for an injunction restraining our Company from dispatching the interest/dividend warrants or paying any amount either accrued or invested by way of various bonds until further orders. The next date of hearing has not been scheduled. The City Civil Court has passed an order dated 8.4.08, wherein M/s RCMC and REC were directed to maintain proper accounts of dividend, interest etc. disbursed to other defendant in respect of bond and produce said account before court as and when disbursing such dividend and interest. Aggrieved by the said order, the Plaintiff has filed an appeal MFA No.6118/2008 before High court of Karnataka, Bangalore, to set aside order dated 8.4.08 and grant order of temporary injunction to protect estate of Late Shri Kuppu Swamy till disposal of suit. The O.S No.25660/07 was last fixed on 09.12.2011 and the last date of hearing of MFA No.6118 was fixed on 24.01.2011. Last date of hearing fixed in the case was 7.01.2012. MFA No.6118 has not yet come up before Hon'ble High Court.
- xi) **AREVA T&D India Limited**, has filed a Writ Petition (**W.P. No. 12358 of 2009**) before the Madras High Court against the Union of India, the Assistant Commissioner of Income Tax, Chennai, the Central Board of Direct Taxes, New Delhi and our Company. AREVA T&D India Limited has challenged the constitutionality of explanation (b) of sub-Section (3) to Section 54 EC of the Income Tax Act, 1961 and the proviso thereto introduced by the Finance Act of 2007, and sought directions that our Company make available bonds to it for subscription to the extent of ₹ 101.87 million. On September 1, 2009, the High Court passed interim orders. AREVA T&D India Limited challenged the interim orders by filing Writ Appeals (W.A. Nos. 1327 and 1328 of 2009) before the Madras High Court. REC has been made a Proforma respondent in this case. Counter reply has been filed by REC. Writ Petition has been posted for final hearing and the next date of hearing has not been fixed.
- xii) **K. Vasanti Ben, Raman Bhai Master and Sister of the deceased Ashok Bhai Ramanlal Master** has filed **case no. 12/2010** before Add. Senior Civil Judge Bharuch (Gujrat) against Harsad Ramanlal Master and 6 others for getting Succession certificates stating that they are the real sisters of the deceased as the deceased was unmarried and the parents of the deceased expired before his death. Among the moveable properties for which succession certificate has been prayed from the court includes REC Bonds. REC has been made Proforma respondent. Reply has been filed by REC and all necessary documents have been filed in the Court on 28.09.2011. The case was last heard on 29.12.2011. The matter is now fixed for hearing on 12.03.2012.
- xiii) **Sh. N.Senthil Kumar** has filed a **Writ Petition No.15607/2011** before High Court Judicature at Madras. Sh. N.Senthil Kumar alleges that as per the terms and conditions of deputation basis which included (i) maximum scale of pay/fixed pay of the post held on deputation (ii) Grade Pay in parent cadre plus deputation allowance at the rate admissible for Deputationist together with DA/IRetc., plus Deputation allowance and (iii) CCA, HRA and other perquisites will be regulated under the Rules of REC was on deputation w.e.f. 18.10.05 from TNEB to REC initially for a period of 2 years. He opted to draw Pay TNEB Scale and allowances as applicable in REC as per Terms and Conditions of REC. His deputation was extended upto 3 years. In terms of DPE Circular dated 26.11.08, the officer on deputation will not be eligible for any benefit which are otherwise available to executives on IDA Pay Scales. The CPM, Chennai issued a letter dated 15/22.06.11 to TNEB for recovering an amount of ₹

3,40,076/- from Sh.N.Senthil Kumar and remit to REC. Petitioner filed W.P. before High Court Judicature at Madras and obtained stay of the operation of the said letter dt.15/22.06.11 issued by CPM, Chennai. Counter Affidavit on behalf of REC has been filed. The case was last heard on 25.1.2012. The judgement is pronounced and under examination.

- xiv) The Case relates to unauthorised absence from the duties and subsequent disciplinary action on account of Misconduct in respect of **Shri T. Surya Raju, Ex-UDC, PO, Hyderabad**. The Services of ShriRaju was terminated w.e.f. 25.03.2008 vide REC C.O. Office Order Part-II No.32 dated 31.03.2008. Shri Raju has filed W.P.No.21481/2011 before Andhra Pradesh High Court at Hyderabad challenging the termination orders of REC dated 31.03.08 praying to issue an order or direction for setting aside the orders as illegal, arbitrary, denial of reasonable opportunity and further directions to REC to reinstate the Petitioner in service with all consequential benefits and suspension of impugned order dated 31.03.08. The Case was listed on 05.09.2011 for filing Reply by REC. Advocate General, High Court of A.P. has been engaged. Reply of the Writ petition has been filed. Next date of hearing is not fixed by the Court
- xv) **Mr.Tanmay Gupta**, a subscriber of our capital gains bonds, has filed a complaint (**Complaint No. 113 of 2006**) against our Company before the District Consumer Disputes Redressal Forum, Chennai (South), under Section 12 of the Consumer Protection Act, 1986 claiming deficiency in our services for not crediting the redemption amount of ₹ 0.30 million as Principal and Interest in relation to bonds on the date of maturity and has sought a compensation of ₹ 0.20 million as damages for the financial loss suffered due to the delay in payment. The case was last heard on 24.11.2011. Next date of hearing has not been fixed by the Court.
- xvi) **Shri Y. S. Sastry** had initially applied for 500 bonds and later requested in writing for allotment of 150 bonds and refund amount of ₹ 3.50 million for 350 bonds. The complainant later communicated over phone and requested not to refund ₹ 3.50 million and consider full allotment of Bonds. M/S RCMC replied that since allotment/refund is over, no change/request can be considered at this stage and accordingly ₹ 3.50 million was refunded. Aggrieved by the same, the complaint has been filed Complaint No.151 of 2009 against REC and others before District Consumer Dispute Redressal Forum, Chennai and claimed ₹ 49,048 towards interest on ₹ 3.50 million and further interest on the said interest, ₹ 20,000 towards mental agony and hardship and suffering and ₹ 10,000 towards deficiency in service. Reply has been filed by REC. The case was last heard on 17.05.2011. Next date of hearing is yet to be notified by the Consumer District Dispute Redressal Forum.
- xvii) **Mr.Nafe Singh and Mr.Ranveer Singh**, have filed a Writ Petition (**C.W.P. No. 799 of 2007**) against the Union of India, CBDT, our Company and others before the Rajasthan High Court at Jaipur. They have challenged the validity of the conditions stipulated in a notification dated December 22, 2006 issued by the CBDT that imposed a cap of ₹ 5 million on individual investments in relation to bonds of ₹ 35,000 million allotted by our Company during the period from December 26, 2006 to March 31, 2007 for the purpose of exemption from capital gains tax under Section 54 EC of the IT Act. They have prayed that the court issue directions to our Company to issue the requisite bonds as per their application. The case was last listed on 25.10.2010 but could not be heard. The next date of hearing is yet to be fixed.
- xviii) **Ram Mohan and Sons (HUF)** has filed a Writ Petition (**C.W.P. No. 6489 of 2007**) against the Union of India, CBDT, our Company and others before the Delhi High Court challenging the validity of the conditions stipulated in a notification dated December 22, 2006 issued by the CBDT imposing a cap of ₹ 5.00 million on individual investments in relation to bonds and the legality and validity of clause (b) of Section 54 (EC) Income Tax Act, 1961 reply on behalf of REC has been filed. The matter was fixed for hearing on April 27, 2010 wherein the Court has directed Union of India & Commissioner of Income Tax to file their replies. Union of India has filed its reply. Next date of hearing is yet to be fixed.
- xix) **Mr. M. Saravana Kumar** filed a **suit (No. 751/2007)** against our Company and others before the Court of District Judge, Coimbatore for partition of family property including 80 bonds of ₹ 0.01 million each allotted by our Company to Mr.Saravana Kumar's family. He has sought

an injunction to restrain the respondents from alienating and encumbering the properties and assets until final disposal of the suit and also to divide the property into three equal shares. The Court has granted interim stay order not to disburse the amount of deposit/investment set out in petition. Written Statement have been filed. The case was last fixed on 31.03.2011. Next date has not been fixed.

- xx) **Mr.Devassya Mundatt** and others filed a writ petition (**W.P. No. 17822 of 2007**) against the Karnataka State Electricity Board (“**KSEB**”) and others before the Kerala High Court challenging an estimate report prepared by the Assistant Engineer, Kozikode, for electrification of the area surrounding the Urumi hydroelectric project to electrify 146 beneficiaries on grounds of non-consultation with the ‘GramaSabha’ while deciding the list of beneficiaries. KSEB also filed a writ petition (No. 18587 of 2007) before the Kerala High Court challenging an order passed by the LokAyuktha fixing the time limit for implementation of the project. The court vide its order dated July 20, 2007 heard both the petitions and directed the KSEB to cancel the contract awarded for giving 146 electrical connections. Further, the court, also vide its order dated September 28, 2007 disposed off the writ petitions. Aggreived by the order of the court dated July 20, 2007, one of the respondents, Simon Thonakkara has filed a writ appeal (No. 2023 of 2007) before the Kerala High Court to set aside the order dated July 20, 2007 and to direct KSEB to complete the project at the earliest. Our Company has been impleaded as a proforma respondent. Case was listed on 03.07.2009. Next date of hearing is yet to be fixed.

- xxi) **Mr. Ashok Rameshwar Agarwal, Mr.Amit Agarwal and Mrs.Santosh Agarwal** have filed four consumer complaints (**complaints No. 1004 to 1007 of 2008**) before the District Consumer Disputes Redressal Forum, Indore. It is stated in the complaint that they had subscribed to infrastructure tax saving bonds having face value of ₹ 5,000 each, aggregating to a total of ₹ 0.03 million. The bonds were to mature of July 30, 2007. It is alleged that our Company failed to pay them interest on time. The complainants have sought payment of alleged amount due to them under bonds along with interest.The case was fixed on 21.04.2011.The reply has been filed and application has been moved for dismissal of the case.Next date of hearing is awaited.

- xxii) **West Bengal State Electrical Contractors (“WBSECA”)** has filed a Writ Petition (**WP No.18624 (W) of 2008**) before the Calcutta High Court against the West Bengal State Electricity Distribution Company Limited, our Company and others, seeking directions to act in accordance with the National Electricity Policy, 1972, and to recall or set aside tender notice and formulate a policy so that WBSECA and others can take part and compete in all tenders in respect of rural electrification and other related works. WBSECA has alleged that it was wrongfully not allotted 25% work of the tender value, which it had sought for, under the RGGVY, from the Director, West Bengal State Electricity Distribution Company Limited. REC has filed the reply.Next date of the hearing is yet to be fixed.

- xxiii) **Mr.Pradeep Fellows**, an employee of our Company, has filed a writ petition (**W.P. No.312 of 2009**) before the Madhya Pradesh High Court against State of Madhya Pradesh, our Company and others. The case relates to verification of caste certificate. Mr. Fellows has filed the petition challenging the cancellation of his caste certificate by Caste Verification Committee. He has prayed to the Court to direct REC to continue with all benefits. High Court vide order dt. 27.01.09 directed REC not to take any coercive steps. Application has been filed for early hearing. No further orders for listing of final arguments on early hearing application have been passed by the Hon’ble Court.

- xxiv) **Mr. K. Rajaiah** has filed an administration suit (**O.S. No.25413 of 2008**) against M/s RCMC Share Registry (Private) Limited, our Company and others before Court of City Civil Judge, Bangalore relating to estate of ShriKuppuSwamy, which includes REC Bonds. Mr.Rajaiah has filed this suit seeking grant of administration of the entire estate of Late Mr.KuppuSwamy in his favour and for an enquiry to be made in relation to the amounts taken by our Company and M/s RCMC Share Registry (Private) Limited. The last date of hearing was 7.01.2012 for plaintiff’s evidence. Next date of hearing is yet to be intimated by this Court.

- xxv) **Shri S.K. Sharma** has filed a complaint (**Case No.190/2010**) before Consumer Dispute Redressal Forum-II, C-22/23, UdyogSadan, Qutab Institutional Area, New Delhi, regarding denial of reimbursement of Medical Bills on the pretext of exceeding the ceiling of reimbursement limit during 2009-10. It is alleged that as per Revision Petition No.570 of 2002 Jagdish Kumar Bajpai Vs. Union of India the Hon'ble Commission has ruled that the retired employee is a consumer as defined in Section 2(1)(d)(ii) of Consumer Protection Act, for providing medical facilities to him. An application has been filed before Hon'ble Court for grant of relief in terms of the decision in the said case. Reply has been filed including affidavit of evidence. The case was last listed on 18.11.2011. The next day of hearing is fixed for 21.03.12.
- xxvi) In this matter (**Civil Suit No.12/2010**) filed by **Smt. Pooja Dhamani** against **Smt. Shama Dhamani** before District and Session Judge, Dehradun (UP). Court has passed orders have been received restraining REC from encashing the Bonds as there is a family dispute. Reply has been filed in the Court. The case was listed on 03.08.2011. Next date of hearing has not yet been fixed.
- xxvii) A complaint has been filed by **R.C. Chugh Highway Consultants Pvt. Ltd.** against **REC Ltd. (Complaint No.3654/2010)** before Consumer Disputes Redressal Forum at Indore, that their bonds matured on 31.3.10 have not been encashed by REC. As per REC, bonds have not been encashed as the signatures of the signatory has not been attested by Bank. Further verified copy of Board resolution in respect of change of authorised signatory has also not been submitted. Reply on behalf of the Corporation duly signed has been filed in the Court. The case was last listed on 01.02.2011. Next date of hearing is not fixed.
- xxviii) **Shri Satish Kumar** filed a case (**Suit No. 1432/2010**) against REC, RCMC and others Before Civil Judge (S.D.) Agra (U.P.) for transfer of REC bonds purchased in the name of the Bondholder Shri Ram Pratap. The Bondholder expired and bond certificates could not be transferred as no nominee was declared by the Bondholder. A suit has been filed for declaration of the payment in the name of one of the legal heir of the deceased. Written statement has been filed in the Court. Next date of hearing has not yet been fixed.
- xxix) **Mr. Bijendra Kumar Jain** filed a consumer complaint (**No. 295 of 2008**) before the District Consumer Disputes Redressal Forum, Meerut alleging that he had invested ₹ 0.30 million in our Company's '54EC Capital Gains Tax Exemption Bonds' but did not receive the interest thereon, in time. He has claimed ₹ 0.13 million on account of outstanding interest. The case was fixed on 25.08.2011. Reply has been filed by REC. Next date of hearing is yet to be fixed by the Court.
- xxx) **WBSECA and others** have filed a writ petition (**W.P. No. 30748(W) of 2008**) against West Bengal State Electrical Distribution Company Limited, our Company and others. The petition has been filed seeking directions to act in accordance with the National Electricity Policy, 1972, and to recall or set aside tender notice and formulate a policy so that WBSECA and others can take part and compete in all tenders in respect of rural electrification and other related works. REC has been made Performa Respondent. Next date of hearing is yet to be fixed.
- xxxi) Special Leave Petition has been filed by us before the Supreme Court of India, titled as **REC Ltd. Vs. Sh. Ravi Sawlani, SLP Number 23944/2011** challenging the order dated 27.05.2011 of High Court of Delhi wherein a compensation of ₹ 7.50 lakhs has been granted to Shri Ravi Sawlani against his termination order. The Supreme Court after hearing the parties issued notice and stayed the operation of the order dated 27.05.2011 of High Court Delhi. Next date of hearing has not yet been fixed
- xxxii) There is a family dispute between Kum. Michelle Vilma Marshall titled as Michelle Vilma and Michael Joseph Marshall numbered as OP No. 40 of 2010 before Family Court, Secunderabad under the provisions of Indian Divorce Act, wherein among other reliefs it has also been prayed that REC be restrained from closing the Bond bearing folio number 0802536 amounting to 150 bonds certificate number 802536 holding the distinctive number 802536 holding distinctive numbers 0332554 to 0332703 allotted in the name of the Michael Joseph.

The family court, Secunderabad has directed REC not to close the said Bond bearing folio number. Petitioner has already filed an affidavit for withdrawal of the petition. The matter is still pending.

3, **Arbitration Matters**

There are four arbitration matters, wherein claims aggregating to approximately ₹ 47.04 million have been filed against us. We have filed counter claims aggregating to ₹ 1.81 million approximately. The details of which are as follows:

- (i) Capital Building and Furnishing Company has filed a claim of ₹ 17.91 million along with interest against our Company on account of recovery of monies due from us in relation certain interior decoration work done by them in our corporate office. The claimant has contended that we failed to make timely payment of their final bill of ₹ 5.63 million and have claimed ₹17.91 million along with interest, as compensation for losses suffered on account on account of outstanding dues, price escalation, loss of labour and reputation. Arbitral Tribunal has pronounced the Award on 12.4.10. The Award was challenged u/s 28 & 34 of Arbitration & Conciliation Act, 1996 before High Court Delhi. The Hon'ble High Court Delhi after hearing the parties has upheld the award. The judgement of single judge has been challenged before Division Bench, Delhi High Court.
- (ii) Ram Kishan and Sons have filed a claim of ₹ 19.20 million along with interest on account of recovery of certain monies due from our Company, in relation to certain interior decoration work done by them at our corporate office. The claimant has contended that our Company failed to make timely payment of their final bill of ₹ 3.34 million and have claimed ₹ 19.20 million along with interest as compensation for loss suffered by them on account of outstanding dues, price escalation, loss of labour and reputation. Our Company had filed a counter claim of ₹ 2.17 million along with interest and costs against the claimant. Arbitral Tribunal has pronounced the Award on 12.4.10. The claimant has filed an application for correction and interpretation of the Award u/s 33 of Arbitration & Conciliation Act, 1996 before the Arbitral Tribunal. Reply filed by REC. No date has been fixed by Arbitral Tribunal for hearing of the application.
- (iii) Design Consultants have filed the claim of ₹ 14.22 million against REC regarding partition work of Palika Bhawan before the sole Arbitrator appointed by REC. REC has filed the rejoinder and counter claim. Claimant has objected maintainability of counter claim of REC. Arguments on the application on maintainability have been concluded. A written argument has been filed. Order on the application reserved by the Arbitrator.
- (iv) Claim statement has been filed by M/s Concept Communication Pvt. Ltd. Of ₹ 1,95,96,362/- with interest @ 24% p.a. before the Hon'ble sole Arbitrator approved by REC on 24.9.10 on account of disputes and differences that arose with respect to IPO publication. REC has filed reply to the claim. The Arbitrator has fixed the date for admission denial of documents and framing of issues.

1. **Debt Recovery Matters**

- (i) Our Company has filed a suit against Classic Global Securities Limited (“CGSL”) and others (O.A no. 344 of 1999) before the DRT seeking repayment of an outstanding loan amount of ₹ 36.49 million along with interest and costs out of the total sanctioned term loan of ₹ 52.50 million. The Presiding Officer, DRT issued a final recovery order dated November 9, 2005 against CGSL and others for recovery of ₹ 35.08 million along with costs and interests and consequently issued a recovery certificate of ₹ 35.28 million. Recovery proceedings before the Recovery Officer have been initiated. By sale proclamation of fixing assets of CGSL on January 9, 2008 through a court auctioneer appointed by the DRT for ₹ 9 Million for balance recovery matter is under process before R.O. DRT. Shares etc. have been attached and orders are being sought for transfer and sale of shares. The next date of hearing is 05.05.2012.
- (ii) Our Company has filed a suit against Madhya Pradesh State Electricity Board (“MPSEB”),

State of Madhya Pradesh and others (O.A. no. 92 of 2001) before the DRT seeking repayment of outstanding loan amount of ₹ 12,389.30 million along with interest and costs, which had been sanctioned by our Company to MPSEB. Due to revision of allocation of assets and liabilities between MPSEB and Chattisgarh State Electricity Board (“CSEB”) and some additional amount of ₹ 15,196.87 million became due from MPSEB. The matter has not been listed for hearing.

- (iii) Our Company has filed a suit against Uttar Pradesh Power Corporation Limited (“UPPCL”) and others, (O.A. no. 69 of 2001) before the DRT seeking recovery of ₹ 7,870.52 million in relation to certain term loans sanctioned by our Company to UPPCL. Compromise was entered into between REC and UPPCL. After inclusion of Government of Uttarakhand and Uttaranchal Power Corporation Limited (“UPCL”) a joint application on behalf of our Company, UPPCL, UPCL has been filed before the DRT for obtaining a compromise decree. The matter has been scheduled for a hearing on 11.04.2012.
- (iv) Our Company has filed a suit against Silicon Valley Infotech Limited (“SVIL”) and others, (O.A. No. 343 of 1999) before the DRT seeking repayment of outstanding loan amount of ₹ 36.88 million along with interest and costs out of a total sanctioned term loan of ₹ 52.50 million. SVIL and others have also filed a counter claim against our Company for recovery of ₹ 61.77 million on grounds that our Company committed a breach of contract and for consequent loss of business. The Presiding Officer, DRT issued a final recovery order dated 205 July 28, 2005 against SVIL and others for recovery of ₹ 35.54 million along with costs and interests. Recovery proceedings before the recovery officer have been initiated. M/s Silicon filed W.P. before High Court Delhi to ascertain the feasibility of One Time Settlement. After hearing the parties and on deposit of ₹ 30 million, in no lien account High court directed REC to consider the feasibility of one time settlement. With the approval of the competent authority, the detailed report of the Sr. Officers Committee rejecting the one time settlement has been filed in the court. Next date of hearing is 17.07.2012 before High Court, Delhi.
- (v) Our Company has filed a suit against Lynx India Limited (“LIL”) and others (O.A. No. 44 of 2001) before the DRT seeking repayment of outstanding loan amount of ₹ 2.46 million along with the interest and costs, out of sanctioned term loan of ₹ 5.25 million which had been sanctioned by Our Company to LIL. The Presiding officer, DRT issued a final recovery order dated October 19, 2005 against recovery of ₹ 24.75 million. The Presiding Officer has also directed to sell assets of LIL. As per the sale proclamation issued by DRT, auction was conducted on March 24, 2008 and a party named RAK Consultants represented by Sh. M. Sundra Pandian have been declared to be successful bidder for sum of ₹ 8.75 million. The auction was confirmed by the recovery officer on April 28, 2008. However, as per the orders passed by the Calcutta High Court, the sale proceeds was required to be transmitted to Official Liquidator, Calcutta. Subsequently, the Calcutta High Court further confirmed the sale subject to the payment of the 0.25 million thereby increasing the total sale amount to ₹ 9.00 million. Our company being a secured creditor, has filed a suit (CA No. 503 of 2008) before the Calcutta High Court for the release of ₹ 0.90 million from the Official Liquidator, Calcutta. The amount has been released by Official Liquidator in favour of the REC. Simultaneously the proceedings are continued before the DRT for the recovery of dues as per the recovery certificate. DRT has directed the certified debtor to pay ₹ 10,000 to our Company every month since October 2009. REC is getting ₹ 10,000 from the CD i.e LIL. The matter has been scheduled for hearing on April 04, 2012.
- (vi) Our company has filed a suit against ATN Arihant International Limited (“ATN”) and others (O.A. No. 342 of 1999) before the DRT seeking repayment of outstanding loan amount of ₹ 112.69 million along with the interest and costs. The presiding officer, DRT has passed a final recovery order dated August 25, 2005 against ATN and others for recovery certificate of ₹ 109,810,260. Recovery proceeding before the Recovery Officer has been initiated. M/s ATN filed W.P. before High Court Delhi to ascertain the feasibility of One Time Settlement. After hearing the parties and on deposit of ₹ 30 million, in no lien account High court directed REC to consider the feasibility of one time settlement. With the approval of the competent authority, the detailed report of the Sr. Officers Committee rejecting the one time settlement has been filed in the court. Next date of hearing is 17.07.2012 before High Court,

Delhi..

C. Miscellaneous proceedings

- (i) Lynx India Limited and others, against whom our Company has filed recovery proceedings before the DRT, have defaulted in payment of hire charges to a certain party, MML, for certain equipment leased from them. Accordingly, MML have filed an application (A.P. no. 53 of 2000) before the Calcutta High Court under Section 9 of the Arbitration and Conciliation Act, 1996 for grant of an interim order for attachment of the assets of Lynx India Limited and bank account with Bank of Madura Limited. The High Court, pursuant to its order dated February 15, 2000 granted a limited order of injunction to interim relief, in favour MML from operating the bank account with the Bank of Madura Limited. Aggrieved by the order of the High Court, our Company has filed an appeal (G.A. No. 4155 of 2000) before the High Court. The High Court, pursuant to its order dated November 10, 2000 dismissed the appeal of our Company. Aggrieved by the said order, our Company has filed a special leave petition (SLP no. 322 of 2001) before the Supreme Court of India challenging the order passed by the Calcutta High Court. The Supreme Court of India, pursuant to its order dated January 19, 2001 issued notice on the appeal and granted an *ex parte* stay on the order of the High Court. The next date of hearing has not been scheduled.
- (ii) The State of Madhya Pradesh has filed a suit (O.S. No. 6 of 2004) against Union of India and others before the Supreme Court challenging a notification of the central government which allocated liabilities between Madhya Pradesh and Chattisgarh. Our Company had granted long-term loans to Madhya Pradesh State Electricity Board ("MPSEB"). But, pursuant to the Madhya Pradesh Reorganisation Act, 2000, the State of Madhya Pradesh was split into the states of Madhya Pradesh and Chhattisgarh. Thereafter, our Company entered into a settlement agreement with Chattisgarh which allocated a portion of the liabilities outstanding under our existing loans to the MPSEB and the rest to Chattisgarh State Electricity Board ("CSEB") in a manner that all the concerned parties believed was consistent with the Reorganisation Act. In accordance with the provisions of the settlement agreement, our Company received payment of full amount due from the Chattisgarh SEB. However, the Central Government vide the impugned notification allocated a greater portion of liabilities to MPSEB than what was provided under the settlement agreement. The Government of Madhya Pradesh has challenged this subsequent allocation of liabilities vide the notification. If Government of Madhya Pradesh's challenge is unsuccessful, the CSEB will be entitled to a refund of a portion of its payment to our Company totalling ₹ 1,600 million under the settlement agreement.

II. Proceedings initiated against our Company for economic offences.

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

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

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

IV. Potential Litigation against our Company

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

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

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

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

There are no outstanding dues above ₹ 0.10 million to small scale undertaking(s) or any other creditors

by our Company, for more than 30 days.

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

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

MATERIAL DEVELOPMENTS POST SEPTEMBER 30, 2011

Interim Dividend

The Company has declared interim dividend of ₹ 5 per equity share for the financial year 2011-12 with total payout of Rs. 4,937.30 million plus dividend tax payable thereon, out of the profit of the Company for the half year ended September 30, 2011 on 98,74,59,000 fully paid up equity shares in the meeting of the Board of Directors held on January 25, 2012 and the same was paid on February 7, 2012.

Change of Accounting Policies with respect to accounting treatment of foreign currency translation differences.

The Company has changed its Accounting Policies with effect from April 1, 2011 with respect to accounting treatment of foreign currency translation differences in accordance with para 46 A of AS 11 'the effects of changes in foreign exchange rates' and has opted for amortising the foreign exchange fluctuation loss/(gain) on the long term foreign currency monetary items over the balance period of such items. Due to such change in Accounting Policy, the profit before tax for the quarter and nine months ended December 31, 2011 is higher by Rs. 1976.50 million.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and the current business activities of our Company in India and no further major approvals from any governmental or regulatory authority or any other entity in India are required to undertake this Issue or continue the business activities of our Company except such as will be applied for by us in due course. Unless otherwise stated, these approvals are all valid as on the date of this Prospectus. For further details in connection with the regulatory and legal framework within which we operate in India, see the section titled “**Regulations and Policies**” on page 156.

A. Approvals for the Issue

The Board of Directors, at their meetings held on January 25, 2012 and February 16, 2012 have approved the Issue.

Our Board approved the Draft Prospectus, pursuant to its resolutions dated February 16, 2012.

Our Board approved this Prospectus, pursuant to its resolutions dated March 2, 2012.

Notification No. 07/2012/F.No.178/56/2011 – (ITA.1) dated February 14, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.

For further details regarding the requirement for the said approval and other ancillary matters in this regard, see the sections titled “**Regulations and Policies**” on page 156.

B. Approvals for our initial public offering

Our Company had made an IPO of up to 156,120,000 Equity Shares for cash at a price of ₹ 105 per Equity Share (including a premium of ₹ 95 per Equity Share) aggregating to ₹ 16,392.60 million through a prospectus dated February 28, 2008. We had received the following significant government and other approvals in relation to our IPO.

Description	Reference No.	Date of Issue
Approval from the RBI for the offer for sale of 78,060,000 Equity Shares by our Promoter in the IPO, and transfer of such shares in favour of FIIs, NRIs, FVCIs, multilateral and bilateral development institutions on a repatriation basis	FE.CO.FID/10094/10.78.000/2007-08	October 31, 2007
Approval from the FIPB for the IPO and clarifying that the activities of our Company fall within the category of “leasing and finance” of an NBFC, thereby being eligible for FDI up to 100% under the ‘automatic route’	FC.II 198(2007)/259(2007)	October 5, 2007
Letter issued by the MoP approving the offer for sale of 78,060,000 Equity Shares by our Promoter in the IPO	44/12/06-RE	March 8, 2007
Letter issued by the MoP approving the IPO of 156.00 million Equity Shares constituting 20% of the pre-IPO paid up capital of our Company	44/12/2006-RE	December 1, 2006

C. Approval for our further public offer

The MoP, through its letter no. 44/20/2009- RE dated November 9, 2009 granted approval for this Issue.

The MoP, through its letter no. 44/20/2009- RE dated November 30, 2009, granted approval for disinvestment of 42,933,000 Equity Shares (i.e., 5% of the existing paid up share capital of our Company) through the Offer for Sale in this Issue.

The MoP, through letter no. 44/20/2009- RE dated November 30, 2009 granted approval for lock-in of 20% of the fully diluted post-Issue paid up Equity Share capital of our Company for three years from the date of Allotment and lock-in of balance pre Issue share capital of our Company (excluding such Equity Shares forming part of the Offer for Sale) for a period of one year from the date of Allotment.

The RBI, pursuant to its letter (FE.CO.FID. No. 17056/10.21.073/2009-10) dated January 1, 2010, accorded its 'no-objection' for (a) the issuance of Equity Shares forming part of the Fresh Issue to eligible non-residents, subject to, *inter alia*, the terms and conditions of Schedule I to notification no. FEMA 20/2000-RB dated May 3, 2000, as amended, and (b) transfer of Equity Shares forming part of the Offer for Sale.

D. Approvals for our business

We have received the following significant government and other approvals pertaining to our business:

I. Certificate of Registration under the Reserve Bank of India Act, 1934

Description	Reference No.	Date of Issue	Date of Expiry
Registration under Section 45 IA of the RBI Act to commence business of a non-banking financial institution*	14.000011	February 10, 1998	Not applicable

* The issuance and validity of the certificate is subject to the conditions mentioned below:

- The certificate of registration has been issued to our Company, is subject to our Company's continued adherence to all the conditions and parameters stipulated under Chapter-III B of the RBI Act.
- Our Company shall be required to comply with all the requirements of the directions, guidelines/ instructions etc. issued by the RBI and as applicable to us.
- If our Company desires to indicate directly or indirectly in any advertisement, etc. that our Company is having a certificate of registration issued by the RBI, such advertisement should invariably contain a statement as under:

"The Company is having a valid certificate of registration dated February 10, 1998 issued by the RBI under Section 45 IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/discharge of liabilities by the Company."

- Our Company must not accept any public deposit for the time being. After our Company has been in operation for a period of two years, if we intend to raise public deposits, we may approach the RBI with the audited balance sheets for two years and a credit rating for fixed deposits from one of the recognised rating agencies. Our Company will accept public deposits only after obtaining specific approval from the RBI.

II. Approvals in relation to our borrowings

II.A Approval for foreign currency borrowings

Description*	Reference No.	Date of Issue	Date of Expiry and terms, if any
Approval from the President of India, acting through the MoP for seeking a loan assistance of EURO 70 million from KfW	No. 44/34/2005-RE	March 13, 2009	Not applicable
Approval from the President of India, acting through the MoP for signing the	No. 44/34/2005-RE	April 11, 2008	Not applicable

Description*	Reference No.	Date of Issue	Date of Expiry and terms, if any
loan agreement between Japan International Cooperation Agency and our Company for a loan facility of up to JPY 21,000 million			
Approval from the President of India, acting through the MoP for signing the loan agreement with KfW for a loan up to EURO 70 million	No. 44/34/2006-RE	April 20, 2006	Not applicable
Approval from the President of India, acting through the MoP for signing the loan agreement between Japan International Cooperation Agency and our Company for a loan facility of JPY 20,629 million	No. 44/34/2006-RE	March 30, 2006	Not applicable
Approval from RBI for raising external commercial borrowings of USD 200 million by our Company	FED.CO.ECBD.1646 2/03.02.766/2006-2007	January 24, 2007	Drawl of the borrowings was to be made within three months from the date of issue of approval
Approval of the President of India, acting through the MoP for raising external commercial borrowings of USD 200 million by our Company, subject to the approval of RBI	No. 44/34/2005-RE	January 16, 2007	Not applicable
Approval from RBI for raising external commercial borrowings of USD 400 million by our Company	FED.CO.ECBD.273/ 03.02.766/2010-11	July 2, 2010	Drawl of the borrowings was to be made within three months from the date of issue of approval
Approval of the President of India, acting through the MoP for raising external commercial borrowings of USD 500 million by our Company, subject to the approval of RBI	No. 44/34/2007-5RE	July 16, 2010	Not applicable
Approval from RBI for raising external commercial borrowings of USD 70 million by our Company	FED.CO.ECBD./03.0 2.766/2010-11	September 28 2010	Drawl of the borrowings was to be made within three months from the date of issue of approval
Approval from RBI for raising external commercial borrowings of USD 500 million by our Company	FED.CO.ECBD.6976 /03.02.766/2010-11 further amended vde letter dated November 29, 2010 and January 4, 2011	September 17, 2010	Approval is valid upto March 31, 2011
Approval of the President of India, acting through the MoP for raising external commercial borrowings of USD 750 million by our Company, subject to the approval of RBI	No. 44/34/2007-RE	November 9, 2010	Not applicable
Approval from RBI for raising external commercial borrowings of USD 100 million by our Company	FED.CO.ECBD/03.0 2.766/2010-11	Marhc 15, 2011	Drawl of the borrowings was to be made within three months from the date of issue of

Description*	Reference No.	Date of Issue	Date of Expiry and terms, if any
Approval from RBI for raising external commercial borrowings of USD 100 million by our Company	FED.CO.ECBD/273/03.02.766/2010-11	Marhc 15, 2011	approval Drawl of the borrowings was to be made within three months from the date of issue of approval
Approval from RBI for raising external commercial borrowings of USD 300 million by our Company	FED.CO.ECBD/03.02.766/2010-11	July 13, 2011	Drawl of the borrowings was to be made within three months from the date of issue of approval
Approval of the President of India, acting through the MoP for raising external commercial borrowings of USD 750 million by our Company, subject to the approval of RBI	No. 44/34/2007-RE	July 7, 2011	Not applicable

* For further details in relation to the borrowings, see the section titled “**Financial Indebtedness**” on page 193.

II.B Approvals in relation to our Secured Tax Free Bonds

Description*	Reference No.	Date of Issue	Date of Expiry
Approval from the CBDT under Section 10(15)(iv)(h) of the IT Act of ₹ 500 million by issuing Secured Non-Convertible Priority Sector Tax Free Bonds - 2011 (53 rd Series) during the Fiscal 2001	199/ 2004/ F.No. 178/6/2003-ITA.I	July 16, 2004	Not applicable
Approval from the CBDT under Section 10(15)(iv)(h) of the IT Act for raising ₹ 750 million by issuing Secured Non-Convertible Redeemable Bonds - 2010 (41st Series) during the Fiscal 2000	125/ 2001/F.No.178/79/2000-ITA.I	May 11, 2001	Not applicable

* For further details in relation to the borrowings, see the section titled “**Financial Indebtedness**” on page 193.

II.C Approvals in relation to capital gains tax exemption bonds under section 54EC of the IT Act

Description*	Reference No.	Date of Issue	Date of Expiry
Exemptions on long term Capital Gains for money invested in the Capital Gains Tax Exemptions Bonds of Rural Electrification Corporation upto an amount of ₹ 5 .million	Section 54EC of the Income Tax Act, 1961	1 April 2007	Not applicable
Approval from CBDT (pursuant to a notification bearing reference no. 380/2006) imposing a cap of ₹ 5.00 million on individual investments in relation to bonds, for a total amount of ₹ 35,000 million issued by our Company during the period from December 26, 2006 to March 31, 2007, for the purposes of exemption from	F.No. 142/09/2006-TPL	December 22, 2006	Not applicable

Description*	Reference No.	Date of Issue	Date of Expiry
capital gains tax under Section 54 EC of the IT Act			
Approval from CBDT, as contained in notification S.O. 964(E) dated June 29, 2006, for investment in certain specified long term specified assets, including bonds issued by our Company to be issued during the Fiscal 2007 (from July 1, 2006) for a total amount of ₹ 45,000 million, for the purposes of exemption from capital gains tax under Section 54 EC of the IT Act	F. No. 142/09/2006-TPL	June 30, 2006	Not applicable

* For further details in relation to the borrowings, see the section titled “**Financial Indebtedness**” on page 193.

II.D Approvals in relation to our Infrastructure Bonds

Description*	Reference No.	Date of Issue	Date of Expiry
Approval from the Ministry of Finance (Department of Revenue (CBDT)) vide notification dated September, 9 2011	Notification No. 50/2011/F. No. 178/43/2011-SO (ITA. 1)	September, 9 2011	March 31, 2012
Approval from the Ministry of Finance (Department of Revenue (CBDT)) vide notification dated July 9, 2010	Notification No. 48/2010/F. No. 149/84/2010-SO (TPL)	July 9, 2010	March 31, 2011

* For further details in relation to the borrowings, see the section titled “**Financial Indebtedness**” on page 193.

II.E Approvals in relation to our Government Guaranteed Bonds

Description*	Reference No.	Date of Issue	Date of Expiry
Approval from the President of India, acting through the then MoP and Non Conventional Energy Sources for the issue of bonds aggregating ₹ 530 million during the Fiscal 1992 (SLR Bond XXIII)	No. 44/36/91-D (RE)	February 3, 1992	Not applicable
Approval from the President of India, acting through the Ministry of Energy, GoI for the issue of bonds aggregating ₹ 490 million during the Fiscal 1991 (SLR Bond XXII)	No. 44/32/90-D(RE)	January 9, 1991	Not applicable
Approval from the President of India, acting through the Ministry of Energy, GoI, for the issue of bonds aggregating ₹ 690.8 million during the financial year 1989-1990 (SLR Bond XXI)	No. 44/35/89-D (RE)	December 27, 1989	Not applicable

* For further details in relation to the borrowings, see the section titled “**Financial Indebtedness**” on page 193.

III. Taxation related approvals

III.A Tax Deduction Account Numbers (“TAN”)

Description	TAN	Date of Issue	Date of Expiry
TAN allotted by the IT Department under Section 203A/206C of the IT Act for our project office at Patna, Bihar	PTNR00268C	May 15, 2007	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Jaipur, Rajasthan	JPRR00529E	November 24, 2006	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Lucknow, Uttar Pradesh	LKNR01195F	June 22, 2005	Not applicable
TAN allotted by the Sales Tax Department to our Company's office in Delhi, in lieu of the Delhi Sales Tax Act, 1975, being repealed and substituted by the Delhi Value Added Tax Act, 2004	07703000685	February 7, 2005	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Shillong, Meghalaya	SHLR00440G	October 9, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at, Thiruvananthapuram, Kerala	TVDR00170C	September 2, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Bhubaneswar, Orissa	BBNR00419G	August 18, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Shimla, Himachal Pradesh.	PTLR11613A	July 29, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Jammu, Jammu & Kashmir	AMRR10743F	July 22, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Nariman Point, Mumbai, Maharashtra	MUMR15382D	June 23, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Bangalore, Karnataka	BLRR00163C	June 21, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Mylapore, Chennai	CHER00334F	May 31, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for separate departments in our corporate office at New Delhi	DEL09696B	July 26, 2004	Not applicable
	DEL09105F	June 19, 2004	Not applicable
	DELM09242C	May 8, 2004	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Chandigarh, Haryana	PTLR10994E	September 17, 2003	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Guwahati, Assam	SHLP00145F	August 7, 2003	Not applicable
TAN allotted by the IT Department under section 203A of the IT Act for CIRE, situated at Hyderabad, Andhra Pradesh	HYDCO1248C	July 29, 2003	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Kolkata, West Bengal	CALR04065F	July 3, 2003	Not applicable
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Jabalpur, Madhya Pradesh	JBPR00391G	July 2, 2002	Not applicable
TAN allotted by the IT Department under	BRDR00331C	June 12, 2002	Not applicable

Description	TAN	Date of Issue	Date of Expiry
Section 203A of the IT Act for our project office at Vadodara, Gujarat			
TAN allotted by the IT Department under Section 203A of the IT Act for our project office at Hyderabad, Andhra Pradesh	HYDR00516F	February 14, 2001	Not applicable

III.B Permanent Account Number (“PAN”)

Description	PAN	Date of Issue	Date of Expiry
PAN allotted to our Company by the IT ‘PAN Services Unit’, IT Department	AAACR4512R	July 25, 1969	Not applicable
PAN allotted to CIRE, situated at Hyderabad, by the IT ‘PAN Services Unit’, IT Department	AADFC6047L	July 25, 1969	Not applicable

III.C Service Tax Registration

Description	Service Tax Code No.	Date of Issue	Date of Expiry
Office of the Commissioner of Customs & Central Excise, Service Tax Cell, has allotted a service tax code to CIRE, situated at Shivarampally, Andhra Pradesh at location code no. 920100	AADFC6047LST 001	January 11, 2007	Not applicable
Office of the Deputy/Assistant Commissioner, Service Tax, New Delhi has allotted a service tax code to our Corporate Office situated at Core-IV, SCOPE Complex, 7, Lodhi Road, New Delhi at location code no.041610	AAACR4512RST 001	January 28, 2008	Not applicable

III.D Sales Tax Registrations

Description	Reference No.	Date of Issue	Date of Expiry
Certificate of registration allotted under the Gujarat Sales Tax Act, 1969 to our project office situated at Vadodara, Gujarat.	40181712	December 4, 1993 with effect from December 2, 1993	Not applicable
Certificate of registration allotted under the Central Sales Tax (Registration and Turn Over) Rules, 1957 registering our Company as a ‘trader’ in Gujarat in accordance with Sections 7(1) and 7(2) of Central Sales Tax Act, 1956.	Gujarat 8 e-5860 (central)	December 4, 1993 with effect from December 2, 1993	Till cancelled

III.E Provident Fund Registrations

Description	Reference No.	Date of Issue	Date of Expiry
Notification issued by the GoI, in the Gazette of India, in Part II, Section 3 (ii) thereof, directing that the provisions of the Provident Funds Act, 1925 shall apply to the contributory provident fund, for the benefit of the employees of our Company	F.NP.48 (27)/ 75-P-E	March 27, 1976	Not applicable
Notification issued by the GoI in the Gazette of India, in Part II, Section 3 (ii) thereof, directing that the schedule to the Provident Funds Act, 1925 shall contain the name of our Company along with the existing entries therein	F.No.48(27)(75-PF)	March 24, 1976	Not applicable
Recognition of contributory provident fund	Order No. 1 of	August 3, 1973,	Not applicable

Description	Reference No.	Date of Issue	Date of Expiry
accorded to our Company by the Commissioner of IT under Rule 3 (1) of Part A, Fourth Schedule, IT Act, 1961	1973-1974	with effect from March 31, 1971	

IV. Registrations under the local 'Shops and Establishments' laws

Description	Reference No.	Date of Issue	Date of Expiry
Renewed registration certificate issued by the office of Labour Commissioner, for our Company's project office in Panchkula, under the Haryana Shops and Commercial Establishments Act, 1958	PKL/07/09/955	October 1, 2009	March 31, 2012
Renewed registration certificate issued by the office of Labour Commissioner, for our Company's project office in Trivandrum, under the Kerela Shops and Commercial Establishments Act, 1960	D14/781/III	February 06, 2012	December 31, 2012
Renewed registration certificate issued by the office of Inspector, for our Company's project office in Jammu under the Jammu and Kashmir Shops and Establishments Act, 1966	JC/III/12738	March 31, 2009	March 31, 2012
Renewed registration certificate issued by the office of Labour Commissioner, for our Company's project office in Guwahati, under the Assam Shops and Commercial Establishments Act, 1971	SEA/CE/05?807	January 03, 2011	December 31, 2012
Renewed registration certificate issued by the office of Inspector, for our Company's office in Bhubaneshwar, under the Orrisa Shops and Commercial Establishments Act, 1958	II-84	January 30, 2012	December 31, 2012
Renewed registration certificate issued by the office of Inspector, for our Company's office in Mumbai, under the Bombay Shops and Establishments Act, 1948	760007484/Commercial II	December 18, 2009	December 31, 2012
Letter from the office of Inspector, Shops and Establishments Branch, Vadodra that establishments of our Company are exempt from the provisions of the Bombay Shops and Establishments Act, 1948	37/07-08	May 8, 2007	Not applicable
Registration certificate issued by the office of Inspector, for our Company's project office in Kolkata under the West Bengal Shops and Establishments Act, 1963	P-II/44501	February 07, 2012	June 11, 2014
Renewal of registration certificate from the office of Inspector, for our Company's Projekat Office in Lucknow under the Uttar Pradesh Shops and Establishments Act, 1962	I.G.1366	December 31, 2009	March 31, 2014
Registration certificate issued by the office of Inspector, for our Company's project office in Bangalore under the Karnataka Shops and Commercial Establishments Act, 1961	81/CE/831	December 26, 2007	December 31, 2012
Letter from the office of Labour Commissioner, Meghalaya, Shillong that establishments of our Company are exempt from the provisions of the Meghalaya Shops and Establishments Act, 2003	MLSE-2/2005/907	May 16, 2007	Not applicable
Registration certificate issued by the office of	SH/160/R 9-C/Page	May 12, 2007	Valid until

Description	Reference No.	Date of Issue	Date of Expiry
Labour Commissioner, for our Company's project office in Jaipur under the Rajasthan Shops and Commercial Establishments Act, 1958	19/2007		cancelled
Letter from the office of Labour Commissioner, Chennai that establishments of our Company do not require to be registered under the provisions of the Tamil Nadu Shops and Establishments Act, 1947	R.C.S2/24682/07	May 4, 2007	Not applicable
Registration certificate issued by Inspector, Shops and Commercial Establishment for our Company's project office in Shimla under the office of Himachal Pradesh Shops and Commercial Establishment Act, 1969	SMI/CE/210/2010	January 16, 2010	December 31, 2014
Letter issued by the office of Inspector, for our Company's project office in Patna that establishments of our Company do not require to be registered under the provisions of the Bihar Shops and Establishment Act, 1953	REC/PO/PAT/IPO/59	January 22, 2008	Not applicable
Letter from the office of Municipal Corporation, Shimla that establishments of our Company need not take shop or office license Himachal Pradesh Shops & Establishment Act, 1969 since no activity of business i.e. sale of any product is being undertaken by them	SMI/CE/210/2010	January 16, 2010	December 31, 2014
Registration certificate from the office of Inspector, for our Company's project office in Ranchi under the Jharkhand Shops and Establishments Act, 1953	R.N./27491 /DORANDA/ Ranchi/62	November 17, 2009	December 31, 2010

Approvals Applied for but not yet received:

1. An application dated February 06, 2012 has been filed with the Labour Commissioner, Bhopal for grant of exemption from registration under the Madhya Pradesh Shops and Establishments Act in respect of the premises situated in Bhopal.
2. An application dated February 06, 2012 has been filed with the Assistant Labour Commissioner, Dehradun for grant of registration under the Uttaranchal Shops and Establishments Act for sub-office situated in Dehradun.
3. An application dated February 06, 2012 has been filed with the Labour Commissioner, Raipur for grant of registration under the Chattisgarh Shops and Establishments Act.

V. Miscellaneous Registrations

Description	Reference No.	Date of Issue	Date of Expiry
Appointment of REC Transmission Projects Company Limited as the 'Bid-Process Coordinator for Transmission Project' for transmission system associated with Krishnapattanam UMPP- Synchronous interconnection between SR and WR (Part-B)	D.L.-33004/99	July 1, 2009	Not applicable
Certificate of registration under sub-Section (2) of Section 5 of the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	E 357403471	May 31, 1995	Not applicable
Certificate of registration under sub-Section (1) of Section 5 of the Gujarat State Tax on	R 357039425	May 31, 1995	Not applicable

Description	Reference No.	Date of Issue	Date of Expiry
Professions, Trades, Callings and Employments Act, 1976			
Approval accorded to our Company's gratuity fund by the Commissioner of IT under Rule 2 (1) of Part C of the Fourth Schedule of the IT Act.	'Order No.' 5 of 1978-79	August 2, 1978	Not applicable

Certifications pertaining to quality standard

Det Norske Veritas Certification B.V. has issued the following certifications in relation to the quality standards of our Company concerning activities related to the claim processing functions in respect of loans to power projects for rural and urban electrification in India including implementation of GoI schemes, which have been found to conform to the quality management system standard ISO 9001:2008.

Description	Certificate No.	Date of Issue	Date of Expiry*
Certificate stating that our project office at Bay No. 7-8, Sector 2, Panhckula 134 112, Haryana,	47083-1-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at "SRADDHA", MG Road, Guwahati 781 005, Assam	47083-2-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at "Maurya Lok" Complex, Block C, 4th Floor, New DAK Bungalow Road, Patna 800 001, Bihar	47083-3-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at Rindee Oil Jawai Road, Lachumire, Shillong 793 001, India	47083-4-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at Pt. Padamdev Commercial Complex, Phase II, First Floor, The Ridge, Shimla 171 001, Himachal Pradesh	47083-5-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at 157-A, Gandhi Nagar, Jammu 180 004, Jammu and Kashmir	47083-6-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at Deen Dayal Bhavan, Fifth Floor, Ashok Nagar, Janpath, Bhubaneswar, 751 009, Orissa	47083-7-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012
Certificate stating that our project office at 'O' – 5, 4th Floor, "Saphallyam", Commercial Complex, TRIDA Building, Palayam, Thiruvananthapuram 695 034	47083-8-2009-AQ-IND-RvA	February 11, 2009	February 10, 2012

* REC has applied for the renewal of the certifications. Det Norske Veritas Certification B.V. has confirmed our registration and REC is still awaiting the renewed certificates.

Moody International Certification Limited (Moody's) has issued the following certifications in relation to the quality standards of our Company in relation to sanction of loans to power projects for rural and urban electrification in India including implementation of GoI schemes and fund mobilisation, which complies with the requirements of ISO 9001:2008.

Description	Certificate No.	Date of Issue	Date of Expiry
Certificate stating that our Company at its Registered Office	IDL-0958.10/01	December 10, 2010	December 9, 2013
Certificate stating that our Company at its zonal office situated at CIRE Campus, Shivrampally Post NPA, National Highway No. 7, Hyderabad 500 052, Andhra Pradesh	IDL-0958.10/05	December 10, 2010	December 9, 2013

Description	Certificate No.	Date of Issue	Date of Expiry
Certificate stating that our Company at its project office situated at Plot No. 585, T.P. Scheme No. 2, Atma Jyoti Ashram Road, Subhanpura, Vadodara 390 023, Gujarat	IDL-0958.10/08	December 10, 2010	December 9, 2013
Certificate stating that our Company at its project office situated at 1/5 Ulsoor Road, Bangalore 560 042, Karnataka	IDL-0958.10/07	December 10, 2010	December 9, 2013
Certificate stating that our Company at its zonal office situated at 19/8, Indira Nagar Extension, Ring Road, Lucknow 226 016, Uttar Pradesh	IDL-0958.10/04	December 10, 2010	December 9, 2013
Certificate stating that our Company at its zonal office situated at Mittal Tower, 51-B, 5th Floor, Nariman Point, Mumbai 400 021, Maharashtra	IDL-0958.10/02	December 10, 2010	December 9, 2013
Certificate stating that our Company at its zonal office situated at AE Block, Premises No. 643, Sector 1, Salt Lake City, Kolkata 700 064, West Bengal	IDL-0958.10/03	December 10, 2010	December 9, 2013
Certificate stating that our Company at its project office situated at No. 12 and 13, TNHB Complex, LNZ Church Road, 180 (Luz Corner), Mylapore, Chennai, Tamil Nadu	IDL-0958.10/09	December 10, 2010	December 9, 2013
Certificate stating that our Company at its project office situated at J-4-A, Jhalana Dungari, Institutional Area, Jaipur, 302 004, Rajasthan	IDL-0958.10/10	December 10, 2010	December 9, 2013
Certificate stating that our Company at its zonal office situated at J.D.A Building, Madan Mahal, Nagpur Road, Jabalpur 482 001, Madhya Pradesh*	IDL-0958.10/06	December 10, 2010	December 9, 2013
Certificate stating that our Company at its project office situated at A-101, 2D-109, Om Shri Enclave, Near Loyola School, Airport Road, HINOO, Ranchi - 834002	IDL-0958.10/11	December 10, 2010	December 9, 2013

*Jabalpur office has been shifted to Bhopal

BSI has issued certificate of registration for Information Security Management System– ISO/IEC 27001:2005 in relation to the management of Information Security at REC applies to the Data Centre located at Noida and the support functions comprising IT, Administration, HR, Legal and Finance from its Corporate office in Delhi. The certificate has been issued on March 12, 2011 and is valid upto March 11, 2014

E. Intellectual Property Approvals

1. Approval for our “ REC” logo (English) under the Trade Marks Act, 1999 has been received on January 5, 2011 from Trademark Registry, New Delhi.
2. An application dated March 17, 2009 has been filed before the Trademark Registry, New Delhi for registration of our “ REC” logo (bilingual form) under the Trade Marks Act, 1999. The application is currently pending.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors, at their meetings held on January 25, 2012 and February 16, 2012 have approved the Issue of Tax Free Secured, Redeemable, Non-Convertible Bonds of face value of ₹ 1,000 each in the nature of Debentures, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, for an amount upto ₹ 30,000 million, subject to the provisions of the CBDT Notification.

In accordance with the terms of the CBDT Notification, the aggregate value of the Bonds (having benefits under Section 10(15)(iv)(h) of the Income Tax Act) to be issued by the Company during the Fiscal 2012 shall not exceed ₹ 30,000 million. Thus, the Company shall issue Tax Free Bonds on or prior to March 31, 2012, for the amount of ₹ 30,000 million as approved by the Board.

Eligibility to make the Issue

The Company, the persons in control of the Company or its promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Consents

Consents in writing of the Directors, the Compliance Officer, the Statutory Auditors, Bankers to the Company, Bankers to the Issue, Lead Managers, Registrar to the Issue, Legal Advisors to the Issue, Credit Rating Agencies, Consortium Members for marketing of the Issue and the Debenture Trustee for the Bondholders, to act in their respective capacities, have been obtained and shall be filed along with a copy of this Prospectus with the RoC.

The Company has appointed IL&FS Trust Company Limited as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has given its consent to the Company for its appointment under regulation 4(4) and also in all the subsequent periodical communications sent to the holders of debt securities.

Expert Opinion

Except the letters dated February 21, 2012, February 21, 2012, February 21, 2012 and February 21, 2012 issued by CRISIL, CARE, FITCH and ICRA, respectively, in respect of the credit rating for the Bonds, the Auditors' Reports on our Standalone Financial Statements for the 5 years ended March 31, 2007, 2008, 2009, 2010, 2011 and six months ended September 30, 2011 dated February 16, 2012 and Consolidated Financials Statements as on and for the years ended March 31, 2008, 2009, 2010, 2011 and six months ended September 30, 2011 dated February 16, 2012 and Statement of Tax Benefits dated February 16, 2012 issued by M/s Bansal & Co. and M/s P.K. Chopra & Co, REC has not obtained any other expert opinion.

Common Form of Transfer

The Issuer undertakes that there shall be a common form of transfer for the Bonds and the provisions of the Companies Act, 1956 and all applicable laws shall be duly complied with in respect of all transfer of bonds and registration thereof.

Minimum Subscription

Under the SEBI Debt Regulations, the Company may stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

The company has decided not to stipulate any minimum subscription for the issue.

No Reservation or Discount

There is no reservation in this Issue nor will any discount be offered in this Issue, to any category of investors.

Previous Public or Rights Issues by the Company during last five years

Our Company had made an FPO of 171,732,000 Equity Shares for cash at a price of ₹ 193 – 206 per Equity Share (including a premium of ₹ 183 - 196 per Equity Share) through alternate book building method aggregating to ₹ 35,299.42 million through a prospectus dated February 25, 2010. The said FPO comprised a fresh issue of 128,799,000 Equity Shares and an offer for sale of 42,933,000 Equity Shares by our Promoter. Further, the said FPO comprised a net issue of 171,382,000 Equity Shares to the public and a reservation of 350,000 Equity Shares for subscription by certain eligible employees. The opening date of FPO was February 19, 2010 and the closing date was February 23, 2010. Dispatch of refunds pursuant to the FPO was made on and March 6, 2010 and trading at NSE and BSE in equity shares allotted in FPO commenced on March 8, 2010.

Our Company had made an IPO of 156,120,000 Equity Shares for cash at a price of ₹ 105 per Equity Share (including a premium of ₹ 95 per Equity Share) aggregating to ₹ 16,392.60 million through a prospectus dated February 28, 2008. The said IPO comprised a fresh issue of 78,060,000 Equity Shares and an offer for sale of 78,060,000 Equity Shares by our Promoter. Further, the said IPO comprised a net issue of 152,217,000 Equity Shares to the public and a reservation of 3,903,000 Equity Shares for subscription by certain eligible employees.

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

Commission or Brokerage on Previous Issues

Our Company has incurred an aggregate amount of ₹ 386.45 million plus service tax on account of fees for underwriting and selling commission in relation to its public issues and issue of long term bonds undertaken in the previous five fiscal years.

Change in auditors of Our Company during the last three years

- **In 2009 – 10**

M/s. Bansal & Co., Chartered Accountants and M/s. K. G. Somani & Co., Chartered Accountants were appointed as the joint Statutory Auditor of our Company by the Comptroller and Auditor General of India replacing M/s. G. S. Mathur & Co., Chartered Accountants.

- **In 2011 – 12**

M/s. P. K. Chopra & Co. Chartered Accountants was appointed as one of the joint Statutory Auditor of our company by the Comptroller and Auditor General of India replacing M/s. K. G. Somani & Co., Chartered Accountants.

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Utilisation of Proceeds

The proceeds of the Issue shall be utilised towards general lending operations of the Company and other associated business objectives, to discharge existing debt obligations which were generally undertaken for business operations. With respect to interim use of proceeds, the Company intends to temporarily deploy funds in the interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities till the utilisation thereof for the purpose as aforesaid. We shall utilize the Issue proceeds only upon creation of security as stated in this Prospectus in the section titled “**Terms of the Issue – Security**” and after permission or consent for creation of security pursuant to the terms of the Debenture Trust Deed sought to be provided as Security. The Issue proceeds shall not be utilized 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. Further, the end-use of the proceeds of the Issue, duly certified by the statutory auditors of the Company, shall be reported in the annual report of our Company and other reports issued by our Company to relevant regulatory authorities, as applicable.

Statement by the Board of Directors:

- (i) All monies received out of the Issue of the Bonds to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
- (ii) Details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
- (iii) Details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous bonds issues have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN VIDE ITS LETTER DATED MARCH 1, 2012, PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A) WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

B) WARRANT THAT COMPANY'S SECURITIES WILL BE LISTED AND WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

C) TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OF OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY 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 OF FOR ANY OTHER REASON WHATSOEVER.

Listing

The Bonds are proposed to be listed on the BSE Limited, the Designated Stock Exchange for the Issue.

Dividend

The company has paid dividend of 22.67%, 30%, 45%, 65% & 75% for the financial years ended March 2007, March 2008, March 2009, March 2010 and March 2011 respectively.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer giving full details of the Applicant, number of Bonds applied for, amount paid on application and Bankers to the Issue / Designated Collection Centre / Agent to which the application was submitted.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The GoI, by virtue of power conferred upon it under item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961, has issued CBDT Notification authorising REC to issue Bonds upto an aggregate amount of ₹ 30,000 million during the financial year 2011-12.

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in “**Terms of the Issue**” on page 243 of this Prospectus.

The key common terms and conditions of the Bonds are as follows:

Particulars	Terms and Conditions
Minimum Application Size	5 Bonds (₹ 5,000)
In Multiples of	1 Bond (Rs. 1,000)
Mode of allotment[^]	Only in Dematerialised Form
Terms of Payment	Full amount on application
Trading Lot	1 Bond
Who can Apply	Category-I (QIBs, Corporates & Others)*: i) Qualified Institutional Buyers (“QIBs”) as listed out below: • Mutual Fund, • Public Financial Institution as defined in section 4A of the Companies Act, 1956; • Scheduled Commercial Bank; • Multilateral and Bilateral Development Financial Institution; • State Industrial Development Corporation; • Insurance Company registered with the Insurance Regulatory and Development Authority; • Provident Fund with minimum corpus of twenty five crore rupees; • Pension Fund with minimum corpus of twenty five crore rupees; • National Investment Fund 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; • Insurance Funds set up and managed by army, navy or air force of the Union of India • Insurance Funds set up and managed by the Department of Posts, India ii) Regional Rural Banks and Co-operative Banks, eligible to invest in the Issue iii) Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; iv) Public/private charitable/religious trusts which are authorised to invest in the Bonds;

	v) Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; vi) Partnership firms in the name of the partners; vii) Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) Category-II (High Networth Individuals): The following investors applying for an amount aggregating to above ₹ 0.10 million across all Series in the Issue: i) Resident Indian individuals; ii) Hindu Undivided Families through the Karta; Category-III (Retail Individual Investors): The following investors applying for an amount aggregating to upto and including ₹ 0.10 million across all Series in the Issue: i) Resident Indian individuals; ii) Hindu Undivided Families through the Karta;

[^] The Bonds will not be allotted in physical form.

**Note: With respect to provisions of Sub Section 3 of Section 372A of The Companies Act, 1956, it may be noted that the Reserve Bank of India has vide its notification no. Ref.No.MPD.BC.352/05.03.004/2011-12 dated February 13, 2012, increased the bank rate to 9.50 per cent per annum with effect from the close of business on February 13, 2012. Coupon rates on the Bonds have been determined in pursuance of CBDT Notification dated February 14, 2012, which provides that the rate of interest on Bonds shall not be less than fifty basis points lower than the yield on the Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the Bonds.*

Although the coupon rates offered on the Bonds are lower than the prevailing bank rate, it may be noted that since these are tax free bonds, the gross/ pre-tax yield to the investors may be higher, depending upon the applicable tax rates.

Companies other than banking companies, insurance companies and other Companies as mentioned in clause (a) sub section 8 of Section 372A may however seek independent opinion from their legal counsel about their eligibility to make an application for the Bonds.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the de-mat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

For further details, please see “**Procedure for Application**” on page 255 of this Prospectus.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of Tax Free Secured Redeemable Non Convertible Bonds of face value of ₹ 1000 each in the nature of Debentures having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, to be issued by Company in terms of this Prospectus. The Bonds shall bear a fixed rate of interest payable on an annual basis, as set out in this Prospectus.

The terms of Bonds are set out below:

Options	Bond Series 1	Bond Series 2
Tenor*	10 years	15 years
Redemption Date	At the end of 10th year from the Deemed Date of Allotment	At the end of 15th year from the Deemed Date of Allotment
Redemption Amount (₹/Bond)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date
Frequency of Interest Payment	Annual	Annual
Minimum Application Size	5 Bonds (₹ 5,000)	5 Bonds (₹ 5,000)
In Multiples of	1 Bond (Rs. 1,000)	1 Bond (Rs. 1,000)
Face Value(₹/Bond)	₹ 1,000	₹ 1,000
Issue Price(₹/Bond)	₹ 1,000	₹ 1,000
Mode of Interest Payment	Through various modes available**	Through various modes available**
Put/Call Option	None	None
Coupon Rates for Category-I, II and III Applicants (% p.a.)	7.93	8.12
Additional Coupon Rates for Category-III Applicants (% p.a.)***	0.20	0.20
Aggregate Coupon Rates for Category-III Applicants (% p.a.)***	8.13	8.32
Nature of Indebtedness and Ranking	The claims of the Bondholders shall be superior to the claims of any unsecured creditors, and shall rank pari passu with other secured creditors having a first pari passu charge on the identified immovable property(ies) of the Company and/or first pari passu charge on the book debts of the Company that are charged as security under this Issue.	
Credit Ratings	CRISIL Limited (“CRISIL”) vide its letter no. MS/FSR/REC/2011-12/1616 dated February 21, 2012, has assigned a credit rating of “CRISIL AAA/Stable” to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. 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. Credit Analysis & Research Limited (“CARE”) vide its letter dated February 21, 2012 has assigned a credit rating of “CARE AAA” to the market borrowing programme of the Company for 2011-12 aggregating ₹ 280,000 million. 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. FITCH Ratings India Private Limited (“FITCH”) vide its letter dated February 21, 2012 has assigned a credit rating of “Fitch AAA(ind)” to the	

Options	Bond Series 1	Bond Series 2
	long term borrowing programme of the Company aggregating ₹ 280,000 million. AAA national ratings denote the highest rating assigned in its national rating scale. This rating is assigned to the "best" credit risk relative to all other issuers or issues in the country. ICRA Limited ("ICRA") vide its letter no. D/RAT/2011-12/R722 dated February 21, 2012 has assigned the rating of "[ICRA]AAA" to the long term borrowing programme of the Company aggregating to ₹ 280,000 million. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The 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 should be evaluated independently of any other ratings. For further details, please refer to Appendix - II of this Prospectus, for rationale for the above ratings.	

**Our Company shall allocate and allot Bond Series 2 bearing longest maturity to all valid applications, wherein the Applicants have not indicated their choice of the relevant Bond Series.*

*** For various modes of interest payment, see "**Terms of the Issue – Modes of Payment**" on page 249 of this Prospectus*

****For further details, see "**Terms of the Issue – Interest**" on page 246 of this Prospectus.*

Terms of Payment

The entire Face Value per Bond is payable on application. In the event of Allotment of a lesser number of Bonds than applied for, the Company shall refund the amount paid on application to the Applicant, in accordance with the terms of this Prospectus.

TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Companies Act, CBDT Notification, the terms of this Prospectus, the Application Form, the terms and conditions of the Trustee Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the GoI, BSE, RBI, RoC and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1) **Authority for the Issue**

The GoI, by virtue of power conferred upon it under item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961, has issued CBDT Notification authorising REC to issue the said Bonds upto an aggregate amount of ₹ 30,000 million during the financial year 2011-12.

At the meeting of the Board, held on January 25, 2012 and February 16, 2012, the Board approved the issue of the Bonds for an amount of ₹ 15,000 million with an option to retain oversubscription upto an aggregate amount of ₹ 30,000 million in the financial year 2011-12.

2) **Issue and Status of Bonds**

- 2.1. Bonds are being issued as Tax free Secured Redeemable Non Convertible Bonds of face value of ₹ 1,000 each in the nature of Debentures having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, 1961 upto an aggregate amount of ₹ 30,000 million during the financial year 2011-12.
- 2.2. The Bonds shall be secured pursuant to a Debenture Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed. REC is issuing the Bonds in accordance with the CBDT Notification.
- 2.3. The Bonds shall be secured by way of first pari passu charge on the identified immovable property(ies) of the Company and first pari passu charge on the book debts of the Company, other than those that are exclusively charged/earmarked to ITSL and/or any other lender(s) of the Company, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed with a minimum security cover of one time of the face value of Bonds outstanding at all times.
- 2.4. The claims of the Bondholders shall be superior to the claims of any unsecured creditors, and shall rank pari passu with other secured creditors having a first pari passu charge on the identified immovable property(ies) of the Company and/or first pari passu charge on the book debts of the Company that are charged as security under this Issue.

3. **Form, Face Value, Title and Listing etc**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be only in a dematerialized form. REC has made depository arrangements with CDSL and NSDL for issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated October 16, 2007 among REC, CDSL and the Registrar to the Issue and the tripartite agreement dated November 15, 2007 among REC, NSDL and the Registrar to the Issue (collectively, “**Tripartite Agreements**”).

REC shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds allotted. The Bondholders shall deal with the Bonds in accordance with the provisions of the Depositories Act, 1996 (“**Depositories Act**”) and/or rules as notified by the Depositories from time to time.

- 3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialized form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by

the Depositories from time to time.

- 3.1.3. In case of Bonds held in physical form, on rematerialization of Bonds Allotted in dematerialized form, REC will issue one certificate for each Series of the Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a “**Consolidated Bond Certificate**”). In respect of the Consolidated Bond Certificate(s), REC will, on receipt of a request from the Bondholder within 30 days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by REC.

3.2. **Face Value**

The face value of each Bond is ₹ 1,000.

3.3. **Title**

3.3.1 In case of:

- i) Bonds held in the dematerialized form, the person for the time being appearing in the Register of beneficial owners maintained by the Depositories.
- ii) Bonds held in physical form, on rematerialization of Bonds allotted in dematerialised form, the person for the time being appearing in the Register of Bondholders maintained by REC/ Registrar

shall be treated for all purposes by REC, the Debenture Trustee, the Depositories and all other persons dealing with such persons as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

- 3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or REC or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the list of beneficial owners, Register of Bondholders maintained by the Depositories and/or REC and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with REC or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on BSE. Our Company has received an in-principle approval vide letter no. DCF/SP/PI-BOND/10/11-12 dated March 1, 2012 from the BSE for the Issue. Application will be made to the BSE for permission to deal in and for an official quotation of our Bonds. BSE has been appointed as the Designated Stock Exchange. If permissions to deal in and for an official quotation of our Bonds are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it (i.e. from the date of refusal or within seven days from the Tranche Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

3.5. **Market Lot**

- 3.5.1. The Bonds shall be allotted only in dematerialized form. As per the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in

dematerialized form, tradable lot is one Bond (“**Market Lot**”).

- 3.5.2. For details of Allotment, please refer “**Issue Related Information– Issue Structure**” beginning on page 239 of this Prospectus.

3.6. **Procedure for Rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having allotted Bonds in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

4. **Transfer of the Bonds, Issue of Consolidated Bond Certificates, etc.**

4.1. **Register of Bondholders**

REC shall maintain at its registered office or such other place as permitted by section 152A of the Companies Act, a Register of Bondholders containing such particulars of the legal owners of the Bonds held in physical form. Further, the register of beneficial owners maintained by Depositories for any Bonds in dematerialized form under Section 11 of the Depositories Act shall also be deemed to be a Register of Bondholders for this purpose.

4.2. **Transfers**

4.2.1 ***Transfer of Bonds held in dematerialized form:***

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser’s Depository Participant’s account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 ***Transfer of Bonds in physical form:***

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by REC for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to REC or to such persons as may be notified by REC from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and / or rules as notified by the Depositories from time to time.

4.3. **Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of REC, but on payment (or the giving of such indemnity as REC may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and REC being satisfied that the requirements concerning transfers of Bonds, have been complied with.

4.4 **Debenture Redemption Reserve (“DRR”)**

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, any company that intends to issue debentures shall create a DRR to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. Further, the Ministry of Company Affairs (“**MCA**”) has, through its circular dated

April 18, 2002, specified that public financial institutions shall create a DRR to the extent of 50% of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 50% of the value of Bonds issued and allotted in terms of this Prospectus, for the redemption of the Bonds. The Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilized by the Company for any purpose other than for the redemption of the Bonds.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size of 5 (five) Bonds, in any of the Series(s) or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment.

6. **Deemed Date of Allotment**

Deemed Date of Allotment shall be the date on which the Board of Directors of the Company or Bond Committee approves the Allotment of the Bonds for Issue. All benefits under the Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

7. **Subscription**

7.1 **Period of Subscription**

The Issue shall remain open for the period mentioned below:

Issue Opens on	March 6, 2012
Issue Closes on	March 12, 2012

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 15 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper. Further, Allotment shall be on first come first serve basis for each Category, with Issuer Company having the discretion to close the Issue early irrespective of whether any of the Portion(s) are fully subscribed.

7.2 **Underwriting**

The Issue is not underwritten.

7.3 **Minimum Subscription**

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise in the Issue in the offer document. In the event that an issuer does not receive the minimum subscription disclosed in the offer, all application monies received in the public issue are required to be refunded forthwith. The Company has decided not to stipulate minimum subscription amount for the Issue

8. **Interest**

8.1. **Interest**

For all the categories, the Bond Series 1 and Bond Series 2 shall carry interest at the coupon

rate of 7.93% p.a. and 8.12% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date.

However, an additional interest at the rate of 0.20% p.a. shall be payable to the allottees under Category III for the Bonds under both Bond Series 1 and Bond Series 2. Accordingly, the Bond Series 1 and Bond Series 2 allotted to Category III investors, shall carry an aggregate coupon rate of 8.13% p.a. and 8.32% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category III investors would be 8.13% p.a. and 8.32% p.a. for the Bond Series 1 and Bond Series 2 respectively.

Please note that the aforesaid additional interest of 0.20% p.a. shall only be available to the original allottees under Category III Portion under both Bond Series 1 and Bond Series 2. In case the Bonds held by the original allottees under Category III Portion are sold / transferred (except in case of transfer of Bonds to legal heir in the event of death of the original allottee), the coupon rate shall stand revised to the coupon rate applicable for allottees falling under Category –I and Category –II Portion.

Please note that for the purpose of classifying the investors into various categories, the applications will be consolidated on the basis of PAN. Consequent to such consolidation of applications, if an Applicant falls in any category other than Category III, such Applicant will not be entitled to the additional interest at the rate of 0.20% p.a. for both Bond Series 1 and Bond Series 2.

8.2. **Day Count Convention**

Interest shall be computed on an actual/actual basis on the principal outstanding on the Bonds.

8.3. **Interest on Application Money**

8.3.1. **Interest on application monies received which are used towards allotment of Bonds**

We shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, to any applicants to whom Bonds are allotted pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of banking of the application (being the date of submission of each application as duly acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 7.93% p.a. and 8.12% p.a. on Bond Series 1 and Bond Series 2 respectively for allottees under Category I and Category II Portion, and at the rate of 8.13% p.a. and 8.32% p.a. on Bond Series 1 and Bond Series 2 respectively for allottees under Category III Portion.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, the interest warrant will be dispatched along with the Letter(s) of Allotment/Allotment Advice at the sole risk of the applicant, to the sole/first applicant.

8.3.2 **Interest on application monies received which are liable to be refunded**

We shall pay interest on application money which is liable to be refunded to the applicants in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as amended, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (three) days from the date of receipt of the application (being the date of presentation of each

application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate of 5% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the Letter(s) of Refund at the sole risk of the applicant, to the sole/first applicant.

Provided that, notwithstanding anything contained hereinabove, REC shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant. Please refer to “**Rejection of Application**” at page 264 of this Prospectus.

9. **Redemption**

9.1 The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series.

9.2 **Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

9.2.1 ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds.

9.2.2 ***Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by REC/ Registrar on the Record Date fixed for the purpose of redemption. However, REC may require the Consolidated Bond Certificate(s), duly discharged by the soleholder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or REC or to such persons at such addresses as may be notified by REC from time to time. Bondholders may be requested to surrender the Consolidated Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

10. **Payments**

10.1 **Payment of Interest on Bonds**

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or REC and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2 **Record Date**

The record date for the payment of interest or the Maturity Amount shall be 15 days prior to the date on which such amount is due and payable (“**Record Date**”). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption.

10.3 **Effect of holidays on payments**

If the date of interest payment or redemption falls on a Saturday, Sunday or a public holiday in Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day will be considered as the effective date.

In case the date of payment of interest or principal or any date specified falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue.

- 10.4. Whilst REC will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, REC proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or REC and/or the Registrar to the Issue, as the case may be as, on the Record Date. In the case of payment on maturity being made on surrender of the Consolidated Bond Certificate(s), REC will make payments or issue payment instructions to the Bondholders within 30 days from the date of receipt of the duly discharged Consolidated Bond Certificate(s). REC shall pay interest in accordance with the applicable laws over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after REC becomes liable to pay such amounts.
- 10.5 REC's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date and on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, REC will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. Manner and Mode of Payment

11.1 Manner of Payment:

All payments to be made by REC to the Bondholders shall be made in any of the following manners:

11.1.1 For Bonds applied or held in electronic form:

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor REC shall have any responsibility and undertake any liability for such delays on part of the investors.

11.1.2 For Bonds held in physical form

The bank details will be obtained from the Registrar to the Issue for effecting payments.

11.2 Modes of Payment

All payments to be made by REC to the Bondholders shall be made through any of the following modes:

11.2.1 Direct Credit

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by REC.

11.2.2 NECS

Through NECS for Applicants having an account at any of the centers notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf, from the Depositories.

REC shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as REC has initiated the process in time.

11.2.3 **Real Time Gross Settlement (“RTGS”)**

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds ₹ 2.00 lacs shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (“**IFSC**”). Charges, if any, levied by the Refund Bank for the same would be borne by us. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.

11.2.4 **National Electronic Fund Transfer (“NEFT”)**

Payment of refund shall be undertaken through NEFT wherever the Applicants’ bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

11.2.5 **Cheques or Demand drafts**

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by REC and/or as provided by the Depositories. All Cheques or demand drafts as the case may be, shall be sent by registered/speed post at the Bondholder’s sole risk.

11.3 **Printing of Bank Particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant’s bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to bonds applied for and held in dematerialised mode, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Special Tax Benefit**

For the details of tax benefits, please refer to chapter “**Statement of Tax Benefits**” on page 112 in this Prospectus.

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income.

For further details, please refer to chapter **“Statement of Tax Benefits”** on page 112 in this Prospectus.

14. **Security**

The Bonds issued by the Company will be secured by way of first pari passu charge on the identified immovable property(ies) of the Company and first pari passu charge on the book debts of the Company, other than those that are exclusively charged/earmarked to ITSL and/or any other lender(s) of the Company, as may be agreed between the Company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed with a minimum security cover of one time of the face value of Bonds outstanding at all times.

15. **Events of Default**

15.1 The Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to REC specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice *inter alia* if any of the events listed in 15.2 below occur.

15.2 The complete list of events of default shall be as specified in the Debenture Trust Deed.

15.3 The early redemption amount payable on the occurrence of an Event of Default shall be as detailed in the Debenture Trust Deed.

15.4 If an Event of Default occurs which is continuing, the Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Debenture Trust Deed, and with a prior written notice to REC, take action in terms of the Debenture Trust Deed.

15.5 In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, REC shall also pay interest on the defaulted amounts.

16. **Bondholder's Rights, Nomination Etc.**

16.1 **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

- a) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of the Company including the right to receive notices or annual reports of, or to attend and / or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, such resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders shall be entitled to a copy of the balance sheet on a specific request made to the Company.
- b) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned 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 governing the Bonds, if modification, variation or abrogation is not acceptable to REC.
- c) The registered Bondholder or in case of joint-holders, the person whose name

stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

- d) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. REC shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of this Prospectus and Debenture Trust Deed to be executed by REC with the Trustee.

Special Resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

16.3 Succession

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for REC to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on REC to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, REC will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Board of Directors of REC in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.4 Nomination Facility to Bondholder

16.4.1 The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he were the registered holder of the Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at REC's administrative office or at such other addresses as may be notified by REC.

16.4.2 The Bondholders are advised to provide the specimen signature of the nominee to REC to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature

of the nominee is purely optional.

16.4.3 Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by REC's Board, as the case may be, elect either:

- (a) to register himself or herself as the holder of the Bonds; or
- (b) to make such transfer of the Bonds, as the deceased holder could have made.

16.4.4 Notwithstanding anything stated above, since the Issue will be made only in dematerialised mode, Applicants need not make a separate nomination with REC. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant.

16.4.5 Further, the Company's Board or committee of Directors, as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, the Company's Board or committee of Directors, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

17. **Trustee**

17.1 REC has appointed IL&FS Trust Company Limited to act as the Trustee for the Bondholders. REC shall enter into a Debenture Trust Deed with the Trustee, the terms of which will govern the appointment and functioning of the Trustee and shall specify the powers, authorities and obligations of the Trustee. Under the terms of the Debenture Trust Deed, REC will covenant with the Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified in this Prospectus.

17.2 The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by REC to the Trustee on behalf of the Bondholders shall discharge REC *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against REC unless the Trustee, having become so bound to proceed, failed to do so.

17.3 The Trustee will 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 they will take necessary action at REC's cost. Further, the Trustee shall ensure that the assets of REC are sufficient to discharge the principal amount at all time under this Issue.

18. **Miscellaneous**

18.1 **Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans.

18.2 **Lien**

REC shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to REC.

18.3 **Lien on Pledge of Bonds**

Subject to applicable laws, REC, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

18.4 **Joint-holders**

Where two or more persons are holders of any Bond (s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

18.5 **Sharing of Information**

REC may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with REC, its SPVs and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither REC nor its SPVs and affiliates nor their agents shall be liable for use of the aforesaid information.

18.6 **Notices**

All notices to the Bondholders required to be given by REC or the Trustee shall be published in one national daily newspaper having wide circulation and/or, will be sent by post/courier to the registered Bondholders from time to time.

18.7 **Issue of Duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by REC against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity/security and/or documents as we may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8 **Future Borrowings**

REC shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever, subject to applicable consent, approvals or permission that may be required under any statutory/regulatory/contractual requirement and to change its capital structure including through the issue of shares of any class, on such terms and conditions as REC may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Trustee in this connection.

18.9 **Jurisdiction**

The Bonds, the Debenture Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue the Courts of New Delhi, India shall have exclusive jurisdiction.

PROCEDURE FOR APPLICATION

REC and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that their Application does not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Prospectus.

Availability of Prospectus and Application Forms

The abridged prospectus containing salient features of this Prospectus together with Application Forms and copies of the Prospectus may be obtained from our Registered Office and Corporate Office, Lead Managers to the Issue, Consortium Members for marketing of the Issue, the Registrar to the Issue, as mentioned on the Application Form.

Abridged prospectus can also be downloaded from the respective websites of Consortium Member for marketing of the Issue: A. K. Stockmart Private Limited (website: www.akcapindia.com), Kotak Securities Limited (website: www.kotaksecurities.com), RR Equity Brokers (P) Limited (website: www.rrfinance.com) and SBICAP Securities Limited (www.sbicapsec.com). The abridged prospectus may also be available for download from the respective websites of sub consortium members.

In addition, Application Forms would also be made available to BSE where listing of the Bonds is sought.

We may provide Application Forms for being filled and downloaded at such other websites as we may deem fit.

WHO CAN APPLY

The following categories of persons are eligible to apply in the Issue:

Category-I (QIBs, Corporates & Others)*:

- i) **Qualified Institutional Buyers (“QIBs”)** as listed out below:
 - Mutual Fund,
 - Public Financial Institution as defined in section 4A of the Companies Act, 1956;
 - Scheduled Commercial Bank;
 - Multilateral and Bilateral Development Financial Institution;
 - State Industrial Development Corporation;
 - Insurance Company registered with the Insurance Regulatory and Development Authority;
 - Provident Fund with minimum corpus of twenty five crore rupees;
 - Pension Fund with minimum corpus of twenty five crore rupees;
 - National Investment Fund 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;
 - Insurance Funds set up and managed by army, navy or air force of the Union of India
 - Insurance Funds set up and managed by the Department of Posts, India
- ii) Regional Rural Banks and Co-operative Banks, eligible to invest in the Issue
- iii) Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds;
- iii) Public/private charitable/religious trusts which are authorised to invest in the Bonds;
- iv) Scientific and/or industrial research organisations, which are authorised to invest in the Bonds;
- v) Partnership firms in the name of the partners;
- vi) Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

**Note: With respect to provisions of Sub Section 3 of Section 372A of The Companies Act, 1956, it may be noted that the Reserve Bank of India has vide its notification no. Ref.No.MPD.BC.352/05.03.004/2011-12 dated February 13, 2012, increased the bank rate to 9.50 per cent per annum with effect from the close of business on February 13, 2012. Coupon rates on the Bonds have been determined in pursuance of CBDT Notification dated February 14, 2012, which provides that the rate of interest on Bonds shall not be less than fifty basis points lower than the yield on the Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the Bonds.*

Although the coupon rates offered on the Bonds are lower than the prevailing bank rate, it may be noted that since these are tax free bonds, the gross/ pre-tax yield to the investors may be higher, depending upon the applicable tax rates.

Companies other than banking companies, insurance companies and other Companies as mentioned in clause (a) sub section 8 of Section 372A may however seek independent opinion from their legal counsel about their eligibility to make an application for the Bonds.

Category-II (High Networth Individuals):

The following investors applying for an amount aggregating to above ₹ 0.1 million across all Series in the Issue:

- i) Resident Indian individuals;
- ii) Hindu Undivided Families through the Karta;

Category-III (Retail Individual Investors):

The following investors applying for an amount aggregating to upto and including ₹ 0.1 million across all Series in the Issue:

- Resident Indian individuals;
- Hindu Undivided Families through the Karta

Note: Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/ or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The Lead Managers, their associates and affiliates are permitted to subscribe in the Issue.

In pursuance of circular no. CIR /IMD/DF/22/2011 dated December 26, 2011 by the Securities and Exchange Board of India, it is strictly advised that the Lead Managers, their broking affiliates, or any other person connected with distribution of the Issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application for allotment of Bonds offered in terms of this Prospectus. However, they may pay fees or commission for services rendered in relation to the Issue.

The information below is given for the benefit of the investors. REC, the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

Applications cannot be made by:

- a) Minors without a guardian name;
- b) Foreign nationals;
- c) Persons resident outside India including NRIs;
- d) Overseas Corporate Bodies
- e) FIIs

Applications by Public Financial Institutions, Statutory Corporations, which are authorized to invest in the Bonds

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Applications by Mutual Funds

In terms of the SEBI (Mutual Funds) Regulations, 1996, as amended, no mutual fund scheme is allowed to invest more than 15% of its net asset value (the “NAV”) in debt instruments issued by a single company, which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company (the “AMC”).

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. The Applications must be also accompanied by certified true copies of (i) SEBI Registration Certificate and Debenture Trust Deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, REC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial banks, Co-operative banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. The Application must be accompanied by certified true copies of (i) a board resolution authorising the investment; (ii) a letter of authorisation. Failing this, REC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the Bonds and National Investment Fund

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified true copy of certificate of registration issued by Insurance Regulatory and Development Authority must be attached to the Application Form. Each Application must be accompanied by certified copies of (i) Any Act/Rules under which they are incorporated; (ii) a certified true copy of certificate of registration issued by Insurance Regulatory and Development Authority; (iii) the Applicant’s memorandum of association and articles of association; (iv) a power of attorney; (v) a resolution authorising the Application and containing operating instructions; and (vi) specimen signatures of authorized signatories. Failing this, REC reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements and (iv) specimen signature of authorised signatories .

Failing this, REC reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Companies, bodies corporate and societies registered under the applicable laws in India

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Applicants Memorandum of Association and Articles of Association; (iii) Board Resolution authorising investments; and (iv) Specimen signature of authorized person.

Scientific and/or industrial research organizations, which are authorized to invest in the Bonds

The application must be accompanied by certified true copies of: (i) Any Act/Rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Partnership firms in the name of the partners and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)

The application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person.

Applications under Power of Attorney

In case of Investments made pursuant to a power of attorney by Category-I Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, as applicable, must be lodged along with the Application Form.

In case of Investments made pursuant to a power of attorney by Category-II and Category-III investors, a certified copy of the power of attorney must be lodged along with the Application Form.

Application Size

Applications are required to be for a minimum of 5 Bonds and in multiples of 1 Bond thereafter.

Application Form

The prescribed colour of the Application Form for the various categories is as follows:

CATEGORY	COLOUR OF APPLICATION FORM
Qualified Institutional Buyers (i.e. Mutual Fund, Public Financial Institution as defined in section 4A of the Companies Act, 1956, Scheduled Commercial Bank, Multilateral and Bilateral Development Financial Institution, State Industrial Development Corporation, Insurance Company registered with the Insurance Regulatory and Development Authority, Provident Fund with minimum corpus of twenty five crore rupees, Pension Fund with minimum corpus of twenty five crore rupees, National Investment Fund 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, Insurance Funds set up and managed by army, navy or air force of the Union of India, Insurance Funds set up and managed by the Department of Posts, India)	Blue
All other investors	White

Instructions for Completing the Application Form

Applications should be:

- (a) Made only in the prescribed Application Form.
- (b) Completed in block letters in English as per the instructions contained in this Prospectus and in the Application Form, and are liable to be rejected if not so completed. Applicants should note that the Bankers to the Issue will not be liable for errors in data entry due to incomplete or illegible Application Forms.
- (c) In single name or in joint names (not more than three), and in the same order as their Depository Participant details and should be applied by Karta in case of HUF.
- (d) Applications are required to be for a minimum of 5 Bonds and in multiples of 1 Bond thereafter.
- (e) Thumb impressions and signatures other than in English/ Hindi/ Gujarati/ Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.
- (f) All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s) as may be specified before the closure of the Issue. No receipt would be issued for the Application money. However, the Bankers to the Issue and/ or their branches receiving the applications, on receiving the Applications will acknowledge receipt by stamping (mandatorily having a date stamp) and returning the acknowledgment slip to the Applicant.
- (g) Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- (h) All applicants are required to tick the relevant column of “*Category of Investor*” in the Application Form.

All Applications by Qualified Institutional Buyers (i.e. Mutual Fund, Public Financial Institution as defined in section 4A of the Companies Act, 1956, Scheduled Commercial Bank, Multilateral and Bilateral Development Financial Institution, State Industrial Development Corporation, Insurance Company registered with the Insurance Regulatory and Development Authority, Provident Fund with minimum corpus of twenty five crore rupees, Pension Fund with minimum corpus of twenty five crore rupees, National Investment Fund 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, Insurance Funds set up and managed by army, navy or air force of the Union of India, Insurance Funds set up and managed by the Department of Posts, India) shall be received only by the Lead Managers and their respective affiliates.

- (i) APPLICANTS MAY NOTE THAT THE ALLOTMENT SHALL BE ON FIRST CUM FIRST SERVE BASIS ONLY AS DESCRIBED UNDER THE HEADING-“BASIS OF ALLOTMENT”.
- (j) Applications for all series of Bonds may be made in a single Application Form only.

REC would allot Bonds which have the longest maturity to all valid applications, wherein the applicants have not indicated their choice of the Bonds in their Application Form.

General Instructions

DO's

1. Check if you are eligible to apply.
2. Read all the instructions carefully and complete the Application Form.
3. Applications are required to be in single or joint names (not more than three).
4. Ensure that you mention your PAN allotted under the IT Act, Please note that it is mandatory for all applicants to furnish their PAN number as per CBDT Notification.
5. Ensure that the details about the Depository Participant and Beneficiary Account are correct and the beneficiary account is active.

6. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as “XYZ Hindu Undivided Family applying through PQR”, where PQR is the name of the Karta.
7. Ensure that the Applicant’s name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form
8. Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects.
9. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek allotment of Bonds pursuant to the Issue.
10. **Applicant’s Bank Account Details:** The Bonds shall be allotted in dematerialised form only. The Registrar to the Issue will obtain the Applicant’s bank account details from the Depository. The Applicant should note that on the basis of the name of the Applicant, Depository Participant’s name, Depository Participant’s identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Applicant’s beneficiary account, the Applicant’s bank account details. The Applicants are advised to ensure that bank account details are updated in their respective beneficiary accounts as these bank account details would be printed on the refund order(s), if any. Failure to do so could result in delays in credit of refunds to Applicants at the Applicant’s sole risk and neither the Lead Managers nor our Company nor the Refund Bank nor the Registrar to the Issue shall have any responsibility and undertake any liability for such delay.
11. **Applications under Power of Attorney:** Unless the Company specifically agree in writing, and subject to such terms and conditions as the Company may deem fit, in the case of Applications made under power of attorney, a certified copy of the power of attorney is required to be lodged separately and relevant documents as specified on page number 258 of this Prospectus, along with a copy of the Application Form at the office of the Registrar to the Issue simultaneously with the submission of the Application Form, indicating the name of the Applicant along with the address, Application number, date of submission of the Application Form, name of the bank and branch where it was deposited, cheque/demand draft number and the bank and branch on which the cheque/demand draft was drawn.
12. **Permanent Account Number:** All Applicants should mention their PAN allotted under the Income Tax Act in the Application Form. For minor applicants, applying through the guardian, it is mandatory to mention the PAN of the minor applicant. In case of joint applicants, the PAN of the first Applicant should be provided and for investors other than individual, PAN of such other investor should be provided. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Further as per CBDT Notification it is mandatory for all subscribers to provide their PAN to REC. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
13. **Joint Applications:** Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form at the address mentioned therein.
14. **Multiple Applications:** An Applicant may make multiple applications for the total number of Bonds required and the same shall be considered valid. For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

15. Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.
16. All Applicants are requested to tick the relevant column “*Category of Investor*” in the Application Form.
17. Tick the Series of Bonds in the Application Form that you wish to apply for.
18. Ensure that the Applications are submitted to the Bankers to the Issue and/ or their branches receiving the applications as may be specified before Issue Closing Date.

DONT’s

1. Do not make an application for lower than the minimum Application size.
2. Do not pay the Application Amount in cash, by money order or by postal order or by stock-invest.
3. Do not send Application Forms by post; instead submit the same to a Bankers to the Issue or any of their branches receiving the applications only.
4. Do not submit the GIR number instead of the PAN, as the Application Form is liable to be rejected on this ground.
5. Do not submit the Application Forms without the full Application Amount for the number of Bonds applied for.
6. Do not fill up the Application Form such that the Bonds applied for exceeds the issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

For further instructions, investors are advised to read this Prospectus and Application Form carefully.

Applications for Allotment of Bonds

As per the provisions of the Depositories Act, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between our Company, the Registrar to the Issue and the respective Depositories for offering depository option to the Bondholders.

- (a) All Applicants can seek Allotment in dematerialised mode only Applications made without relevant details of his or her depository account are liable to be rejected.
- (b) An Applicant applying for the Bonds must have at least one beneficiary account with any of the Depository Participants of either of the Depositories, prior to making the Application.
- (c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s identification number) appearing in the Application Form.
- (d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- (e) Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (f) If incomplete or incorrect details are given under the heading ‘Applicant’s Depository Account Details’, in the Application Form, it is liable to be rejected.
- (g) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.

- (h) Bonds in electronic form can be traded only on the stock exchanges having electronic connectivity with the Depositories. BSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.
- (i) The trading of the Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Companies Act and the Depositories Act.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the Application Amount from Applicants would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow Account and the Company will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and this Prospectus.

Payment into Escrow Account

Each Applicant shall draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount as per the following terms:

- (a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- (b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- (c) The payment instruments from all applicants shall be payable into the Escrow Account drawn in favour of “REC Tax Free Bonds – Escrow Account”.
- (d) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.
- (e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants whose Applications have not been allotted Bonds.
- (f) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (g) Cash/ stock-invest/money orders/ postal orders will not be accepted.

Submission of Application Forms

All Application Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

All Applications by Qualified Institutional Buyers (i.e. Mutual Fund, Public Financial Institution as defined in section 4A of the Companies Act, 1956, Scheduled Commercial Bank, Multilateral and Bilateral Development Financial Institution, State Industrial Development Corporation, Insurance Company registered with the Insurance Regulatory and Development Authority, Provident Fund with minimum corpus of twenty five crore rupees, Pension Fund with minimum corpus of twenty five crore rupees, National Investment Fund 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, Insurance Funds set up and managed by army, navy or air force of the Union of India, Insurance Funds set up and managed by the Department of Posts, India) shall be received only by the Lead Managers and their respective affiliates.

Online Applications

Lead Managers may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed. Accordingly, the investors may download forms for this use and submit the same together with cheques/demand drafts to the Bankers to the Issue and their collecting centres. However, mutual fund, public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial bank; multilateral and bilateral development financial institution; state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; provident fund with minimum corpus of twenty five crore rupees; pension fund with minimum corpus of twenty five crore rupees; National Investment Fund 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; insurance funds set up and managed by army, navy or air force of the Union of India Companies can apply only through blue coloured physical application forms provided by the Lead Managers and their respective affiliates.

Other Instructions

A. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application Form and at the address mentioned therein.

B. Additional/Multiple Applications

An applicant is allowed to make one or more applications for the Bonds, subject to a minimum application size of 5 Bonds and in multiples of 1 Bond, for each application. Any application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application.

For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same

C. Depository Arrangements

We have entered into Tripartite Agreement dated November 15, 2007 among us, the Registrar to the Issue and NSDL and dated October 16, 2007, among us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors and for issue and holding of the Bonds in dematerialised form.

As per the provisions of the Depositories Act, 1996, the Bonds issued by us can be held in a dematerialized form as described under the heading - “Applications for Allotment of Bonds” in this chapter.

D. Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details regarding the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of the Lead Managers and the Registrar to the Issue in case of any Issue related problems such as non-receipt of allotment advice/credit of Bonds in the Depository’s beneficiary account/refund orders, etc.

Rejection of Applications

The Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for is less than the minimum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Bonds applied for;
- Applications for a number of Bonds which is not in a multiple of one;
- Investor category not ticked;
- Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, including a minor without a guardian name;
- Application by stock-invest or accompanied by cash / money order / postal order;
- Applications without PAN;
- Minor applicants applying without PAN or applying under the PAN of the guardian
- GIR number furnished instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Depository Participant identification number, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant identification number, Client ID and PAN available in the records with the depositories;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications by Qualified Institutional Buyers (i.e. Mutual Fund, Public Financial Institution as defined in section 4A of the Companies Act, 1956, Scheduled Commercial Bank, Multilateral and Bilateral

Development Financial Institution, State Industrial Development Corporation, Insurance Company registered with the Insurance Regulatory and Development Authority, Provident Fund with minimum corpus of twenty five crore rupees, Pension Fund with minimum corpus of twenty five crore rupees, National Investment Fund 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, Insurance Funds set up and managed by army, navy or air force of the Union of India, Insurance Funds set up and managed by the Department of Posts, India) not procured by the Lead Managers or their respective affiliates.

- Applications made by investors belonging to a particular Category on an application form meant for other applicants and vice-versa.

The collecting bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above.

Application Forms received after the closure of the Issue shall be rejected.

In the event, if any Bond(s) applied for is/are not Allotted, the Application monies in respect of such Bonds will be refunded, as may be permitted under the provisions of applicable laws.

Basis of Allotment

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a period of 15 days from the date of opening of the Issue, as may be decided by the Board of Directors/ Committee of the Company. In the event of such early closure of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper.

REC shall finalise the Basis of Allotment in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus. The Designated Stock Exchange along with REC, Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

- Applications received from Category-I applicants: Applications received from Category-I, shall be grouped together, (“**Category I Portion**”);
- Applications received from Category-II applicants: Applications received from Category-II shall be grouped together, (“**Category II Portion**”);
- Applications received from Category-III applicants: Applications received from Category-III applicants shall be grouped together, (“**Category III Portion**”).

For removal of doubt, “Category I Portion”, “Category II Portion” and the “Category-III Portion” are individually referred to as “Portion” and collectively referred to as “Portions”

Allocation Ratio

Reservations shall be made for each of the Portions in the below mentioned format and shall be indicated in this Prospectus:

Particulars	Category-I	Category-II	Category-III
Size in %	50% of the Overall Issue Size	25% of the Overall Issue Size	25% of the Overall Issue Size
Size in Amount	₹ 15,000 million	₹ 7,500 million	₹ 7,500 million

Basis of Allotment for Bonds

(a) Allotments in the first instance:

- i. Applicants belonging to the Category-I, in the first instance, will be allocated Bonds upto 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);
- ii. Applicants belonging to the Category-II, in the first instance, will be allocated Bonds upto 25% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);
- iii. Applicants belonging to the Category-III, in the first instance, will be allocated Bonds upto 25% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first-come first-serve basis, based on the date of submission of each application to the Bankers to the Issue, in each Portion subject to the Allocation Ratio.

(b) Under Subscription:

If there is any under subscription in any Portion, priority in allotments will be given in the following order:

- i. Category-III Portion
- ii. Category-II Portion
- iii. Category-I Portion

on a first come first serve basis within each Portion.

- (c) For each Portion, all applications received on the same day by the Bankers to the Issue would be treated at par with each other. Allotment to applications received on the same date would be on proportionate basis, where Bonds applied for exceeds Bonds to be allotted for each Portion respectively.
- (d) Minimum allotments of 1 Bond and in multiples of 1 Bond thereafter would be made in case of each valid application.
- (e) Allotments in case of oversubscription:

In case of an oversubscription, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of Bonds to the applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of Bonds to the applicants on the date of oversubscription (based on the date of submission of each application to the Bankers to the Issue, in each Portion).

(f) Proportionate Allotments:

For each Portion, on the date of oversubscription allotment shall be made on a proportionate basis. The method of proportionate allotment is as described below:

- i. Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,

- ii. If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- iii. In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, REC will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(g) Applicant applying for more than one series of Bonds:

If an applicant has applied for more than one series of Bonds, and in case such applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series-wise allocation of Bonds to such applicants shall be in proportion to the number of Bonds with respect to each Series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate in consultation with the Lead Managers and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by REC in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

REC has the discretion to close the Issue irrespective of whether any of the Portion(s) are fully subscribed.

Allotment Advice/Refund Orders

The unutilised portion of the application money will be refunded to the applicant by an A/c Payee cheque/demand draft. In case the at par facility is not available, REC reserves the right to adopt any other suitable mode of payment. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

REC shall credit the allotted Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders to all applicants by Registered Post/Speed Post at the applicant's sole risk, within 30 days from the date of closure of the Issue.

Further,

- a) Allotment of Bonds offered to the public shall be made within a time period of 30 days from the date of closure of the Issue;
- b) Credit to demat account will be given within 2 working days from the date of allotment
- c) Interest at a rate of 15 per cent per annum will be paid if the allotment has not been made and/or the Refund Orders have not been dispatched to the applicants within 30 days from the date of the closure of the Issue, for the delay beyond 30 days.
- d) REC will provide adequate funds to the Registrars to the Issue, for this purpose.

Filing of the Prospectus with the Stock Exchanges

A copy of this Prospectus shall be filed with the BSE.

Pre-Issue Advertisement

REC shall, on or before the Issue Opening Date, publish a pre- Issue advertisement, in the form prescribed by the SEBI Debt Regulations, in one or more daily newspaper(s) with nation wide circulation.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

Listing

The Bonds will be listed on BSE

If the permission to deal in and for an official quotation of the Bonds are not granted by BSE, we shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of this Prospectus.

The Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchanges are taken within fifteen Working Days from the date of Allotment.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and the Company will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals.

Undertaking by the Issuer

We undertake that:

- (a) the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- (b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;
- (c) the funds required for dispatch of refund orders/allotment advice/certificates by registered post shall be made available to the Registrar to the Issue by the company;
- (d) necessary co-operation to the credit rating agency(ies) shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;
- (e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;
- (f) we shall disclose the complete name and address of the Debenture Trustee in our annual report; and
- (g) we shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in this Prospectus.
- (h) We shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by the company from time to time.

SECTION VII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or their consolidation/splitting are as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

The regulations contained in Table A in the First Schedule to the Companies Act, shall not apply to our Company except in so far as they are now modified or excluded or supplemented in these articles.

6.	Buy-back of shares
	Notwithstanding any of the provisions of these Articles, the Company shall have the power, subject to and in accordance with the relevant provisions of the Act and other applicable provisions of law, and subject to such approvals, permissions and sanctions, if any, as may be necessary, to purchase, acquire or hold its own Shares or other specified securities as defined in the Act, on such terms and conditions and in such manner, and up to such limits as may be prescribed by law from time to time, and make payment out of its free reserves or security premium account of the Company or out of the proceeds of an issue other than fresh issue of Shares made specifically for buy back purpose provided that, nothing herein contained shall be deemed to affect the provisions of Section 100 to 104 of the Act in so far as and to the extent they are applicable.
7.	Allotment of shares
(1)	Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and subject to the provisions of Section 77A of the Act with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or at premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid – up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
(2)	Notwithstanding anything to the contrary contained in the Act or in these Articles, after an issue, where the securities are dealt with the Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
7A	Payment of Commission and Brokerage
(i)	Subject to the provisions of the Act, as may be applicable, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or debentures or other securities issued by the Company, but so that the commission shall not exceed in the case of shares five percent (or such percent as may be prescribed by the Act or the Rules framed thereunder) of the price at which the shares are issued and in case of debentures or other securities two and a half percent (or such percent as may be prescribed by the Act or the Rules framed thereunder or by any statutory authority) of the price at which the debentures or other securities are issued. Such commission may be satisfied by payment of cash or allotment of fully or partly paid shares/debentures / securities or partly in one way and partly in the other.
(ii)	The Company may pay a reasonable and lawful sum of brokerage.

8.	Right of members or debenture holders to certificates
(1)	Subject to the requirement of the Listing agreement and the byelaws of the Stock exchanges, every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several right holders shall be sufficient delivery to all such holders.
(2)	All securities held by a Depository shall be dematerialised and be in fungible form and shall not be progressively numbered and the provisions relating to the progressive numbering shall not apply to the Shares or other securities of the Company which are dematerialised and no certificate shall be issued in respect of the shares of other securities issued/held in dematerialised form with the Depository.
(3)	Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the Shares or other securities in the records of the Depository as the absolute owner thereof as regard the receipt of dividends or bonus or service of notice and all or any other matters connected therewith and the Depository shall not have any voting rights or any other rights in respect of the Shares or other securities held by it. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
(4)	All blank forms to be issued for issue of certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board or a committee of Directors duly appointed. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms as well as books and documents relating to the issue shall be kept in the custody of the Secretary or such persons as the Board or a Committee of Directors may appoint for the purpose.
8A.	Dematerialization of Securities
(a)	Notwithstanding anything contained in these Articles, the Company shall be entitled to Dematerialize or rematerialize its shares, Debentures and other securities (both present and future) held by it with the depository and to offer its shares, debentures, and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
(b)	Every person subscribing to securities offered by the Company shall have the option to receive the security certificate or to hold the security with a Depository. Such a person who is the beneficial owner of security can at any time opt out of a Depository if permitted by law, in respect of any security and the Company shall, in the manner and within the time prescribed provided by the Depositories Act, 1996 issue to the beneficial owner the required certificates of security. If a person opts to hold his security with the Depository, then notwithstanding anything to the contrary contained in the Act or in these Articles, the Company shall intimate such depository the details of allotment of the security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
(c) (i)	Notwithstanding anything to the contrary contained in the Act or in these Articles a depository shall be deemed to be the registered owner for the purposes of effecting

(ii) (iii)	transfer of ownership of security on behalf of the beneficial owner. Save as otherwise provided in (i) above the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member/debenture holder, as the case may, of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository.
9.	Issue of new certificate of Share of Debenture
	If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above the directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provision of this Article shall mutatis mutandis apply to the debentures of the Company.
10.	Calls on Shares
(1) (2) (i) (ii) (iii) (3)	The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of Board make such call as it thinks fit upon the members in respect of all moneys unpaid on the Shares held by them and each member shall pay the amount of every call so made on him to the person(s) and at the times and places appointed by the Board. A call may be made payable by installments. Thirty days notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person(s) to whom such call shall be paid. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board. A call may be revoked or postponed at the discretion of the Board. The Board may from time to time at its discretion, extend the time fixed for the payment of any call, but no member shall be entitled to such extension save as a matter of grace and favour. That where calls are made on partly paid up Shares : - Call notice shall be sub-divided into smaller units when so required by the registered shareholders and duplicate call notices shall be issued at the request of the persons beneficially entitled on production of satisfactory evidence that they are so beneficially entitled. Payment of calls money shall be accepted from the beneficial holders on production of sub-divided or duplicate call notices without insisting that the Shares in respect of these call moneys are paid shall be transferred into the names of the beneficial holders. The surrender of call money receipts shall be accepted when allotment letters are presented to the Company to be exchanged for share certificates regardless of persons in whose favour the receipts have been made out and the Board shall not require surrender of any receipts from the registered shareholder(s) of the issue of discharge or indemnity from him or them before issuing the Share certificate(s). The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures.

10A	Evidence in actions by company against shareholders
	Subject to the provisions of any other law in force on the trial or hearing or any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register as a holder, or as one of the holders of the number of Shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of Company and it shall not be necessary to prove the appointment of the Board who made any calls, nor that a quorum was present at the Board meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.
11.	When interest on call payable
	If a sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made, shall pay interest on the same at such rate not exceeding 6% per annum as the board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.
12.	Payment in anticipation of calls may carry interest
	The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any profits or dividend or voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.
13.	Joint – holders liabilities to pay
	The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
14.	Company's lien on Shares and Debentures
	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully-paid shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures, and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. Unless otherwise agreed the registration of a transfer of shares/ debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from this clause.
15.	Enforcement of lien by sale
	The company may sell in such manner as the board thinks fit, any share on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists and is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or insolvency.

16.	Application of Proceeds of sale
	The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists and presently payable, and the residue shall (subject to a like lien for sums not presently payable, as-existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. The provisions of these articles shall stand mutatis mutandis apply to the Company's lien on debentures.
17.	Forfeiture of Shares
(1)	If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
(2)	The notice aforesaid shall:-
(a)	Name a further day (not being earlier than the expiry of fourteen days from the date of service of notice) on or before which the payment required by the notice is to be made ; and
(b)	State that in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
(3)	If the requirements of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. When any share is forfeited, and entry of the forfeiture with the date thereof shall be made in the register.
(4)	A forfeited share may be sold or otherwise disposed of on such terms and in such as the manner board thinks fit.
(5)	At any time before a sale or disposal as aforesaid the board may cancel the forfeiture on such terms as it thinks fit.
18.	Effects of forfeiture
(1)	A person whose share has been forfeited shall cease to be a member in respect of the share, but shall notwithstanding such forfeiture remain liable to pay, and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of forfeiture, together with interest thereon, from time of forfeiture until payment at the rate as may be determined by the Board from time to time and the Board may enforce the payment thereof, or any part thereof, without any deduction allowance for the value of the Shares at the time of forfeiture, but shall not be under any obligation to do so.
(2)	The liability of such person shall cease if and when the company shall have received payment in of all such moneys in respect of the shares.
19.	Declaration of forfeiture
(1)	A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the company and that a share in the company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
(2)	The company may receive the consideration if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the persons to whom the share is sold or disposed of.

(3)	The transferee shall thereupon be registered as the holder of the share.
(4)	The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
20.	Provisions regarding forfeiture to apply in the case of non-payment of sums payable at a fixed time
	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a Share or Debenture becomes payable at a fixed time, whether on account of the nominal value of the Share or Debenture or by the way of premium, as if the same had been payable by virtue of a call duly made and notified.
20A.	Board may issue new certificate
	Where any share, under the power in that behalf herein contained, is reissued by the Board consequent to the forfeiture of Shares and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered. The provisions of these articles shall stand mutatis mutandis apply to the forfeiture of debentures.
21	Transfer and transmission of Shares or debentures or other securities
	The Company shall register the transfer of securities subject to the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges where the securities of the Company are listed and any other applicable law from time to time. Subject to the provisions of Section 111, 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. A common form of transfer of shares or debentures in the prescribed form under section 108 of the Act, as the case may be, shall be used by the Company. Further, the Board may, subject to applicable law and these Articles and further subject to the right of appeal, decline to register: - the transfer of a share or debentures not being fully- paid, to a person of whom they do not approve; - any transfer of shares or debentures on which the company has a lien, or when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor; - when the transferor object to the transfer, provided he serves on the Company within a reasonable time a prohibitory order of a Court of competent jurisdiction.

21A.	Register of Transfer
	The Company shall, if the Shares/ Debentures/ Securities of the Company are not in dematerialized form, keep a Register of Transfer of Shares (and Debentures or other securities) and therein enter the particulars of several transfers or transmission of any shares or debentures or other securities.
23.	Company not bound to recognise any interest in shares other than that of the registered holders
	Save as herein otherwise provided the directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.
24.	Execution of transfer
	The instrument of transfer of any share or debenture or other securities in the Company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain holder of the share or debenture or security until the name of the transferee is entered in the Register of Members or Debenture holders / other Security holders in respect thereof.
27A.	Nomination/ Transmission of Shares/ Debentures/ Other Securities
(i)	For the purpose of this Article unless the context otherwise requires: Every Share/Debenture/ Security holder and a Depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his Shares/Debentures/ Securities or deposits in the Company standing in his name shall vest in the event of his death.
(ii)	Where the Shares or Debentures or securities or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds or debentures or securities or deposits in the Company, as the case may be, shall vest in the event of Death of all the joint holders
(iii)	Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such Shares/Debentures, securities or Deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the Shares/Debentures/ securities or Deposits in the Company, the nominee shall on the death of the Share/ Debenture/ Security holder or a Depositor or on the death of the joint holders as the case may be, become entitled to all the rights in such Shares/Debentures/ Security or deposits, as the case may be, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.
(iv)	A nominee shall be entitled to the same dividends/ interests and other advantages to which he would be entitled to, if he were the registered holder of the Share/Debenture/ Security or Deposits except that he shall not, before being registered as a member in respect of his Share/Debenture/ Security or Deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share/Debenture or Deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable or rights accruing in respect of the Share/ Debenture/ Securities or deposits, until the requirements of the notice have been complied with.
(v)	Where the nominee is a minor, it shall be lawful for the holder of the Shares/Debentures/ Security or deposits, to make the nomination to appoint, in the prescribed manner, any

	person to become entitled to Shares/Debentures/ Securities or deposits in the Company, in the event of his death, during the minority.
	Transmission of Share/Debentures/Other Securities by Nominee
(i)	A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either To be registered himself as holder of the Share/Debenture/ Security or Deposits, as the case may be; or
(ii)	To make such transfer of the Share/Debenture/ Security or deposits, as the case may be, as deceased Share/ Debenture holder or Depositor could have made.
(iii)	If the nominee elects to be registered as holder of the Share/ Debenture/Security or Deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by a notice him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Share/Debenture/ Security holder or Depositor, as the case may be;
(iv)	A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the Shares/Debentures or Deposits except that he shall not, before being registered as a member in respect of his Share/Debenture or Deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Shares/Debentures or Deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other money(s) payable or right(s) accruing in respect of the Shares/Debentures or deposits, until the requirements of the notice have been complied with.
28	No fees to be charged
	No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document The provisions of these articles shall <i>mutatis mutandis</i> apply to transfer and transmission of debenture
29.	Closing of Registers of Members and Debenture/other securities holders
	The Register of Members / Debenture / Securities holders may be closed for any period or periods not exceeding 45 (forty-five) days in each year but not exceeding 30 (thirty) days at any one time after giving not less than 7 (seven) days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated. The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members/ Debenture holders in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares / debentures held in physical and dematerialized form in any medium as may be permitted by law including any form of electronic medium. The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of members/ debenture holders for the purpose of the Companies Act, 1956 and any amendment or re – enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members / Debenture holders for the resident in that State or Country. The instrument of transfer shall after registration remain in the custody of the Company. The Board may require preserving the transfer deeds for a period of at least 8 years.
29A.	Trading of Securities in Demat Mode
	Notwithstanding anything contained in these Articles the Company shall have the right to issue Securities in a public offer in dematerialized form as required by applicable laws

	and subject to the provisions of applicable law, trading in the Securities of the Company post listing shall be in the demat segment of the relevant Stock Ex-change(s) where the securities issued by the Company are listed for trading, in accordance with the directions of SEBI, the Stock Exchanges and in terms of the listing agreements to be entered into with the said Stock Exchange(s).
30A.	Depository to furnish information
(a)	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
(b)	The Company shall make available to the Depository copies of the relevant records in respect of securities held by such Depository. Notwithstanding anything contained in these Articles the Company shall have the right to issue Securities in a public offer in dematerialized form as required by applicable laws and subject to the provisions of applicable law, trading in the Securities of the Company post listing shall be in the demat segment of the relevant Stock Exchange(s) where the securities issued by the Company are listed for trading, in accordance with the directions of SEBI, the Stock Exchanges and in terms of the listing agreements to be entered into with the said Stock Exchange(s).
30B.	Cancellation of Certificate upon surrender by a person
	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
30C.	Option to opt out in respect of any security
(a)	If a Beneficial Owner seeks to opt out a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.
(b)	The Depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the Company.
(c)	The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fee as may be specified by the regulations, issue the certificates of securities to the Beneficial Owner or the transferee as the case may be.
30D.	Service of Documents
	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held by a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
30E.	Provisions of Articles to apply to shares held by a Depository
	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien, on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held by a Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.
30F.	Allotment of securities dealt with in a Depository
	Notwithstanding anything in the Act or these Articles to the contrary, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
30G.	Distinctive Number of securities held in a Depository
	The shares in the capital shall be numbered progressively accordingly to their several denominations, provided however, that the provision relating to progressive numbering

	shall not apply to the shares of the company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
31.	Power to increase capital
	Subject to the provisions of the Act, the Board may, with the sanction of members in General Meeting, increase the share capital for the time being of the Company, by such sum divided into Shares of such amount as the resolution shall prescribe and to divide the Shares into several classes with rights, privileges or conditions as may be determined. Any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
31A.	Redeemable Preference Shares
	Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are or at the option of the Company be liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
32.	On what condition new shares may be issued
	New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation whereof shall direct. Provided that no shares (not being preference share) shall be issued carrying voting rights or rights in the Company as to dividend, capital or otherwise, which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).
32A.	Further Issue of shares
1	Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then
(a)	Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on that shares at the date.
(b)	Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
(c)	The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub clause (b) hereof shall contain a statement of this right, provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
(d)	After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
2	Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever:

(a)	If a special resolution to that effect is passed by the Company in General Meeting, or
(b)	Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3	Nothing in sub – clause (c) of (1) hereof shall be deemed:
a)	to extend the time within which the offer should be accepted;
	or
b)	to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4	Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
(i)	to convert such debentures or loans into shares in the Company;
	or
(ii)	to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)
	Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
a)	either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and
b)	in the case of debentures or loans or other than debentures issued to or loans obtained from the Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
33.	How far new share to rank with shares in original capital
	Except so far as otherwise provided by the conditions of issue, or by these articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, lien, voting, surrender and otherwise.
34.	Issue of shares at par, premium or discount to members
(1)	The new shares shall be at the disposal of the Board and may be allotted or disposed off by them in accordance or in such a manner as may be thought fit, subject to the provisions of the Act.
(2)	The Company may at any time offer Shares to its employees. The allotment of such Shares shall abide by these Articles and provisions of the Act.
(3)	The Company in general meeting may determine that any Shares shall be offered to such persons (whether members or holders or not) in such proportions and on such terms and conditions and either at a premium or at par or subject to compliance with provisions of the Act, at discount, as such general meeting shall determine and with full power to give to any such person (whether a member of the Company or not) the option to call for or be allotted Shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of the Act) at a discount, such option being exercisable at such time and for such consideration as may be directed by such general meeting or the company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.

35.	Reduction of capital etc.
	Subject to the provisions of Section 100 to 104 of the Act, the company, from time to time, by special resolution reduce its capital in any way and in particular and without prejudice to the generally of the foregoing power may:
(a)	extinguish or reduce the liability on any of the shares in respect of share capital not paid up;
(b)	either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost or is unrepresented by available assets or;
(c)	either with or without extinguishing or reducing liability on any of its shares, pay off any paid up shares capital which is in excess of the wants of the company upon the footing that it may be called up again and otherwise.
36.	Sub-division and consolidation of shares
	Subject to the provisions of the Act the Company in general meeting may, from time to time:-
(a)	increase its share capital by such amount as it think expedient by issuing new shares;
(b)	consolidate and divide all or any of its shares capital into shares of larger amount than its existing shares ;
(c)	convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any other denomination;
(d)	sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
(e)	cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled, and shall file with the registrar such notice of exercise of any such powers as may be required by the Act.
37.	Power to modify
	If at any time, the capital, by the reason of the issue of preference shares or otherwise is divided into different classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act be modified abrogated or dealt with by agreement between the company and by any person purporting to contact on behalf of that class provided such agreement is (a) rectified in writing by the holder of at least three- fourth of the issued shares of that class or (b) confirmed by a special resolution passed at separate general meeting of the holder of share of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This article is not by implication to curtail the power of modification which the company would have if the article was omitted
38.	Power to borrow
	Subject to the provisions of the Act and the regulations made thereunder, the Board may from time to time, by a resolution passed at a meeting, borrow moneys for the purposes of the Company and may secure repayment of such sum(s) in such manner and upon such terms and conditions as they think fit.
39.	Conditions on which money may be borrowed
	The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the company (both present and future) including its uncalled capital for the time being.

40.	Securities may be assignable free from equities
	Debentures, debenture stock, bonds or other securities, may be made assignable free from any equities between the company and the persons to whom the same may be issued.
42.	Person not to have priority over any prior charge
	Whenever any uncalled capital of the company is charged all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the shareholder or otherwise, to obtain priority over such prior charge.
43.	Indemnity may be given
	If the directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
44.	General Meeting
	The Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and not more than 15 (fifteen) months shall elapse between the date of one Annual General Meeting and that of the next. The first Annual General Meeting of the Company will be held within 18 (eighteen) months from the date of its incorporation and thereafter, subject to the provisions of Section 166 of the Act as amended, the Annual General Meeting of the Company shall be held within 6 (six) months after the expiry of each financial year or such extended period as may be allowed by the Registrar of Companies pursuant to provisions of Section 166 read with Section 210 of the Act. It shall be held during business hours on a day that is not a public holiday. The notice calling the General Meeting shall specify it as Annual General Meeting. The other General Meetings which may be called at such time and place as may be determined by the Directors shall be called Extra-Ordinary General Meeting.
45.	When extra ordinary meeting to be called
	The board may whenever it thinks fit, and they shall when so required by the President or on the requisition of the holders of not less than one-tenth of the paid up capital of the company upon which all calls or other sums then due have been paid forthwith proceed to convene an extraordinary meeting of the company and in the case of such requisition the following provisions shall have effect:- (1) The requisitions must state the objects of the meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents in like form each signed by one or more requisitionists. (2) If the board does not proceed within 21 (twenty one) days from the date of deposit of valid requisition to call a meeting on a day not later than 45 (forty-five) days from such date the meeting may be called by such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid up capital of the company as is referred to in clause (a) of Sub-section (4) of Section 169 of the Act whichever is less. (3) Any meeting convened under this article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the directors. If, after a requisition has been received it is not possible for a sufficient number of Directors to meet in time so as to form a quorum, any Director may convene an Extra Ordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each business, including in particular the nature of the concern

	or interest, if any, therein of every Director and the manager, if any. Provided that where any item of special business as aforesaid to be transacted at a meeting of the company relates to, or affects any other company, the extent of shareholding interest in that company of every Director and Manager if any of the company shall be set out in the statement if the extent of such shareholding interest is not less than twenty percent of the paid up capital of the other company. Where any item of business consists of the according of the approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
46.	Notice of meeting
	A general meeting of the Company may be called by giving not less than twenty-one days notice in writing specifying the place, day and hour of meeting, with a statement of the business to be transacted at the meeting. Such notice shall be served on every member in the manner hereinafter provided. Subject to the provisions of section 171(2) of the Act, a General Meeting may be convened by shorter notice than twenty-one days. Provided, however, that where any resolution is intended to be passed as a special resolution at any general meeting as required by section 189(2) of the Act, notice of such meeting specifying the intention to propose the resolution as a special resolution shall be served
47.	To whom notice of general meeting be given
	Notice of every general meeting shall be given in same manner hereinbefore authorised to (a) every member of the company, except those members who having registered address have not supplied to the company an address for the giving of notice to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member who, but for his death or insolvency, would have been entitled to receive notice of meeting, provided the same is within the knowledge of the company.
48.	Transferees etc. bound by prior notice
	Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which preciously to his name and address and title to the share being notified to the company, shall have been duly given to the persons from whom he derives his title to such shares.
49.	How notice to be signed
	The signature to any notice to be given by the company may be written or printed.
50.	How time to be counted
	Where a given number of day's notice or notices extending over any other period is required to be given, the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.
51.	How notices to be served on members
	A notice may be served by the company to any member either personally/ by electronic mode/ by sending it by post to him to his registered address, or (if he has no registered address in India) to the address, if any, supplied by him to the company for the giving of notice to him or any other mode as specified by the Act from time to time.
51A.	Service of Documents
	Where securities are held in a Depository, the records of the beneficial ownership shall be provided by such Depository to the Company by means of electronic mode or by delivery of floppies or discs to enable the Company to serve notices to such members / beneficial owners.
52.	Notification of address by a holder of shares having no registered place of address
	A holder of registered shares, who has no registered place of address, may from time to

	time, notify in writing to the company an address which shall be deemed his registered place of address, within the meaning of the last proceeding article.
53.	When notice may be given by advertisement
	If a member has no registered address in India and has not supplied to the company and address within India for giving of notices to him a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the company, shall be deemed to be duly given to him on the day on which the advertisement appears.
54.	Notice to joint-holders
	A notice may be given by the company to the joint-holders of share by giving the notice to the joint-holder named first in the register in respect of the share.
55.	How notice to be given to representatives of a deceased or bankrupt members
	A notice may be given by the company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of the representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.
56.	Omission to give notice
	An accidental omission to give any such notice to or the non receipt of any such notice by any member or other person to whom it should be given shall not invalidate the proceedings at any meeting.
57.	Business of annual meeting
	The business of any annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the directors and of the auditors, to declare dividends, appointment of directors and to transact any other business which under these articles ought to be transacted at an annual general meeting. All other business transacted at an annual general meetings, and all business transacted at and extraordinary general meeting shall be deemed special.
58.	Quorum
	No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Five members present in person or by duly authorized representative shall be quorum for a general meeting of the Company.
59.	Right of President to appoint any person as his representative
(1)	The President, so long as he is a share holder of the company, may, from time to time appoint such person as he thinks fit (who need not be a member or members of the company) to represent him at all or any meetings of the company.
(2)	Any one of the persons appointed under sub-clause (1) of this article who is personally present at the meeting shall be deemed to be member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meeting and to vote on his behalf whether on a show of hands or on a poll.
(3)	The President may, from time to time, cancel any appointment made under sub-clause (1) of this article and make fresh appointments.
(4)	The production at the meeting of an order of the President, evidenced as provided in the Constitution of India, shall be accepted by the company as sufficient evidence of any such appointment or cancellation as aforesaid.
(5)	Any person appointed by the President under this article may, if so authorised by such order, appoint a proxy whether specially or generally.

60.	Chairman of general meeting
	The chairman of the board of directors shall be entitled to take the chair to every general meeting or if there be no such chairman, or if, at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as chairman, the members present shall choose another director as chairman, and if no director shall be present or, if all the directors present decline to take the chair then the members present shall choose one of the members to be chairman.
61.	When if quorum not present meeting to be dissolved and when to be adjourned
	If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon any requisition of the members as aforesaid shall be dissolved but in any case it shall stand adjourned to the same day in the next week not being a public holiday (but if the same be a public holiday the meeting shall stand adjourned to the succeeding date of such public holiday) at the same time and place and if at such adjourned meeting a quorum is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.
62	How questions to be decided at meetings
	Every question submitted or resolution put to vote at the meeting shall, unless a poll is demanded under Section 179, be decided on a show of hands.
63.	What is to be evidence of the passing of resolution where poll not demanded
	At any general meeting resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a member present in person or proxy or by duly authorized representative, and unless a poll is so demanded a declaration by the chairman that resolution has, on a show of hands been carried or carried unanimously or by particular majority or lost, and an entry to that effect in the book of proceedings of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
63A.	Postal Ballot
	Notwithstanding anything contained in the Articles of the Company, the Company may in respect of any business prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and matters specified in said Rules as modified from time to time adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot (which includes voting by electronic mode) instead of transacting such business in a General Meeting of the Company subject to compliances with the procedure for such Postal Ballot and/ or other requirements prescribed in the aforesaid rules in this regard.
64.	Poll
	If a poll is duly demanded, it shall be taken in such manner and place as in accordance with Sections 179 and 180 of the Act.
65.	Power to adjourn general meeting
	The chairman of a general meeting may, with the consent of the meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
66.	In what cases poll taken without adjournment
	Subject to the provisions of Section 180 of the Act any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

67.	Business may proceed notwithstanding demand of poll
	The demand of a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.
68.	Chairman's decision conclusive
	The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
69.	Votes of members
	Upon a show of hands every member present in person shall have one vote, and upon a poll every member present in person or by proxy or by duly authorised representative shall have one vote for every share held by him.
70.	No voting by proxy on show of hands
	No member not personally present shall be entitled to vote on a show of hands.
71.	Votes in respect of shares of deceased and bankrupt members
	Any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that seventy two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the directors of his right to transfer such shares, unless the directors shall have previously admitted his right to such shares or his right to vote at such meeting in respect thereof.
72.	Joint-holder
	Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy, in respect of such shares as if he was solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, one of the said persons present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this clause be deemed joint-holders thereto.
73.	Vote in respect of share of members of unsound mind
	A member of unsound mind, or in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote whether on a show of hands or on poll, by this committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
74.	Proxies permitted
	On a poll, vote may be given either personally or by proxy or by duly authorised representative
75.	Instrument appointing proxy to be in writing
	A member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting or to vote except on a poll. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
76.	Instrument appointing proxy to be deposited at office
	The instruments appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the company not less than forty eight hours before the

	time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument or proxy shall not be treated as valid.
77.	When vote by proxy valid through authority revoked
	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation of transfer or transmission shall have been received at the office of the company before the commencement of the meeting or adjourned meeting at which the proxy is used.
79.	No member entitled to vote etc. while call due to company
	No member shall be entitled to be present or to vote on any question either personally or by proxy, or as proxy for another member at any general meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the company in respect of any of the shares of such member.
80.	Time for objection to vote
	No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given Personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
80A.	Representation at meeting
	Any member who is a company, present by a representative, duly authorised by a resolution of the Directors of such company in accordance with the provisions of Section 187 of the Act, may vote and exercise the same rights and powers as if he was a member of the Company. The production at the meeting of a copy of such resolution, duly signed by a Director or the Secretary of such company and certified by him as being a true copy of the resolution shall at the meeting be accepted by Company as sufficient evidence of the validity of his appointment.
81.	Number of Directors
	Until otherwise determined in a general meeting the number of directors of the company shall not be less than three and not more than fifteen. The Directors are not required to hold any qualification shares.
82.	Appointment of Chairman/Chairman and Managing Director
(1)	The Chairman/Chairman and Managing Director of the Company shall be appointed by the President on such terms and conditions, remuneration and tenure as the President may determine from time to time. The Chairman/ Chairman and Managing Director so appointed shall not be liable to retire by rotation under Section 255 of the Act.
	Appointment of Vice Chairman/ Managing Director and other Directors who are not liable to retire by rotation
(2)	In addition to the Chairman/Chairman and Managing Director, President may also appoint Vice Chairman/Managing Director, whole time functional Director and other Directors in consultation with the Chairman/Chairman and Managing Director. No such consultation will however be necessary in case of appointment of Directors representing the Govt.
	Appointment of Directors who are liable to retire by rotation
(3)	Two-third (any fraction to be rounded off to the next number) Directors of the company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

	Retirement of Directors by rotation
(4)	Subject to the provisions of Section 256 of the Act, at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then, the number nearest to onethird, shall retire from office. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. The retiring Directors shall be eligible for reappointment. The Company at the Annual General Meeting in which Director retires, may fill up the vacated office by appointing the retiring Director or some other person thereto. If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day, which is not a public holiday at the same time and place, and if at the adjourned meeting also, the place of retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re- appointed at the adjourned meeting, unless: (i) at that meeting or at the previous meeting, a resolution for the reappointment of such director has been put to the meeting and lost; (ii) the retiring director has, by a notice in writing addressed to the company or its Board of Directors, expressed his unwillingness to be so reappointed; (iii) he is not qualified or disqualified for appointment; (iv) a resolution, whether, Special or Ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act; (v) the proviso to sub – section (2) and (3) of Section 263 of the Act is applicable to the case.
	Appointment of Additional Directors
(5)	Board shall have the power to appoint any person as an additional Director on the Board provided that such additional Director shall hold Office only up to the date of next Annual General Meeting of the Company and shall then be eligible for reappointment by such General Meeting. The total number of Directors including additional Directors shall not exceed at any time the maximum strength fixed for the Board by these Articles.
	Alternate Director
(6)	Subject to the provisions of Section 313 of the Act, the Board may appoint any person to act as alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
	Filling of casual vacancy of Directors
(7)	Subject to the provisions of Section 262 of the Act, the Board shall have the power at any time, on nomination by the President or otherwise, to appoint any person, to be a Director to fill up a casual vacancy not covered by Article 82(2). Any persons so appointed shall hold Office only up to the date up to which the Director in whose place he is appointed would have held Office if it had not been vacated by him.
	Payment of remuneration and/ or allowances to Directors
(8)	Subject to the provisions of the Act, the Chairman / CMD / Vice Chairman/MD/whole time Functional Directors and other Directors may be paid such remuneration and/or other allowances as the President or the Board may, from time to time, determine. Further, subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the President or the Board may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

	Payment of Sitting Fee to Part-time Directors
(9)	The Part-time Directors may be paid sitting fee for attending meetings of the Board of Directors or any Committee thereof as may be decided by the Board from time to time not exceeding the maximum limit as prescribed under the Act.
	Vacation of the Office by Directors
(10)	The Office of a Director shall become vacant in accordance with the provisions set out in Section 283 of the Act and such cases of vacation of Office shall be regulated in accordance with this provision.
	Power to remove any Director and fill the vacancy caused thereof
(11)	Subject to the provisions of Section 284 of the Act, the President shall have the right to remove and/or dismiss, at his absolute discretion, the Chairman /CMD/Vice-Chairman/MD/Whole time Functional Director and other Directors for any reasons whatsoever. Chairman/CMD/Vice-Chairman/MD/Whole time Functional Director may be removed from Office in accordance with their terms of appointment, or if no such terms are specified, on the expiry of three months notice issued in writing by the President or with immediate effect on payment of the pay in lieu of the notice period. The President shall have the right to fill any vacancy caused in this regard including any vacancy caused by resignation, death or otherwise.
	Power to appoint Nominee Director(s)
(12)	If any financial Institution or any other Creditor is, by arrangement or agreement with the Company, given the right/power to appoint one or more Nominee Director/s the tenure and other terms and conditions for holding the Office of such Nominee Director/s so appointed shall be determined by the concerned Financial Institution or Creditor subject to the provisions of Section 255 of the Act, other applicable extent laws/statutory Rules/Guidelines and these Articles.
82A.	Appointment of Secretary
	In accordance with Section 383 A read with Section 2(45) of the Act, the Board may from time to time appoint any person hereinafter called the 'Secretary', to perform any functions which by the Act or the Articles of the Company are to be performed by the Secretary, and to execute any other duties which may from time to time be assigned to the Secretary by the Board/Chairman/CMD. The Secretary shall keep the registers and other documents, which are required to be maintained according to the Act, in his custody.
82B.	Disclosure of interest and interested directors not to participate in Board Proceedings
(i)	Every director of the Company shall disclose the nature of his concern or interest in accordance with the provisions of Section 299 of the Act.
(ii)	No director of a company shall as a Director take any part in the discussion of or vote on, any contract or arrangement entered into or to be entered into, by or on behalf of the company, if he is in anyway, whether directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void as provided in Section 300 of the Act.
83.	General Power of company vested in Directors
(1)	Subject to the provisions of the Act, the board of directors of the company shall be entitled to exercise all such powers and to do all such acts and things as the company is authorised to exercise and do, provided that the board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other Act or by the memorandum and article of the company or otherwise, to be exercised or done by the company in general meeting. Provided further that in exercise any such power or doing any such act or thing, the board shall be subject to the provisions contained in that behalf in the Act or any other Act or in the memorandum and article of the company, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting.

(2)	Subject the provisions of Section 291 and 292 and the relevant provision of the Companies Act 1956, the Board of Directors shall have the powers:-
(a)	to approve the company's five year and annual plans and the company's annual budget;
(b)	to approve the company's revenue budget in case there is an element of deficit which is proposed to met by obtaining funds from the Government;
(c)	to approve any agreements involving foreign collaboration to be entered into by the company and to approve purchases and contracts of a major nature involving substantial capital outlay.
(3)	Deleted
(4)	No regulation made by the company in general meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.
84.	Specific powers to Directors
	Without prejudice to the general powers conferred by preceding Articles and the other powers conferred by these Articles and subject to the provisions of Section 292, 293, 294 and 297 of the Act, the directors shall have the following powers, that is to say powers:-
(1)	To acquire property - to purchase, take on lease or otherwise acquire for the company, property, rights or privileges which the company is authorised to acquire at such price and generally on such terms and conditions as they think fit.
(2)	Work of capital nature - to incur capital expenditure on purchase of new items or for replacement, without any monetary ceiling.
(3)	To pay property in debentures etc. - to pay for any property, rights, or privileges acquired by, or services rendered to the company either wholly or partially in cash or in shares, bonds, debentures or other securities of the company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures or other securities may be either specially charged upon all or any part of the property of the company and its uncalled capital or not so charged.
(4)	To secure contracts by mortgage - subject to provisions of Section 292 of the Act to secure the fulfillment of any contracts or engagement entered into by the company by mortgage or charge of all or any of the property of the company and its uncalled capital for the time being or in such other manner as they may think fit.
(5)	To appoint officers etc. - to appoint and at their descretion remove or suspend such managers, secretaries, officers, clerks, agents, and servants for permanent, temporary or special services as they may from time to time, think fit, and to determine their powers and duties and fix their salaries or emoluments, and to require security in such instances and to such amounts as they think fit, provided that no appointment of any person who has already attained the age to 60 (sixty) years of any posts carrying salary scale of ₹ 10,500 - 23,000 (or as revised from time to time) or more shall be made without the prior approval of the President.
(6)	To appoint trustees - to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the company, and property belonging to the company, or in which it is interested or for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
(7)	To bring and defend action etc. - to institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers, or otherwise concerning the affairs of the company, and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company.
(8)	To refer to arbitration - to refer any claims or demands by or against the company to arbitration and observe and perform the awards.

(9)	To give receipts - to make and give receipts, releases and other discharges for money payable to the company and for the claims and demands of the company.
(10)	To Authorise Acceptance etc. - to determine who shall be entitled to sign on the company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and other documents.
(11)	To appoint attorneys - from time to time to provide for the management of the affairs of the company in such manner as they think fit, and in particular to appoint any person to be the attorneys or agents of the company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.
(12)	To invest moneys - subject to the provisions of Section 292 of the Act, to invest in the Reserve Bank of India or in such securities and deal with any of the moneys of the company upon such investment authorised by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit and from time to time to vary or realise such investments.
(13)	To give security by way of indemnity - to execute in the name and on behalf of the company in favour of any Director or other person who may incur or be about to incur any liability for the benefit of the Company such mortgage of the company's property (present and future) as they think fit and such mortgage may contain a power of sale and other powers, covenants and provisions as shall be agreed on.
(14)	To give percentage - subject to the approval of the President, to give to any person employed by the company a commission on the profits of any particular business transaction, or a share in the general profits of the company, and such commission or share or profits shall be treated as part of the working expenses of the company.
(15)	To make bye-laws - from time to time to make vary and repeal bye-laws for the regulation of the business of the company, its officer and servants.
(16)	To give bonus etc. - to give, award or allow any bonus, pension, gratuity or compensation to any employee of the company, or his widow, children or dependents that may appear to the directors just or proper, whether such employee, his widow, children, or dependents have not a legal claim upon the company.
(17)	To create provident fund – before declaring any dividend and subject to approval of the President to set aside such portion of the profits of the company as they may think fit, to form a fund to provide for pensions, gratuities or compensations or to create any provident or benefit and in such manner as the directors may deem fit.
(18)	To establish local board – from time to time and at any time to establish any local board for managing any of the affairs of the company in the specified locality in India, or out of India, and to appoint any person to be members of such local board and to fix their remuneration and from time to time and any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Directors other than their power to make calls, and to authorise the members for the time being of any such local board or any of them to fill up any vacancies therein and to act notwithstanding vacancy(ies) and any such appointment or delegation may be made on such terms, and subject to such conditions as the directors may think fit, and the directors may at any time remove any person so appointed and annul or vary any such delegation.
(19)	To make contracts etc. – to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matter aforesaid or otherwise for the purpose of the company.
(20)	To delegate power – subject to the provisions of Section 292 of the Act to delegate all or any of the powers, authorities and discretion for the time being vested in them, subject however to the ultimate control and authority being retained by them. Any such delegate may be authorized by the Board to delegate all or any of the powers, authorities and discretions for the time being vested in him.

(21)	To borrow moneys – Subject to the provisions of the Act, to borrow or raise or secure the payment of money on behalf of the Company in such manner as the Directors may think fit and in particular by way of acceptance of deposit, issue of Debentures, or Debenture stock, or bonds, perpetual or otherwise, or in any other manner, and create a charge upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem, or payoff any such securities.
(22)	To execute mortgages – to execute mortgage and to create charges on its properties.
(23)	To open and deal in bank accounts in any currency – To open accounts with any bank or bankers in any currency, and pay money into and draw money from any such account from time to time as the Directors may think fit.
(24)	Training of Personnel & Research & Consultancy –
(a)	To undertake training of personnel in the relevant activities undertaken by the company.
(b)	To undertake research and consultancy in the relevant fields enumerated in the memorandum and articles of association of the company.
(25)	Formation of joint venture/subsidiary companies – To establish joint ventures and promote wholly or partly owned company(ies) or subsidiary company(ies) in India or abroad subject to compliance of Government Guidelines issued from time to time
84A.	Delegation of Powers to Chairman/CMD
	Subject to the provisions of Section 292 of the Companies Act the directors may, from time to time, entrust and confer upon Chairman/ CMD, a Committee or Sub-Committee of the Board or a Functional Director, for the time-being such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and on such terms and conditions and with such restrictions as they may think expedient and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
84B.	Delegation of Power by Chairman/CMD
	The Chairman/CMD may sub-delegate any of the powers delegated to him by the Board to any officer or other employees of the Company.
86	Seal
(1)	The Directors shall provide a Common Seal for the purpose of the Company, and shall have power, from time to time, to destroy the same and substitute a new seal in lieu thereof and the Directors shall provide for the safe custody of the same for the time being.
(2)	The seal of the Company shall not be affixed on any instrument (other than share certificate) except by the authority of a resolution of the Board of Directors or of a Committee of the Board and in the presence of one Director at the least. In the case of share certificates the seal shall be affixed in the presence of:
a)	two directors or person acting on behalf of the Directors under a duly registered power of attorney; and
b)	the Secretary or some other persons appointed by the Board for the purpose.
87.	Disqualifications of directors
	A person shall not be capable of being appointed as a director of the company if he suffers from any of the disqualifications enumerated in Section 274 of the Act. The office of a director shall be vacated, if any of the conditions set out in Section 283 of the Act comes to happen. This is without prejudice to the right of the President to remove any director without assigning any reason whatsoever.
88.	Meeting of directors and quorum
	The directors may meet together either in person or through such other means as per the Act for the despatch of business, adjourn and otherwise regulate their meetings and

	proceedings as they think fit and may determine the quorum in accordance with Section 287 of the Act, for the transaction of business.
89.	Director may summon meeting. How questions to be decided
(1)	A Director may at any time summon a meeting of Directors, Questions arising at any meeting shall be decided by majority of votes and in case of equality of votes, the Chairman shall have a second or casting vote.
(2)	A meeting of the board shall be held at least once in every 3 months and at least four such meetings shall be held every year.
(3)	Notice of every meeting of the Board of Directors of the company shall be given in writing to every Director for the time being in India and at his usual address in India to every other director.
90.	Power of quorum
	A meeting of the directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretion by or under the article of the company for the time being vested in or exercisable by the directors generally.
91.	Chairman of directors meetings
	The Chairman appointed by the President shall ordinarily preside over the board meeting. If at any meeting the chairman is not present within 5 minutes after the time for holding the same, the directors present may choose one of their members to be the Chairman of the meeting.
92.	Power of Chairman
	The Chairman shall reserve for the decision of the President any proposals or decisions of the Directors in any matter which in the opinion of the Chairman is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. Without prejudice to the generality of the other provisions contained within articles, the Board shall reserve for the decision of the President any other matter relating to:
(i)	Sale, lease or disposal otherwise of the whole, or substantially the whole of the undertaking of the company;
(ii)	Deleted
(iii)	Winding up of the Company;
(iv)	Division of capital into different classes of shares.
93.	Delegation of powers to committees
	Subject to provision of the Act, directors may delegate any of their power to committees consisting of such member or members of their body as they think fit and may from time to time, revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated conform to any regulations that may from time to time, be imposed upon it by the directors . The proceedings of such a committee shall be placed before the Board of Directors at its next meeting. *The meetings and proceedings of any such committee shall be governed by the provisions of these articles regulating the meetings and proceedings of the Board of Directors, so far as the same are applicable thereto and are not suspended by regulations, if any, made by the Board of Directors as aforesaid.
94.	Chairman of meeting of committees
	A Committee may elect a Chairman of their meetings but if no such Chairman is elected, or if at any meeting the Chairman is not present within 5 (five) minutes after the time

	appointed for holding the same, the members present may choose one of their member to be Chairman of the meeting.
95.	When acts of directors or a committee valid notwithstanding defective appointments etc.
	All acts done by any meeting of the directors or of a committee of directors, or by any persons acting as a director, shall notwithstanding that it would be afterwards discovered that there was some defect in the appointment of such directors or persons acting as aforesaid, or that they or any of them were disqualified be as valid as if every such person had been duly appointed and was qualified to be a director.
96.	Resolution without boards meeting valid
	Subject to the provisions of section 289 of the Act a resolution in writing signed by a majority of directors shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted.
98.	Capitalization of Profits
(1)	The company in general meeting may upon the recommendation of the board resolve:
(a)	That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts (or) to the credit of the profit and loss account or otherwise available for distribution ; and
(b)	that such sum be accordingly set free for distribution in the manner specified in the clause (2) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions.
(2)	The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:-
(a)	paying up any amounts for the time being unpaid on any shares held by such members respectively:
(b)	paying up in full, unissued shares or debentures of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid ; or
(c)	partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b)
(3)	A share premium account and a capital redemption reserve and may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.
(4)	The board shall give effect to the resolution passed by the company in pursuance of this article.
(5)	Whenever such a resolution as aforesaid shall have been passed the board shall –
(a)	make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid up shares or debentures, if any; and
(b)	generally do all acts and things required to give effect thereto.
(6)	The board shall have full power:-
(a)	to make such provision, by the issue of fractional certificates or by payment in cash or otherwise at it thinks fit, for the case of shares or debentures becoming distributable in fractions;
(b)	to authorise any person to enter, on behalf of all the members entitled thereto, into and agreement with the company providing for allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may required) for the payment by the company on their behalf by the application thereto, of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(7)	Any agreement made under such authority shall be effective and binding on all such members.
99.	Dividends
(i)	The profits of the Company available for payment of division of profits or dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid up by them respectively. Provided always that unless the terms of issue otherwise provide, any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.
(ii)	No dividend shall be declared or paid by the company for any financial year except out of profits of the company for that year arrived after providing for the depreciation in accordance with the provisions of the Companies Act or out of profits of the company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the government for the payment of dividend in pursuance of a guarantee given by the government. No dividend shall carry interest against the company.
(iii)	For the purpose of the last preceding article, the declaration of the directors as to the amount of the profits of the company shall be conclusive
(iv)	Subject to the provisions of the Companies Act as amended from time to time, no dividend shall be payable except in cash. (iv) A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.
(v)	Any one of the several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.
(vi)	Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the register in respect of the joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.
100.	Capital paid up in advance
	Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest such capital shall not whilst carrying interest, confer a right to participate in profits.
101.	Declaration of dividends
(1)	The company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the capital and may fix the time for payment, but no dividend shall exceed the amount recommended by the directors.
(2)	All dividends shall be paid, or the warrants in respect thereof shall be posted, within thirty days from the date of the declaration, to the shareholders entitled to the payment of the dividend.
103.	When to be deemed net profits
	The declaration of the directors as to the amount of the net profits of the company shall be conclusive.
104.	Interim dividend
	The directors may from time to time pay to the members such interim dividends as in their judgement the position of the company justifies.

105.	Debts may be deducted
	The directors may retain any dividends on which the company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
106.	Dividend and call together
	Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the call on each members shall not exceed the dividends payable to him. If the call be made at the same time as the declaration of the dividends, the dividend may if so arranged between the company and the members be set off against the call. The making of a call under this clause shall be deemed special business.
107.	Effect of transfer
	A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.
108.	Retention in certain cases
	The directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause (Article 27A) entitled to become a member or which any person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
109.	Dividend to joint holder
	Any one of the several persons who are registered as the jointholders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.
110.	Payment by post
	Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the Member or the person entitled.
111.	Notice to dividend
	Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the registered holder of shares in the manner hereinafter provided.
112.	Unclaimed dividend
	No unclaimed or unpaid dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205 A of the Act in respect of unclaimed or unpaid dividend.
113.	Accounts to be kept
	Subject to the provisions of the act the company shall cause to be kept proper books of accounts with respect: -
(a)	All sums of money received and expended by the company and the matter in respect of which receipt and expenditure take place.
(b)	All sales and purchases of goods by the company.
(c)	The assets and liabilities of the company.
114.	Inspection of accounts books
	The books of the accounts shall be kept at the registered office of the company or at such other place as the directors shall think fit and shall be open to inspection by the directors during business hours.

115.	Inspection by members
	The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or book of document of the Company except as conferred by law or authorised by the Directors or by the Company in general meeting.
116.	Annual accounts & balance sheet
(1)	The directors shall prepare and lay the balance sheet and profit and loss account before the company in accordance with Section 210 of the Act.
(2)	The Balance Sheet and Profit and Loss account shall be approved by the Board of Directors and signed on behalf of the Board in accordance with the provisions of Section 215 of the Act, before they are submitted to the Auditors for their report thereon.
(3)	The Books of Account of the Company relating to a period of not less than eight years immediately preceding the current year together with vouchers relevant to any entry in such books of account shall be preserved in good order.
117.	Annual report of directors
	The Directors shall as per Section 217 of the Act make out and attach to every balance sheet a report with respect to the state of the company's affairs, the amount, if any which they recommend should be paid by way of dividend and the amount, if any, which they propose to carry to the reserve fund, general reserve or reserve account shown specifically on the balance sheet or to a reserve fund, general reserve or reserve account to be shown specifically in a subsequent balance sheet. The report shall be signed by the chairman of the board of directors on behalf of the directors if authorised in that behalf by the directors or as required under Section 215 of the Act.
118.	Contents of profit and loss account
	The profit and loss account shall in addition to the matters referred to in Section 211 of the Act, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived and the amount of gross expenditure fairly chargeable against the year's income shall be brought into account, so that a true balance of profit and loss may be laid before the meeting and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such items shall be stated, with the addition of the reasons why only a portion or such expenditure is charged against the income of the year.
119.	Balance sheet & profit and loss accounts to be sent to members
	The company shall send a copy of such balance sheet (including profit and loss account, the auditor's report and every other document required by law to be annexed or appended to the balance sheet) to the registered address of every member of the company in the manner in which notices are to be served hereunder at least 21 days before the meeting at which it is to be laid before the members of the company, and shall deposit a copy at the registered office of the company for inspection of members of the company during a period of at least twenty one days before that meeting.
120.	Directors to comply with Section 209 to 222 of the Act
	The directors shall in all respects comply with provisions of Section 209 to 222 of the Act, or any statutory modification thereof for the time being in force.
121.	Accounts to be audited annually
	Once at least in every financial year the accounts of the company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors.

122.	Appointment of auditors
	In regard to the appointments of auditors the provisions contained in Section 619 of the Act shall apply.
123.	Auditor's right to attend the meeting
	The auditors of the company shall be entitled to receive notice of and to attend any general meeting of the company at which any accounts which have been examined or reported on by them are to be laid before the company and may make any statement or explanation they desire with respect to the accounts.
124.	Powers of the Comptroller and Auditors General
	The Comptroller and Auditor General of India shall have the power:-
(a)	to direct the manner in which the company's accounts shall be audited by the auditor/auditors appointed in pursuance of Article 122 hereto and to give such instructions, in regard to any matter relating to the performance of his/their functions as such;
(b)	to conduct a supplementary, or test audit of the company accounts by such person or persons as he may authorise in this behalf, and for the purposes of such audit, to have access, at all reasonable times, to all accounts, accounts books vouchers, documents and other papers of the company and to require information or additional information to be furnished to any person or persons so authorised on such matters, by such person or persons and in such form, as the Comptroller and Auditor General may be general or special order, direct.
125.	Comments upon or supplement to audit-report by the Comptroller and Auditor General to be placed before annual general meeting
	The auditor/auditors aforesaid shall submit a copy of his/their audit report to Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit. Any such comments upon or supplement to, the audit report shall be placed before the annual general meeting of the company at the same time and in the manner as the audit report.
126.	Rights of the President
	Subject to the provisions of the Act, and notwithstanding anything contained in any of these Articles :-
(i)	The President, may from time to time, issue such directives or instructions as he may consider necessary in regard to the conduct of business or affairs of the Company or Directors thereof and in like manner may vary and annul any such directives. The Directors shall give immediate effect to the directives so issued provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President considers that the interest of National Security requires otherwise incorporate the contents of directives or instructions issued by the President in the Annual Report of the Company.
(ii)	The President will have right to call for such returns, accounts or other information with respect to the property or activity of the company as may be required from time to time.
(iii)	Save with the prior approval of the President, the company shall not embark upon or incur any liability or enter into any agreement or arrangement for embarking upon any objects other than the main objects specified in the memorandum, except to the extent that the exercise by the company, of the power under the relevant sub-clause is, in the opinion of the board of directors, necessary for the fulfillment of the main objects.
(iv)	The President will have the right to appoint any Director on the Board of the Company at any time on such terms and conditions and on payment of such remuneration and/or allowances as the President may from time to time determine.

126A.	Preliminary Expenses
	The Board may pay all expense incurred in setting up and registering the company.
127.	Distribution of assets on winding up
	If the company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up of the shares held by them respectively, and if a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of winding up paid up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
128.	Secrecy Clause
(1)	No members shall be entitled to require discovery of or any information respecting any details of the company's trading or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the company and which, in the opinion of the directors, it will be inexpedient in the interest of the members of the company to communicate to the public.
(2)	Every Director, Secretary, Trustee for the Company, its members, or Debenture holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe, a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required so to do by the Board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.
129.	Indemnity
	Subject to the provisions of the Act, chairman managing director, whole time director and every director, manager, and other officer or servant of the company shall be indemnified by the company against, and it shall be the duty of the directors to pay out of the funds of the company all costs, losses, damages, and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such director, manager or other officer or servant, or in any way in the discharge of his duties including travelling expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager or other officer or servant in defending any proceeding whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the court.
130.	Individual responsibility of directors
	Subject to the provisions of the Act no director, or other officer of the company shall be liable for the acts, receipts, defaults or negligence of any other director or officer or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the company through the insufficiency or deficiency of title to any property acquired by the other directors for or on behalf of the company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of company shall be invested, or for any loss of damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence default, breach of duty or breach of trust.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of the Company, from 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) during which issue is open for public subscription under this Prospectus.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated February 18, 2012, between the Company and the Lead Managers.
2. Memorandum of Understanding dated February 16, 2012 between the Company and the Registrar to the Issue.
3. Escrow Agreement dated February 25, 2012 between the Company, the Registrar, the Escrow Collection Bank(s), and Lead Managers.
4. Tripartite Agreement dated October 16, 2007, between CDSL, the Company and the Registrar to the Issue.
5. Tripartite Agreement dated November 15, 2007 between NSDL, the Company and the Registrar to the Issue.
6. Debenture Trustee Agreement dated February 16, 2012 between Company and Trustee.
7. Consortium Agreement dated February 18, 2012 between Company and the Consortium Members for marketing of the Issue.

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. Resolution passed at Meeting of the Board of Directors held on January 25, 2012 approving the borrowing programme of ₹ 3,000 crores for the year 2011-12 and authorization to exercise powers in relation to raising of debt issues.
4. Board resolution dated February 16, 2012, approving the Issue, Draft Prospectus and related matters.
5. Board resolution dated March 2, 2012, approving this Prospectus and related matters.
6. Copy of shareholders resolution dated September 8, 2010 u/s 293 (1) (a) and 293 (1) (d) for borrowing limit and creation of security respectively
7. Credit Rating letters issued by CRISIL, CARE, FITCH and ICRA dated February 21, 2012, February 21, 2012, February 21, 2012 and February 21, 2012 respectively.
8. Consents of each of the Directors, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, the Debenture Trustee for the Bonds, Consortium Members for marketing of the Issue and the Credit Rating Agencies to include their names in this Prospectus, in their respective capacities.

9. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear in this Prospectus and their statement on tax benefits mentioned herein.
10. Auditor's Report dated February 16, 2012 on standalone financial statements for the financial year March 31, 2007, 2008, 2009, 2010, 2011 and for the half year ended September 30, 2011 and consolidated financial statements prepared under Indian GAAP for the financial year 2008, 2009, 2010, 2011 and for the half year ended September 30, 2011.
11. Notification No. 07/2012/F.No.178/56/2011 – (ITA.1) dated February 14, 2012 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
12. Annual Report of the Company for the last five Fiscals.
13. In-principle listing approval from BSE vide their letter no. DCS/SP/PI-BOND/10/11-12 dated March 1, 2012.
14. Due Diligence Certificates dated March 1, 2012 filed by the Lead Managers and Debenture Trustee with SEBI.
15. Contribution agreement dated March 29, 2004 entered among KSK Trust Private Limited, KSK Energy Ventures Limited and our Company in relation to contribution towards 'Small is Beautiful' Fund.
16. Memorandum of understanding dated August 6, 2009 entered among Maharashtra State Electricity Transmission Company Limited and our Company.
17. Memorandum of understanding dated April 2, 2007 entered between our Company and Tamil Nadu Electricity Board.
18. Memorandum of understanding dated November 18, 2004 entered between our Company and Andhra Pradesh Power Generation Corporation Limited.
19. Memorandum of understanding dated January 28, 2005 entered between our Company and Neyveli Lignite Corporation Limited.
20. Memorandum of understanding dated September 9, 2005 entered between our Company and Jammu and Kashmir State Power Development Corporation Limited.
21. Memorandum of understanding dated June 20, 2006 entered between our Company and Maharashtra State Power Generation Company Limited.
22. Memorandum of understanding dated July 14, 2004 entered between our Company and PGCIL.
23. Memorandum of understanding dated July 14, 2004 entered between our Company and NHPC.
24. Memorandum of Understanding dated July 23, 2004 entered between our Company and Damodar Valley Corporation Limited.
25. Memorandum of understanding dated August 16, 2004 entered between our Company and NTPC.
26. Agreement dated June 5, 2007 entered between our Company and HUDCO.
27. Agreement dated July 13, 2007 entered between our Company and IIFCL.
28. Joint venture agreement dated November 19, 2009 entered among NTPC, PFC, PGCIL and our Company in relation to incorporation of a joint venture company, namely, Energy Efficiency Services Limited.

29. MoU dated March 28, 2011 between our Company and Ministry of Power (MoP).
30. MoU dated October 18, 2011, entered between our Company and Nuclear Power Corporation of India Limited (NPCIL).

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

In accordance with Section 61 of the Companies Act, in the event any of the material contracts mentioned in this section are required to be modified or amended, post the filing of this Prospectus with the RoC, reference shall be made to the shareholders of our Company for the same.

DECLARATION

We, the Directors of the Company, certify that all applicable legal requirements in connection with the Issue, including under the Companies Act, the SEBI Debt Regulations, and all relevant guidelines issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with, and that no statement made in this Prospectus contravenes such applicable legal requirements.

We further certify that this Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that all statements in this Prospectus are true and correct.

Signed by all the Directors of the Company

1. Mr. Rajeev Sharma

2. Mr. Hari Das Khunteta

3. Mr. Prakash Thakkar*
(through Mr. Hari Das Khunteta)

4. Mr. Devender Singh

5. Dr. Devi Singh

6. Dr. Marapalli Govinda Rao**
(through Mr. Hari Das Khunteta)

7. Mr. Venkataraman Subramanian

* vide Power of Attorney dated 24th February 2012.

** vide Power of Attorney dated 27th February 2012.

Date: March 2, 2012

Place: New Delhi

APPENDIX – I
FINANCIAL INFORMATION OF THE COMPANY ON
STANDALONE & CONSOLIDATED BASIS

FINANCIAL INFORMATION OF THE COMPANY ON STANDALONE BASIS**AUDITORS' REPORT**

**The Board of Directors,
Rural Electrification Corporation Limited,
Core-IV, SCOPE Complex,
7, Lodi Road,
New Delhi – 110003.**

Dear Sirs,

1. We have examined the financial information of Rural Electrification Corporation Limited (the Company), as attached to this report stamped and initialed by us for identification, which has been prepared in accordance with Paragraph B, Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations") as amended issued by the Securities and Exchange Board of India, in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with our engagement letter agreed upon with you in connection with the Draft Prospectus/Prospectus being issued by the Company for Proposed Issue of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961.
2. The preparation and presentation of these financial information is the responsibility of Company's management. These financial information are proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the proposed Issue of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961.

A. Financial Information as restated on the basis of the audited financial statements

We have examined the attached Statements of Assets and Liabilities of the Company as at September 30, 2011; March 31, 2011; March 31, 2010; March 31, 2009; March 31, 2008 and March 31, 2007 (Annexure I and Annexure IV) and the attached Statements of Profits and Losses for the half year ended September 30, 2011; and for the year ended March 31, 2011; March 31, 2010; March 31, 2009; March 31, 2008 and March 31, 2007 (Annexure II & V) and the attached statement of Cash Flows for the half year ended September 30, 2011; and for the year ended March 31, 2011; March 31, 2010; March 31, 2009; March 31, 2008 and March 31, 2007 (Annexure III), together referred to as 'Audited Financial Information'.

These Audited Financial Information' have been extracted by the management from the financial statements after making such adjustments and regroupings as considered appropriate and fully described in notes appearing in Annexure VI to this report. For our examination, we have placed reliance on the financial statements audited by M/S G.S. Mathur & Co. for the year ended March 31, 2007; March 31, 2008; March 31, 2009 and for the year ended March 31, 2010 and March 31, 2011 by M/s Bansal & Co and K.G Somani & Co. These Financial Statements have been approved/ adopted by the Board of Directors/members for the respective years.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached financial information with the Company's audited financial statements for half year ending September 30, 2011, for the financial years 2006-2007 to 2010-2011 and reclassification as per 'SEBI Regulations'.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

We further report that:

1. The Audited Financial Information have been in accordance with the requirements of Paragraph B, Part II of Schedule II of the Companies Act, the SEBI Regulations.
2. These profits have been arrived at after charging all expenses of management including depreciation and after making such regroupings as in our opinion are appropriate and are subject to the Significant Notes on Accounts attached to and forming part of the Audited Financial Information enclosed as Annexure VI.
3. There are observations in the annexure to the auditor's reports as included in Annexure – A to this report which is to be read with Significant Accounting Policies and Notes to Accounts. These qualifications do not have any quantifiable impact on the Audited Financial Information

B. Other Financial Information

We have examined the following financial information relating to the Company proposed to be included in the Draft Prospectus and annexed to this report:

- i. Significant Accounting Policies and Notes to Accounts on the Audited Financial Statements as at and for each of the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and also as at end and for the half year ended September 30, 2011(Annexure VI)
- ii. Statements of Accounting Ratios as at and for each of the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and for the half year ended September 30, 2011 (Annexure VII)
- iii. Statement of Dividend as at and for each of the years ended March 31, 2011, 2010, 2009, 2008 and 2007 (Annexure VIII)
- iv. Capitalization Statement as at and for each of the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and for the half year ended September 30, 2011 (Annexure IX)
- v. Details of Contingent Liabilities as at and for each of the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and for the half year ended September 30, 2011 (Annexure X)

In our opinion, the financial information of the Company, as attached to this report, as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies and significant notes to accounts, after making necessary regrouping as considered appropriate have been prepared in accordance with Paragraph B, Part II of Schedule II of the Companies Act, 1956 and SEBI Regulations..

This report is intended solely for use for your information and for inclusion in Draft Prospectus/Prospectus in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

This report should neither in any way be construed as a re-issuance or redrafting of any of the previous audit reports issued by other firms of chartered accountants nor construed as a new opinion on any financial statements referred to herein.

For Bansal & Co.
Chartered Accountants
Firm Regn No. 001113N

(R.C.Pandey)
Partner
M. No. 070811

Place: New Delhi
Date: February 16, 2012

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

(K.S. Ponnuswami)
Partner
M. No. 070276

ANNEXURE- A

ANNEXURE TO THE AUDIT REPORT OF EVEN DATE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2007 TO MARCH 31, 2011 AND FOR THE PERIOD HALF YEAR ENDED SEPTEMBER 2011

AUDIT REPORT 2006-2007

- 4.1 Raising of amounts by way of issue of bonds amounting to Rs. 141,681.70 million, partly secured against asset valuing Rs. 3.85 million, thus resulting in raising of public deposits without appropriate approval/registration with RBI and is also not in accordance to the requirements of trustee to the bond holders as intimated vide their recent letter dated March 6, 2007.

Related area of paragraph 3 of audit report for the year ended 2006- 2007

- 1(b) The Fixed Assets of the Company have been physically verified by the management during the year ended 31st March, 2007; However, no reconciliation was carried out. In the absence of such reconciliation, We are unable to comment upon discrepancies, if any.
4. However in certain areas internal control needs further strengthening like financial accounting; loan pricing being linked to rating linked policy; review of transmission and distribution lending norms prescribing appropriate debt equity ratios; adoption of control records regarding status of loan documents; receipt, disbursement and utilization of grants received under various schemes; monitoring of loans given to various SEB's / Discoms / Transcoms / Gencos including obtaining search reports for charges created against the loan given.
6. Company has issued bonds which are partly unsecured and are covered under the definition of public deposits there by attracting the provisions of non banking financial companies acceptance of deposit (Reserve bank) Direction, 1998 read with section 45-1 (bb) of the Reserve bank of India act, 1934.
7. Internal audit needs to be further strengthened with identification of critical areas for risk based audit in view of growth in the business of the Company and coverage of deficiencies in accounting.
- 9 (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investors education protection fund, employees state insurance, income tax, wealth tax and other material statutory dues applicable to it except:-
- 1 Non-deduction and consequently non deposit of tax deductible at source (TDS) on interest accrued in respect of certain bonds which are transferable by way of endorsement and delivery.
 - 2 Service tax on banking and financial services amounting to Rs. 8.72 million (since deposited)
17. According to information and explanations given to us and on overall examination of the Balance Sheet of the Company, We report that prima facie funds raised on short term basis have been used for long term deployment/Investments. However, in the absence of statement of residual maturity pattern of loans and advances granted/taken. We are unable to comment on the same.
19. According to the information and explanation given to us , during the period covered by our Audit Report , no securities for debentures were created by the Company except securities in the form of legal mortgage on the immovable properties of the Company at Mumbai having book value of only Rs. 38.5 Lakhs have been created against Capital Gain Tax Exemption Bonds and Infrastructure Bonds amounting to a sum of Rs. 14168.17 Crore.

AUDIT REPORT 2007-2008

Related area of paragraph 3 of audit report for the year ended 2007- 2008

4. However in certain areas internal control needs further strengthening like financial accounting; loan pricing being linked to rating linked policy; review of transmission and distribution lending norms prescribing appropriate debt equity ratios; adoption of control records regarding status of loan

documents; receipt, disbursement and utilization of grants received under various schemes; monitoring of loans given to various SEB's / Discoms / Transcoms / Gencos including obtaining search reports for charges created against the loan given.

7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit.
- 9 (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investors education protection fund, employees state insurance, income tax, wealth tax and other material statutory dues applicable to it except:-
 - (i) Non Deduction and consequently Non Deposit of TDS on interest accrued in respect of certain bonds, which are transferrable by way of endorsement and delivery.

AUDIT REPORT 2008-2009

Related area of paragraph 3 of audit report for the year ended 2008- 2009

4. However in certain areas internal control needs further strengthening like financial including loan accounting; loan pricing being not linked to rating linked policy in certain cases; review of transmission and distribution lending norms prescribing appropriate debt equity ratios; adoption of control records regarding status of loan documents including formulation of legal manual; receipt, disbursement and utilization of grants received under various schemes; monitoring of loans given to various SEB's/Discoms / Transcoms / Gencos including obtaining search reports for charges created against the loan given.
7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit.

AUDIT REPORT 2009-2010

Related area of paragraph 3 of audit report for the year ended 2009- 2010

4. However in certain areas internal control needs further strengthening like financial including loan accounting; loan pricing being not linked to rating linked policy in certain cases; control records regarding status of loan documents including formulation of legal manual; receipt, disbursement and utilization of grants/subsidy received under various schemes; monitoring and supervision of loans given to various SEB's/Discoms / Transcoms / Gencos including obtaining search reports for charges created against the loan given.
7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. The internal audit has been carried out for part of the accounting year. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit and frequency of coverage in respect of loan department.

AUDIT REPORT 2010-2011

Related area of paragraph 3 of audit report for the year ended 2010- 2011

4. However in certain areas internal control needs further strengthening like utilization of grants/subsidies disbursed under various schemes; monitoring and supervision of loans given to various SEB's/Discoms/ Transcoms/Gencos including obtaining search reports for charges created against the loan given, ascertainment of viability of revised project at the time of reschedulement of loan assets; Generation of various report from loan module in ERP to have better control over loan assets.

AUDIT REPORT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2011

Related area of paragraph 3 of audit report for the half year ended 30th September 2011

4. However in certain areas internal control needs further strengthening like utilization of grants/subsidy received under various schemes; monitoring and supervision of loans given to various SEBs/DISCOMS/TRANSCOS/GENCOS including obtaining search reports for charges created against the loans given, ascertainment of viability of revised project at the time of rescheduling of loan assets.

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RURAL ELECTRIFICATION CORPORATION LIMITED
ANNEXURE I - STATEMENT OF STANDALONE ASSETS & LIABILITIES

(₹ in Million)

Description	Schedule Number	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS							
Share Holder's Funds							
(a) Share Capital	1	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00
(b) Reserves & Surplus	2	130,873.99	118,011.56	100,928.76	53,314.16	45,090.45	32,321.07
		140,748.58	127,886.15	110,803.35	61,900.76	53,677.05	40,127.07
Loan Funds							
Secured Loans	3	449,207.65	462,674.31	462,447.38	376,136.53	294,219.51	265,339.72
Unsecured Loans	4	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35	37,470.29
		756,201.31	700,038.22	559,482.28	449,359.58	342,827.86	302,810.01
Deferred Tax Liability	8	-	-	-	9,566.85	8,170.78	7,396.68
Total		896,949.89	827,924.37	670,285.63	520,827.19	404,675.69	350,333.76
APPLICATION OF FUNDS							
Fixed Assets	5						
Gross Block		846.23	844.99	833.76	711.09	838.34	675.55
Less : Depreciation		206.58	192.55	162.81	144.76	135.78	121.85
Net Block		639.65	652.44	670.95	566.33	702.56	553.70
Capital Work-in-Progress		239.28	228.17	228.14	242.70	76.45	82.60
Investments	6	8,368.04	8,368.04	9,098.59	10,048.64	11,473.97	11,945.39
Loans	7	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12	320,991.02
Deferred Tax Assets	8	134.14	127.73	73.67	-	-	-
Current Assets, Loans & Advances	9						
Cash & Bank Balances		7,496.29	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70
Other Current Assets		3,994.41	5,148.82	5,792.89	4,583.91	4,991.20	3,123.59
Loans & Advances		631.72	735.67	1,140.99	570.26	304.49	203.56
		12,122.42	34,203.39	20,837.01	24,014.60	17,826.09	26,299.85
Less : Current Liabilities & Provisions	10						
Current Liabilities		32,848.96	31,338.98	19,613.40	24,464.66	14,886.55	7,149.73
Provisions		1,067.96	5,637.01	5,535.47	3,394.88	3,681.95	2,389.07
		33,916.92	36,975.99	25,148.87	27,859.54	18,568.50	9,538.80
Net Current Assets		(21,794.50)	(2,772.60)	(4,311.86)	(3,844.94)	(742.41)	16,761.05
Total		896,949.89	827,924.37	670,285.63	520,827.19	404,675.69	350,333.76

RURAL ELECTRIFICATION CORPORATION LIMITED
ANNEXURE II - STATEMENT OF STANDALONE PROFITS & LOSSES

(₹ in Million)

Description	Schedule	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
INCOME							
Operating Income (Net)	11	48,667.18	82,569.11	65,497.58	47,571.69	33,782.19	26,516.96
Other Income	12	762.11	1,530.25	1,578.45	1,626.86	1,592.04	2,022.98
Total		49,429.29	84,099.36	67,076.03	49,198.55	35,374.23	28,539.94
EXPENSES							
Interest and other charges	13	29,132.50	47,809.22	38,912.02	28,858.05	20,528.09	17,408.95
Establishment Expenses	14	611.64	1,274.65	1,171.01	872.24	923.01	498.16
Administration Expenses	15	225.01	336.67	276.76	224.05	182.39	143.53
Bond/ Instrument Debt Issue Expenses	16	547.69	700.89	199.45	113.42	103.52	220.65
Provision for bad & doubtful debts		250.00	2.22	2.22	23.71	399.93	210.45
Depreciation		16.07	30.42	21.55	13.62	13.86	11.29
Provision for Diminution in Investments		-	-	-	10.53	(2.39)	(0.08)
Foreign Exchange Fluctuation Loss/ (Gain)		1,327.58	(853.30)	-	(114.22)	95.95	18.27
Total		32,110.49	49,300.77	40,583.01	30,001.40	22,244.36	18,511.22
PROFIT BEFORE TAX & PRIOR PERIOD ITEMS		17,318.80	34,798.59	26,493.02	19,197.15	13,129.87	10,028.72
Prior period adjustment - expenses/ (Income) (net)		-	32.31	1.07	(3.87)	5.67	(33.17)
PROFIT BEFORE TAX		17,318.80	34,766.28	26,491.95	19,201.02	13,124.20	10,061.89
Provision for Taxation:							
Tax -Current Year		4,477.43	9,084.67	6,955.87	5,068.83	3,738.01	2,148.23
- Earlier year		(14.65)	36.35	0.28	0.22	-	141.46
Adjustment for earlier years		-	-	(483.51)	-	-	-
Deferred Tax Current Year		(6.41)	(54.05)	5.15	1396.07	774.10	1,162.91
Deferred tax earlier year		-	-	-	-	-	44,81.70
Less : Transferred from G/R		-	-	-	-	-	(44,81.70)
fringe benefit tax		-	-	-	15.17	10.65	6.72

Description	Schedule	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Total		4,456.37	9,066.97	6,477.79	6,480.29	4,522.76	3,459.32
Profit after tax available for appropriations		12,862.43	25,699.31	20,014.16	12,720.73	8,601.44	6,602.57
Add: Reversal of Deferred Tax Liability - Earlier Years		-	-	3,257.69	-	-	-
TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		12,862.43	25,699.31	23,271.85	12,720.73	8,601.44	6,602.57
Appropriation							
Transfer to special reserve u/s 36 (1) (viii) of income tax Act 1961		3,113.00	6,101.10	4,580.30	3,400.00	2,550.00	3,450.00
Reserve u/s 36(1)(viii) of income tax for doubtful debt		725.90	1,440.90	1,076.00	800.00	580.00	340.00
proposed final dividend		-	3,949.84	3,456.11	2,146.65	2,575.98	1,770.00
interim dividend paid		-	3,456.11	2,575.98	1,717.32	-	-
Corporate dividend tax :							
proposed dividend		-	640.76	574.02	364.82	437.79	300.81
interim dividend		-	573.93	437.70	291.86	-	-
transfer to general reserve		-	2,600.00	5,000.00	2,550.00	1,400.00	720.00
surplus carried to balance sheet		9,023.53	6,936.67	5,571.74	1,450.08	1,057.67	21.76
TOTAL		12,862.43	25,699.31	23,271.85	12,720.73	8,601.44	6,602.57

RURAL ELECTRIFICATION CORPORATION LIMITED
ANNEXURE III - STATEMENT OF STANDALONE CASH FLOWS

(₹ in Million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
A. Cash Flow from Operating Activities :						
Net Profit before Tax	17,318.80	34,766.28	26,491.95	19,201.02	13,124.20	10,061.89
Adjustments for:						
1. Profit / Loss on Sale of Fixed Assets	(0.27)	0.05	(0.17)	(0.10)	0.08	(0.38)
2. Transfer from general reserves	-	-	-	-	(16.38)	-
3. Depreciation	16.07	30.41	21.54	13.62	13.86	11.29
4. Provision for fall in value of investments	-	-	-	10.53	(2.39)	(0.08)
5. Provision for Bad & doubtful debts	250.00	2.21	2.22	23.71	399.43	210.45
6. Excess Provision written back	-	(292.13)	(10.75)	(0.04)	(1.84)	(130.53)
7. Profit on sale/income of investment in units of "small is Beautiful Fund"	-	(18.99)	(6.71)	(1.10)	(3.30)	(10.65)
8. Loss/(Gain) on Exchange Rate fluctuation	1,327.58	(853.30)	-	(114.22)	95.95	-
9. Amount transferred to security premium	-	-	-	23.60	-	-
10. Dividend from Subsidiary Co.- REC PDCL	(0.50)	(0.50)	(0.50)	-	-	-
11. Discount on issue of Bonds written off	23.49	8.47	-	-	-	-
12. Dividend/Gain on Mutual Funds	(100.32)	(34.74)	-	-	-	-
13. Dividend & Div. Tax paid in excess of provision	-	0.14	0.09	-	-	-
Operating profit before working Capital Changes :	18,834.85	33,607.90	26,497.67	19,157.02	13,609.61	10,141.99
Increase / Decrease :						
1. Loans	(88,292.68)	(156,796.67)	(150,713.90)	(120,673.05)	(72,573.54)	(67,945.36)
2. Other Current Assets	1,154.41	400.35	(1,209.00)	407.30	(1,867.61)	(66.93)
3. Other Loans & Advances	238.87	405.32	17,328.40	(433.08)	(80.72)	(8.91)
4. Current Liabilities	3,296.77	3,924.67	(12,213.51)	6,379.74	6,391.80	1,421.15
Cash outflow from Operations	(64,767.78)	(118,458.43)	(120,310.34)	(95,162.07)	(54,520.46)	(56,458.06)
1. Advance Income Tax Paid	(4,610.54)	(9,642.29)	(6,743.00)	(4,810.93)	(7,496.22)	(2,196.84)
2. Income Tax refund	14.83	-	204.96	-	-	-
3. Wealth Tax paid	(3.74)	(3.55)	(3.67)	(0.22)	(0.02)	(0.02)
4. Fringe Benefit tax paid	-	-	-	(13.26)	(10.66)	(6.72)
Net Cash used in Operating Activities	(69,367.24)	(128,104.27)	(126,852.05)	(99,986.48)	(62,027.36)	(58,661.64)
B. Cash Flow from Investing Activities						
1. Sale of Fixed Assets	0.49	0.24	0.89	1.34	0.16	1.66
2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	(14.61)	(12.23)	(112.34)	(44.87)	(156.79)	(4.96)
3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	-	943.20	943.20	1,414.80	471.60	1,414.80
4. Redemption of units of "Small is Beautiful" Fund	-	31.10	23.85	-	-	-

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
5. Income on Investments in units of "Small is Beautiful" Fund	-	18.99	6.71	-	(19.48)	(155.31)
6. Investment in Shares of EESL	-	-	(6.25)	-	-	-
7. Sale of Investments in units of "Small is Beautiful" Fund	-	-	-	1.10	37.99	56.25
8. Investment in Shares of Subsidiary Co. "REC Power Distribution Co. Ltd.	-	-	-	-	(0.50)	-
9. Investment in REC Transmission Project Co. Ltd, Subsidiary Co.	-	-	-	-	-	(0.50)
10. Investment in Shares of Indian Energy Exchange	-	-	-	-	(12.50)	-
11. Investment in Mutual Funds	-	-	-	-	-	-
12. Dividend/Gain received on Mutual Funds	100.32	34.74	-	-	-	-
13. Dividend from "REC Power Distribution Co Ltd.	0.50	0.50	0.50	-	-	-
Net Cash used in investing Activities	86.70	1,016.54	856.56	1,372.37	320.48	1,311.94
C. Cash Flow from Financial Activities						
1. Issue of Bonds	117,801.25	154,324.35	165,911.54	138,073.31	60,739.24	87,209.12
2. Redemption of Bonds	(27,140.27)	(50,982.05)	(83,616.27)	(52,654.60)	(35,959.39)	(38,665.28)
3. Raising of Term Loans/STL from Banks/FIs (Net)	(49,595.67)	6,777.09	10,603.79	53,746.33	43,725.00	11,998.00
4. Raising of Foreign Currency Loan (Net)/ECB	13,780.50	55,914.30	5,826.92	4,566.51	1,667.65	8,720.90
5. Grants received from GOI (Net of refund)	6,184.33	48,413.10	50,197.61	54,462.17	39,028.99	30,016.71
6. Disbursement of grants	(7,947.89)	(40,254.19)	(60,036.70)	(51,141.00)	(33,594.15)	(30,094.01)
7. Repayment of Term loans/STL from Banks/FIs	-	-	-	(49,863.83)	(30,065.00)	(6,650.00)
8. Repayment of Govt. Loan	(33.79)	(132.92)	(153.26)	(171.80)	(185.60)	(194.87)
9. Final Dividend paid	(3,949.84)	(3,456.17)	(2,146.73)	(2,575.98)	(1,770.00)	(1,012.60)
10. Corporate Dividend Tax paid on Final Dividend	(640.68)	(573.94)	(364.84)	(437.79)	(300.81)	(142.02)
11. Issue of Shares	-	-	1,287.99	-	7,978.65	-
12. Security Premium on issue of shares	-	4.12	24,991.82	-	-	-
13. Issue of Commercial Paper	-	-	31,500.00	12,950.00	-	-
14. Repayment of Commercial Paper	-	(24,500.00)	(19,950.00)	-	-	-
15. Interim Dividend paid	-	(3,456.16)	(2,575.98)	(1,717.32)	-	-
16. Corporate Dividend Tax paid on Interim Dividend	-	(574.03)	(437.70)	(291.86)	-	-
Net Cash in-flow from Financing Activities	48,457.94	141,503.50	121,038.19	104,944.14	51,264.58	61,185.95
Net Increase/Decrease in Cash & Cash Equivalents	(20,822.61)	14,415.77	(4,957.30)	6,330.03	(10,442.30)	3,836.25
Cash & Cash Equivalents as at 1st April	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70	19,136.45
Cash & Cash Equivalents as at March 31/September 30	7,496.29	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70
Net Increase/Decrease in Cash & Cash Equivalents	(20,822.61)	14,415.77	(4,957.30)	6,330.03	(10,442.30)	3,836.25

RURAL ELECTRIFICATION CORPORATION LIMITED
ANNEXURE IV - SCHEDULES TO STATEMENT OF ASSETS AND LIABILITIES

SCHEDULE - 1
SHARE CAPITAL

(₹ in Million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
Authorized :						
1200,000,000 Equity shares of ₹ 10/- each	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Issued, subscribed and paid up :						
987,459,000 Equity shares of ₹ 10/- each fully paid-up	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00
TOTAL	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00

SCHEDULE - 2

RESERVES & SURPLUS

(₹ in Million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
A. Capital Reserve						
I. Capital Reserve (Grant from USAID)						
Opening balance	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
Additions/Adjustments during the year	-	-	-	-	-	-
Deductions/Adjustments during the year	-	-	-	-	-	-
Closing Balance as at March,31/September 30	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
II. Securities Premium*						
Opening balance	32,224.31	32,220.18	7,221.65	7,198.05	-	-
Additions/Adjustments during the year	-	4.57	25,194.05	23.60	7,415.70	-
Deductions/Adjustments during the year	-	0.44	195.52	-	217.65	-
Closing Balance as at March,31/September 30	32,224.31	32,224.31	32,220.18	7,221.65	7,198.05	-
Sub Total (A)	33,274.31	33,274.31	33,270.18	8,271.65	8,248.05	1,050.00
B. Other Reserves						
I. Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961						
Opening balance	39,059.38	32,958.28	28,377.98	24,977.98	22,427.98	18,977.98
Additions/Adjustments during the year	3,113.00	6,101.10	4,580.30	3,400.00	2,550.00	3,450.00
Deductions/Adjustments during the year	-	-	-	-	-	-
Closing Balance as at March,31/September 30	42,172.38	39,059.38	32,958.28	28,377.98	24,977.98	22,427.98
II. Reserve for Bad & doubtful debts u/s 36(1)(viiia) of Income-Tax Act,1961						
Opening balance	5,953.81	4,512.91	3,436.91	2,636.91	2,056.91	1,716.91
Additions/Adjustments during the year	725.90	1,440.90	1,076.00	800.00	580.00	340.00
Deductions/Adjustments during the year	-	-	-	-	-	-
Closing Balance as at march,31/September 30	6,679.71	5,953.81	4,512.91	3,436.91	2,636.91	2,056.91
III. General Reserve						
Opening balance	24,476.73	21,876.73	10,488.74	7,938.74	6,555.12	12,223.10
Additions/Adjustments during the year	-	2,600.00	11,387.99	2,550.00	1,400.00	720.00
Deductions/Adjustments during the year	-	-	-	-	16.38	6,387.98
Closing Balance as at march,31/September 30	24,476.73	24,476.73	21,876.73	10,488.74	7,938.74	6,555.12
IV. Profit & Loss Account						

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
Opening balance	15,247.33	8,310.66	2,738.92	1,288.80	231.10	209.30
Additions/Adjustments during the year	9,023.53	6,936.67	5,571.74	1,450.08	1,057.67	21.76
Deductions/Adjustments during the year	-	-	-	-	-	-
Closing Balance as at march,31/September 30	24,270.86	15,247.33	8,310.66	2,738.88	1,288.77	231.06
Sub Total (B)	97,599.68	84,737.25	67,658.58	45,042.51	36,842.40	31,271.07
Total (A+B)	130,873.99	118,011.56	100,928.76	53,314.16	45,090.45	32,321.07

SCHEDULE – 3
SECURED LOAN

(₹ in Million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 131.03.2009	As at 31.03.2008	As at 31.03.2007
TERM LOANS FROM BANKS/INSTITUTIONS						
(Secured against receivables)	2,345.70	10,421.27	16,684.29	20,532.500	23,220.00	19220.00
LOAN FROM LIFE INSURANCE CORPORATION OF INDIA	28,500.00	28,500.00	32,000.00	33,500.00	35,000.00	35000.00
(Refinance facility availed secured against pooling of security of present and future receivables on pari-pasu basis)						
LOAN FROM IIFCL	18700.00	18700.00	8700.00	-	-	-
(Refinance facility availed secured against pooling of security of present and future receivables on pari-pasu basis)						
OVERDRAFT AGAINST TERM DEPOSIT						
Union Bank of India (Secured against FDR of ₹ 1100 Million placed with the bank)	-	-	-	-	-	1,000.00
LOAN THROUGH BONDS						
(Cumulative & Non- Cumulative)						
(Secured by charge against receivables and/ Immovable property at Maharashtra & Delhi as per the terms of the private placement and to the satisfaction of the respective trustees).						
I TAXFREE SECURED BONDS						
Long Term						
41st Series						
8.25% Redeemable at par on 22.02.2010	-	-	-	750.00	750.00	750.00
53rd Series						
7.10% Redeemable at par on 23.03.2011	-	-	500.00	500.00	500.00	500.00
II TAXABLE SECURED BONDS						
Long Term						
64th Series						
6.90% Redeemable at par on 27.09.2009	-	-	-	1,500.00	1,500.00	2,400.00
66th Series						
6.00% Redeemable at par on 31.01.2010	-	-	-	1,390.00	1,390.00	2,740.00
69th Series						
6.05% Redeemable at par on 23.01.2014	4,015.20	4,015.20	5,353.60	6,692.00	6,692.00	6,692.00
72nd Series						
6.60% Redeemable at par on 18.08.2011	-	1,137.00	1,137.00	3,857.00	3,857.00	3,857.00
73rd Series						
6.90% Redeemable at par on 08.10.2014	1,871.20	1,871.20	2,339.00	2,339.00	2,339.00	2,339.00
75th Series						
7.20% Redeemable at par on 17.03.2015	3,500.00	4,000.00	5,000.00	5,000.00	5,000.00	5,000.00
76th Series						
6.00% Redeemable at par on 15.03.2008	-	-	-	-	-	3,200.00

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 131.03.2009	As at 31.03.2008	As at 31.03.2007
77th Series						
7.30% Redeemable at par on 30.06.2015	7,884.00	9,855.00	9,855.00	9,855.00	9,855.00	9,855.00
78th Series						
7.65% Redeemable at par on 31.01.2016	17,957.00	17,957.00	17,957.00	17,957.00	17,957.00	17,957.00
79th Series						
7.85% Redeemable at par on 14.03.2016	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
80th Series						
8.20% Redeemable at par on 20.03.2016	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
81st Series						
8.85% Redeemable at par on 20.01.2017	3,148.00	3,148.00	3,148.00	3,148.00	3,148.00	3,148.00
82nd Series						
9.85% Redeemable at par on 28.09.2017	8,831.00	8,831.00	8,831.00	8,831.00	8,831.00	-
83rd Series						
9.07% Redeemable at par on 28.02.2018	6,852.00	6,852.00	6,852.00	6,852.00	6,852.00	-
84th Series						
9.45% Redeemable at par on 04.04.2013	10,000.00	10,000.00	10,000.00	10,000.00	-	-
85th Series						
9.68% Redeemable at par on 13.06.2018	5,000.00	5,000.00	5,000.00	5,000.00	-	-
86th Series						
10.75% Redeemable at par on 24.07.2013	7,279.00	7,279.00	7,279.00	7,279.00	-	-
86-A Series						
10.70% Redeemable at par on 29.07.2018	5,000.00	5,000.00	5,000.00	5,000.00	-	-
86-B-I Series						
10.95% Redeemable at par on 14.08.2011	-	9,242.00	9,242.00	9,242.00	-	-
86-B-II Series						
10.90% Redeemable at par on 14.08.2013	3,541.00	3,541.00	3,541.00	3,541.00	-	-
86-B-III Series						
10.85% Redeemable at par on 14.08.2018	4,320.00	4,320.00	4,320.00	4,320.00	-	-
87-I Series						
10.90% Redeemable at par on 30.09.2013	3,702.00	3,702.00	3,702.00	3,702.00	-	-
87-II Series						
10.85% Redeemable at par on 30.09.2018	6,574.00	6,574.00	6,574.00	6,574.00	-	-
87-A-I Series						
11.35% Redeemable at par on 24.10.2013	2,497.00	2,497.00	2,497.00	2,497.00	-	-
87-A-II Series						
11.20% Redeemable at par on 24.10.2018	364.00	364.00	364.00	364.00	-	-
87-A-III Series						
11.15% Redeemable at par on 24.10.2018	618.00	618.00	618.00	618.00	-	-
87-B Series						
11.75% Redeemable at par on 03.11.2011	9,409.00	9,409.00	9,409.00	9,409.00	-	-
87-C-I Series						
11.45% Redeemable at par on 26.05.2010	-	-	2,291.00	2,291.00	-	-
87-C-II Series						
11.45% Redeemable at par on 26.11.2010	-	-	5,915.00	5,915.00	-	-
87-C-III Series						

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 131.03.2009	As at 31.03.2008	As at 31.03.2007
11.50% Redeemable at par on 26.11.2013	8,600.00	8,600.00	8,600.00	8,600.00	-	-
88th Series						
8.65% Redeemable at par on 15.01.2019	14,950.00	14,950.00	14,950.00	14,950.00	-	-
89-I Series						
7.00% Redeemable at par on 02.06.2012	6,715.00	6,715.00	6,715.00	-	-	-
89-II Series						
7.70% Redeemable at par on 02.06.2014	2,550.00	2,550.00	2,550.00	-	-	-
90 th Series						
8.80% Redeemable at par on 03.08.2019	20,000.00	20,000.00	20,000.00	-	-	-
90-A-I Series						
7.15% Redeemable at par on 05.08.2012	10,000.00	10,000.00	10,000.00	-	-	-
90-A-II Series						
8.00% Redeemable at par on 05.08.2014	10,000.00	10,000.00	10,000.00	-	-	-
90-B-I Series						
8.35% Redeemable at par on 04.09.2014	8,839.00	8,839.00	8,839.00	-	-	-
90-B-II Series						
8.72% Redeemable at par on 04.09.2019	8,682.00	8,682.00	8,682.00	-	-	-
90-C-I Series						
7.90% Redeemable at par on 06.10.2012	14,175.00	14,175.00	14,175.00	-	-	-
90-C-II Series						
8.80% Redeemable at par on 06.10.2019	10,400.00	10,400.00	10,400.00	-	-	-
91-I Series						
7.75% Redeemable at par on 17.11.2012	9,430.00	9,430.00	9,430.00	-	-	-
91-II Series						
8.80% Redeemable at par on 17.11.2019	9,959.00	9,959.00	9,959.00	-	-	-
92-I Series						
7.60% Redeemable at par on 22.01.2013.	9,246.00	9,246.00	9,246.00	-	-	-
92-II Series						
8.65% Redeemable at par on 22.01.2020	9,453.00	9,453.00	9,453.00	-	-	-
93-I Series						
7.65% Redeemable at par on 19.02.2013	1,415.00	1,415.00	1,415.00	-	-	-
93-II Series						
8.45% Redeemable at par on 19.02.2015	4,431.00	4,431.00	4,431.00	-	-	-
CAPITAL GAINS BONDS (Redeemable at par)						
Series-I	-	-	-	155.26	334.97	4,329.53
Series-II	-	-	-	163.94	696.97	2,212.11
Series-III	-	-	-	650.23	1,542.57	2,497.11
Series-IV	9.73	9.73	13.18	2,063.82	3,593.09	22,894.98
Series-V	-	-	4,248.16	8,101.35	33,347.42	33,932.18
Series-VI	-	4,689.05	5,362.85	44,942.13	44,942.13	44,942.13
Series-VI A	-	-	-	28,586.70	28,586.70	28,586.80
Series-VII	-	-	34,027.44	34,027.44	34,027.44	-
Series-VIII	15,672.92	25,252.33	25,252.33	25,252.33	-	-
Series-VIII (2009-10)	30,577.76	30,577.76	30,577.76	-	-	-

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 131.03.2009	As at 31.03.2008	As at 31.03.2007
Series VIII (2010-11)	50,436.53	50,437.54	-	-	-	
Series VIII (2011-12)	21,744.83	-	-	-	-	
INFRASTRUCTURE BONDS (Redeemable at par)						
Series-I & II	-	-	92.47	150.30	321.52	
Series-III	-	-	53.36	64.92	80.60	
Series-IV	-	-	42.00	42.00	1,884.76	
Bond Application Money	-	17.25	-	-	10,000.00	-
Interest Accrued & Due on Capital Gains Bonds	12.78	11.98	11.78	-	-	
Total Secured Loans	449,207.65	462,674.31	462,447.38	376,136.53	294,219.51	265,339.72
Due for repayment/redemption within one year	52,685.67	66,413.31	64,070.26	99,034.87	39,730.25	11,063.16

Notes to Schedule No 3 :-

Secured loans of ₹ 449,207.65 millions include :-

- a) 69th, 73rd and 77th series are redeemable at par in 5 equal installments at par at the end of 6th,7th,8th,9th and 10th year respectively. 1st and 2nd installments of 69th series bonds amounting to ₹ 1338.4 millions (i.e. 20% each) have been redeemed on 23rd January 2010 and 23rd January 2011 respectively. 1st installment of 73rd series bonds amounting to ₹. 467.8 million has been redeemed on 8th October 2010. Further, 1st installment of 77th series amounting to ₹ 1971 millions has been redeemed on 30th June 2011.
- b) 75th series of bonds shall be redeemed at par in 10 equal installments at half yearly intervals from 5 - 1/2 years to 10 years by way of STRPPs. Out of the same, three installments of ₹ 500 millions each have been redeemed on 17th September 2010, 17th March 2011 and 17th September 2011 respectively.
- c) 78th, 79th, 80th, 81st, 82nd, 83rd, 85th, 86 A, 86 B-III, 87-II, 87 A-II, 87 A-III, 88th, 90th, 90 B-II, 90 C-II, 91-II & 92-II series are redeemable at par at the end of 10 years i.e. on 31.01.2016, 14.03.2016, 20.03.2016, 20.01.2017, 28.09.2017, 28.02.2018, 13.06.2018, 29.07.2018, 14.08.2018, 30.09.2018, 24.10.2018, 24.10.2018, 15.01.2019, 03.08.2019, 04.09.2019, 06.10.2019, 17.11.2019 & 22.01.2020 respectively.
- d) 84th, 86th, 86B-II, 87-I, 87 A-I, 87 C -III, 89-II, 90 A-II, 90 B -I & 93-II series are redeemable at par at the end of 5 years i.e. on 04.04.2013, 24.07.2013, 14.08.2013, 30.09.2013, 24.10.2013, 26.11.2013, 02.06.2014, 05.08.2014, 04.09.2014 & 19.02.2015 respectively.
- e) 87 B, 89-I, 90 A-I, 90 C-I, 91-I, 92-I & 93-I series are redeemable at par at the end of 3 years i.e. on 03.11.2011, 02.06.2012, 05.08.2012, 06.10.2012, 17.11.2012, 22.01.2013 & 19.02.2013 respectively. 86 B-1 series bonds have been redeemed on 14th August 2011.
- f) (i) 87 A-I series of bonds have put/call options at the end of 3 years i.e. on 24.10.2011.
(ii) 87 A-II Series of bonds have put/call option at the end of 5 years, i.e. on 24.10.2013. Bonds of ₹ 2,720 millions of 72nd bond series were redeemed on 18th August 2009 on put option exercised by Bond holders and balance of ₹ 1137 millions has been redeemed on 18th August 2011.
(iii) 87 C-II series has been redeemed on 26.11.2010.
- g) Capital Gains Tax Exemption Bonds are issued for a tenure of 3/5/7 years at the interest rates of 5.50% to 6.25% payable semiannually/annually & with cumulative options. These bonds have put/call option at the end of 3/5 years. In the current year 2011-12, Capital Gains Tax Exemption Bonds Series VIII 2011-12 was issued with a 3 years' tenor at interest rate of 6.00% payable annually. These bonds will be redeemed automatically at the end of lock-in period of 3 years.

SCHEDULE – 4
UNSECURED LOANS

(₹ in Million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
LOAN FROM GOVERNMENT OF INDIA	327.48	361.27	494.18	647.45	819.25	1,004.84
TERM LOANS						
Long term Loans from Banks	9,750.00	54,270.10	41,430.00	27,478.00	21,128.00	18,748.00
Short term Loan from Banks	-	-	-	13,000.00	11,280.00	-
CASH CREDIT LIMITS	3,000.00	-	6,300.00	-	-	3,000.00
FOREIGN CURRENCY BORROWINGS						
Long term						
ECB- Syndicated Loans from Banks	8,702.63	8,702.63	8,702.63	8,702.63	8,702.63	8,720.90
JBIC Loan- Guaranteed by Govt. of India	11,617.69	11,252.70	7,883.92	4,394.13	1,303.30	-
KfW Loan- Guaranteed by Govt. of India	3,621.74	3,848.43	4,177.17	1,840.04	478.57	-
ECB - Syndicated Loans from Banks - II	17,889.63	17,874.81	-	-	-	-
Bilateral Term Loan - Mauritius - US \$70 Million	3,113.60	3,125.50	-	-	-	-
Reg S Bonds - US \$500 Million	23,619.45	22,325.00	-	-	-	-
Less : Unamortized Discount	(202.41)	(225.90)	-	-	-	-
	23,417.04	22,099.10	-	-	-	-
Bilateral Term Loan - Mizuho - Unsecured- US \$100 Million	4,465.00	4,465.00	-	-	-	-
Bilateral Term Loan - BTMU - Unsecured- US \$100 Million	4,465.00	4,465.00	-	-	-	-
ECB- Syndicated Loans from Banks	13,672.43	-	-	-	-	-
COMMERCIAL PAPER	-	-	24,500.00	12,950.00	-	-
LOANS THROUGH BONDS						
(A) Non- Cumulative ,Guaranteed by Government of India						
a) long term						
18th Series						
11.5% Redeemable at par on 12.12.2008	-	-	-	-	685.80	685.80
21st Series						
11.5% Redeemable at par on 29.12.2009	-	-	-	690.80	690.80	690.80
22nd Series						
11.5% Redeemable at par on 27.12.2010	-	-	490.00	490.00	490.00	490.00
23rd Series-1						
12% Redeemable at par on 05.12.2011	226.50	226.50	226.50	226.50	226.50	226.50
23rd Series-2						
12% Redeemable at par on 21.02.2012	303.50	303.50	303.50	303.50	303.50	303.50
b) short term						
24th Series						
13% Redeemable at par on 17.02.2008	-	-	-	-	-	550.20
35th Series						

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
12.3% Redeemable at par on 26.03.2008	-	-	-	-	-	549.75
(B) Other Bonds						
7.22% Redeemable at par on 31.12.2014 (74 th Series)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
8.75% Redeemable at Par on 08.06.2025 (94 th Series)	12,500.00	12,500.00	-	-	-	-
8.70% Redeemable at Par on 12.07.2019 (95-I Series)	2,000.00	2,000.00	-	-	-	-
8.75% Redeemable at Par on 12.07.2025 (95-II Series)	18,000.00	18,000.00	-	-	-	-
8.80% Redeemable at Par on 25.10.2020 (96 th Series)	11,500.00	11,500.00	-	-	-	-
8.80% Redeemable at Par on 29.11.2020 (97 th Series)	21,205.00	21,205.00	-	-	-	-
9.18% Redeemable at Par on 15.03.2021 (98 th Series)	30,000.00	30,000.00	-	-	-	-
9.70% Redeemable at Par on 08.06.2012 (99-I Series)	14,800.00	-	-	-	-	-
9.75% Redeemable at Par on 07.06.2014 (99-II Series)	4,452.00	-	-	-	-	-
9.63% Redeemable at Par on 15.07.2021 (100 th Series)	15,000.00	-	-	-	-	-
9.43% Redeemable at Par on 10.08.2014 (101-I Series)	3,956.00	-	-	-	-	-
9.45% Redeemable at Par on 10.08.2016 (101-II Series)	3,946.00	-	-	-	-	-
9.48% Redeemable at Par on 10.08.2021 (101-III Series)	31,718.00	-	-	-	-	-
9.38% Redeemable at Par on 06.09.2016 (102 nd Series)	22,162.00	-	-	-	-	-
Zero Coupon Bonds - Series - I - Redeemable on 15.12.2020	5,332.08	5,332.08	-	-	-	-
Zero Coupon Bonds - Series - II - Redeemable on 03.02.2021	1,160.68	1,160.68	-	-	-	-
Bond Application Money	-	3.56	-	-	-	-
Infrastructure Bonds (Redeemable at par)	2,189.67	2,168.05	-	-	-	-
Interest Accrued & Due	-	-	27.00	-	-	-
Total Unsecured Loans	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35	37,470.29
Due for repayment/ redemption within one year	10,262.85	23,963.13	36,082.82	32,538.80	685.80	4,599.95
Note:- i) Bonds for ₹ 0.2 Million are held as on 31.09.2011 by REC Ltd. CP Fund Trust. ii) Infrastructure bonds have been issued during the year 2010-11 for a tenure of 10 years with lock-in period of 5 years at interest rates varying between 8% to 8.20% payable annually.						

SCHEDULE – 5
FIXED ASSETS

(₹ in million)

Description	GROSS BLOCK						DEPRECIATION						NET BLOCK					
	Asat 30.09.2011	Asat 31.03.2011	Asat 31.03.2010	Asat 31.03.2009	Asat 31.03.2008	Asat 31.03.2007	Dep.up to 30.09.2011	Dep.up to 31.03.2011	Dep up to 31.03.2010	Dep up to 31.03.2009	Dep up to 31.03.2008	Dep up to 31.03.2007	Asat 30.09.2011	Asat 31.03.2011	Asat 31.03.2010	Asat 31.03.2009	Asat 31.03.2008	Asat 31.03.2007
Freehold Land	341.65	341.65	341.19	318.89	467.39	324.70	-	-	-	-	-	-	341.65	341.65	341.19	318.89	467.39	324.69
Leasehold Land	14.55	14.55	14.55	14.55	14.55	14.55	1.77	1.70	1.56	1.42	1.28	1.13	12.78	12.85	12.99	13.13	13.27	13.42
Buildings	222.68	222.66	222.57	221.61	219.39	217.31	58.47	56.75	53.30	49.82	46.42	42.83	164.21	165.91	169.27	171.79	172.98	174.48
Furniture & Fixtures	59.31	60.00	58.16	56.51	40.32	38.68	34.72	34.42	31.35	28.31	25.56	23.12	24.59	25.58	26.81	28.20	14.76	15.55
EDP Equipments	112.42	111.82	107.82	52.88	53.90	44.22	61.25	55.20	42.78	35.06	34.81	31.19	51.16	56.63	65.04	17.82	19.09	13.03
Office Equipments	39.36	39.04	35.22	33.19	31.25	26.01	21.96	21.52	20.72	19.41	18.04	16.40	17.40	17.51	14.49	13.78	13.20	9.61
Vehicles	6.47	6.78	7.35	10.70	9.44	9.73	5.11	5.27	5.59	8.21	7.73	7.04	1.37	1.51	1.76	2.49	1.71	2.69
Minor Value Assets- Furniture	3.03	1.89	1.22	0.91	0.74	-	3.03	1.89	1.22	0.91	0.74	-	-	-	-	-	-	-
Minor Value Assets-EDP	0.91	0.88	0.66	0.14	0.10	-	0.91	0.88	0.66	0.14	0.10	-	-	-	-	-	-	-
Minor Value Assets- Office Equipments	2.52	2.39	1.73	1.22	0.92	-	2.52	2.39	1.73	1.22	0.92	-	-	-	-	-	-	-
Intangible Assets (Computer Software)	43.33	43.33	43.29	0.49	0.35	0.35	16.84	12.53	3.90	0.26	0.20	0.13	26.49	30.80	39.39	0.23	0.16	0.22
Grand Total	846.23	844.99	833.76	711.09	838.34	675.55	206.58	192.55	162.81	144.76	135.78	121.85	639.65	652.44	670.95	566.33	702.56	553.70
Previous Year	838.33	833.76	711.09	838.34	675.55	348.09	177.55	162.81	144.76	135.78	121.85	110.56	660.79	670.95	566.33	702.56	553.70	237.53
Capital WIP	239.28	228.17	228.14	242.70	76.45	82.60	-	-	-	-	-	-	239.28	228.17	228.14	242.70	76.45	82.60
Previous Year	228.17	228.14	242.70	76.45	82.60	406.38	-	-	-	-	-	-	228.17	228.14	242.70	76.45	82.60	406.38

Note:

- Intangible Assets include computer software purchased from outside and in terms of AS-26 these are amortized over 5 years
- Capital WIP consists of mainly land pending possession from the authorities and other civil works.

SCHEDULE – 6
INVESTMENTS

(₹ in million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
A. Long Term (Unquoted)						
Non-Trade Investments						
8% Government of Madhya Pradesh Power Bonds-II	8,017.20	8,017.20	8,960.40	9,903.60	11,318.40	11,790.00
Maturing in 30 equal half yearly Installments of one bond each w.e.f. 01.04.05						
(Bonds of Face Value of ₹ 471.6 Million each)						
KSK Energy Ventures Limited	87.34	87.34	118.44	131.54	142.07	154.89
units of "Small is Beautiful" Fund at Face Value of ₹ 10.00 per unit						
Indian Energy Exchange Ltd.	12.50	12.50	12.50	12.50	12.50	0.00
12,50,000 Equity shares of ₹ 10/- each paid up						
Energy Efficiency Services Ltd.	6.25	6.25	6.25	0.00	0.00	0.00
6,25,000 equity shares of ₹ 10/- each paid up						
Sub Total (A)	8,123.29	8,123.29	9,097.59	10,047.64	11,472.97	11,944.89
B. Investment in Subsidiaries						
Investment in REC Power Distribution Co.Ltd.	0.50	0.50	0.50	0.50	0.50	-
50,000 equity shares of ₹ 10/- each paid up						
Investment in REC Transmission Projects Co. Ltd.	0.50	0.50	0.50	0.50	0.50	0.50
50,000 equity shares of ₹ 10/- each paid up						
Sub Total (B)	1.00	1.00	1.00	1.00	1.00	0.50
C. Share Application Money Pending Allotment						
Energy Efficiency Services Ltd.	243.75	243.75	0.00	0.00	0.00	0.00
Sub Total (C)	-	-	-	-	-	-
Total (A+B+C) (Unquoted)	8,368.04	8,368.04	9,098.59	10,048.64	11,473.97	11,945.39

SCHEDULE '7'

LOANS

(₹ in million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
i) State Power Utilities/ State Electricity Boards/Corpn.,Co-operatives and State Governments						
a) Unsecured, considered good (Guaranteed by respective State Governments)	227,457.45	219,041.40	213,431.41	209,385.94	190,756.15	178,663.96
b) Classified Doubtful	23.18	23.18	23.18	175.38	1,556.44	-
Less: Prov. for Bad & doubtful debts	5.44	5.44	3.22	171.77	399.94	-
	17.74	17.74	19.96	3.61	1,156.50	-
ii) State Power Utilities/ State Electricity Boards/Corpn.,(Secured by hypothecation of materials/ assets with respective State Power Utilities/ SEBs/ Corpn.)						
a) Considered Good	558,702.63	506,434.39	370,852.25	239,096.04	163,995.03	108,750.69
b) classified Doubtful	-	-	-	-	-	14.10
Less: Prov. for Bad & doubtful debts	-	-	-	-	-	7.05
	-	-	-	-	-	7.05
iii) Others (Secured by hypothecation of tangible assets)	-	-	-	-	-	-
a) Considered Good	99,324.95	78,420.18	45,917.87	29,102.63	12,548.17	4,483.77
b) Classified Doubtful	2,672.23	172.23	172.23	513.54	1,605.41	1,534.96
Less: Prov. for Bad & doubtful debts	422.23	172.23	172.23	308.30	417.49	410.45
	2,250.00	-	-	205.24	1,187.92	1,124.51
iv) Others (Unsecured) - Considered Good	15,551.02	13,163.16	29,390.55	28,254.61	15,687.09	19,174.35
Sub total	903,303.79	817,076.87	659,612.04	506,048.07	385,330.86	312,204.33
v) Interest accrued and due on loans	1,616.99	802.87	588.77	182.80	252.36	119.70
vi) Interest accrued on rescheduled loans	4,442.50	3,440.85	4,325.33	7,583.59	7,581.90	8,666.99
Total (i to vi)	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12	320,991.02

SCHEDULE '8'**DEFERRED TAX (-)ASSET/ LIABILITY****(₹ in million)**

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
Opening Balance	(127.73)	(73.68)	9,566.85	8,170.78	7,396.68	(154.22)
Less: Reversed	-	-	(9,645.67)	-	-	-
	(127.73)	(73.68)	(78.82)	8,170.78	7,396.68	(154.22)
Add: Addition during the Year						
- From General Reserves for Earlier Years	-	-	-	-	-	6,387.99
- From Profits for Current Year	6.41	(54.05)	5.15	1,396.07	774.10	1,162.91
Total	(134.14)	(127.73)	(73.67)	9,566.85	8,170.78	7,396.68

SCHEDULE - 9

CURRENT ASSETS, LOANS & ADVANCES

(₹ in million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
I. CURRENT ASSETS						
A. Cash and bank balances :						
i) Cash/Cheques in hand/transit (incl.Postage & imprest)	6,035.88	6,260.69	0.06	0.03	0.03	0.01
ii) In current accounts						
- with RBI	0.17	0.19	0.19	0.19	7.90	6.79
- with Scheduled Banks	450.99	4,317.62	6,367.15	3,217.08	2,491.35	1,762.16
iii) In savings accounts						
- with Scheduled Banks (for RGGVY Scheme)	941.73	2,461.11	41.81	65.99	5,875.28	-
- with Scheduled Banks (for AG & SP Scheme)	62.42	75.17	346.66	5.60	371.91	-
iv) In Deposit accounts with Scheduled Banks	5.10	15,204.12	7,147.26	15,571.54	3,783.93	21,185.00
v) Remittance in transit	-	-	-	-	-	18.74
Total - (A)	7,496.29	28,318.90	13,903.13	18,860.43	12,530.40	22,972.70
B. Other Current Assets						
i) Interest accrued but not due on term deposits	4.10	92.23	9.22	13.62	8.07	179.25
ii) Interest accrued but not due						
- on Loans	3,460.09	4,934.52	4,879.67	4,516.96	4,524.98	2,897.79
- on loans to employees	25.64	24.98	28.17	22.24	20.82	20.92
- on Govt. Securities	320.69	-	-	-	401.44	-
iii) Recoverable from SEB /Govt. Depts./ Others	126.79	50.66	65.90	10.20	33.02	19.75
Less: Provision for Bad & Doubtful Debt	-	-	-	-	18.02	18.02
	126.79	50.66	65.90	10.20	15.00	1.73
iv) Recoverable from GOI						
- RGGVY Expenses	46.47	46.43	29.50	20.89	20.89	23.01
- RGGVY Subsidy	10.63	-	780.43	-	-	0.89
Total - (B)	3,994.41	5,148.82	5,792.89	4,583.91	4,991.20	3,123.59
Total I (A+B)	11490.70	33467.72	19696.02	23444.34	17521.60	26096.29
II. LOANS AND ADVANCES						
A. Loans						
i) Employees (Secured)	27.05	26.46	17.76	23.85	27.10	23.35
ii) Employees (Unsecured)	130.63	31.78	51.59	85.34	11.78	15.56
B. Advances						
(Unsecured considered good)						
i) Advances recoverable in cash or in kind or for value to be received	110.86	203.28	238.75	52.67	98.28	17.53
ii) Prepaid financial charges on Commercial Paper	-	-	517.44	408.37	-	-

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
iii) Advance Income Tax & TDS	31,837.04	27,226.50	-	-	6,066.64	2,308.43
Less: Provision for Income Tax	31,473.86	26,998.23	-	-	5,899.34	2,161.34
Balance Advance Income Tax & TDS	363.18	228.27	-	-	167.30	147.09
iv) Income Tax recoverable	-	245.88	315.45	0.03	0.03	0.03
Total - II	631.72	735.67	1,140.99	570.26	304.49	203.56
Total - (I+II)	12,122.42	34,203.39	20,837.01	24,014.60	17,826.09	26,299.85

SCHEDULE – 10
CURRENT LIABILITIES & PROVISIONS

(₹ in million)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
A. CURRENT LIABILITIES						
a) Advance Receipts	17.11	10.46	91.20	252.54	93.44	135.70
b) Other Liabilities	390.55	364.89	594.00	422.66	854.89	12.88
Dues of creditors other than Micro, Small and Medium Enterprises	-	-	-	-	-	435.18
c) (i) Subsidy/ Grant from Govt. of India for disbursement	250,503.84	244,452.24	196,140.69	146,088.76	91,989.96	52,960.97
(ii) Interest on Subsidy/ Grant	743.33	610.60	509.05	363.37	-	-
Total	251,247.17	245,062.84	196,649.74	146,452.13	91,989.96	52,960.97
Less: Disbursed to Beneficiaries	(244,184.19)	(236,236.30)	(195,982.11)	(135,945.40)	(84,804.40)	(51,210.26)
Un-disbursed Subsidy/ Grant	7,062.98	8,826.54	667.63	10,506.73	7,185.56	1,750.71
d) Interest accrued but not due						
– on bonds	20,911.85	18,966.20	15,682.72	11,768.38	5,400.94	3,528.90
– Government/ LIC/ Foreign Currency Loans	1,808.83	1,609.50	1,383.94	1,284.19	1,248.82	1,225.50
	22,720.68	20,575.70	17,066.66	13,052.57	6,649.76	4,754.40
e) Unclaimed Interest & Principal On Bonds and Govt. Loans						
– Interest	151.71	165.89	152.34	124.35	70.95	48.89
– Principal	1,665.19	1,366.50	995.10	8.31	11.16	7.00
	1,816.90	1,532.39	1,147.44	132.66	82.11	55.89
f) Overdraft in Current Account with Bank	819.72	-	-	-	-	-
g) Gratuity payable	21.02	29.00	46.47	97.50	20.79	4.97
Total - (A)	32,848.96	31,338.98	19,613.40	24,464.66	14,886.55	7,149.73
B. PROVISIONS						
a) Income Tax	-	-	17,917.08	10,964.81	-	-
Less: Advance Income Tax & TDS	-	-	17,620.56	10,877.57	-	-
Balance Provision for Income Tax	-	-	296.52	87.24	-	-
b) Staff Benefits	956.50	874.69	570.35	481.96	364.34	217.05
c) i) Provision for Incentive & Ex Gratia	106.42	164.99	397.52	179.14	220.44	101.18
(ii) Wage Revision	-	-	330.62	128.00	81.68	-
	106.42	164.99	728.14	307.14	302.12	101.18
Less : Adjustable advance	0.45	0.45	96.88	-	-	-
Balance Provision for Incentive, Ex Gratia & Wage Revision	105.97	164.54	631.26	307.14	302.12	101.18
d) Wealth Tax	1.80	3.57	3.60	3.38	0.02	0.03
e) Fringe Benefit Tax	3.61	3.61	3.61	3.61	1.70	-
f) Proposed Dividend	-	3,949.84	3,456.11	2,146.65	2,575.98	1,770.00

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
g) Dividend Distribution Tax on Proposed Dividend	0.08	640.76	574.02	364.82	437.79	300.81
h) Contingencies	-	-	-	0.08	-	-
Total - (B)	1,067.96	5,637.01	5,535.47	3,394.88	3,681.95	2,389.07
Total - (A+B)	33,916.92	36,975.99	25,148.87	27,859.54	18,568.50	9,538.80

ANNEXURE V - SCHEDULES TO STATEMENT OF PROFIT & LOSS

SCHEDULE - 11

OPERATING INCOME (NET)

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
A. On Lending Operations						
Interest on Loans						
- Long term financing	45,806.24	76,732.02	60,842.55	43,854.16	30,756.08	22,145.24
Less: Rebate for timely payments/completion etc	34.26	78.50	97.75	134.61	179.96	215.60
	45,771.98	76,653.52	60,744.80	43,719.55	30,576.12	21,929.64
-Short term financing	2,501.78	4,434.22	3,563.74	2,929.79	3,029.02	3,582.59
	48,273.76	81,087.73	64,308.54	46,649.34	33,605.14	25,512.23
B. Processing, Upfront, Lead fees, LC Commission etc	305.01	603.83	425.39	134.32	131.04	122.36
C. Prepayment Premium	25.39	405.51	178.48	35.36	-	4.63
D. Agency/ handling charges for RGGVY Implementation/ others	63.01	472.04	585.17	698.21	46.01	-
E. Long Term Lease Revenue	-	-	-	54.46	-	-
F. Income on Reschedulement of Loans	-	-	-	-	-	877.73
Total	48,667.18	82,569.11	65,497.58	47,571.69	33,782.19	26,516.96

SCHEDULE - 12
OTHER INCOME

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
A. On Investment/Deposit Operations						
Dividend on Mutual Fund	-	34.74	97.90	-	-	-
Interest on deposits	286.73	447.57	203.58	371.87	645.00	866.48
Interest on Govt. Securities	320.69	697.97	773.42	870.43	924.33	999.79
	607.42	1,180.28	1,074.90	1,242.30	1,569.33	1,866.27
B. Other Income						
Excess Provision written back (income tax and other)	-	292.45	347.61	0.04	1.84	134.25
Interest on Income Tax Refund	40.16	-	85.51	-	-	-
Interest on staff advances	2.65	2.79	6.62	4.96	2.83	3.19
Interest/dividend from Subsidiary Companies	0.94	2.35	3.99	1.62	-	-
Dividend/Profit on Investment in Venture Fund	-	18.99	6.71	1.10	3.30	10.65
Miscellaneous Income	110.55	33.29	52.79	15.67	14.69	8.24
Profit on sale of assets	0.39	0.10	0.32	0.11	0.04	0.38
Provision for Bad Debts written back	-	-	-	361.06	-	-
Total	762.11	1,530.25	1,578.45	1,626.86	1,592.04	2,022.98

SCHEDULE - 13
INTEREST AND OTHER CHARGES

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Interest on -						
– Govt. Loans	12.30	31.71	42.13	53.41	66.08	80.72
– REC Bonds	22,759.96	36,438.76	29,377.48	20,348.52	13,711.21	12,038.83
– Banks/Fin Inst. Loans	3,872.85	8,385.08	6,978.03	7,379.42	6,243.50	4,951.01
– External Commercial Borrowings	2,371.12	2,038.03	1,095.68	771.25	489.87	1.99
– Commercial Paper	-	832.79	1,368.07	213.48	-	-
	29,016.23	47,726.37	38,861.39	28,766.08	20,510.66	17,072.55
Interest on AREP Subsidy	1.69	4.13	6.42	12.22	14.86	20.15
Guarantee Fee	114.58	78.72	44.21	79.75	2.57	316.25
Total	29,132.50	47,809.22	38,912.02	28,858.05	20,528.09	17,408.95

SCHEDULE '14'
ESTABLISHMENT EXPENSES

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Salaries and Allowances	439.35	898.15	870.73	522.61	656.69	350.04
Expenses on Leaves & Post Retirement Medical Facility	70.55	229.41	110.94	114.43	123.35	57.57
Contribution to Provident and Other Funds	48.06	71.36	89.75	146.64	43.55	22.48
Staff Welfare expenses	53.68	75.74	99.59	88.56	99.42	68.07
Total	611.64	1,274.65	1,171.01	872.24	923.01	498.16

SCHEDULE - 15
ADMINISTRATION EXPENSES

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Rent and Hiring Charges	10.35	17.99	16.31	17.52	21.06	9.87
Rates and Taxes	32	15.09	8.91	4.07	2.25	2.50
Electricity and Water Charges	4.83	7.72	6.5	5.49	4.83	4.79
Insurance Charges	0.1	0.32	0.29	0.44	0.28	0.40
Repairs and Maintenance						
Building	9.91	14.6	15.93	24.23	29.29	16.87
ERP & Data Centre	18.6	17.13	12.2	-	-	-
Others	4.4	9.48	5.8	2.95	3.71	4.04
	32.91	41.21	33.93	27.18	33.00	20.91
Printing and Stationery	3.55	14.58	15.5	19.25	7.37	4.68
Travelling and Conveyance						
- Directors	2.40	11.48	8.19	5.55	4.5	4.65
- Others	30.05	54.58	53.38	46.82	43.1	30.19
	32.45	66.06	61.57	52.37	47.6	34.84
Postage, Telegram and Telephone	6.16	10.06	18.36	10.66	10.86	9.33
Publicity & Promotion Expenses	12.31	44.04	22.20	20.28	14.67	25.51
Auditors' Remuneration	1.28	4.45	2.65	2.31	1.53	1.81
Miscellaneous Expenses	67.87	87.22	74.63	32.47	26.45	24.12
Consultancy Charges	18.02	13.27	14.76	7.35	11.35	4.62
Corporate Social Responsibility	0.54	12.29	-	-	0.00	-
Donations & Charity	2.52	2.22	1.00	24.66	1.02	0.15
Loss on Sale of Assets	0.12	0.15	0.15	-	0.12	-
Total	225.01	336.67	276.76	224.05	182.39	143.53

SCHEDULE - 16
BOND ISSUE EXPENSES

(₹ in million)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Handling Charges	308.25	52.78	43.99	32.13	53.58	20.24
Brokerage	67.84	89.93	66.70	36.67	10.30	116.18
Stamp Duty	0.40	3.14	15.73	2.11	0.60	0.60
Others	33.25	20.66	24.35	27.05	39.04	4.07
Other Finance Charges	137.95	534.38	48.68	15.46	-	79.56
Total	547.69	700.89	199.45	113.42	103.52	220.65

ANNEXURE – VI - A

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES-2006-07

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- (a) Accounting Convention: - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
- (b) Use Of Estimates: - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period particularly in respect of major items such as Interest on loan and Bonds, Provision for outstanding liabilities, Depreciation, Doubtful Debts & Advances, Contingent liabilities etc. Actual results could differ from those estimates.

2. REVENUE RECOGNITION.

- 2.1. Income on Non Performing Assets (defined as per RBI norms) where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated.
- 2.2. Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) interest including penal interest with interest tax wherever applicable, the oldest dues being adjusted first, (ii) repayment of principal, the oldest being adjusted first. As in the case of recoveries from borrowers, unless otherwise decided & specified, receipts from Special purpose vehicle (SPV) or otherwise on account of securitisation of receivable are also appropriated in the same order i.e. first towards interest (including interest accrued but not due), penal interest and interest tax, if applicable, the oldest dues being adjusted first, and then towards overdue and outstanding principal, the oldest dues being adjusted first.
- 2.3. Upfront income / loss on securitisation is recognized in the same year in which it is determined and received.
- 2.4. The Annual Trustee Fee and other future expenses regarding the administration of Pass through certificate (PTCs) / instruments till their full repayment to the PTC / instrument holders are accounted for in the year in which the expenses accrue / are incurred.
- 2.5. In the event of operation, if any, of the recourse, the payment by REC to the SPV shall be treated as expenditure / recoverable from the borrower and the recovery being effected by REC through the available escrow mechanism or through any other manner that may be feasible including calling upon the guarantor to make the payment.
- 2.6. In the event of making such recourse payment by REC, such payment shall be treated as expenditure if the same is made against appropriation of receipts from SPV towards interest and as Recoverable from the borrower if the payment is made against appropriation of receipts from SPV towards principal.
- 2.7. In respect of loans whose terms are revised/renegotiated, income is recognized when it is reasonably expected that there is no uncertainty of receipts of dues from the borrowers and a legally binding Memorandum of Agreement has been executed. However, this alone would not be used as the sole criteria to judge certainty of receipts on signing of MOA, besides this the reform policy followed by the relevant State Government, Court Decree obtained from DRT, etc., would also be some of the guiding criteria. This is notwithstanding the fact that Ministry of Power, Government of India, in the Memorandum of Understanding signed with REC had agreed to facilitate REC recover its dues from defaulting SEBs either through central appropriation or otherwise
- 2.8. No account is taken of interest on loans to Rural Electric Cooperative Societies up to the 5th year of loan as the Cooperatives are entitled, not to pay interest if they agree to create special fund equivalent to the amount of such interest in terms of the loan agreement.

- 2.9. Rebate for punctual payment is accounted for only when interest and repayment of the loan instalment is paid/received on due dates.

3. FIXED ASSETS.

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

4. DEPRECIATION.

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- 4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS.

Long term investments are carried at cost less provisions, if any, for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. TREATMENT OF GRANTS RECEIVED FROM GOVERNMENT OF INDIA

- 7.1. Grants received from Government of India which are deposited in the normal bank account of the Corporation are for specific purpose indicated in the respective sanction and are utilised accordingly. The net balance at the year end of the year is shown in the current liabilities and provision in the book.
- 7.2. Grants received from Government of India for (Rajiv Gandhi Grameen Vidyutikaran Yojana) RGGVY is kept in a separate bank account and are utilized accordingly. The net balance at the end of the year is shown in the current liabilities. Interest earned from the date of deposit to the date of utilization is set off against the expenditure incurred for RGGVY.

8. CURRENT TAX AND DEFERRED TAX.

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

9. IMPAIRMENT OF ASSETS.

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

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

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

11. BOND ISSUE.

11.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

11.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.

12. RESEARCH AND DEVELOPMENT

Expenditure on Research and Development is charged to revenue whenever incurred.

13. PROVISIONS / WRITE OFF AGAINST LOANS AND ADVANCES

As per RBI guidelines, no provision is made in respect of loans outstanding with borrowers which are guaranteed by the respective State Governments and the guarantees thereof have not been repudiated by the respective State Government(s) so far. Loans other than those guaranteed by the Government, are classified and provisions are made there against on the lines of RBI guidelines.

14. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

15. PRIOR PERIOD ADJUSTMENTS.

15.1. Considering the nature of business, interest income/repayment of principal for the earlier years ascertained and determined during the year, is accounted for in the year in which is so ascertained/determined.

15.2. Expenses not exceeding ₹ 10,000/- in each case are accounted for under natural heads of account.

16. RETIREMENT BENEFITS

16.1. The liability for retirement benefits of employees in respect of Gratuity, which is ascertained annually on actuarial valuation at the year-end is provided and funded separately.

16.2. The liability for leave encashment and post retirement medical benefits to employees are accounted for on annual basis based on actuarial valuation at the year end.

16.3. The contribution to provident fund are charge to the revenue on monthly basis.

17. TRANSACTION IN FOREIGN CURRENCY

17.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end.

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES-2007-08

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.

(b) **Use Of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period particularly in respect of major items such as Interest on loan and Bonds, Provision for outstanding liabilities, Depreciation, Doubtful Debts & Advances, Contingent liabilities etc. Actual results could differ from those estimates.

2. REVENUE RECOGNITION.

With effect from 01.04.2007, the Corporation has formulated its own detailed Prudential Norms which are broadly based on the Prudential Norms prescribed by RBI for NBFCs. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

In respect of loans whose terms are renegotiated / rescheduled / restructured, income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and a legally binding Memorandum of Agreement has been executed and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms till a period of at least one year from the effective date of the corresponding MOU.

Income of Agency Charges on RGGVY schemes is recognized at the time of disbursement of subsidy/loan in proportion to the amount disbursed

ASSETS CLASSIFICATION/PROVISIONING NORMS

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) Standard Assets
- (ii) Sub-Standard Assets
- (iii) Doubtful Assets
- (iv) Loss Assets

For the purpose of application of Prudential Norms and provisioning Norms,

- i. Facilities granted to State/Central Sector entities are considered loan wise.
- ii. Facilities granted to other entities are considered borrower wise.

2.3 Provisioning against Loans

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

- (i) **Loss Assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:
- (ii) **Doubtful assets** –
 - (a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or State Govt. Undertaking for deduction from Central Plan Allocation or loans to any State Govt. shall be treated as secured;
 - (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful % of provision

Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

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

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or reschedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

3. **FIXED ASSETS.**

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

4. **DEPRECIATION.**

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- 4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. **INTANGIBLE ASSETS.**

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. **INVESTMENTS.**

Long term investments are carried at cost less provisions, if any, for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. **CURRENT TAX AND DEFERRED TAX.**

Income Tax expenses comprises current Income Tax inclusive of Fringe Benefit Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22 of the Institute of Chartered Accountants of India. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a

reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

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

10. BOND ISSUE.

- 10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.

11. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD ADJUSTMENTS.

- 12.1. Considering the nature of business, interest income/repayment of principal for the earlier years ascertained and determined during the year, is accounted for in the year in which is so ascertained/determined.
- 12.2. Expenses not exceeding ₹ 10,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS.

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.
- 13.2. Short term employee benefit are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end.

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES-2008-09

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- (a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
- (b) **Use Of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. REVENUE RECOGNITION.

The Corporation has formulated its own detailed Prudential Norms which are broadly based on the Prudential Norms prescribed by RBI for NBFCs. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

In respect of loans whose terms are renegotiated / rescheduled / restructured, income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and a legally binding Memorandum of Agreement has been executed and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms till a period of at least one year from the effective date of the corresponding MOU.

Income of Agency Charges on RGGVY schemes is recognized at the time of disbursement of subsidy /loan in proportion to the amount disbursed.

ASSETS CLASSIFICATION/PROVISIONING NORMS

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) Standard Assets
- (ii) Sub-Standard Assets
- (iii) Doubtful Assets
- (iv) Loss Assets

For the purpose of application of Prudential Norms and provisioning Norms,

- (i) Facilities granted to State/Central Sector entities are considered loan wise.
- (ii) Facilities granted to other entities are considered borrower wise.

2.3 Provisioning against Loans

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

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

(ii) **Doubtful assets –**

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

Period for which the asset has been considered as doubtful % of provision

Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

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

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

3. FIXED ASSETS.

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

4. DEPRECIATION.

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- 4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS.

Long term investments are carried at cost less provisions, if any, for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

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

10. BOND / DEBT ISSUE.

- 10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.
- 10.3. Expenditure incurred on raising of funds is charged to the Profit and Loss Account in the year in which it is incurred except the discount/interest on the Commercial Papers, which are amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS.

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

13. EMPLOYEES BENEFITS.

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.
- 13.2. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is either credited to respective grant account if terms of the grant so requires or to "other income".

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 2009 - 2010

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- (a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
- (b) **Use Of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. REVENUE RECOGNITION.

The Corporation has formulated its own detailed Prudential Norms which are broadly based on the Prudential Norms prescribed by RBI for NBFCs. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

- a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

In respect of loans whose terms are renegotiated / rescheduled / restructured, income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and a legally binding Memorandum of Agreement has been executed and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms till a period of at least one year from the effective date of the corresponding MOU.

- b. Income of Agency Charges on RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

c. Income from investments

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis:

Provided that the income from dividend on shares of corporate bodies may be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and REC's right to receive payment is established.

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

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

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

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) **Standard Assets:** ‘Standard assets’ means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business, or a deemed standard asset which is defined below;

and

‘a deemed standard asset’ means

A facility made to a state utility against state government undertaking for deduction from central plan allocation for making payment to REC against its unpaid dues.

- (ii) **Sub-Standard Assets:** ‘Sub-standard asset’ means:
- (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
 - (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
 - (c) The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.
- (iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.
- (iv) **Loss Assets:** Loss assets means –
- d) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.
 - e) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of application of Prudential Norms and provisioning Norms,

- i. Facilities granted to State/Central Sector entities are considered loan wise.
- ii. Facilities granted to other entities are considered borrower wise.

2.3 Provisioning against Loans

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

- (i) **Loss Assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:
- (ii) **Doubtful assets** –
- (a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or State Govt. Undertaking for deduction from Central Plan Allocation or loans to any State Govt. shall be treated as secured;
 - (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful % of provision

Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

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

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

3. FIXED ASSETS.

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

4. DEPRECIATION.

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- 4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS.

Long term investments are carried at cost less provisions, if any (except mutual funds which are valued at NAV) for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

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

10. BOND / DEBT ISSUE.

- 10.1. Expenditure on rising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.
- 10.3. Expenditure incurred on raising of funds is charged to the Profit and Loss Account in the year in which it is incurred except the discount/interest on the Commercial Papers, which are amortized proportionately over the period of its tenure.
- 10.4. Gain or loss on Interest rate swaps on domestic borrowing is adjusted against the interest cost as on the settlement date.

11. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS.

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

13. EMPLOYEES BENEFITS.

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.
- 13.2. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end and the resultant exchange fluctuation is charged to Profit & Loss account.
- 14.2. The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is either credited to respective grant account if terms of the grant so requires or to "other income".

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 2010 - 11

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- (a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
- (b) **Use of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. REVENUE RECOGNITION.

The Corporation has formulated its own detailed Prudential Norms. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

- a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

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

In respect of loans whose terms are renegotiated / rescheduled / restructured, income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and a legally binding Memorandum of Agreement has been executed and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms till a period of at least one year from the effective date of the corresponding MOU.

- b. Income of agency charges on RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- c. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.
- d. **Income from investments**

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on cash basis:

Provided that the income from dividend on shares of corporate bodies may be taken into account on accrual basis when such dividend has been declared by the corporate body in its annual general meeting and REC's right to receive payment is established.

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

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

- (3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been

guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) **Standard Assets:** 'Standard assets' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.
- (ii) **Sub-Standard Assets:** 'Sub-standard asset' means:
 - (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
 - (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
 - (c) The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.
- (iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.
- (iv) **Loss Assets:** Loss assets means –
 - a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.
 - b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of application of Prudential Norms and provisioning Norms,

- i. Facilities granted to State/Central Sector entities are considered loan wise.
- ii. Facilities granted to other entities are considered borrower wise.

2.3 Provisioning against Loans

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

- (i) **Loss Assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:
- (ii) **Doubtful assets** –
 - (a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or State Govt. Undertaking for deduction from Central Plan Allocation or loans to any State Govt. shall be treated as secured;
 - (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful % of provision

Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

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

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

3. FIXED ASSETS.

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

4. DEPRECIATION.

- 4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.
- 4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.
- 4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100%.
- 4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS.

Long term investments are carried at cost less provisions, if any (except mutual funds which are valued at NAV) for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate

required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

- 10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.
- 10.3. Expenditure incurred on raising of funds is charged to the Profit and Loss Account in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.
- 10.4. Gain or loss on Interest rate swaps on domestic borrowing is adjusted against the interest cost as on the settlement date.

11. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS.

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

13. EMPLOYEES BENEFITS.

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.
- 13.2. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end and the resultant exchange fluctuation is charged to Profit & Loss account.
- 14.2. The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is either credited to respective grant account if terms of the grant so requires or to "other income".

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE SIX MONTH ENDED 30.09.2011

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

- (a) **Accounting Convention:** - The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and applicable accounting standard in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.
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- b. Income of agency charges on RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
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 - (c) The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.
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 - (d) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

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renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

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

4. DEPRECIATION.

4.1. Depreciation on assets is provided on pro rata basis on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956. In terms of option available under the Companies Act, 1956, depreciation on assets capitalized prior to 16.12.93 is charged at the rates then prevailing on the straight-line method.

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

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

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Assets is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. These Assets are amortized over a period of 5 years.

6. INVESTMENTS.

Long term investments are carried at cost less provisions, if any (except mutual funds which are valued at NAV) for diminutions in the value of such investment. Current investments are carried at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

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

8. IMPAIRMENT OF ASSETS.

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

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

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

- 10.2. The Corporation discharges its obligation towards payment of interest warrants relating to bonds by depositing the amount in the designated Interest Warrant Bank Accounts. Accordingly, the payments are treated as final payments and these designated accounts are not exhibited in the books but reconciliation thereof is carried out.
- 10.3. Expenditure incurred on raising of funds is charged to the Profit and Loss Account in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.
- 10.4. Gain or loss on Interest rate swaps on domestic borrowing is adjusted against the interest cost as on the settlement date.

11. CASH FLOW STATEMENT.

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS.

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

13. EMPLOYEES BENEFITS.

- 13.1. The liability for employees benefit in respect of Gratuity is ascertained on actuarial valuation is provided and funded separately.
- 13.2. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- 13.3. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employees has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit & loss account.

14. TRANSACTION IN FOREIGN CURRENCY

- 14.1. Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction. Foreign Currency loans/liabilities are translated/ converted with reference to the rates of exchange ruling at year end and the resultant exchange fluctuation is charged to Profit & Loss account.
- 14.2. The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is either credited to respective grant account if terms of the grant so requires or to "other income".

ANNEXURE – VI-B**SCHEDULE NO. '17' - NOTES ON THE ACCOUNTS****2006 - 07**

1. Contingent Liabilities not provided for in respect of:

(₹ in million)

		As at 31.3.2007	As at 31.3.2006
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 46.32 millions pending in various courts, Previous year ₹ 252.61 millions)	163.12	369.45
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	67.15	184.70
(c)	Others	NIL	91.00

Contingent Liabilities are dependant upon the outcome of court/out of court settlement, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, disposal of appeals respectively.

The Amount under 1(b) above includes a sum of ₹ 65.09 millions (Previous Year ₹ 174.79 millions) committed for contribution towards units of 'Small is Beautiful' trust, a venture capital fund.

2. The Corporation was registered by RBI as a Non-Banking Financial Company (NBFC) during the year 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. In view of non-applicability of the provisions of Section 45IC of the RBI Act, 1934 regarding creation of the Reserve Fund, the Reserve Fund is not created.
3. The Building of Central Institute for Rural Electrification at Hyderabad and Furniture & Fixtures at Scope Complex Office, New Delhi have been capitalized on provisional basis pending receipt / finalization of final bills. The difference in the final cost, if any, would be accounted for as and when ascertained. Further in respect of flats purchased at Thiruvanthapuram during the year 2000-01 from Kerala State Housing Board (KSHB), some landowners have disputed the amount of compensation earlier paid to them by the KSHB and as per agreement, if any more compensation is awarded to the landowners, proportionate amount shall be recovered by the KSHB from the allottees.
4. Refer Accounting Policy no.2.5. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 73.20 millions (Previous year ₹ 35.31 millions) as on 31.03.2007 and the societies are pursued to create the required Special Fund.
5. Balance confirmation has been received from some of the borrowers.
6. Income Tax as applicable in respect of interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bondholders since such bonds are transferable by endorsement and delivery.
7. The formalities regarding conveyance deeds, etc. in respect of some of the premises including Land acquired by the Corporation amounting to ₹ 419.28 millions (Previous year ₹ 575.42 million) are in the process of completion.
8. Total overdues recoverable from the defaulting borrowers as on 31.03.2007 amount to ₹ 3,396.00 millions (Previous year ₹ 2571.50 millions) and effective steps are being taken for recovery of the same. Suits filed in the Debt Recovery Tribunal against defaulting Electricity Boards, wind farm borrowers and cooperative societies for recovery of dues are at different stages of hearing/ legal proceedings. For some of the defaulting Societies, Court decrees have been issued and execution thereof is in progress. Further, even State Government guarantees have been invoked in respect of dues of some societies of M.P. and A.P. and such guarantees have not been repudiated.
9. In terms of Accounting Policy No. 11.2, the balances in respect of Interest Warrants Accounts as on 31.03.2007 held in specified banks are ₹ 5,275.44 millions (Previous Year ₹ 2,779.13 millions).
10. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

11. Provision of Impairment loss as required under Accounting Standard – 28 on Impairment of Assets is not necessary as in the opinion of management; there is no Impairment of Assets during the year.
12. Pending final approval of the pay scales of the officers by the Govt., the differential amount in respect of the employees who left the services on retirement or otherwise, is retained in fixed deposits in the name of the employees (FDR's pledged to REC).
13. The company has no outstanding liability towards Micro, Small and Medium Enterprises
14. During the year the Corporation has earned ₹104.96 millions (Previous year ₹ 23.68 millions) on account of swap transactions, which has been effected in the decrease in cost of Borrowings to that extent.
15. No Bond Redemption Reserve has been created this year because as per clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.

16. Directors' Remuneration:

(₹ in millions)

	Year ended 31.03.2007	Year ended 31.03.2006
Salaries and Allowances	3.25	2.27
Perquisites/reimbursement	1.76	0.71
Retirement Benefits	0.15	0.12
Total	5.16	3.10

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges as per DPE guidelines.

17. Loans and Advances include ₹ 0.19 millions (Previous year ₹ 0.02 millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 0.26 millions (Previous year ₹ 0.21 millions).

18. Auditors' Remuneration includes:

(₹ in millions)

		Year ended 31.03.2007	Year ended 31.03.2006
a)	Audit fees	0.88	0.76
b)	Tax Audit fee	0.22	0.22
c)	Reimbursement of expenses	0.21	0.15
d)	Payment for other Services	0.50	0.42
	TOTAL	1.81	1.55

19.
 - a) During the financial year 2006-07, the Company has raised ECB in JPY equivalent to US \$ 200 million as a syndicated loan through Standard Chartered Bank, London & DEFPA Investment Bank, Cyprus. Tenor of loan is five years. Repayment is bullet after five years and interest payment is semi annual. Rate of interest is 6 month JPY Libor plus 48 bps with all in cost ceiling of 6 month JPY Libor plus 61.950bps. The full amount of loan has already been drawn during the year.
 - b) The Company has entered into a loan agreement with KfW Germany for Euro 70 million at fixed interest rate of 3.73% for the purpose of conversion of LT lines to High Voltage Distribution Lines Projects to be implemented by the State Discoms. Tenor of the loan is 12 years including grace period of 3 years. No drawl has been done during the year 2006-07
 - c) The Company has also entered into an ODA Loan from JBIC, Japan for JPY 20.63 Billion at a fixed interest rate of 0.75% p.a. for the purpose to improve the sub transmission system, reduce T&D losses and to expand access to electricity for un-electrified household and other rural loads. Tenor of the loan is 15 years with moratorium of 5 years. No drawl has been done during the year 2006-07

20. Expenditure in Foreign Currency:

(₹ in millions)

	As at 31.03.2007	As at 31.03.2006
Royalty, Know-how, professional, consultation fees	Nil	Nil
Interest	1.78	Nil
Finance Charges	74.66	Nil
Others	1.01	0.48
	77.45	0.48

21. Information in relation to the interest of the Company in Joint Venture as required under Accounting Standard – 27 issued by ICAI:

Investment includes ₹ 159.91 millions (P.Year ₹ 50.20 millions) representing company's contribution in the units of Joint venture Small is Beautiful fund (SIB Fund) Venture Capital fund promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of Ownership
SIB Fund of KSK Energy Venture Ltd.	₹ 159.91 millions	India	12.95%

22. The Company has floated a shell company under the name of REC Transmission Projects Company Ltd. As no separate accounts relating to this company have been prepared in view of the provision of Section 212 of the Companies Act, 1956 no consolidated accounts including subsidiary account with the Corporation is prepared. Expenditure incurred for this company amounting ₹ 0.07 millions has been shown under the Advances head.

23. Related Party Disclosure

A. Key Management Personal

Shri Anil Kumar Lakhina - Chairman cum Managing Director
Shri H.D Khunteta - Director (Finance)
Shri Bal Mukand - Director (Technical)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.16

Advance due from whole time Directors including Chairman & Managing Directors is disclosed in Note No. 17.

B. Other Related Parties with whom transaction exist Joint Ventures/ Subsidiary Companies

- Small is Beautiful, Venture Capital Fund
- REC Transmission Projects Co. Ltd.

24. Schemes for Energy Conservation Projects are initially sanctioned as interest bearing loan and on the satisfactory completion of the projects, the eligible portion of the loan is converted into grant from the original date of disbursement of the loan.

25. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

The amount of ₹ 636.66 millions appearing in interest subsidy fund represents the amount of subsidy received from Ministry of Power, Govt of India which is to be passed on the borrowers against their interest liability arising in future under Accelerated Generation & Supply Program (AG&SP) which comprise of the following: -

Opening balance of interest Subsidy as on 01.04.06	₹ 664.68 millions
Add: - Received for F.Y. 2006-07	₹ 0.64 millions
- Interest Credited during the year	₹ 16.07 millions
Less: - Interest subsidy passed on to borrowers	₹ 44.73 millions
Closing balance as on 31.03.07	₹ 636.66 millions

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

i) Amortization Rate	20%; 100% in case of cost of asset is ₹ 5,000 or less
ii) Amortization Method	Straight Line

(₹ in millions)

Reconciliation Statement	As at 31.03.2007	As at 31.03.2006
iii) Gross Carrying Amount	0.35	0.18
iv) Accumulated depreciation	0.13	0.09
v) Gross carrying amount Opening Balance	0.18	0.18
Less: - Accumulated Depreciation	0.09	0.05
Carrying amount	0.09	0.13
Additions during the year	0.17	-
Less : Amortization during the year	0.04	0.03
Carrying amount as on balance Sheet Date	0.22	0.10

27. a) The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income. During the year the Corporation has provided ₹ 1163.41 Millions as deferred tax liability Major components of deferred tax liability as on 31.03.2007 are given as under:

(₹ in millions)

Particulars	As at 31.03.2007	As at 31.03.2006
Deferred Tax Assets		
Provision for VRS Expenditure	0.39	11.59
Provision for Leave Encashment	20.89	17.04
Provision for Post Retirement Medical Benefits	45.90	26.07
Provision for fall in investments	1.70	1.72
Provision for other expenses	103.91	125.16
	172.79	181.58
Deferred Tax Liabilities		
Depreciation	30.14	27.36
Special Reserve u/s 36(1)(VIII)	1,151.34	-
Net Deferred Tax Assets/ (Liabilities)	(1,008.69)	154.22
Less : Deferred Tax Asset as on 31/03/2006	154.22	
Net Liability charged in P&L for the year 06-07	(1,162.91)	

- b) During this year deferred tax liability has been created on the amount transferred to special reserve under section 36(1)(VIII) of the Income Tax Act 1961. The deferred tax liability of ₹ 19.06 millions on this account relates to the period up to the Financial Year 2000-01, which has been transferred from General Reserve as per AS-22 issued by the Institute of Chartered Accountants of India. The deferred tax liability from the Financial Year 2001-02 to 2005-06 amounting to ₹ 44.82 millions has been routed through Profit & Loss account as 'earlier years deferred tax liability' and the same is transferred from General Reserve to Profit & Loss Account.

28. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants, Earning per share (Basic and Diluted) is worked out as under: -

₹ in millions

	As at 31.03.2007	As at 31.03.2006
Numerator		
Profit after Tax as per Profit	6,602.61	6,375.11
Denominator		
Number of equity shares	780,600,000	780,600,000
Shares allotted during the year	NIL	NIL
Weighted average number of Equity shares for Calculating Basic and Diluted earning per share	780,600,000	780,600,000
Basic & Diluted Earning per share (₹/per share)	8.46	8.17

29. The Company has provided Tax Liability according to the provisions of Income Tax Act based on the advice of Tax Consultant.
30. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile Madhya Pradesh, there is a legal dispute between them regarding sharing of dues, as a result of which, CSEB has been claiming refund of ₹ 1600 Millions. plus interest which if accrues, shall be payable by MPSEB to CSEB.
31. As per the reschedulment package, BSEB had agreed to pay ₹ 2,670.40 millions against the balance dues of ₹ 3,017.80 millions as on 31.03.02, payable in monthly installments over a period of 12 years including moratorium period of 5 years in respect of principal amount. Accordingly overdue interest of ₹ 877.70 millions included in the said settled amount, has been recognized as income during the year in terms of the accounting policies of the corporation following the accrual system of accounting.
32. Some of the erstwhile State Electricity Boards(SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements are to be executed amongst the Corporation, New Entities and the State Government. Pending completion of legal and other formalities, such agreements are yet to be executed in case of loans disbursed to APTRANSCO and KPTCL, and Loans amounting to ₹ 28,163.90 millions and ₹ 7,697.90 millions are outstanding as on 31/03/2007 in the names of APTRANSCO and KPTCL respectively, and also being serviced by them.
33. Details of provision as required in AS – 29: -

₹ in millions

	FY 06-07	FY 05-06
a) Post Retirement Health Scheme		
Opening Balance	77.46	-
Addition during the year	63.33	77.46
Amounts paid/utilized during the year	5.76	-
Closing Balance	135.03	77.46
b) Leave Encashment		
Opening Balance	71.18	59.90
Addition during the year	15.92	97.54
Amounts paid/utilized during the year	5.08	86.26
Closing Balance	82.02	71.18
c) Gratuity		
Opening Balance	9.88	31.29
Addition during the year	-	9.88
Amounts paid/withdrawn during the year	4.91	31.29
Closing Balance	4.97	9.88
d) Incentive/Exgratia		
Opening Balance	52.30	-
Addition during the year	101.18	52.30
Amounts paid/utilized during the year	52.30	-
Closing Balance	101.18	52.30

34. Previous year's figures have been regrouped/rearranged/recast, wherever necessary, to make them comparable with the current year's figures.
35. Schedules 1 to 18 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
36. **Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956 :**

1.	REGISTRATION DETAILS:			
	Registration No.	005095	State Code	55
	Balance Sheet Date:	31	03	2007
		Date	Month	Year
Amount (₹ in millions)				
2.	CAPITAL RAISED DURING THE YEAR		NIL	
3.	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS			
	Total Liabilities	350,333.80	Total Assets	350,333.80
	SOURCES OF FUNDS			
	Paid up Capital	7,806.00	Reserves and Surplus	32,321.11
	Secured loans	265,339.72	Unsecured loans	37,470.29
	Deferred Tax Liability	7,396.68		
	APPLICATION OF FUNDS:			
	Net Fixed Assets (Incl. Capital WIP)	636.30	Investments	11,945.39
	Net Current Assets	16761.11	Loans	320,991.01
	Accumulated Losses	NIL	Misc. Expenditure	NIL
4.	PERFORMANCE OF COMPANY			
	Turnover	28,539.99	Total Expenditure	18,478.07
	Profit before Tax	10,061.92	Profit after Tax	6,602.61
	EPS in ₹ (On a share of ₹ 10/-)	8.46	Dividend Rate	22.67%
5.	GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY			
	Item Code No.	N.A.	Financial Services	

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****NOTES ON THE ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:

(₹ in millions)

		As at 31.3.2008	As at 31.3.2007
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 515.36 millions pending in various courts as on 31.03.2008 (Previous year ₹ 46.32 millions)	633.14	163.12
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	36.02	67.15
(c)	Others	5648.90	877.70

Contingent liabilities are dependent upon the outcome of court/out of court settlement, the amount being called up term of contractual obligations, development and raising of demand by the concerned parties, disposal of appeals respectively.

Amount under 1(c) refers to Corporation's share of LC issued by the bankers of the borrowers for the generation projects for which Corporation has issued letter of Comforts to these bankers.

2. The Corporation was registered by RBI as a Non-Banking Financial Company (NBFC) during the year 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. In view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.

The Board of Directors in its meeting held on 13.12.2006 approved a set of Prudential Norms for the Corporation to be applicable with effect from 01.04.2007. As per the Prudential Norms, provisioning is required to be made even in respect of assets guaranteed by State government. The impact of such change for provisioning in respect of State Government guaranteed loans is to the extent of ₹ 399.94 Millions besides there are minor addition in the accounting policy on income recognition which are of clarificatory nature. Further few accounting policies which were not required have been deleted and there is no financial impact.

3. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 50.12 millions (Previous year ₹ 73.20 millions as on 31.3.2007) and the societies are pursued to create the required Special Fund.
4. Balance confirmation has been received from some of the borrowers.
5. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
6. The formalities regarding conveyance deeds, etc. in respect of some of the premises acquired by the Corporation amounting to ₹ 579.27 millions (Previous year ₹ 419.28 millions) are in the process of completion.
7. Total overdues recoverable from the defaulting borrowers as on 31.03.2008 amount to ₹ 2097.70 millions (Previous year ₹ 3396.00 millions) and effective steps are being taken for recovery of the same. Suits filed in the DRT against defaulting wind farm borrowers and coop. societies for recovery of dues are at different stages of hearing /legal proceedings. For some of the defaulting Societies, Court decrees have been issued and execution thereof is in progress. Further even State Govt. guarantees have been invoked in respect of dues of some societies of MP, AP, UP, Orissa and J&K and such guarantees have not been repudiated. The Govt. of MP has even paid ₹ 181.60 millions towards the dues of 5 Coop. Societies of MP and has assured to clear the dues of the balance Societies also.

8. In terms of Accounting Policy No. 11.2, the balances in respect of Interest Warrants Accounts as on 31.3.2008 held in specified banks are ₹ 1204.55 millions (previous year ₹ 5275.44 millions).
9. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
10. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
11. The company has no outstanding liability towards Micro, Small and Medium undertakings.
12. No Bond Redemption Reserve has been created because as per clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
13. Corporation had entered into two derivative transactions of ₹ 2500 Millions linked to USD with ICICI Bank and ₹ 5000 Millions linked to JPY with axis Bank, Yes Bank, ABN AMRO & Bank Of America. The Mark to Market gain/(loss) in respect of above two derivative transactions as on 31.03.2008 is as below:

Name of Bank	Notional amount (₹)	MTM Gain/(Loss)
ICICI BANK	2500 Millions	140.86 Millions
AXIS-YES - AMRO BANK & BOA	5000 Millions	(48.46) Millions
Net gain		92.40 Millions

During the year the company has earned ₹ 95.33 Millions (previous year ₹ 104.96 Millions) on account of Swap (coupon only) transactions, which has been effected in the decrease in cost of borrowing to that extent.

14. Directors' Remuneration:

	(₹ in millions)	
	Year ended 31.3.2008	Year ended 31.3.2007
Salaries and Allowances	4.09	3.25
Perquisites/reimbursement	1.50	1.76
Retirement Benefits	0.15	0.15
Total	5.73	5.16

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges as per DPE guidelines.

Loans and Advances include ₹ 0.08 millions (Previous year ₹ 0.19 millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 0.19 millions (Previous year ₹ 0.26 millions).

15. Auditors' Remuneration includes:

		(₹ in millions)	
		Year ended 31.03.2008	Year ended 31.3.2007
a)	Audit fees – Current year	1.31	0.88
b)	Tax Audit Fee	0.03	0.22
c)	Reimbursement of expenses	0.13	0.21
d)	Payment for Other services (including for IPO certification)	1.56	0.50
	Total	3.03	1.81

16. Expenditure in Foreign Currency:

(₹ in millions)

Particulars	As at 31/03/2008	As at 31/03/2007
Royalty, Know-how, Professional, consultation fees	0.106	Nil
Interest	24.108	1.777
Finance Charges	9.775	74.661
IPO Expenses	8.64	1.013
Others Expenses	1.739	Nil
Total	44.368	77.451

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

17. Information in relation to the interest of the Company in Joint Venture as required under Accounting Standard –27 issued by ICAI.

Investment include ₹ 144.70 Millions (previous year ₹ 159.91 Millions) representing company's contribution in the units of Joint venture Small is Beautiful fund (SIB Fund) Venture Capital fund promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 144.70 Millions	India	9.74%

During the year the Corporation has invested ₹ 19.48 millions in units of "Small is Beautiful" fund bringing the total investment in units to ₹ 225 millions during the year against our committed capital contribution of ₹ 225 millions. Out of this portion of investment up-to 31.03.2008 of ₹ 80.30 millions has also been disinvested.

18. Related Party Disclosure

A.	Key Management Personnel	
	Shri P Uma Shankar	Chairman cum Managing Director (w.e.f. 01.03.2008)
	Shri Anil Kumar Lakhina	Chairman cum Managing Director (up-to 29.02.2008)
	Shri H.D Khunteta	Director (Finance)
	Shri Bal Mukand	Director (Technical)
	Shri Devender Singh	Govt. Nominee Director (w.e.f. 29.08.2007)
	Sh. Rajesh Verma	Govt. Nominee Director (up to 08.01.2008)
	Sh. Jayant Kawale	Govt. Nominee Director (up to 29.08.2007)
	Sh. M. Sahoo	Govt. Nominee Director (up to 17.07.2007)
	Shri Venugopal N.Dhoot	Independent Director (w.e.f. 20.12.2007)
	Dr. M.Govinda Rao	Independent Director (w.e.f 20.12.2007)
	Shri P.R.Balasubramanian	Independent Director (w.e.f. 20.12.2007)
	Dr. Devi Singh	Independent Director (w.e.f 07.01.2008)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.14

Advance due from whole time Directors including Chairman & Managing Directors has been disclosed in Note No.14

B. Other Related Parties with whom transaction exist:

Subsidiary Companies :		Relationship
1.	REC Transmission Projects Company Ltd.	Subsidiary
2.	REC Power Distribution Company Ltd.	Subsidiary

Wholly owned Subsidiary of REC Transmission Projects Company Ltd :

1.	North Karanpura Transmission Company Ltd.	Fellow Subsidiary
2.	Talcher-II Transmission Company Ltd	Fellow Subsidiary

C. **Loans and advances due from subsidiaries:**

Name of Subsidiary	₹ in millions	
	Outstanding Balance 31.03.08	Maximum Amount 31.03.08
1. REC Trns. Proj. Com. Ltd	3.08	3.08
2. REC Power Dist. Co. Ltd.	7.19	7.19

Transactions during the year with related parties.

Nature of transaction	Subsidiaries	₹ in millions
		Key Mang. Personnel
1. Loans & advances	7.19	-
2. Unsecured Loans	3.08	0.08
3. Expenses (Salary)		
Sh. A.K.Lakhina		1.94
Sh. P.Uma Shankar		0.01
Sh. H.D.Khunteta		1.76
Sh. Bal Mukund		2.02
4. Sitting Fees		0.25
5. Investment		
(Share Capital)	0.50	

19. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes. During the year Corporation refunds ₹ 201.50 millions on which interest liability of ₹ 17.14 millions being the difference between NPV and average interest earned is provided.

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

i)	Amortisation Rate	20%; 100% in case of cost of asset is ₹ 5,000 or less
ii)	Amortisation Method	Straight Line

(₹ in millions)

Reconciliation Statement	As at 31.03.2008	As at 31.03.2007
iii) Gross Carrying Amount	0.35	0.35
iv) Accumulated depreciation	0.19	0.13
v) Gross carrying amount- Opening Balance	0.35	0.18
Less: - Accumulated Depreciation	0.20	0.09
Carrying amount	0.16	0.01
Additions during the year	NIL	0.17
Less: Amortisation during the year	0.07	0.04
Carrying amount as on Balance sheet Date	0.16	0.22

21. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income. During the year the Corporation has provided ₹ 774.10 Millions (previous year ₹ 1162.91 Millions) as deferred tax liability

Major components of deferred tax liability as on 31.03.2008 are given as under:

(₹ in millions)

Particulars	As at 31.03.2008	As at 31.03.2007
<u>Deferred Tax Assets</u>		
Provision for VRS Expenditure	Nil	0.39
Provision for Leave Encashment	42.80	20.89
Provision for Post Retirement Medical Benefits	26.33	45.90
Provision for fall in investments	0.89	1.71
Provision for other expenses	280.26	103.91
	350.28	172.80
<u>Deferred Tax Liabilities</u>		
<u>Depreciation</u>	31.05	30.14
<u>Reserve under section 36 (i)(viii) of I.T Act</u>	8490.01	1151.35
<u>Net Deferred Tax (Liability)/Asset</u>	(8170.78)	(1008.69)
<u>Deferred Tax Asset/(Liability) as on 31.3.2007</u>	<u>(7396.68)</u>	<u>154.22</u>
<u>Net liability for the year charged in P&L</u>	<u>(774.10)</u>	<u>(1162.91)</u>

22. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants of India, Earning per share (Basic and Diluted) is worked out as under: -

(₹ in millions)

	As at 31.03.2008	As at 31.03.2007
Numerator		
Profit after Tax as per Profit and Loss Account	8601.42	6602.61
Denominator		
Number of equity shares	780,600,000	780,600,000
Fresh Shares allotted during the year	78,060,000	NIL
Weighted average number of Equity Shares	786,374,301	780,600,000
Basic & Diluted Earning per share (₹/per share)	10.94	8.46

23. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given by the State Govt. were restructured by the respective State Governments and new entities were formed. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities on the execution of transfer agreements amongst the Corporation, new entities and/or the State Governments. Pending execution of such agreements, the loans outstanding against the erstwhile SEBs namely APSEB, KEB, and GEB are being serviced by APTRANSCO,

KPTCL and GUVNL respectively against which loans amounting to ₹ 23376.60 Millions, ₹. 6625.20 Millions and ₹ 6129.00 Millions respectively are outstanding as on 31.03.2008.

24. On the issue of settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 millions plus interest which if accrues shall be payable by MPSEB. Though the review petition of MPSEB in this regard against the Union of India and others has been dismissed by the Hon'ble Supreme Court, yet the original suit filed by the Govt. of MP is pending in the Hon'ble Supreme Court as a result of which they are treating the case as subjudice. On final settlement, the amount payable to CSEB if any shall in turn be payable by MPSEB.
25. The expenses of ₹ 64.40 millions incurred up to 31.03.2007 on RGGVY implementation had been adjusted from interest received on deposit made out of such grant and the Ministry Of Power has been informed accordingly. However the Corporation has approached MOP to authorize charging of agency fees on disbursements for period up to 31st March 2007 and reply is awaited. Appropriate adjustment if any shall be made accordingly.
26. Details of provision as required in AS-29

(₹ in millions)

	As on 31/03/2008	As on 31/03/2007
a) Post Retirement Health Scheme		
As per last Balance Sheet	135.03	77.46
Addition during the year	57.67	63.33
Amounts paid/utilised during the year	9.15	5.76
Closing Balance	183.54	135.03
b) Leave Encashment		
As per last Balance Sheet	82.02	71.18
Addition during the year	71.37	15.92
Amounts paid/utilised during the year	6.92	5.08
Closing Balance	146.47	82.02
c) Sick Leave		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	7.46	-
Addition during the year	5.18	-
Amounts paid/utilised during the year	-	-
Closing Balance	12.64	0.00
d) Gratuity		
As per last Balance Sheet	4.97	9.88
Addition during the year	16.99	-
Amounts paid/utilised during the year	1.17	4.91
Closing Balance	20.79	4.97
e) Settlement Allowance on Retirement		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	0.96	-
Addition during the year	1.15	-
Amounts paid/utilised during the year	0.59	-
Closing Balance	1.53	-
f) Leave Travel Concession		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	7.95	-
Addition during the year	27.36	-

	As on 31/03/2008	As on 31/03/2007
Amounts paid/utilised during the year	15.15	-
Closing Balance	20.16	-
g) Provision for Wage revision		
As per last Balance Sheet	0.00	0.00
Addition during the year	81.68	-
Amounts paid/utilised during the year	-	-
Closing Balance	81.68	-
h) Provision for Incentive/Exgratia		
As per last Balance Sheet	101.18	52.30
Addition during the year	220.44	101.18
Amounts paid/utilised during the year	101.18	52.30
Closing Balance	220.44	101.18
i) Income Tax		
Opening Balance	2161.34	9816.77
Addition during the year	3738.00	2148.20
Amounts paid/utilised during the year	-	9803.63
Closing Balance	5899.34	2161.34
j) Fringe Benefit Tax		
Opening Balance	0.00	0.00
Addition during the year	1.70	-
Amounts paid/utilised during the year	-	-
Closing Balance	1.70	0.00
k) Wealth Tax		
As per last Balance Sheet	0.03	0.02
Addition during the year	0.01	0.03
Amounts paid/utilised during the year	0.02	0.02
Closing Balance	0.02	0.03
l) Proposed Dividend		
As per last Balance Sheet	1770.00	1012.60
Addition during the year	2575.98	1770.00
Amounts paid/utilised during the year	1770.00	1012.60
Closing Balance	2575.98	1770.00
Corporate Dividend Tax		
As per last Balance Sheet	300.81	142.02
Addition during the year	437.79	300.81
Amounts paid/utilised during the year	300.81	142.02
Closing Balance	437.79	300.81

*** Net of Deferred Tax**

27. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at a pre-determined rates to a separate trust, which invest the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the

Provident fund including the returns of the assets thereof, as 31st March 2008 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Facility

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule.

28. The summarized position of various defined benefit recognized in the Profit & Loss Account, Balance sheet and the funded status are as under:

(₹ in millions)			
	Gratuity	Settlement Allowance	Post Retirement Medical Benefits
1. Component of Employer Expenses			
a) Current Service Cost	11.23	0.07	3.51
b) Interest Cost	10.42	0.12	10.80
c) Expected return on plan assets	(11.00)	0.00	0.00
d) Actuarial (Gain)/Loss	11.14	0.47	43.36
e) Total Expenditure/(gain)	-	-	-
f) Recognized in the P&L A/c	21.79	0.66	57.67
2. Net Asset/(liability) recognized in Balance Sheet as at 31st March 2008			
a) Present Value of Obligation as at 31st March 2008.	157.75	1.53	183.54
b) Fair Value of plan assets as at 31st March 2008	136.89	Nil	Nil
c) Assets/(Liability) recognized in Balance Sheet	(20.87)	1.53	183.54
3. Change in present value of obligation as on 31st March 2008			
Present Value of obligation As at 31 st March 2007	130.24	1.46	135.03
Current service cost	11.23	0.07	3.51
Interest Cost	10.42	0.12	10.80
Actuarial (Gain)/Loss	11.14	0.47	43.36
Benefits Paid	(5.28)	(0.59)	(9.15)
Present Value of Obligation As at 31 st March 2008	157.75	1.53	183.54
4. Changes in the Fair value of Plan Assets			
Present value of plan assets as on 31/3/07	130.24	Nil	Nil
Expected return on Plan Assets	11.00	Nil	Nil
Actual Company Contribution	0.92	Nil	Nil
Benefits Paid	(5.28)	Nil	Nil
Fair Value of plan Assets as at 31/3/08	136.89	Nil	Nil

	Gratuity	Settlement Allowance	Post Retirement Medical Benefits
5. Actuarial Assumptions			
Discount Rate (per annum)	8.00	8.00	8.00
Expected rate of returns on assets (p.a.)	8.45	0.00	0.00
Future cost increase	5.50	5.50	5.50
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.			
Details of the Plan Assets at cost as on 31.03.2008.			
Government of India Securities.	68.53		
Corporate Bonds	56.72		
Others.	2.02		
TOTAL	127.27		

29. The Corporation does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
30. The Corporation has come up in February 2008 with initial public offer (IPO) of 156,120,000 equity shares of ₹ 10 each for cash at a price of ₹ 105 per equity shares. The issue comprises a fresh issue of up to 7,80,60,000 equity shares and an offer for sale of up to 7,80,60,000 equity shares by the President of India acting through Ministry of Power Government of India. The fresh equity shares were allotted in March 2008. Accordingly issued and paid up share capital has increased from ₹ 7806.00 millions to ₹ 8586.60 millions and an amount of ₹ 7198.10 millions (net of issue expenses of ₹ 217.65 millions) has been taken to Securities Premium Account. Proceeds of the fresh issue of equity shares have been utilized for the purpose of the business of the Corporation.
31. Previous year's figures have been regrouped/rearranged/recast, wherever necessary, to make them comparable with the current year's figures.
32. Figures have been rounded off to the nearest millions.
33. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated
34. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	31 Date	03 Month	2008 Year

Amount (₹ in millions)

2. CAPITAL RAISED DURING THE YEAR 780.60

Amount (₹ in millions)

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	404675.73	Total Assets	404675.73

SOURCES OF FUNDS

Paid up Capital	8586.60	Reserves and Surplus	45090.48
Secured Loans	294219.51	Unsecured Loans	48608.35
Deferred Tax Liability	8170.78		

APPLICATIONS OF FUNDS:

Net Fixed Assets	779.01	Investments	11473.97 (Incl Capital WIP)
Net Current Assets	-742.37	Loans	393165.12
Deferred Tax Assets	NIL	Misc. Expenditure	NIL
Accumulated Losses	NIL		

4. PERFORMANCE OF COMPANY

			(₹ in millions)
Turnover	35376.61	Total Expenditure	22252.38
Profit before Tax	13124.23	Profit after Tax	8601.47
EPS in ₹	10.94	Dividend Rate	30%
(On an equity share of ₹ 10/- face value)			

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.	N.A.	Financial Services

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****NOTES ON THE ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:-

(₹ in millions)

		As at 31.3.2009	As at 31.3.2008
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 346.05 millions pending in various courts including arbitration cases as on 31.03.2009 (Previous year ₹ 515.36 millions)	346.94	633.14
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	116.60	36.02
(c)	Others	13426.30	5648.90

The amounts referred to in (a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amounts under 1(c) refers to Letters of comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers.

2. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
3. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 50.09 millions (Previous year ₹ 50.12 millions) and the societies are pursued to create the required Special Fund.
4. Balance confirmation has been received from some of the borrowers.
5. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
6. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 399.65 millions (Previous year ₹ 579.27 millions) are in the process of completion.
7. In terms of Accounting Policy No. 11.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC & Infra bonds) as on 31.3.2009 held in specified banks are ₹ 502.53millions (previous year ₹ 1204.55 millions).
8. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
9. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
10. The company has no outstanding liability towards Micro, Small and Medium undertakings.
11. No Bond Redemption Reserve (BRR) has been created since in terms of clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.

12. During the year the Corporation has earned ₹ 42.02 millions (Previous Year ₹ 95.33 millions) on account of swap (coupon only) transaction which has resulted in reduction in cost of borrowing to that extent.

The Corporation had entered into various Coupon only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2009 is of ₹ 2427.13 millions (favourable)

13. Directors' Remuneration:

	(₹ in millions)	
	Year ended 31.3.2009	Year ended 31.3.2008
Salaries and Allowances	4.43	4.09
Perquisites/reimbursement	1.52	1.50
Retirement Benefits	.67	0.14
Total	6.62	5.73

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 1.07 millions (Previous year ₹ 0.081 millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 1.42 millions (Previous year ₹ 0.19 millions).

14. Auditors' Remuneration includes:

		(₹ in millions)	
		Year ended 31.03.2009	Year ended 31.03.2008
a)	Audit fees – Current year	1.68	1.31
b)	Tax Audit Fee	.22	0.03
c)	Reimbursement of expenses	.18	.13
d)	Payment for Other services *(including for IPO certification)	.23	1.56 *
	Total	2.31	3.03

15. Expenditure in Foreign Currency:

	(₹ in millions)	
Particulars	As at 31/03/2009	As at 31/03/2008
Royalty, Know-how, Professional, consultation fees	NIL	0.11
Interest	16.17	24.10
Finance Charges	7.90	9.78
Others Expenses	5.32	10.38
Total	29.39	44.37

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

16. Information in relation to the interest of the Company in Joint Venture as required under Accounting Standard –27 issued by ICAI.

Investment include ₹ 144.70 Millions (previous year ₹ 144.70Millions) representing company's contribution in the units of Joint venture 'Small is Beautiful fund (SIB Fund) Venture Capital fund' promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 144.70 Millions	India	9.74%

There is no further commitment for contribution.

17. Related Party Disclosure:

A. Key Management Personnel:

Sh. P. Uma Shankar	Chairman cum Managing Director
Sh. H.D Khunteta	Director (Finance)
Sh. Bal Mukand	Director (Technical) (Up-to 30.11.2008)
Sh. Guljit Kapoor	Director (Technical) (w.e.f. 01.12.2008)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.14

Advance due from whole time Directors including Chairman & Managing Directors have been disclosed in Note No.14

B. Other Related Parties with whom transaction exist:

Subsidiary Companies : **Relationship**

1. REC Transmission Projects Company Ltd.	Subsidiary
2. REC Power Distribution Company Ltd.	Subsidiary

Wholly owned Subsidiary of REC Transmission Projects Company Ltd :

1. North Karanpura Transmission Company Ltd.	Fellow Subsidiary
2. Talcher-II Transmission Company Ltd	Fellow Subsidiary

C. Loans and advances due from subsidiaries:

₹ in millions

Name of Subsidiary	Outstanding Balance		Maximum Amount	
	31.03.09	31.03.08	31.03.09	31.03.08
REC Tms. Proj. Com. Ltd	19.32	3.08	19.32	3.08
REC Power Dist. Co. Ltd.	.38	7.19	7.19	7.19
North Karanpura Transmission Company Ltd.	0.33	0.30	0.33	0.30
Talcher-II Transmission Company Ltd	0.04	0.04	0.04	0.04

Transactions during the year with related parties.

₹ in millions

Nature of transaction	Subsidiaries	Key Mang. Personnel
1. Loans & advances	11.12	-
	(Prev. yr.7.19 millions)	-
2. Unsecured Loans	Nil	0.80
	(Prev.yr.3.08 millions)	(Prev.yr.0.08 millions)
3. Remuneration		6.62
		(prev. yr.5.73 millions)

18. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of

the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

19. Disclosure in respect of Intangible Assets as required in AS-26 “Intangible Assets”:-

- i) Amortisation Rate 20%;
100% in case of cost of asset is ₹ 5,000 or less
- ii) Amortisation Method Straight Line

Reconciliation Statement	As at 31.03.2009	As at 31.03.2008
iii) Gross Carrying Amount	0.49	.035
iv) Accumulated depreciation	0.26	0.20
v) Gross carrying amount Opening Balance	0.35	0.35
vi) Less: - Accumulated Depreciation	0.20	0.13
vii) Carrying amount	0.16	0.23
viii) Additions during the year	0.13	NIL
ix) Less : Amortization during the year	0.06	0.07
x) Carrying amount as on balance Sheet Date	0.23	0.16

20. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income. During the year the Corporation has provided ₹ 1396.07 Millions (previous year ₹ 774.10 Millions) as deferred tax liability

Major components of deferred tax liability as on 31.03.2008 are given as under:-

	(₹ in millions)	
Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Assets		
Provision for Earn Leave Encashment	48.24	42.80
Provision for Sick Leave	19.83	4.30
Provision for Post Retirement Medical Benefits	26.33	26.33
Provision for fall in investments	4.47	0.89
Provision for others	14.47	275.96
	113.34	350.28
Deferred Tax Liabilities		
Depreciation	34.52	31.05
Reserve under section 36 (i)(viii) of I.T Act	9645.67	8490.01
Total	9680.19	8521.06
Net Deferred Tax (Liability)/Asset	(9566.85)	(8170.78)
Deferred Tax Asset/(Liability) as on 31.3.2008	(8170.78)	(7396.68)
Net liability for the year charged in P&L	(1396.07)	(774.10)

21. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants, Earning per share (Basic and Diluted) is worked out as under: -

	(Rs in millions)	
	As at 31.03.2009	As at 31.03.2008
Numerator		
Profit after Tax as per Profit and Loss Account	127,20.78	86,01.42
Denominator		
Weighted average number of equity shares	858,660,000	786,374,301
Basic & Diluted Earning per share (₹/per share)	14.81	10.94

22. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to

new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.

23. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 millions plus interest which if accrues shall be payable by MPSEB.
24. The expenses of ₹ 64.40 millions incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
25. The pay revision of the employees of the Corporation is due w.e.f.1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and considered by Board of Directors an estimated additional provision 46.32 millions based on average salary (Previous year ₹ 81.68 millions) had been made towards wage revision arrears during the year and accordingly ₹ 128 millions is cumulatively available toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefit has been carried out considering the estimated revised wages.
26. Details of provision as required in AS-29

	(₹ in millions)	
	As on 31/03/2009	As on 31/03/2008
a) Interim Dividend		
As per last Balance Sheet	Nil	Nil
Addition during the year	1717.32	Nil
Amounts paid/utilised during the year	1717.32	Nil
Closing Balance	Nil	Nil
b) Proposed Dividend		
As per last Balance Sheet	2575.98	1770.00
Addition during the year	Nil	2575.98
Amounts paid/utilised during the year	2575.98	1770.00
Closing Balance	Nil	2575.98
c) Corporate Dividend Tax		
As per last Balance Sheet	437.79	300.81
Addition during the year	291.86	437.79
Amounts paid/utilised during the year	729.65	300.81
Closing Balance	Nil	437.79

27. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. As per Actuarial report, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March 2009 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation on annual basis.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation on annual basis.

28. The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under :

Expense recognized in P&L A/c:-

₹ in millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Current Service Cost	11.61	11.23	4.68	3.51	0.07	0.07
b) Interest Cost	11.04	10.42	12.85	10.80	0.11	0.12
c) Expected Return on Plan Assets	(13.50)	(11.00)	NIL	NIL	NIL	NIL
d) Acturial (Gain) Loss recognized in P&L A/c	(6.50)	11.14	38.52	43.36	0.33	0.47
e) Past Service Cost	94.85	NIL	NIL	NIL	NIL	NIL
f) Expensed recognized in P&L A/c	97.50	21.79	56.05	57.67	0.51	0.66

Amounts recognized in Balance Sheet:-

₹ in millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Present value of obligation as at the end of year	264.00	157.75	224.48	183.54	1.75	1.53
b) Fair value of Plan Assets as at the end of the year	167.26	136.89	NIL	NIL	NIL	NIL
c) Difference (b-a)	(96.74)	(20.86)	(224.48)	(183.54)	(1.75)	(1.53)
d) Excess of actual over Estimated	(0.62)	NIL	NIL	NIL	NIL	NIL
e) Net Assets/ (Liability) recognized *(of gratuity trust)	(96.74)*	(20.86)	(224.48)	(183.54)	(1.75)	(1.53)

Changes in the Present value of defined benefit/ Obligation:-

₹ in millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Present value of obligation as at the beginning of the period	157.75	130.24	183.54	135.03	1.53	1.46

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
b) Interest Cost	11.04	10.42	12.85	10.80	0.11	0.12
c) Past Service Cost	94.85	NIL	NIL	NIL	NIL	NIL
d) Current Service Cost	11.61	11.23	4.68	3.51	0.07	0.07
e) Benefit Paid	(4.13)	(5.28)	(15.12)	(9.15)	(0.29)	(0.59)
f) Net Actuarial Gain/ Loss	(7.12)	11.14	38.52	43.36	0.33	0.47
g) Present Value of defined benefit obligation at the end of the period	264.00	157.75	224.48	183.54	1.75	1.53

Changes in the Fair value of Plan Assets:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	157.75*	130.24	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	13.50	11.00	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.75	0.92	NIL	NIL	NIL	NIL
d) Benefit Paid	(4.13)	(5.28)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(0.62)	NIL	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as on 31.03.2009	167.26	136.89	NIL	NIL	NIL	NIL

Details of Plan Assets (Gratuity) at cost as on 31.03.2009:-

₹ in millions

Particulars	Gratuity	
	(31.03.09)	(31.03.08)
a) Govt. of India Securities (both Central & State)	80.60	68.53
b) Corporate Bonds	70.74	56.72
c) Others	2.96	2.02
TOTAL	154.30	127.27

During the year the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 97.50 millions (Previous Year ₹ 16.99 millions), PRMF of ₹ 40.93 millions (Previous Year ₹ 48.52 millions) and to ODRB of ₹ 0.22 millions (Previous Year ₹1.53 millions)

OTHER EMPLOYEE BENEFITS :-

Provision for Earned Leave Encashment amounting to ₹ 16.01 millions(Previous Year ₹ 64.45 millions) and for sick leave ₹ 58.34 millions (Previous year ₹ 12.64 millions) for the year have been made on the basis of Actuarial Valuation at the year end and charged to P&L A/c.

In terms of A.S-15 (revised 2005) on 'Employees benefits' LTC has been accounted for the basis of Actuarial valuation. Accordingly an amount of ₹ 2.12 millions for the year has been made and charged to P&L A/c.

The effect of an increase/ decrease of one percent point on PRMF :-

₹ in millions		
Particulars	1% (+)	1% (-)
a) Service & interest Cost	2.26	(1.91)
b) PBO (Closing)	17.47	(15.21)

Actuarial Assumptions :-

Particulars	Gratuity	PRMF
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	7.00 (8.00)	7.00 (8.00)
c) Expected Rate of Return on Assets	8.56 (8.45)	NIL
d) Future salary increase	5.50 (5.50)	5.50 (5.50)

- The Expected Rate on Return on Assets over the accounting period is assumed rate of return.
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches of the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.
- a. Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.

During current year interest earned of ₹ 293.40 millions (Previous Year ₹ 69.97 millions) including TDS of ₹ 65.90 millions (Previous Year ₹ 15.81 millions) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.

29. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself
30. The Corporation does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
31. Prepaid expenses and prior period expenses up to ₹ 0.5 Millions amounting to ₹ 0.59 millions & ₹ 0.10 millions (net of income of ₹ 1.33 millions and expenditure of ₹ 1.24 millions) respectively have been charged to the natural heads of accounts. Due to change in accounting policy of recognizing prior period /prepaid items up to ₹ 0.5 Millions to natural head of account, prior period and prepaid items have been decreased by ₹ 0.10 millions and increased by ₹ 0.59 millions respectively and there is no impact on profit.
32. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year's figures.
33. Figures have been rounded off to the nearest millions.
34. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
35. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	31 Date	03 Month	2009 Year

Amount (₹ in millions)

2. CAPITAL RAISED DURING THE YEAR

NIL

Amount (₹ in millions)

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	52 0827.22	Total Assets	520827.22

SOURCES OF FUNDS

Paid up Capital	8586.60	Reserves and Surplus	53314.20
Secured Loans	376136.53	Unsecured Loans	73223.05
Deferred Tax Liability	9566.85		

APPLICATIONS OF FUNDS:

Net Fixed Assets (Incl. Capital WIP)	809.03	Investments	10048.64
Net Current Assets	-3844.90	Loans	513814.46
Deferred Tax Assets	NIL	Misc. Expenditure	NIL
Accumulated Losses	NIL		

4. PERFORMANCE OF COMPANY

Turnover	4,93,12.78	Total Expenditure	(₹ in millions) 3,01,11.72
Profit before Tax	1,92,01.06	Profit after Tax	1,27,20.78
EPS in ₹ (On an equity share of ₹ 10/- face value)	14.81	Dividend Rate	₹ 4.50 per share

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.	N.A.	Financial Services

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****NOTES ON ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:-

(₹ in million)

S.No.	Particulars	As at 31.03.2010	As at 31.03.2009
(a)	Claims against the Corporation not acknowledged as debts, including ₹ 40.64 million pending in various courts including arbitration cases as on 31.03.2010 (Previous year ₹ 3,46.05 million) and	49.45	346.94
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	59.93	116.60
(c)	Others	17655.97	13426.30

The amount referred to in 1(a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amount under 1 (c) include ₹ 17397 million against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers, ₹ 155.77 million pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers, ₹ 66.85 million against demand raised by the Income tax Department for Assessment Year 2008-09 against Notice u/s 143(1) of Income Tax Act and ₹ 36.35 million which was paid to the Income Tax Dept. against the demand raised by them on completion of assessment for AY 2006-07 for which appeal has been filed with CIT (Appeals) and the amount paid has been shown as Advance Income Tax in Current Liabilities and Provisions schedule in the Balance Sheet.

2. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.

3. In order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. However, the RBI had noted that the date from which our Corporation was required to comply with such regulations would be decided later. While our Corporation has submitted the said 'road map', to Ministry Of Power for onward submission/approval of RBI, it has sought exemption from compliance with the regulations governing NBFCs till the period of the 12th Five Year Plan (FY2017).

Further, on December 13, 2006 and February 21, 2009, our Board of Directors approved our adoption of prudential norms. Our prudential norms limit our exposure, separately, for private and state sector borrowers. For private sector borrowers, our exposure is restricted to any single borrower for up to 25% of our Corporation's owned funds and to a single group of companies for up to 50% of our Corporation's owned funds. In respect of loans to state sector borrowers, our maximum credit exposure varies from 100% to 250% of our Corporation's net worth, depending on entity appraisal and status of on bundling of the respective state utilities.

4. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 30.15 million (Previous year ₹ 50.09 million) and the societies are pursued to create the required Special Fund.
5. Balance confirmation has been received from most of the borrowers.
6. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
7. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 363.06 million (Previous year ₹ 399.65 million) are in the process of completion.
8. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC & Infra bonds) as on 31.03.2010 held in specified banks are ₹ 343.13 million (previous year ₹ 502.53 million).
9. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
10. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
11. The company has no outstanding liability towards Micro, Small and Medium undertakings.
12. No Bond Redemption Reserve (BRR) has been created since in terms of clarifications issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
13. During the year, the Corporation has reduced cost of borrowing to the extent of ₹ 76.57 million (Previous year ₹ 42.02 million) on account of swap (coupon only) transaction linked to rupee borrowing.

The Corporation had entered into various coupons only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2010 is of ₹ 1654.41 million (favourable) (Previous year ₹ 2427.13 million favourable).

14. Directors' Remuneration:

(₹ in million)		
Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	7.55	4.43
Perquisites/reimbursement	1.01	1.52
Retirement Benefits	Nil	0.67
Total	8.56	6.62

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 0.44 million (Previous year ₹ 1.07 million) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 1.07 million (Previous year ₹ 1.42 million).

15. Auditors' Remuneration includes:

(₹ in million)			
S.No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a)	Audit fees – Current year	1.87	1.68
b)	Tax Audit Fee (*exclusive of ₹ 0.2 million paid to Tax auditors for Tax Audit of FY 2008-09)	0.40*	0.23
c)	Reimbursement of expenses	0.04	0.18
	Payment for Other services (**including for FPO certification which has been set off against Securities Premium A/c)	1.64**	0.23
	Total	3.95	2.32

16. Expenditure in Foreign Currency:

(₹ in million)		
Particulars	Year ended 31/03/2010	Year ended 31/03/2009
Royalty, Know-how, Professional, consultation fees	7.06	0
Interest	2.89	16.17
Finance Charges	41.19	7.90
Others Expenses	6.15	5.32
Total	57.29	29.39

All other information required under para 4 (c) and 4 (d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

17. Investment include ₹ 120.85 Million (previous year ₹ 144.70 million) representing company's contribution in the units of Joint venture 'Small is Beautiful fund (SIB Fund) Venture Capital fund' promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 120.85 Million	India	9.74 %

There is no further commitment for contribution.

18. Related Party Disclosure:

A. Key Management Personnel:

Sh. P. Uma Shankar	Chairman cum Managing Director
Sh. H.D Khunteta	Director (Finance)
Sh. Guljit Kapoor	Director (Technical)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.14.

Advance due from whole time Directors including Chairman & Managing Directors have been disclosed in Note No.14.

B. Other Related Parties with whom transaction exist:

Subsidiary Companies :	Relationship
1) REC Transmission Projects Company Ltd.	Subsidiary
2) REC Power Distribution Company Ltd.	Subsidiary

Wholly owned Subsidiary of REC Transmission Projects Company Ltd :

Subsidiary Companies :	Relationship
1) North Karanpura Transmission Company Ltd. (Since sold after March 31, 2010)	Fellow Subsidiary
2) Talcher II Transmission Company Ltd (Since sold after March 31, 2010)	Fellow Subsidiary
3) Raichur Sholapur Transmission Company Ltd.	Fellow Subsidiary (w.e.f. 19.11.2009)

C. Loans and advances due from subsidiaries:

₹ in million

S.No.	Name of Subsidiary	Outstanding Balance		Maximum Amount	
		31.03.10	31.03.09	31.03.10	31.03.09
1.	REC Transmission Projects Company Limited	143.28	19.32	143.28	19.32
2.	REC Power Distribution Company Limited	-0.68	0.38	-0.68	7.19
3.	North Karanpura Transmission Company Limited	0.36	0.33	0.36	0.33
4.	Talcher-II Transmission Company Limited	0.05	0.04	0.05	0.04

Transactions during the period with related parties.

(₹ in million)

Nature of transaction	Subsidiaries	Key Mang. Personnel
1) Loans & advances	122.95 (P.Y. 11.12)	(Nil) (Nil)
2) Unsecured Loans	(Nil) (PY. NIL)	(₹ Nil) (PY. 0.80)
3) Remuneration	(Nil) (PY Nil)	8.56 (PY. 6.62)

19. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and period in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

a. Amortisation Rate	20%;
	100% in case of cost of asset is ₹ 5,000 or less
b. Amortisation Method	Straight Line

Reconciliation Statement

(₹ in million)

S.No.	Particulars	As at 31.03.2010	As at 31.03.2009
i)	Gross Carrying Amount	43.29	0.49
ii)	Accumulated depreciation	3.90	0.26
iii)	Gross carrying amount- Opening Balance	0.49	0.35
iv)	Less: - Accumulated Depreciation	0.26	0.20
v)	Carrying amount	0.23	0.16
vi)	Additions during the period	42.81	0.13
vii)	Less: Amortization during the year	3.64	0.06
viii)	Carrying amount as on Balance sheet Date	39.39	0.23

21. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

A. Components of deferred tax liability/ (assets) as on 31.03.2010 are given as under:-

(₹ in million)

Particulars	As at 31/03/2010	As at 31/03/2009
Deferred Tax Assets (+)		
Provision for Earn Leave Encashment	62.36	48.24
Provision for Sick Leave	25.11	19.83
Provision for Post Retirement Medical Benefits (deduction not claimed pertaining to period prior to 2006-07)	26.33	26.33
Provision for fall in investments	0.82	4.47
Provision for Others	0.00	14.47
Total	114.62	113.34
Deferred Tax Liabilities (-)		
Depreciation	-40.94	-34.52
Reserve under section 36(i)(viii) of I.T Act	-	-9645.67
Total	-40.94	-9680.19
Net Deferred Tax Asset /(Liabilities)	73.68	-9566.85

- B. The Company has started creating deferred tax liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the special Reserve created till financial year 2005-06 was also created in FY 2006-07 by transferring the amount from General Reserve.

The Company has passed a Board Resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS 22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the Company is not creating any deferred tax liability on the said reserve.

Now, considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS22 of ICAI. Accordingly, the Corporation has not created deferred tax liability (DTL) of ₹ 1,556.47 million on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, for the year ended on 31st March, 2010 and has also reversed the DTL of ₹ 9645.67 million created in earlier years on this account. The reversal of DTL is done by crediting General reserve by ₹ 6387.99 million for the FYs up-to 2005-06 and through Profit and Loss Appropriation by ₹ 3257.69 million for the FY 2006-07 to FY 2008-09.

Had the Company followed the same Accounting treatment as in the earlier years, the Profit after Tax for the year ended 31.03.2010 would have been ₹ 18457.69 million against reported profit of ₹ 20014.16 million and the Reserve and Surplus would have been ₹ 89726.62 million as against reported reserve and surplus of ₹ 100928.76 million as on 31.03.2010.

22. In line with the decisions of Authority for Advance Ruling and Income Tax Appellate Tribunal for different assessment years, the Corporation has accounted for ₹ 569.02 million towards refund of Income Tax and interest thereon due from the Income Tax Department out of which ₹ 256.21 million has been received during this year.
23. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants, Earning per share (Basic and Diluted) is worked out as under: -

(₹ in million)

Particulars	As at 31.03.2010	As at 31.03.2009
Numerator		
Profit after Tax as per Profit and Loss Account	20014.16	12720.78
Denominator		
Weighted average number of equity shares	86,78,34,723	85,86,60,000
Basic & Diluted Earning per share (₹/per share)	23.06	14.81

24. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.
25. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 million plus interest which if accrues shall be payable by MPSEB.
26. The expenses of ₹ 64.40 million incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
27. The pay revision of the employees of the Corporation is due w.e.f.1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and approved by Board of Directors an estimated additional provision ₹202.62 million based on average salary (Previous year ₹ 46.32 million) had been made towards wage revision arrears during the year and accordingly ₹ 330.62 million (previous year ₹ 128 million) is cumulatively available toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefits and incentive have been carried out considering the estimated revised wages.
28. Details of provision as required in AS-29

(₹ in million)

Particulars	As on 31.03.2010	As on 31.03.2010
(a) Interim Dividend		
As per last Balance Sheet	0.00	0.00
Addition during the year	2575.98	1717.32
Amounts paid/utilized during the year	2575.98	1717.32
Closing Balance	0.00	0.00
(b) Proposed Dividend		
As per last Balance Sheet	2146.65	2575.98
Addition during the year	3456.11	2146.65

Particulars	As on 31.03.2010	As on 31.03.2010
Amounts paid/utilized during the year	2146.65	2575.98
Closing Balance	3456.11	2146.65
(c) Corporate Dividend Tax		
As per last Balance Sheet	364.82	437.79
Addition during the year	1011.73	656.68
Amounts paid/utilized during the year	802.53	729.65
Closing Balance	574.02	364.82

29. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March, 2010 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule. This is recognized in the profit & loss account on the basis of actuarial valuation.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under :

Expense recognized in P&L A/c:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
(a) Current Service Cost	13.99	11.61	5.71	4.68	0.08	0.07
(b) Interest Cost	19.80	11.04	16.84	12.85	0.13	0.11
(c) Expected Return on Plan Assets	(24.37)	(13.50)	NIL	NIL	NIL	NIL
(d) Acturial	27.70	-6.50	45.28	38.52	0.33	0.33

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
(Gain) Loss recognized in P&L A/c						
(e) Past Service Cost/	NIL	94.85	NIL	NIL	NIL	NIL
(f) Expense recognized in P&L A/c	37.13	97.50	67.83	56.05	0.54	0.51

Expenses to be recognized in P&L A/c as per Actuary : ₹ 37.13 million
Less : Contributions received by the Gratuity Trust
from other organizations for new employees : ₹ 0.82 million
Add : Amount recognized on account of employees exited
From services from 01/01/2007 to 31/03/2009 on estimation basis : ₹ 10.16 million
Net Expenses recognized in P&L A/c : ₹ 46.47 million

Amounts recognized in Balance Sheet:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
(a) Present value of obligation as at the end of year	314.29	264.00	274.21	224.48	1.92	1.75
(b) Fair value of Plan Assets as at the end of the year	277.98	167.26	NIL	NIL	NIL	NIL
(c) Difference (b - a)	-36.31	-96.74	-274.21	-224.48	-1.92	-1.75
(d) Net Assets/ (Liability) recognized *(of gratuity trust)	-36.31	(96.74)*	-274.21	-224.48	-1.92	-1.75

Liability to be recognized in Balance Sheet as per Actuary : ₹ 36.31 million

Add : Liability recognized on account of employees exited
from services from 1/01/2007 to 31/03/2009 on estimation basis : ₹ 10.16 million

Total Liability recognized in Balance Sheet : ₹ 46.47 million

Changes in the Present value of defined benefit/ Obligation:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
(a) Present value of obligation as at the beginning of the period	264.00	157.75*	224.48	183.54	1.75	1.53
(b) Interest Cost	19.80	11.04	16.84	12.85	0.13	0.11
(c) Past Service Cost	Nil	94.85	NIL	NIL	NIL	NIL
(d) Current Service Cost	13.99	11.61	5.71	4.68	0.08	0.07
(e) Benefit Paid	-10.54	-4.13	-18.10	-15.12	-0.37	-0.29

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
(f) Net Actuarial (Gain)/ Loss	27.04	-7.12	45.28	38.52	0.33	0.33
(a) Present Value of defined benefit/ obligation as at the end of the period *(of gratuity trust)	314.29	264.00*	274.21	224.48	1.92	1.75

Changes in the Fair value of Plan Assets:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	264.00	157.75*	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	24.37	13.50	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.82	0.75	NIL	NIL	NIL	NIL
d) Benefit Paid	(10.54)	(4.13)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(0.66)	(0.62)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the period *(of gratuity trust)	277.98	167.26*	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 46.47 million (Previous Year ₹ 97.47 million), PRMF of ₹ 49.73million (Previous Year ₹ 40.93million) and ODRB of ₹ 0.17 million (Previous Year ₹ 0.22million)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to ₹ 20.97 million (₹ 18.22million as per actuarial valuation and ₹ 2.75 million on account of employees exited from service from 01.01.2007 to 31.03.2009) (Previous Year ₹ 16.01 million) and for sick leave ₹ 15.54 million (Previous year ₹ 58.34 million) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

In terms of A.S-15 (revised 2005) on 'Employees benefits', LTC has been accounted for on the basis of Actuarial valuation. Accordingly, an amount of ₹ 1.98 million (Previous year ₹ 2.12 million) for the year has been made on the basis of Actuarial Valuation and charged to P&L A/c.

The effect of an increase/ decrease of one percent point on PRMF :-

₹ in million

Particulars	1% (+)	1% (-)
a) Service & interest Cost	2.47 (P.year2.26)	(2.07) (P.year(1.91))
b) PBO (Closing)	36.96 (P.Year 17.47)	(30.96) (P. Year (15.21))

Actuarial Assumptions :-

Particulars		Gratuity			PRMF			ODRB		
a)	Method used	Projected (PUC)	Unit	Credit	Projected (PUC)	Unit	Credit	Projected (PUC)	Unit	Credit
b)	Discount rate	7.50 ((P.Year 7.00))			7.50 (P.Year 7.00)			7.50 (P.Year 7.00)		
c)	Expected Rate of Return on Assets	9.23 ((P.Year 8.56))			NIL (P.Year Nil)			NIL (P.Year Nil)		
d)	Future salary/ cost increase	5.50 ((P.Year 5.50))			5.50 (P.Year 5.50)			5.50 (P.Year 5.50)		

- The Expected Rate on Return on Assets over the accounting period is assumed rate of return.
 - The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches of the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.
30. (A) Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
- (B) During current year interest earned of ₹ 88.07 million (previous year ₹ 293.40million) including TDS of ₹ 15.43 million (previous year ₹ 65.90 million) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.
- (C) During the year the company has started recognizing the Income of Agency Charges (i.e.1% of project cost (inclusive of Service Tax) on RGGVY Schemes on the basis of the amount sanctioned by the Ministry of Power as per Accounting Policy 2.1.b. as against the earlier policy of recognition on the basis of disbursement of subsidy/loan. The change in the Accounting Policy has resulted in decrease of profit of current year by ₹ 11.84 million (net of service tax).
31. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.
32. The Corporation has come up in February 2010 with Further Public Offering (FPO) of 17,17,32,000 Equity shares of ₹ 10 each at prices determined through the Alternate Book Building method. The issue comprised a fresh issue of upto 12,87,99,000 Equity shares and an offer for sale of 4,29,33,000 Equity shares by the President of India acting through Ministry of Power, Govt. of India. The fresh Equity shares were allotted in March 2010. Accordingly, Issued and Paid up Share Capital has increased from ₹ 8586.60 million to ₹ 9874.59 million and an amount of ₹ 24991.82 million (net of Issue expenses of ₹ 195.52 million) has been taken to Securities Premium Account. Proceeds of the fresh issue of Equity shares have been utilized for the purposes mentioned in the Offer Document.
33. The Expenditure amounting to ₹ 91.28 million incurred on ERP system has been capitalized during the year w.e.f. 24th October 2009. The life of the Software has been considered as five years taking into consideration the fast technological developments for amortization. The residual value is considered as Nil.
34. For Segment Reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI), the Corporation's operations are classified into three business segments viz. Generation Loans, transmission & Distribution Loans and Others. The corporation does not have any geographical segments. The Corporation operates only in domestic geographical segments. Segment report for the year ended 31st March 2010 is as under :

(₹ in million)

Sl. No.	Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
a.	Segment Revenue		
	1. Generation Loans	25,138.33	15,069.84
	2. T & D Loans	34,391.25	27,225.42
	3. Others	7,546.45	7,017.52
	Total	67,076.03	49,312.78
b.	Segment Results		
	1. Generation Loans	11,371.39	4,956.91
	2. T & D Loans	13,367.92	11,779.68
	3. Others	3,225.24	3,604.75
	Total	27,964.55	20,341.34
c.	Unallocated Expenses	1,472.61	1,140.27
d.	Profit Before Tax.	26,491.95	19,201.07
e.	Provision for Tax	6,477.79	6,480.29
f.	Profit After Tax	20,014.16	12,720.78
g.	Segment Assets	-	-
	1. Generation Loans	238,475.71	185,914.74
	2. T & D Loans	364,173.27	283,952.31
	3. Others	74,853.62	62,739.84
	Total	677,502.60	532,606.89
h.	Segment Liabilities	-	-
	1. Generation Loans	203,837.24	158,910.72
	2. T & D Loans	311,277.29	242,708.39
	3. Others	63,981.17	53,626.91
	Total	579,095.70	455,246.02

35. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to ₹ 17.80 million is shown under the head 'Administration Expenses' in Schedule 15 . Future lease payments in respect of these lease agreements are as under:

(₹ in million)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP	For Accommodation
Not later than one year	3.99	13.66
Later than one year and not later than 5 years	15.49	60.13
Later than 5 years	Nil	37.67
Total	19.48	111.46

36. As part of hedging strategy, the company has executed in some cases Interest Rate Swap on fixed interest rate domestic rupee borrowings to lower cost by taking benefit of interest rate movement. The INR value of the outstanding borrowings on which such Swaps have been executed is ₹ 12500 million. as on 31.03.2010.

In respect of foreign currency borrowings, the company has executed cross currency swaps to fully hedge the risk of exchange rate and interest rate variation. The outstanding position of such cross currency swaps as at 31st March 2010.

No. of Contracts	Borrowings outstanding as on 31.03.2010 in foreign currency	INR Equivalent
3	JPY 40319 Million	16586.50 Million
1	Euro 64.16 Million	4177.20 million

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

37. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of ₹ 43050.90 million are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of ₹ 8700 million availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-passu charge on the receivables charged to these Trustees.
38. The Capital Adequacy Ratio of the Corporation as on 31st March 2010 is 16.05% (previous year 11.60%)
39. No loan has been rescheduled during the current year. The movement of the loans rescheduled in the earlier years are as under:-

₹ in million.

Particulars	As at 31.03.2010	No. of accounts	As at 31.03.2009	No. of accounts
<u>Opening balance</u>		9		11
Principal	22802.99		23364.99	
Interest	10116.99		11017.26	
<u>Additions during the year</u>	0.00	0	0.00	0
Interest accrued	3023.76		3463.10	
<u>Received during the year *</u>	0.00		0.00	
Principal	2968.10		562.01	
Interest	5515.07		4363.36	
<u>Closing balance</u>	0.00	8	0.00	9
Principal	19834.89		22802.99	
Interest	7625.68		10116.99	

* Also includes one (previous year two) fully prepaid cases.

40. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year figures.
41. Figures have been rounded off to the nearest million.
42. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
43. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	31	03	2010
	Date	Month	Year

(₹ in million)

Amount

2. CAPITAL RAISED DURING THE YEAR 1287.99

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities ₹ 670285.63 Millions Total Assets ₹ 670285.63 Millions

SOURCES OF FUNDS

Paid up Capital	9874.59	Reserves and Surplus	100928.76
Secured Loans	462447.38	Unsecured Loans	97034.90
Deferred Tax Liability	NIL		

APPLICATIONS OF FUNDS:

Net Fixed Assets (Incl. Capital WIP)	899.09	Investments	9098.59
Net Current Assets	(4311.86)	Loans	664526.14
Deferred Tax Assets	73.68	Misc. Expenditure	NIL
Accumulated Losses	NIL		

4. PERFORMANCE OF COMPANY (₹ in million)

Turnover	67076.03	Total Expenditure	40584.09
Profit before Tax	26491.94	Profit after Tax	20014.16
EPS in ₹	23.06	Dividend Rate	₹ 6.50 per share

(On an equity share of ₹ 10/- face value)

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.	N.A.	Financial Services

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****NOTES ON ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:-

(₹ in million)

S.No.	Particulars	As at 31.03.2011	As at 31.03.2010
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 49.91 million pending in various courts including arbitration cases as on 31.03.2011 (Previous year ₹ 40.64 million))	51.30	49.45
(b)	Others	14226.55	17,655.97

The amount referred to in 1(a) above is dependent upon the outcome of settlement of court/arbitration cases.

The amount under 1(b) includes ₹ 13,527 million (Previous year ₹ 17397 million) against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers and ₹ 482.04 million (previous year ₹ 155.77 million) pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers.

The amount under 1(b) also includes ₹ 217.52 million (previous year ₹ 103.20 million) against various demands raised by the Income Tax Department pursuant to Assessment Orders for Assessment Years 2003-04, 2006-07 and 2008-09. Appeals have been filed against these orders with CIT (Appeals) by the company. Refunds are also due to the company for various assessment years starting from Assessment Year 1998-99 to 2004-05. Out of the refund due to the company for Assessment Year 2004-05, a sum of ₹ 66.95 million has been adjusted by the Income Tax Department against the demands for Assessment Years 2003-04 & 2008-09 and accordingly the adjustment has been made in the books of accounts by treating this sum as Advance Income Tax.

2. Estimated amount of the contracts remaining to be executed on capital account and not provided for as at March 31, 2011 is ₹ 133.16 million (previous year ₹ 59.93 million).
3. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
4. On December 13, 2006, our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. However, in order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 has granted exemption to REC from Prudential Exposure Norms in respect of Central and State entities in Power Sector till March 31, 2012.

Further, RBI, vide its letter dated September 17, 2010, has categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector would be 25% of owned funds in case of a single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum

Tier I Capital of 10%). Accordingly, the Prudential Norms have been modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI in respect of Central and State Entities in power sector, our maximum credit exposure limits to such Utilities varies from 50% to 250% of our net worth, depending upon entity appraisal and status of unbundling of the respective State Utilities.

5. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 29.06 million (Previous year ₹ 30.15 million) and the societies are pursued to create the required Special Fund.
6. Balance confirmation has been received from some of the borrowers.
7. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
8. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 45.88 million (Previous year ₹ 3,63.06 million) are in the process of completion.
9. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC Bonds) as on 31.03.2011 held in specified banks are ₹ 237.57 million (previous year ₹ 343.13 million).
10. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
11. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
12. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.
13. No Bond Redemption Reserve (BRR) has been created since in terms of clarifications issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
14. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed to floating to lower the cost by taking benefit of interest rate movement. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 56,500 Million.

During the year ended 31.03.2011, the Corporation has reduced cost of borrowing to the extent of ₹ 411.47 million (Previous year ₹ 76.57 million) on account of swap (coupon only) transactions linked to rupee borrowing.

The Net Mark to Market position in respect of the above swap transactions as on 31.03.2011 is of ₹ 2619.53 million (favorable) (Previous year ₹ 1654.41 million favorable).

In respect of foreign currency borrowings, the company has executed cross currency swaps to hedge the Foreign Currency Exposure.

Currency	Total		Hedged (Currency & Interest rate)		Unhedged	
	Foreign Currency (in millions)	INR Equivalent (in million)	Foreign Currency (in millions)	INR Equivalent (in million)	Foreign Currency (in millions)	INR Equivalent (in million)
JPY	47,697.36	19,975.10	44,316.43	18,128.96	3,380.92	1,846.15
EURO	58.95	3,848.43	58.95	3,848.43	-	-
USD	1,170.00	52,915.30	200.00	8,944.81	970.00	43,970.49
Total		76,738.83		30,922.20		45,816.64

The outstanding position of Foreign Currency Exposure on 31.03.2011 is as under:

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

15. Directors' Remuneration:

(₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
Salaries and Allowances	13.66	7.55
Perquisites/reimbursement	1.57	1.01
Retirement Benefits	2.27	nil
Total	17.50	8.56

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 0.77 million (Previous year ₹ 0.44 million) due from Directors of the Corporation, maximum amount outstanding during the year ₹1.12 million (Previous year ₹ 1.07 million).

16. Auditors' Remuneration includes:

(₹ in million)

S.No.		Year ended 31.03.2011	Year ended 31.03.2010
a)	Audit fees – Current year	1.87	1.87
b)	Tax Audit Fee (*exclusive of ₹ 0.20 million paid to Tax Auditors for Tax Audit of FY 2008-09)	0.40	0.40**
c)	Reimbursement of expenses	0.22	0.04
d)	Payment for Other services (# Inclusive of Certification Fee of ₹ 1.50 million for ECB documentation) (*** including for FPO certification Which has been set off against Securities Premium A/c.)	1.95 #	1.63***
	Total	4.45	3.95

17. Expenditure in Foreign Currency:

(₹ in million)

Particulars	As at 31.03.2011	As at 31.03.2010
Royalty, Know-how, Professional, consultation fees	Nil	7.06
Interest	312.70	2.89
Finance Charges	502.38	41.19
Others Expenses	7.68	6.15
Total	822.76	57.29

All other information required under paras 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

18. (A) Investments include ₹ 87.34 Million (previous year ₹ 120.85 Million) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the year, 33,51,613 units (previous year 23,84,981 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 87.34 Million	India	9.74%

There is no further commitment for contribution.

- (B) Information in relation to the interest of the Corporation in Joint Venture as required under Accounting Standard –27 issued by ICAI:

Investments also include ₹ 6.25 million (Previous year ₹ 6.25 million) representing Corporation's contribution in the equity of Joint Venture Company "Energy Efficient Services Limited" (EESL) promoted by Ministry of Power. This represents the 25% equity of EESL as on March 31, 2011. Corporation has also made application for allotment of further Equity amounting to ₹ 243.75 million for which Shares are yet to be allotted. The Corporation is not having material control on the day to day operations of the Joint Venture Company though it has significant influence on the company. Accordingly, the investment is accounted for at cost.

19. Related Party Disclosure:

- A. Key Management Personnel:

Sh. P. Uma Shankar	Chairman & Managing Director (till 15.06.2010 FN)
Dr. J. M. Phatak	Chairman & Managing Director (from 15.06.2010 AN)
Sh. H.D. Khunteta	Director (Finance)
Sh. Guljit Kapur	Director (Technical)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.15.

Advances due from whole time Directors including Chairman & Managing Directors have been disclosed in Note No.15.

- B. Other Related Parties with whom transactions exist:

Subsidiary Companies:	Relationship
1. REC Transmission Projects Company Ltd.	Subsidiary
2. REC Power Distribution Company Ltd.	Subsidiary

Wholly owned Subsidiaries of REC Transmission Projects Company Ltd:

	Subsidiary Companies	Relationship
1	North Karanpura Transmission Company Limited (Transferred on 20.5.2010 to M/s. Reliance Power Transmission Limited)	Subsidiary upto 19.05.2010
2	Talcher-II Transmission Company Limited (Transferred on 27.04.2010 to M/s. Reliance Power Transmission Limited)	Subsidiary Upto 26.04.2010
3	Raichur Sholapur Transmission Company Ltd. (Transferred on 7.01.2011 to the Consortium of M/s.Patel Engineering Ltd., M/s.Simplex Infrastructure Ltd. & M/s.BS Transco Ltd.)	Subsidiary upto 06.01.2011

- C. Loans and advances due from/to subsidiaries:

₹ in million

Sl. No.	Name of Subsidiary	Outstanding Balance		Maximum Amount	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1.	REC Transmission Projects Company Limited	Nil	143.28	145.35	143.28
2	REC Power Distribution Company Limited	4.40	-0.68	-16.15	-0.68
3	North Karanpura Transmission Company Limited	Nil	0.36	0.36	0.36
4	Talcher-II Transmission Company Limited	Nil	0.05	0.05	0.05

Sl. No.	Name of Subsidiary	Outstanding Balance		Maximum Amount	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
5	Raichur Sholapur Transmission Company Limited	Nil	Nil	Nil	Nil

Transactions during the year with related parties.

₹ in million

Sr. No	Nature of transaction	Subsidiaries		Key Managerial Personnel	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	Loans and Advances	148.76	122.95	0.77	Nil
2	Unsecured Loans	NIL	NIL	NIL	NIL
	Remuneration	NIL	NIL	17.50	8.56

20. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

i)	Amortisation Rate	20%; 100% in case the cost of asset is ₹ 5,000 or less
ii)	Amortisation Method	Straight Line

(₹ in million)

<u>Reconciliation Statement.</u>	As at 31.03.2011	As at 31.03.2010
Gross Carrying Amount	43.33	43.29
Accumulated depreciation	12.53	3.90
Gross carrying amount- Opening Balance	43.29	0.49
Less: - Accumulated Depreciation	3.90	0.26
Carrying amount	39.39	0.23
Additions during the year	0.04	42.81
Less: Amortization during the year	8.63	3.64
Carrying amount as on Balance Sheet Date	30.80	39.39

21. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

A.

C

omponents of deferred tax Assets/ Liabilities as on 31.03.2011 are given as under:-

(₹ in million)

Particulars	As at 31/03/2011	As at 31/03/2010
Deferred Tax Assets (+)		
Provision for Earned Leave Encashment	71.41	62.35
Provision for Sick Leave	31.08	25.12
Provision for Post Retirement Medical Benefits	25.73	26.33
Provision for Pension Scheme	44.20	0.00
Provision for fall in investments	0.00	0.82

Particulars	As at 31/03/2011	As at 31/03/2010
Total	172.42	114.62
Deferred Tax Liabilities (-)		
Depreciation	(44.69)	(40.94)
Total	(44.69)	(40.94)
Net Deferred Tax Asset(+) / (Liabilities) (-)	127.73	73.68

- B. The Company had started creating Deferred Tax Liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the Special Reserve created till financial year 2005-06 was also created in Financial year 2006-07 by transferring the amount from General Reserve.

The Corporation has passed a Board Resolution that it has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS-22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, Company is not creating any deferred tax liability on the said reserves.

Considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS22 of ICAI. Accordingly, the Corporation has reversed the DTL of ₹ 9645.67 million created in the earlier years on this account in Financial Year 2009-10.

22. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants of India, Earnings per share (Basic and Diluted) is worked out as under: -

(₹ in million)

Numerator	As at 31.03.2011	As at 31.03.2010
Profit after Tax as per Profit and Loss Account	25699.31	20014.16
Denominator		
Weighted average Number of equity shares	987459000	867834723
Basic & Diluted Earnings per share (₹/per share)	26.03	23.06

23. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in some of the cases are to be executed amongst the Corporation, new entities and the State Governments.
24. The expenses of ₹ 64.40 million incurred up to Financial Year 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.

25. Details of provision as required in AS-29

(₹ in million)

	As on 31.03.2011	As on 31.03.2010
(a) Interim Dividend		
As per last Balance Sheet	-	-
Addition during year	3456.11	2575.98
Amounts paid/utilized during the year	3456.11	2575.98
Closing Balance	-	-

	As on 31.03.2011	As on 31.03.2010
(b) Proposed Dividend		
As per last Balance Sheet	3456.11	2146.65
Addition during year	3949.84	3456.11
Amounts paid/utilized during the year	3456.11	2146.65
Closing Balance	3949.84	3456.11
(c) Corporate Dividend Tax		
As per last Balance Sheet	574.02	364.82
Addition during the year	1214.78	1011.73
Amounts paid/utilized during the year	1148.03	802.54
Closing Balance	640.76	574.02
(d) Income Tax		
Opening Balance	17917.08	10964.81
Additions during the year	9081.15	6952.27
Amounts paid/utilized during the year	-	-
Closing Balance	26998.23	17917.08
(e) Wealth Tax		
Opening Balance	3.6	3.38
Additions during the year	3.52	3.6
Amounts paid/utilized during the year	3.55	3.38
Closing Balance	3.57	3.60
(f) FBT		
Opening Balance	3.61	3.61
Additions during the year	-	-
Amounts paid/utilized during the year	-	-
Closing Balance	3.61	3.61
(g) Economic Rehabilitation Scheme		
Opening Balance	-	-
Additions during the year	20.59	-
Amounts paid/utilized during the year	-	-
Closing Balance	20.59	-
(h) Long Service Award		
Opening Balance	-	-
Additions during the year	23.70	-
Amounts paid/utilized during the year	-	-
Closing Balance	23.70	-
(i) Pension Scheme		
Opening Balance	-	-
Additions during the year	133.05	-
Amounts paid/utilized during the year	-	-
Closing Balance	133.05	-
(j) Leave Encashment		
Opening Balance	183.45	162.48
Additions during the year	46.95	36.94
Amounts paid/utilized during the year	15.42	15.97
Closing Balance	214.98	183.45

	As on 31.03.2011	As on 31.03.2010
(k) Wage Revision		
Opening Balance	330.62	128
Additions during the year	-	202.62
Amounts paid/utilized during the year	330.62	-
Closing Balance	-	330.62
(l) Gratuity		
Opening Balance	46.47	97.50
Additions during the year	29.00	46.47
Amounts paid/utilized during the year	46.47	97.50
Closing Balance	29.00	46.47
(m) Leave Travel Concession		
Opening Balance	24.26	22.28
Additions during the year	-	1.98
Amounts paid/utilized during the year	24.26	-
Closing Balance	-	24.26
(n) Settlement Allowance		
Opening Balance	1.92	1.75
Additions during the year	0.43	0.54
Amounts paid/utilized during the year	0.23	0.37
Closing Balance	2.11	1.92
(o) Incentives		
Opening Balance	333.57	136.58
Additions during the year	163.98	196.99
Amounts paid/utilized during the year	333.57	
Closing Balance	163.98	333.57
(p) Medical Leave		
Opening Balance	86.52	70.98
Additions during the year	21.62	22.15
Amounts paid/utilized during the year	1.94	6.60
Closing Balance	106.21	86.52
(q) Post Retirement Medical Facility		
Opening Balance	274.21	224.48
Additions during the year	124.17	67.83
Amounts paid/utilized during the year	24.32	18.10
Closing Balance	374.06	274.21
(r) Ex – Gratia		
Opening Balance	63.95	42.57
Additions during the year	-	21.38
Amounts paid/utilized during the year	62.94	-
Closing Balance	1.01	63.95

26. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes are as follows:

a) Provident Fund

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

contribution to the members of the trust. As per Actuarial report, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March 2011 is greater than the obligation under the defined contribution plan.

b) Gratuity

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

c) Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility under which entitled retired (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

d) Employees Family Economic Rehabilitation scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement /death if the same takes place while the employee is in service of the Corporation. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

e) Scheme for Long service Award to the employees.

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

f) Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

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

Expense recognized in P&L A/c:-

		₹ in million					
Particulars		Gratuity		PRMF		ODRB	
		(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Current Service Cost		15.46	13.99	5.97	5.71	0.09	0.08
b) Interest Cost		25.96	19.80	21.94	16.84	0.15	0.13
c) Expected Return on Plan Assets		(27.71)	(24.37)	Nil	Nil	NIL	NIL
d) Actuarial (Gain) Loss recognized in P&L A/c		15.29	27.70	96.26	45.28	0.19	0.33
e) Past Service Cost		Nil	Nil	NIL	NIL	NIL	NIL
f) Expensed recognized in P&L A/c		29.00	37.13	124.17	67.83	0.43	0.54

Amounts recognized in Balance Sheet:-

		₹ in million					
Particulars		Gratuity		PRMF		ODRB	
		(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Present value of obligation as at the end of the year		341.49	314.29	374.06	274.21	2.11	1.92
b) Fair value of Plan		312.96	277.98	NIL	NIL	NIL	NIL

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
Assets as at the end of the year						
c) Difference (b - a)	(28.53)	(36.31)	(374.06)	(274.21)	(2.11)	(1.92)
d) Net Assets/ (Liability) recognized (of gratuity trust)	(28.53)*	(36.31)	(374.06)	(274.21)	(2.11)	(1.92)

Changes in the Present value of defined benefit/ Obligation:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Present value of obligation as at the beginning of the year	324.46	264.00	274.21	224.48	1.92	1.75
b) Interest Cost	25.96	19.80	21.94	16.84	0.15	0.13
c) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
d) Current Service Cost	15.46	13.99	5.97	5.71	0.09	0.08
e) Benefit Paid	(36.11)	(10.54)	(24.32)	(18.10)	(0.23)	(0.37)
f) Actuarial Gain/ Loss on obligation	11.73	27.04	96.26	45.28	0.19	0.33
g) Present Value of defined benefit obligation at the end of the year	341.49	314.29	374.06	274.21	2.11	1.92

Changes in the Fair value of Plan Assets:-

₹ in million

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Fair value of Plan Assets as at the beginning of the year *(of the gratuity trust)	324.46	264.00	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	27.71	24.37	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.47	0.82	NIL	NIL	NIL	NIL
d) Benefit Paid	(36.11)	(10.54)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(3.56)	(0.66)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the year	312.96	277.98	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 29.00 million (Previous Year ₹ 46.47 million), PRMF of ₹ 124.17 million (Previous Year ₹ 49.73 million) and ODRB of ₹ 0.43 million (Previous Year ₹ 0.17 million)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to ₹ 46.95 million (Previous Year ₹ 20.97 million) , provision for sick leave amounting to ₹ 21.62 (Previous year ₹ 15.54 million), Provision for Economic Rehabilitation allowance amounting to ₹ 20.59 million (Previous Year Nil) and Provision for Long Service Award amounting to ₹ 23.70 million (Previous Year NIL) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

No provision for LTC has been made this year since after the implementation of 2nd Pay Revision Committee Recommendations, LTC has now become a part of the monthly perquisites being paid with the salary.

The effect of an increase/ decrease of one percent point on PRMF:-

₹ in million

Particulars	31.3.2011	31.03.2010	31.03.2011	31.03.2010
	1% (+)		1% (-)	
a) Service & interest Cost	4.09	2.47	(3.46)	(2.07)
b) PBO (Closing)	50.11	3.96	(43.82)	(30.96)

Actuarial Assumptions:-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	8.00 (P.Year 7.50)	8.00 (P.Year 7.50)	8.00 (P.Year 7.50)
c) Expected Rate of Return on Plan Assets	8.54 (P.Year 9.23)	NIL (P.Year Nil)	NIL (P.Year Nil)
d) Future salary increase	6.00 (P.Year 5.50)	6.00 (P.Year 5.50)	6.00 (P.Year 5.50)

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

27. (A) Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyut Yogna (RGGVY). The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
- (B) During the current year, interest earned of ₹ 114.30 million (previous year ₹ 88.07 million) including TDS nil (Previous year ₹ 15.44 million) has been taken to RGGVY Subsidy account.
28. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.
29. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
30. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to ₹ 10.15 million is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

(₹ in million)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP 31.03.2011	For Data Centre for ERP 31.03.2010	For Accommodations 31.03.2011	For Accommodations 31.03.2010
Not later than one year	4.96	3.99	14.15	13.67
Later than one year and not later than 5 years	11.58	15.49	64.98	60.12
Later than 5 years	Nil	Nil	41.49	37.67
Total	16.54	19.48	120.62	111.46

31. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of ₹ 27673.60 million (Previous Year ₹ 43050.90 million) are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of ₹ 18700.00 million (Previous Year ₹ 8700.00 million) availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-pasu charge on the receivables charged to these Trustees.
32. The Capital Adequacy Ratio of the Corporation as on March 31, 2011 is 19.09% (previous year 16.05%).
33. The movement of the loans rescheduled are as under:-

₹ in million.

Particulars	As at 31.03.2011	No. of accounts	As at 31.03.2010	No. of accounts
<u>Opening balance</u>		14		9
Principal	70050.16		22802.99	
Interest	7844.54		10116.99	
Additions during the year(New Accounts)		3		6
<u>Opening balance</u>				
Principal	10114.61		41896.97	
Interest	83.14		-	
Additions during the year				
Principal	5905.03		8791.49	
Interest Accrued	9956.17		7331.84	
Received during the Year *				
Principal	3830.36		3441.29	
Interest	10710.14		9604.29	
<u>Closing balance</u>				
Principal	82239.44	16	70050.16	14
Interest	7173.70		7844.54	

* Also includes one (Previous Year one) fully pre-paid case.

34. Modifications/ Disclosures have been made in Significant Accounting Policies no. 2, 2.1 (c), 2.2 (i) and 10.3 to make them more clarificatory/ explicit. There is no financial impact of such modifications/ disclosures.
35. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year's figures.
36. Figures have been rounded off to the nearest million.
37. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
38. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	31 (Date)	03 (Month)	2011 (Year)

(₹ in million)

2. CAPITAL RAISED DURING THE YEAR

Amount
NIL

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Amount (₹ in million)

Total Liabilities	827924.36		Total Assets	827924.36
SOURCES OF FUNDS				
Paid up Capital	9874.59		Reserves and Surplus	118011.56
Secured Loans	462674.31		Unsecured Loans	237363.91
Deferred Tax Liability	NIL			
APPLICATIONS OF FUNDS:				
Net Fixed Assets(Incl. Capital WIP)	880.61		Investments	8124.29
Net Current Assets	(2528.86)		Loans	821320.59
Deferred Tax Assets	127.73		Misc. Expenditure	NIL
Accumulated Losses	NIL			

4. PERFORMANCE OF COMPANY

(₹ in million)

Turnover	84952.65	Total Expenditure	50154.06
Profit before Tax	34766.28	Profit after Tax	25699.31
EPS in ₹	26.03	Dividend Rate	₹ 7.50 /-per share

(On an equity share of ₹ 10/- face value)

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No.	N.A.	Financial Services

RURAL ELECTRIFICATION CORPORATION LIMITED

SCHEDULE '17'

NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of:-

(₹ in millions)

S.No.	Particulars	As at 30.09.2011	As at 30.09.2010
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 47.67 millions pending in various courts including arbitration cases as on 30.09.2011 (Previous year ₹ 69.23 millions))	47.67	69.48
(b)	Others	51,859.77	19,302.31

The amount referred to in 1(a) above is dependent upon the outcome of settlement of court/arbitration cases.

The amount under 1(b) includes ₹ 50853.05 millions (Previous year ₹ 18700.20 millions) against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers and ₹ 701.80 millions (Previous year ₹ 281.29 millions) pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers.

The amount under 1(b) also includes ₹ 304.91 millions (Previous year ₹ 320.82 millions) against various demands raised by the Income Tax Department pursuant to Assessment Orders for Assessment Years 2001-02, 2003-04, 2006-07 and 2008-09. Appeals have been filed against these orders with CIT (Appeals) by the Corporation. Refund is also due to the Corporation for various assessment years starting from 1998-99 to 2004-05 on various issues decided in our favor by ITAT/AAR. The Income Tax Department has processed the refund for Assessment years 1998-99, 2001-02, 2002-03 and 2004-05 and a sum of ₹ 294.59 millions has been adjusted by the Income Tax Department against the demand for Assessment Years 2001-02, 2003-04 and 2008-09 and accordingly, the adjustment has been made in the books of accounts by treating this sum as Advance Income Tax.

2. Estimated amount of the contracts remaining to be executed on capital account and not provided for as at September 30, 2011 is ₹ 67.68 millions (Previous year ₹ 70.13 millions).
3. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
4. On December 13, 2006, our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. However, in order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 has granted exemption to REC from Prudential Exposure Norms in respect of Central and State entities in Power Sector till March 31, 2012.

Further, RBI, vide its letter dated September 17, 2010, has categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector would be 25% of owned funds in case of a single borrower and 40% in case of a single group of borrowers and exposure

for lending and investing taken together can be upto 30% and 50% of owned funds, respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). Accordingly, the Prudential Norms have been modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI in respect of Central and State Entities in power sector, our maximum credit exposure limits to such Utilities varies from 50% to 250% of our net worth, depending upon entity appraisal and status of unbundling of the respective State Utilities.

5. There has been shortfall (gross) in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 57.05 millions (Previous year ₹ 56.82 millions) and the societies are pursued to create the required Special Fund.
6. Balance confirmation has been received from some of the borrowers.
7. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
8. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 45.88 millions (Previous year ₹ 45.88 millions) are in the process of completion.
9. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC Bonds) as on 30.09.2011 held in specified banks are ₹ 69.70 millions (Previous year ₹ 19.68 millions).
10. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
11. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
12. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.
13. No Bond Redemption Reserve (BRR) has been created since in terms of clarifications issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
14. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed to floating to lower the cost by taking benefit of interest rate movement. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 56,500.00 Millions.

During the half year ended 30.09.2011, the Corporation has reduced cost of borrowing to the extent of ₹ 599.01 millions (Previous year ₹ 153.84 millions) on account of swap (coupon only) transactions linked to rupee borrowing.

The Net Mark to Market position in respect of the above swap transactions as on 30.09.2011 is of ₹ 7,171.27 millions (favorable) (Previous year ₹ 4,114.78 millions favorable).

In respect of foreign currency borrowings, the company has executed cross currency swaps to hedge the Foreign Currency Exposure.

Currency	Total		Hedged (Currency & Interest rate)		Unhedged	
	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)
JPY	46,714.63	20,320.32	46,714.63	20,320.32	-	-
EURO	55.26	3,621.74	55.26	3,621.74	-	-
USD	1,470.00	67,225.10	1,220.00	54,993.78	250.00	12,231.33
Total		91,167.16		78,935.84		12,231.33

The outstanding position of Foreign Currency Exposure on 30.09.2011 is as under:

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

15. Pursuant to the notification G.S.R. No. 914(E) dated 29.12.2011 issued by the Ministry of Corporate Affairs, Govt. of India amending Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option under Para 46A of the amended AS-11 and changed the accounting policy w.e.f. 01.04.2011 to amortize the exchange differences on the long term foreign currency monetary items over their balance tenure.

However, the effect of the change in accounting policy has not been adjusted in the accounts for the half year ending 30.09.2011 since no such condition existed as on the balance sheet date. According to Para 8.3 of Accounting Standard 4 '*Contingencies and Events Occurring After the Balance Sheet Date*', adjustments to assets and liabilities are not appropriate for events occurring after the balance sheet date, if such events do not relate to conditions existing at the balance sheet date.

If the effect of change in accounting policy was adjusted in the financial statements for the half year ending 30.09.2011, the profit before tax for the half year had been higher by ₹ 1009.09 millions.

16. Directors' Remuneration:

	(₹ in millions)	
	Period ended 30.09.2011	Period ended 30.09.2010
Salaries and Allowances	5.33	5.93
Perquisites/reimbursement	0.78	1.62
Retirement Benefits	Nil	Nil
Total	6.11	7.55

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 1.04 millions (Previous year ₹ 0.26 millions) due from Directors of the Corporation, maximum amount outstanding during the period ₹ 1.14 millions (Previous year ₹ 0.44 millions).

17. Auditors' Remuneration includes:

		(₹ in millions)	
S.No.		Period ended 30.09.2011	Period ended 30.09.2010
a)	Audit fees – Current period	0.85	0.62
b)	Tax Audit Fee	-	-
c)	Reimbursement of expenses	0.00	0.06
d)	Payment for Other services	0.43	0.32
	Total	1.28	1.00

18. Expenditure in Foreign Currency:

		(₹ in millions)	
Particulars		Period ended 30.09.2011	Period ended 30.09.2010
Royalty, Know-how, Professional, consultation fees		8.11	Nil
Interest		915.71	9.75
Finance Charges		407.32	334.46
Others Expenses		3.41	3.26
Total		1334.55	347.47

All other information required under paras 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

19. (A) Investments include ₹ 87.34 Millions (Previous year ₹ 98.91 Millions) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the period, Nil units (Previous year 1,26,08,932.50 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 87.34 Millions	India	9.74%

There is no further commitment for contribution.

- (B) Information in relation to the interest of the Corporation in Joint Venture as required under Accounting Standard –27 issued by ICAI :

1. Energy Efficiency Services Ltd.

Proportion of Interest	25%
Country of Incorporation	India

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 30.09.2011 and income and expenses for the period in respect of joint venture based on the unaudited accounts are given below :

(₹ in millions)

Total Assets	284.46
Total Liabilities	25.17
Total Reserves & Surplus	9.29
Contingent Liabilities	-
Capital Commitments	-
Total Income	13.29
Total Expenses	6.15

Corporation has also made application for allotment of further Equity amounting to ₹ 243.75 millions for which shares are yet to be allotted.

20. Related Party Disclosure:

A. Key Management Personnel:

Dr. J. M. Phatak	Chairman & Managing Director (till 16.04.2011 FN)
Sh. H.D. Khunteta	Chairman & Managing Director (from 16.04.2011 AN) and Director (Finance)
Sh. P.J. Thakkar	Director (Technical) (from 02.05.2011)

Remuneration to whole time Directors including Chairman & Managing Director is disclosed in Note No.16.

Advances due from whole time Directors including Chairman & Managing Directors have been disclosed in Note No.16.

B. Other Related Parties with whom transactions exist:

Subsidiary Companies:

- REC Transmission Projects Company Ltd.
- REC Power Distribution Company Ltd.

Relationship

- Subsidiary
Subsidiary

Wholly owned Subsidiaries of REC Transmission Projects Company Ltd:

	Subsidiary Companies	Relationship
1	Vemagiri Transmission System Limited (Incorporated on 21 st April, 2011)	Fellow Subsidiary

C. Loans and advances due from/to subsidiaries:

₹ in millions

Sl. No.	Name of Subsidiary	Outstanding Balance		Maximum Amount	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
1.	REC Transmission Projects Company Limited	7.25	11.51	7.25	145.63
2	REC Power Distribution Company Limited	0.36	-3.17	4.40	-5.65
3	North Karanpura Transmission Company Limited	Nil	Nil	Nil	Nil
4	Talcher-II Transmission Company Limited	Nil	Nil	Nil	Nil
5	Raichur Sholapur Transmission Company Limited	Nil	Nil	Nil	Nil
6	Vemagiri Transmission System Limited	Nil	Nil	Nil	Nil

Transactions during the year with related parties.

(₹ in millions)

Sr.No	Nature of transaction	Subsidiaries		Key Managerial Personnel	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
1	Loans and Advances	21.30	-134.68	1.04	0.26
2	Unsecured Loans	NIL	NIL	NIL	NIL
3	Remuneration	NIL	NIL	6.11	7.55

21. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

i)	Amortisation Rate	20%; 100% in case the cost of asset is ₹ 5,000 or less
ii)	Amortisation Method	Straight Line

(₹ in millions)

Reconciliation Statement.	As at 30.09.2011	As at 30.09.2010
Gross Carrying Amount	43.33	43.33
Accumulated depreciation	16.84	8.21
Gross carrying amount- Opening Balance	43.33	43.29
Less: - Accumulated Depreciation	12.53	3.90
Carrying amount	30.80	39.39
Additions during the year	-	0.04
Less: Amortization during the year	4.31	4.31
Carrying amount as on Balance Sheet Date	26.49	35.12

23. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

A. Components of Deferred Tax Assets/ Liabilities as on 30.09.2011 are given as under :-

(₹ in millions)

Particulars	As at 30.09.11	As at 30.09.10
Deferred Tax Assets (+)		
Provision for Earned Leave Encashment	70.21	61.26
Provision for Sick Leave	32.74	26.41
Provision for Post Retirement Medical Benefits	25.13	25.73
Provision for Pension Scheme	49.60	0.00
Provision for fall in investments	0	0.56
Total	177.68	113.96
Deferred Tax Liabilities (-)		
Depreciation	-43.54	-41.76
Total	-43.54	-41.76
Net Deferred Tax Asset(+) / (Liabilities) (-)	134.14	72.20

- B. The Corporation has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS-22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, Company is not creating any deferred tax liability on the said reserves.

24. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants of India, Earnings per share (Basic and Diluted) is worked out as under: -

(₹ in millions)

Numerator	As at 30.09.2011	As at 30.09.2010
Profit after Tax as per Profit and Loss Account	12,862.43	12,070.67
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share (₹ per share)	13.03	12.22

25. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in some of the cases are to be executed amongst the Corporation, new entities and the State Governments.
26. The expenses of ₹ 64.40 millions incurred up to Financial Year 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
27. Details of provision as required in AS-29

(₹ in millions)

	As on 30.09.2011	As on 30.09.2010
(a) Proposed Dividend		
As per last Balance Sheet	3949.84	3456.11
Addition during period	0.00	0.00
Amounts paid/utilized during the period	3949.84	3456.11
Closing Balance	0.00	0.00
(b) Corporate Dividend Tax		
As per last Balance Sheet	640.76	574.02
Addition during the period	0.00	0.00

	As on 30.09.2011	As on 30.09.2010
Amounts paid/utilized during the period	640.68	573.93
Closing Balance	0.08	0.08
(c) Income Tax		
Opening Balance	26998.23	17917.08
Additions during the period	4475.63	4242.02
Amounts paid/utilized during the period	0.00	0.00
Closing Balance	31473.86	22159.10
(e) Wealth Tax		
Opening Balance	3.57	3.60
Additions during the period	1.97	1.80
Amounts paid/utilized during the period	3.74	3.55
Closing Balance	1.80	1.85
(f) FBT		
Opening Balance	3.61	3.61
Additions during the period	0.00	0.00
Amounts paid/utilized during the period	0.00	0.00
Closing Balance	3.61	3.61
(g) Economic Rehabilitation Scheme		
Opening Balance	20.59	0.00
Additions during the period	0.64	0.00
Amounts paid/utilized during the period	0.56	0.00
Closing Balance	20.67	0.00
(h) Long Service Award		
Opening Balance	23.70	0.00
Additions during the period	8.18	0.00
Amounts paid/utilized during the period	0.64	0.00
Closing Balance	31.24	0.00
(i) Pension Scheme		
Opening Balance	133.05	0.00
Additions during the period	19.81	0.00
Amounts paid/utilized during the period	0.00	0.00
Closing Balance	152.86	0.00
(j) Leave Encashment		
Opening Balance	214.98	183.45
Additions during the period	14.48	8.03
Amounts paid/utilized during the period	13.05	7.06
Closing Balance	216.41	184.42
(k) Wage Revision		
Opening Balance	0.00	330.62
Additions during the period	0.00	84.58
Amounts paid/utilized during the period	0.00	48.55
Closing Balance	0.00	366.65
(l) Gratuity		
Opening Balance	29.00	46.47
Additions during the period	21.02	30.78

	As on 30.09.2011	As on 30.09.2010
Amounts paid/utilized during the period	29.00	46.47
Closing Balance	21.02	30.78
(m) Leave Travel Concession		
Opening Balance	0.00	24.26
Additions during the period	0.00	0.00
Amounts paid/utilized during the period	0.00	24.26
Closing Balance	0.00	0.00
(n) Settlement Allowance		
Opening Balance	2.12	1.92
Additions during the period	0.24	0.18
Amounts paid/utilized during the period	0.13	0.10
Closing Balance	2.23	2.00
(o) Incentives		
Opening Balance	163.99	333.57
Additions during the period	68.20	72.93
Amounts paid/utilized during the period	126.77	126.14
Closing Balance	105.42	280.36
(p) Medical Leave		
Opening Balance	106.21	86.52
Additions during the period	10.05	6.81
Amounts paid/utilized during the period	2.73	1.19
Closing Balance	113.53	92.14
(q) Post Retirement Medical Facility		
Opening Balance	374.06	274.20
Additions during the period	56.77	66.94
Amounts paid/utilized during the period	11.27	11.46
Closing Balance	419.56	329.68
(r) Ex – Gratia		
Opening Balance	1.01	63.95
Additions during the period	0.00	0.00
Amounts paid/utilized during the period	0.00	62.76
Closing Balance	1.01	1.19

28. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes are as follows:

a) Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust. As per Actuarial report, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 30th September, 2011 is greater than the obligation under the defined contribution plan.

b) Gratuity

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

c) Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility under which entitled retired (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

d) Employees Family Economic Rehabilitation scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement/ death if the same takes place while the employee is in service of the Corporation. The expenditure is recognized in the Profit & Loss account on the basis of actuarial valuation.

e) Scheme for Long service Award to the employees.

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

f) Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

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

Expense recognized in P&L A/c:-

₹ in millions

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Current Service Cost	8.04	7.10	6.70	2.84	0.05	0.04
b) Interest Cost	13.66	12.98	14.96	10.97	0.09	0.08
c) Expected Return on Plan Assets						
d) Acturial (Gain) Loss recognized in P&L A/c	-12.69	-14.23	NIL	NIL	NIL	NIL
e) Past Service Cost	12.01	24.93	35.11	53.13	0.11	0.07
f) Expensed recognized in P&L A/c	21.02	30.78	56.77	66.94	0.24	0.18

Amounts recognized in Balance Sheet:-**₹ in millions**

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Present value of obligation as at the end of the period	356.47	313.89	419.56	329.68	2.23	2.00
b) Fair value of Plan Assets as at the end of the period	306.97	330.05	NIL	NIL	NIL	NIL
c) Difference (b - a)	-49.50	16.16	-419.56	-329.68	-2.23	-2.00
d) Net Assets/ (Liability) recognized (*of gratuity trust)	-49.50*	16.16*	-419.56	-329.68	-2.23	-2.00

Changes in the Present value of defined benefit/ Obligation:-**₹InMillions**

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Present value of obligation as at the beginning of the period	341.49	324.46	374.06	274.21	2.11	1.92
b) Interest Cost	13.66	12.98	14.96	10.97	0.09	0.08
c) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
d) Current Service Cost	8.04	7.10	6.70	2.84	0.05	0.04
e) Benefit Paid	-18.54	-52.94	-11.27	-11.46	-0.13	-0.10
f) Actuarial Gain/ Loss on obligation	11.82	22.30	35.11	53.13	0.11	0.07
g) Present Value of defined benefit obligation at the end of the period	356.47	313.89	419.56	329.68	2.23	2.00

Changes in the Fair value of Plan Assets:-**₹ in millions**

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
h) Fair value of Plan Assets as at the beginning of the year *(of the gratuity trust)	* 312.96	* 324.46	NIL	NIL	NIL	NIL
i) Expected return on Plan Assets	12.69	14.23	NIL	NIL	NIL	NIL
j) Actual Company Contribution	0.05	0.47	NIL	NIL	NIL	NIL
k) Benefit Paid	(18.54)	(6.47)	NIL	NIL	NIL	NIL
l) Actuarial gain (Loss) on Plan Assets	(0.19)	(2.63)	NIL	NIL	NIL	NIL
a) Fair value of Plan Assets as at the end of the period (* of gratuity trust)	306.97*	330.05*	NIL	NIL	NIL	NIL

During the period, the Corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 21.02 millions (Previous year ₹ 30.78 millions), PRMF of ₹ 56.77 millions (Previous year ₹ 66.94 millions) and ODRB of ₹ 0.24 millions (Previous year ₹ 0.18 millions).

OTHER EMPLOYEE BENEFITS :-

During the period, provision for earned leave encashment amounting to ₹ 14.48 millions (Previous year ₹ 8.03 millions), provision for sick leave amounting to ₹ 10.05 millions (Previous year ₹ 6.81 millions), provision for economic rehabilitation scheme amounting to ₹ 0.64 millions (Previous year Nil) and provision for long service award amounting to ₹ 8.18 millions (Previous year Nil) have been made on the basis of actuarial valuation and charged to P&L A/c.

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

Particulars	₹ in millions			
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	1% (+)		1% (-)	
a) Service & interest Cost	5.71	2.06	(5.10)	(1.70)
b) PBO (Closing)	52.07	44.44	(46.98)	(37.21)

Actuarial Assumptions:-

Particulars	Gratuity			PRMF			ODRB		
a) Method used	Projected	Unit	Credit	Projected	Unit	Credit	Projected	Unit	Credit
	(PUC)			(PUC)			(PUC)		
b) Discount rate	8.00% (P.Year 8.00%)			8.00% (P.Year 8.00%)			8.00% (P.Year 8.00%)		
c) Expected Rate of Return on Plan Assets	8.11% (P.Year 8.77%)			NIL (P.Year Nil)			NIL (P.Year Nil)		
d) Future salary increase	6.00% (P.Year 6.00%)			6.00% (P.Year 6.00%)			6.00% (P.Year 6.00%)		

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

29. (A) Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyut Yogna (RGGVY). The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
- (B) During the current year, interest earned of ₹ 130.94 millions (Previous year ₹ 49.27 millions) including TDS Nil (Previous year Nil) has been taken to RGGVY Subsidy account.
30. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the period itself.
31. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
32. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of office accommodations amounting to ₹ 8.04 millions is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

₹ in millions)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP 30.09.2011	For Data Centre for ERP 30.09.2010	For Accommodations 30.09.2011	For Accommodations 30.09.2010
Not later than one year	14.24	4.89	13.75	15.58
Later than one year and not later than 5 years	9.69	13.71	66.96	71.33
Later than 5 years	Nil	Nil	6.66	50.40
Total	23.93	18.60	87.37	137.31

33. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 24th September 2010. However, certain specific receivables of ₹ 27673.6 millions (Previous year ₹ 27673.6 millions) are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of ₹ 18700 millions (Previous year ₹ 8700 millions) availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-pasu charge on the receivables charged to these Trustees.

34. The Capital Adequacy Ratio of the Corporation as on September 30, 2011 is 17.26% (Previous year 20.61%).

35. The movement of the loans rescheduled are as under:-

₹ in millions.

Particulars	As at 30.09.2011	No. of accounts	As at 30.09.2010	No. of accounts
Opening balance		16		8
Principal	82239.43		19834.88	
Interest	7173.71		7625.68	
Additions during the year	0.00		0.00	0
Principal	5377.86		0.00	
Interest Accrued	5167.52		1311.03	
Received during the Year	0.00		0.00	
Principal	2791.52		135.34	
Interest	5395.20		1723.23	
Closing balance	0.00		0.00	7
Principal	84825.77		19699.54	
Interest	6946.03		7213.48	

36. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year's figures.
37. Figures have been rounded off to the nearest millions.
38. Schedules 1 to 17 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.
39. Balance Sheet Abstract and company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956.

1. REGISTRATION DETAILS:

Registration No.	005095	State Code	55
Balance Sheet Date:	30 (Date)	09 (Month)	2011 (Year)

Amount (₹ in millions)

2. CAPITAL RAISED DURING THE YEAR

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Amount (₹ in millions)

Total Liabilities	9,30,866.79		Total Assets	9,30,866.79
SOURCES OF FUNDS				
Paid up Capital	9,874.59		Reserves & Surplus	1,30,873.99
Secured Loans	4,49,207.65		Unsecured Loans	3,06,993.66
Deferred Tax Liability	NIL			
APPLICATIONS OF FUNDS				
Net Fixed Assets(Incl. Capital WIP)	878.93		Investments	8,368.04
Net Current Assets	(21,794.50)		Loans	9,09,363.28
Deferred Tax Assets	134.14		Misc. Expenditure	NIL
Accumulated Losses	NIL			

4. PERFORMANCE OF COMPANY

(₹ in millions)

Turnover	49429.29	Total Expenditure	32110.49
Profit before Tax	17318.80	Profit after Tax	12862.43
EPS in ₹	13.03	Dividend Rate	Nil for the period
(On an equity share of ₹ 10/- face value)			

5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. N.A. Financial Services

ANNEXURE VII - STATEMENT OF ACCOUNTING RATIOS - STANDALONE

(₹ in millions)

Description	As at/For the Half Year ended 30.09.2011	As at/ For the Year ended 31.03.2011	As at/ For the Year ended 31.03.2010	As at/ For the Year ended 31.03.2009	As at/ For the Year ended 31.03.2008	As at/ For the Year ended 31.03.2007
Basic and Diluted Earning per Share (₹) (Annualised) [Net Profit after Tax/ Weighted average number of shares outstanding during the year]	26.05	26.03	23.06	14.81	10.94	8.46
(a) Net Profit after tax	12,862.43	25,699.31	20,014.16	12,720.73	8,601.44	6,602.57
(b) Weighted average number of shares outstanding during the year	98,74,59,000	98,74,59,000	86,78,34,723	85,86,60,000	78,63,74,301	78,06,00,000
Return on Average Net Worth (%) (Annualised) [Net Profit after Tax/ Average Net Worth X 100]	19.15%	21.53%	23.18%	22.01%	18.34%	16.08%
(a) Net Profit after tax	12,862.43	25,699.31	20,014.16	12,720.73	8,601.44	6,602.57
(b) Net Worth (Shareholders Funds)	1,40,748.58	1,27,886.15	1,10,803.35	61,900.76	53,677.06	40,127.07
(c) Average Net Worth	1,34,317.37	1,19,344.75	86,352.06	57,788.91	46,902.06	41,055.19
Net Asset Value per Share (₹) [Net Worth/ Number of equity shares at the end of the period]	142.54	129.51	112.21	72.09	62.51	51.41
(a) Net Worth (Shareholders Funds)	1,40,748.58	1,27,886.15	1,10,803.35	61,900.76	53,677.05	40,127.07
(b) Number of equity shares at the end of the period	98,74,59,000	98,74,59,000	98,74,59,000	85,86,60,000	85,86,60,000	78,06,00,000
Debt to Equity Ratio [Total Debt/ Net Worth]	5.37	5.47	5.05	7.26	6.39	7.55
(a) Total debt outstanding	7,56,201.31	7,00,038.22	5,59,482.28	4,49,359.58	3,42,827.86	3,02,810.01
(b) Net Worth (Shareholders Funds)	1,40,748.58	1,27,886.15	1,10,803.35	61,900.76	53,677.05	40,127.07
Long Term Debt to Equity Ratio [Long Term Debt/ Net Worth]	5.35	5.47	4.77	6.84	6.18	7.45
(a) Long term debt outstanding	7,53,201.31	7,00,038.22	5,28,682.28	4,23,409.58	3,31,547.86	2,98,810.01
(b) Net Worth (Shareholders Funds)	1,40,748.58	1,27,886.15	1,10,803.35	61,900.76	53,677.05	40,127.07

ANNEXURE-VIII

**Statement of Dividend –
Standalone**

(₹ in
millions)

Description	Half year ended 30.09.201 1	Year Ended 31.03.201 1	Year Ended 31.03.201 0	Year Ended 31.03.200 9	Year Ended 31.03.200 8	Year Ended 31.03.2007
Equity Share Capital (As at Period End)	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00
Amount of Dividend						
Interim Dividend	-	3,456.11	2,575.98	1,717.32	-	-
Final Dividend	-	3,949.84	3,456.11	2,146.65	2,575.98	1,770.00
Total	-	7,405.95	6,032.09	3,863.97	2,575.98	1,770.00
Rate of Dividend	-	75.00%	65.00%	45.00%	30.00%	22.67%
Corporate Dividend Tax	-	1,214.69	1,011.72	656.68	437.79	300.81

Annexure IX - Capitalization Statement – Standalone

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007
Debt						
Short Term Debt *	3,000.00	-	30,800.00	25,950.00	11,280.00	4,000.00
Long Term Debt	7,53,201.31	7,00,038.22	5,28,682.28	4,23,409.58	3,31,547.86	2,98,810.01
Total Debt	7,56,201.31	7,00,038.22	5,59,482.28	4,49,359.58	3,42,827.86	3,02,810.01
Shareholders Funds						
Share Capital	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60	7,806.00
Reserves & Surplus	1,30,873.99	1,18,011.56	1,00,928.76	53,314.16	45,090.45	32,321.07
Total Shareholders Funds	1,40,748.58	1,27,886.15	1,10,803.35	61,900.76	53,677.05	40,127.07
Long Term Debt to Equity Ratio [Long Term Debt/ Shareholders' Funds]	5.35	5.47	4.77	6.84	6.18	7.45
Debt to Equity Ratio [Total Debt/ Shareholders' Funds]	5.37	5.47	5.05	7.26	6.39	7.55

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks.

ANNEXURE X - DETAILS OF CONTINGENT LIABILITIES AS AT

(₹ in millions)

Nature of Transaction	30.09.2011	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Claims Not Acknowledged as debts	47.67	51.30	49.45	346.94	633.14	163.12
Letters of Comfort	50,853.05	13527.00	17397.00	13426.30	5648.90	877.70
Demands raised by authorities and disputed	304.91	217.52	103.20	0.00	0.00	0.00
Difference in Interest Rate Charged to Non-graded Private Borrowers	701.80	482.04	155.77	0.00	0.00	0.00
Contracts remaining to be executed on capital account and not provided for	67.68	133.16	59.93	116.60	36.02	67.15

FINANCIAL INFORMATION OF THE COMPANY ON CONSOLIDATED BASIS

AUDITORS' REPORT

**The Board of Directors,
Rural Electrification Corporation Limited,
Core-IV, SCOPE Complex,
7, Lodi Road,
New Delhi – 110003.**

Dear Sirs,

1. We have examined the Consolidated Audited Financial Information of Rural Electrification Corporation Limited ('the Company'), its Subsidiaries and unaudited joint venture Companies as attached to this report stamped and initialed by us for identification, which has been prepared in accordance with Paragraph B, Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("SEBI Regulations") issued by Securities and Exchange Board of India ('SEBI') in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with our engagement letter agreed upon with you in connection with the Draft Prospectus/Prospectus being issued by the Company for Proposed Issue of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961.
2. The preparation and presentation of these Consolidated Audited Financial Information is the responsibility of Company's management. These financial information are proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the proposed Issue of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961.

A. Consolidated Audited Financial Information on the basis of the audited financial statements

We have examined the attached Consolidated Statement of Assets and Liabilities, of the Company, its Subsidiary and unaudited joint venture Companies as at September 30, 2011; March 31, 2011; March 31, 2010, March 31, 2009 and March 31, 2008 (Annexure I & IV) and the attached Consolidated Statement of Profits and Losses for the half year ended September 30, 2011; and for the year ended March 31, 2011; March 31, 2010, March 31, 2009 and March 31, 2008 (Annexure II & V) and the attached Consolidated Statement of Cash Flows, for the half year ended September 30, 2011; and for the year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 (Annexure III), together referred to as 'Consolidated Audited Financial Information'. These Consolidated Audited Financial Information have been extracted by the management from the financial statements of Rural Electrification Corporation Limited, its Subsidiary and unaudited joint venture Companies after making such regroupings as considered appropriate and fully described in notes appearing in Annexure IV to this report. For our examination, we have placed reliance on the financial statements of Rural Electrification Corporation Limited audited by G.S. Mathur & Co. Chartered Accountants for the year ended March 31, 2008 March 31, 2009 and for the year ended March 31, 2010 and March 31, 2011 by M/s Bansal & Co and K.G Somani & Co. and the financial statements of its Subsidiary and joint venture Companies audited by other auditors as detailed below:

Name of Subsidiaries	Name of the Auditor	Period
REC Transmission Projects Company Limited.	Rattan Vinod Anil & Co. Chartered Accountants	Year ended 31-03-2008, 31-03-2009, 31-03-2010, 31-03-2011 and the half year ended 30-09-2011.
North Karanpura Transmission Company Limited.	SSAS& Associates Chartered Accountants	Year ended 31-03-2008, 31-03-2009, 31-03-2010
Talcher-II Transmission Company Limited.	Aqil & Sharma Associates Chartered Accountants	Year ended 31-03-2008, 31-03-2009, 31-03-2010
REC Power Distribution Company	Satyendra Jain &	Year ended 31-03-2008, 31-03-

Name of Subsidiaries	Name of the Auditor	Period
Limited	Associates. Chartered Accountants	2009,31-03-2010,31-03-2011 and the half year ended as on 30-09-2011
Raichur Solapur Transmission Company Limited	Satish K. Aggarwal & Co.	Year ended 31-03-2010
Energy Efficiency Services Limited	Unaudited	For the Half year ended 30-09-2011

We have examined the Consolidated Audited Financial Information for the half year ended September 30, 2011 on the basis of audited consolidated financial statements for the half year ended September 30, 2011 audited by us. We did not audit the financial statements of subsidiaries and joint venture of the Company for the half year ended September 30, 2011 whose audited/unaudited financial statements reflects total assets of Rs. 1791.40 millions as at September 30, 2011 total revenue of Rs. 151.89 millions for the half year ended on that date. The financial statements and other financial information of the subsidiary and unaudited joint venture companies, audited by other auditors and our opinion thereon so far as it relates to the amounts included in respects of these subsidiaries and joint venture, is based solely on audited/unaudited accounts of the subsidiary and joint venture companies. These Financial Statements have been certified/ approved/ adopted by the Management/Board of Directors/Members for the respective period/years.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached 'Consolidated Audited Financial Information' with the Company's, its subsidiaries and joint venture audited/unaudited financial statements for half year ended September 30, 2011, for the financial years ended March 31, 2008 March 31, 2009, March 31, 2010 and March 31, 2011

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the Consolidated Audited Financial Information appropriately.

We further report that:

1. The Consolidated Audited Financial Information have been in accordance with the requirements of Paragraph B, Part II of Schedule II of the Companies Act, the 'SEBI Regulations'.
2. These Consolidated profits have been arrived at after charging all expenses of management including depreciation and after making such regroupings as in our opinion are appropriate and are subject to the Consolidated Notes on Accounts attached to and forming part of the Consolidated Audited Financial Information enclosed as Annexure VI.
3. There are observations in the annexure to auditor's reports as included in Annexure – A to this report which is to be read with Consolidated Significant Accounting Policies and Consolidated Notes to Accounts. These observations do not have any quantifiable impact on the restated Consolidated Audited Financial Information.

B. Other Consolidated Financial Information

We have examined the following consolidated financial information relating to the Company, its Subsidiary and joint venture Companies proposed to be included in the Offer document and annexed to this report:

- i. Significant Accounting Policies and Notes to Accounts on the Consolidated Audited Financial Statements as at and for each of the years ended March 31, 2011, 2010, 2009, and 2008 and also as at end and for the half year ended September 30, 2011(Annexure VI)
- ii. Statements of Accounting Ratios as at and for each of the years ended March 31, 2011, 2010, 2009, and 2008 and for the half year ended September 30, 2011 (Annexure VII)
- iii. Statement of Dividend as at and for each of the years ended March 31, 2011, 2010, 2009, and 2008 (Annexure VIII)
- iv. Capitalization Statement as at and for each of the years ended March 31, 2011, 2010, 2009, and 2008 and for the half year ended September 30, 2011 (Annexure IX)
- v. Details of Contingent Liabilities as at and for each of the years ended March 31, 2011, 2010, 2009, and 2008 and for the half year ended September 30, 2011 (Annexure X)

In our opinion, the Consolidated Audited Financial Information of the Company, its subsidiary and joint venture companies, as attached to this report, as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies and notes to accounts, after making necessary regrouping as considered appropriate, has been prepared in accordance with Paragraph B, Part II of Schedule II of the Companies Act, and 'SEBI Regulations.'

This report is intended solely for use for your information and for inclusion in Draft Prospectus/ Prospectus in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

This report should neither in any way be construed as a re-issuance or redrafting of any of the previous audit reports issued by other firms of chartered accountants nor construed as a new opinion on any financial statements referred to herein.

For Bansal & Co.
Chartered Accountants
Firm Regn No. 001113N

(R.C.Pandey)
Partner
M. No. 070811

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

(K.S. Ponnuswami)
Partner
M. No. 070276

Place: New Delhi
Date: February 16, 2012

ANNEXURE TO THE CONSOLIDATED AUDIT REPORT OF EVEN DATE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008 TO MARCH 31, 2011 AND FOR THE PERIOD HALF YEAR ENDED SEPTEMBER 2011

AUDIT REPORT 2007-2008

RURAL ELECTRIFICATION CORPORATION LIMITED

Related area of paragraph 3 of audit report for the year ended 2007- 2008

4. However in certain areas internal control needs further strengthening like financial accounting; loan pricing being linked to rating linked policy; review of transmission and distribution lending norms prescribing appropriate debt equity ratios; adoption of control records regarding status of loan documents; receipt, disbursement and utilization of grants received under various schemes; monitoring of loans given to various SEB's /Discoms/Transcoms/Gencos including obtaining search reports for charges created against the loan given.
7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit.
- 9 (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investors education protection fund, employees state insurance, income tax, wealth tax and other material statutory dues applicable to it except:-
 - (ii) Non Deduction and consequently Non Deposit of TDS on interest accrued in respect of certain bonds, which are transferrable by way of endorsement and delivery.

AUDIT REPORT 2008-2009

RURAL ELECTRIFICATION CORPORATION LIMITED

Related area of paragraph 3 of audit report for the year ended 2008- 2009

4. However in certain areas internal control needs further strengthening like financial including loan accounting; loan pricing being not linked to rating linked policy in certain cases; review of transmission and distribution lending norms prescribing appropriate debt equity ratios; adoption of control records regarding status of loan documents including formulation of legal manual; receipt, disbursement and utilization of grants received under various schemes; monitoring of loans given to various SEB's/Discoms / Transcoms / Gencos including obtaining search reports for charges created against the loan given.
7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit.

REC POWER DISTRIBUTION COMPANY LIMITED

The accounts for the financial year 2008-09 were qualified by the Auditors' on Revenue Recognition Policy. It was stated that the Revenue Recognition Policy of the Company was not in accordance to the Accounting Standard issued by the Institute of Chartered Accountants of India.

As per Revenue Recognition policy, mobilization advances were recognized as Income in the year of receipt irrespective of progress of work. The Company has since revised the policy to address the issue and re-stated accounts are prepared based on revised policy with retrospective effect.

AUDIT REPORT 2009-2010

RURAL ELECTRIFICATION CORPORATION LIMITED

Related area of paragraph 3 of audit report for the year ended 2009- 2010

4. However in certain areas internal control needs further strengthening like financial including loan accounting; loan pricing being not linked to rating linked policy in certain cases; control records regarding status of loan documents including formulation of legal manual; receipt, disbursement and utilization of grants/subsidy received under various schemes; monitoring and supervision of loans given to various SEB's/Discoms/Transcoms/Gencos including obtaining search reports for charges created against the loan given.
7. Corporation is having Internal audit department responsible for carrying out the Internal Audit of various departments at Head Office and at Project Offices at periodical intervals as per the approved Audit plan. The internal audit has been carried out for part of the accounting year. In our opinion Internal Audit needs to be further strengthened with identification of critical areas for risk based audit and frequency of coverage in respect of loan department.

AUDIT REPORT 2010-2011

RURAL ELECTRIFICATION CORPORATION LIMITED

Related area of paragraph 3 of audit report for the year ended 2010- 2011

4. However in certain areas internal control needs further strengthening like utilization of grants/subsidies disbursed under various schemes; monitoring and supervision of loans given to various SEB's/Discoms/Transcoms/Gencos including obtaining search reports for charges created against the loan given, ascertainment of viability of revised project at the time of reschedulement of loan assets; Generation of various report from loan module in ERP to have better control over loan assets.

AUDIT REPORT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2011

RURAL ELECTRIFICATION CORPORATION LIMITED

Related area of paragraph 3 of audit report for the half year ended 30th September 2011

4. However in certain areas internal control needs further strengthening like utilization of grants/subsidy received under various schemes; monitoring and supervision of loans given to various SEBs/DISCOMS/TRANSCOS/GENCOS including obtaining search reports for charges created against the loans given, ascertainment of viability of revised project at the time of reschedulement of loan assets.

RURAL ELECTRIFICATION CORPORATION LIMITED
ANNEXURE I - STATEMENT OF CONSOLIDATED ASSETS & LIABILITIES

(₹ in millions)

	Description	Schedule Number	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
I	SOURCES OF FUNDS						
	Share Holder's Funds						
	(a) Share Capital	1	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60
	(b) Reserves & Surplus	2	1,31,296.07	1,18,399.81	1,01,167.97	53,345.62	45,108.27
			1,41,170.66	1,28,274.40	1,11,042.56	61,932.22	53,694.87
	Loan Funds						
	Secured Loans	3	4,49,208.45	4,62,674.31	4,62,447.38	3,76,136.53	2,94,219.51
	Unsecured Loans	4	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35
			7,56,202.10	7,00,038.21	5,59,482.28	4,49,359.58	3,42,827.86
	Deferred Tax Liability	8	-	-	-	9,566.86	8,170.78
	Total		8,97,372.76	8,28,312.61	6,70,524.84	5,20,858.66	40,46,93.51
II	APPLICATION OF FUNDS						
	Fixed Assets	5					
	Gross Block		851.31	848.69	836.73	712.15	838.34
	Less : Depreciation / Amortization		207.70	193.14	163.12	144.85	135.78
	Net Block		643.61	655.55	673.61	567.30	702.56
	Capital Work-in-Progress		239.28	228.17	273.32	265.27	78.51
	Investments	6	8,117.54	8,367.04	9,097.59	10,047.64	11,472.97
	Loans	7	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12
	Deferred Tax Assets	8	133.85	127.61	73.60	-	-
	Current Assets, Loans & Advances	9					
	(a) Cash & Bank Balances		8,080.91	28,667.90	13,942.28	18,882.97	12,556.84
	(b) Sundry Debtors		228.99	195.34	446.74	-	-
	(c) Other Current Assets		4,022.91	5,160.24	5,793.45	4,583.90	4,991.44
	(d) Loans & Advances		665.17	755.05	1,004.72	563.74	294.55
			12,997.98	34,778.53	21,187.19	24,030.61	17,842.83
	Less : Current Liabilities & Provisions	10					
	(a) Current Liabilities		33,054.85	31,527.25	19,784.86	24,476.29	14,887.84
	(b) Provisions		1,067.96	5,637.67	5,521.92	3,390.47	3,681.95
			34,122.81	37,164.92	25,306.78	27,866.76	18,569.79
	Net Current Assets		(21,124.83)	(2,386.44)	(4,119.59)	(3,836.15)	(726.96)
	Misc Exp. To the extent not written off		0.04	0.04	0.17	0.14	1.31
	Total		897,372.76	828,312.61	670,524.84	520,858.66	40,46,93.51

ANNEXURE II - STATEMENT OF CONSOLIDATED PROFIT & LOSS

(₹ in millions)

	Description	Schedule Number	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	INCOME						
	Operating Income (Net)	11	48,667.18	82,569.11	65,497.58	47,571.70	33,782.19
	Other Income	12	874.11	1,899.58	1,978.68	1,679.57	1,627.96
	Total		49,541.29	84,468.69	67,476.26	49,251.27	35,410.15
	EXPENSES						
	Interest and other charges	13	29,132.50	47,809.22	38,912.03	28,858.04	20,530.98
	Establishment Expenses	14	639.15	1,340.93	1,220.54	890.98	927.40
	Administration Expenses	15	255.33	413.64	311.56	235.36	183.75
	Bond Issue Expenses	16	547.69	700.89	199.46	113.41	103.81
	Provision for bad & doubtful debts		250.00	2.22	2.22	23.71	399.93
	Depreciation		16.47	30.71	21.78	13.71	13.86
	Provision for Diminution in Investments		-	-	-	10.53	(2.39)
	Foreign Exchange Fluctuation Loss/Gain (-)		1,327.58	(853.30)	-	(114.22)	95.95
	Total		32,168.72	49,444.31	40,667.58	30,031.53	22,253.29
	PROFIT BEFORE TAX & PRIOR PERIOD ITEMS		17,372.57	35,024.38	26,808.68	19,219.74	13,156.86
	Prior period adjustment - expenses/ (Income) (net)		1.70	32.81	1.06	(3.87)	5.67
	Profit before tax		17,370.87	34,991.57	26,807.62	19,223.61	13,151.19
	Provision for Tax:						
	Tax -Current Year		4,494.84	9,159.71	7,063.09	5,076.80	3,747.17
	- Earlier year		(9.10)	36.94	0.29	0.22	-
	- Adjustment for earlier years		-	-	(483.51)	-	-
	- Deferred Tax - Current Year		(5.72)	(54.01)	5.22	1,396.07	774.10
	- Fringe Benefit Tax		-	-	-	15.26	10.66
	Total		4,480.02	9,142.64	6,585.09	6,488.35	4,531.93
	PROFIT AFTER TAX & AVAILABLE FOR APPROPRIATION		12,890.85	25,848.93	20,222.53	12,735.26	8,619.26
	Add: Reversal of Deferred Tax Liability - Earlier Years		-	-	3,257.69	-	-
	TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		12,890.85	25,848.93	23,480.22	12,735.26	8,619.26
	Appropriation						
	Transfer to special reserve u/s 36 (1) (viii) of income tax Act 1961		3,113.00	6,101.09	4,580.30	3,400.00	2,550.00
	Reserve u/s 36(1)(viii) of income tax for doubtful debt		725.90	1,440.90	1,076.00	800.00	580.00

	Description	Schedule Number	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	proposed final dividend		-	3,950.34	3,456.61	2,147.15	2,575.98
	interim dividend paid		-	3,456.11	2,575.98	1,717.32	-
	corporate dividend tax :						
	- proposed dividend		-	640.85	574.10	364.91	437.79
	- interim dividend		-	573.93	437.70	291.86	-
	Transfer to general reserve		-	2,630.00	5,007.50	2,560.00	1,400.00
	Transfer to reserve for doubtful debt		0.87	2.02	-	-	-
	surplus carried to balance sheet		9,051.08	7,053.69	5,772.03	1,454.02	1,075.49
	TOTAL		12,890.85	25,848.93	23,480.22	12,735.26	8,619.26

ANNEXURE III - STATEMENT OF CONSOLIDATED CASH FLOWS

(₹ in millions)

	Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A.	Cash Flow from Operating Activities :					
	Net Profit before Tax	17,370.87	34,991.57	26,807.62	19,223.61	13,151.19
	Adjustments for:					
	1. Profit / Loss on Sale of Fixed Assets	(0.21)	0.05	(0.17)	(0.10)	0.08
	2. Depreciation	16.47	30.71	21.78	13.71	13.86
	3. Provision for fall in value of investments	-	-	-	10.53	(2.39)
	4. Provision for Bad & doubtful debts	250.00	2.22	2.22	23.71	399.43
	5. Excess Provision written back	-	(292.13)	(10.75)	(0.04)	(1.84)
	6. Profit on sale/income of investment in units of "small is Beautiful Fund"	-	(18.99)	(6.71)	(1.10)	(3.30)
	7. Loss/(Gain) on Exchange Rate fluctuation	1,327.58	(853.30)	-	(114.22)	95.95
	8. Dividend from Subsidiary Co.- REC PDCL	(0.50)	(0.50)	(0.50)	-	-
	9. Dividend and Dividend tax paid in excess of provision	-	0.14	0.09	-	-
	10. Discount on issue of Bonds written off	23.49	8.47	-	-	-
	11. Interest on Income	(14.05)	(1.43)	-	-	-
	12. Dividend/Gain on Mutual Funds	(100.32)	(34.74)	-	-	-
	13. Amount transferred to security premium	-	-	-	23.60	-
	14. Preliminary Expenses written off	-	0.01	0.01	1.18	-
	15. Transfer from General Reserve	-	-	-	-	(16.38)
	16. Interest Expenses	0.01	-	-	-	-
	Operating profit before working Capital Changes :	18,873.33	33,832.06	26,813.59	19,180.88	13,636.60
	Increase / Decrease :					
	1. Loans	(88,292.68)	(156,796.67)	(150,713.90)	(120,673.05)	(72,573.54)
	2. Sundry Debtors	(30.74)	251.41	(435.68)	-	-
	3. Other Current Assets	1,124.75	389.47	(1,209.00)	407.27	(1,867.87)
	4. Other Loans & Advances	215.37	442.11	17,202.21	(469.32)	(79.94)
	5. Current Liabilities & Provisions	3,312.94	3,796.28	(11,814.64)	6,410.04	6,402.26
	Cash outflow from Operations	(64,797.03)	(118,085.34)	(120,157.43)	(95,144.45)	(54,482.49)
	1. Advance Income Tax Paid	(4,631.09)	(9,707.68)	(6,854.49)	(4,810.93)	(7,505.38)

	Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	2. Income Tax refund	14.83	-	204.96	-	
	3. Wealth Tax paid	(3.74)	(3.55)	(3.67)	(0.22)	(0.02)
	4. Fringe Benefit tax paid				(13.26)	(10.66)
	Net Cash used in Operating Activities	(69,417.03)	(127,796.58)	(126,810.62)	(99,968.59)	(61,998.54)
B.	Cash Flow from Investing Activities					
	1. Sale of Fixed Assets	0.49	0.32	0.91	1.34	0.16
	2. Purchase of Fixed Assets (incl. Advance for Capital exp.)	(15.18)	(13.04)	(136.87)	(66.45)	(158.85)
	3. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	-	943.20	943.20	1,414.80	471.60
	4. Investments in units of "Small is Beautiful" Fund	-	31.10	23.85	-	(19.48)
	5. Income on Investments in units of "Small is Beautiful" Fund	-	18.99	6.71	1.10	37.99
	6. Investment in Shares of EESL	-	-	(6.25)	-	-
	7. Investment in Shares of Subsidiary Co. "REC Power Distribution Co. Ltd./RECTPC L	-	-	-	-	-
	8. Investment in REC Transmission Project Co. Ltd., Subsidiary CO.	-	-	-	-	-
	9. Investment in Shares of Indian Energy Exchange	-	-	-	-	(12.50)
	10. Redemption of Shares in SPVs	-	1.50	-	-	-

	Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	11. Preliminary Expenses	-	-	(0.04)	-	-
	12. Dividend/Gain received on Mutual Funds	100.32	34.74	-	-	-
	13. Interest Income	14.05	1.43	-	-	-
	14. Dividend from REC Power Distribution Company Limited	0.50	0.50	0.50	-	-
	15. Investment in Mutual Funds	-	-	-	-	-
	16. Preliminary expenses	-	-	-	-	(1.31)
	17. Investment in Shares of Vemagiri Transmission System Limited	(0.50)	-	-	-	-
	Net Cash used in investing Activities	99.67	1,018.74	832.01	1,350.79	317.60
C.	Cash Flow from Financial Activities					
	1. Issue of Bonds	117,801.25	154,324.35	165,911.54	138,073.31	60,739.24
	2. Redemption of Bonds	(27,140.27)	(50,982.05)	(83,616.27)	(52,654.60)	(35,959.39)
	3. Raising of Term Loans/STL from Banks/FIs (Net)	(49,593.75)	6,777.09	10,603.79	3,882.50	13,660.00
	4. Raising of Foreign Currency Loan (Net)	13,780.50	55,914.30	5,826.92	4,566.51	1,667.65
	5. Grants received from GOI (Net of refund)	6,184.33	48,413.10	50,197.61	54,462.17	39,028.99
	6. -	-	-	-	-	-
	7. Disbursement of grants	(7,947.89)	(40,254.19)	(60,036.70)	(51,141.00)	(33,594.15)
	8. Repayment of Govt. Loan	(33.79)	(132.92)	(153.26)	(171.80)	(185.60)
	9. Final Dividend paid	(3,949.84)	(3,456.17)	(2,146.73)	(2,575.98)	(1,770.00)
	10. Corporate Dividend Tax paid on Final Dividend	(640.68)	(573.94)	(364.84)	(437.79)	(300.81)
	11. Issue of Shares	-	-	1,287.99	-	7,978.65
	12. Security Premium on issue of shares	-	4.13	24,991.82	-	-
	13. Issue of Commercial Paper	-	-	31,500.00	12,950.00	-
	14. Repayment of Commercial Paper	-	(24,500.00)	(19,950.00)	-	-
	15. Interim Dividend paid	-	(3,456.16)	(2,575.98)	(1,717.32)	-
	16. Corporate Dividend Tax paid on Interim Dividend	-	(574.03)	(437.70)	(291.86)	-

	Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	17. Interest Expenses paid	(0.01)				
	Net Cash in-flow from Financing Activities	48,459.86	141,503.51	121,038.19	104,944.14	51,264.59
	Net Increase/Decrease in Cash & Cash Equivalents	(20,857.50)	14,725.67	(4,940.43)	6,326.34	(10,416.35)
	Cash & Cash Equivalents as at 1 st April	28,938.41	13,942.24	18,882.71	12,556.62	22,973.19
	Cash & Cash Equivalents as at March 31/September 30	8,080.91	28,667.90	13,942.28	18,882.96	12,556.84
	Net Increase/(Decrease) in Cash & Cash Equivalents	(20,857.50)	14,725.67	(4,940.43)	6,326.34	(10,416.35)

Annexure IV - Schedules to Statement of Consolidated Assets and Liabilities

SCHEDULE - 1

SHARE CAPITAL

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Authorised :					
1200,000,000 Equity shares of ₹ 10/- each	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Issued, subscribed and paid up :					
987,459,000 fully paid up Equity shares of ₹ 10 each	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60
TOTAL	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60

SCHEDULE - 2

RESERVES & SURPLUS

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
(A) Capital Reserves					
(i) Capital Reserve (Grant from USAID)					
Opening balance	1,050.00	1,050.00	1,050.00	1,050.00	
Additions/Adjustments during the year	-	-	-	-	
Deductions/Adjustments during the year	-	-	-	-	
Closing Balance as at March 31/September 30	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
(ii) Securities Premium*					
Opening balance	32,224.31	32,220.18	7,221.65	7,198.05	
Additions/Adjustments during the year	-	4.57	25,194.05	23.60	
Deductions/Adjustments during the year	-	0.44	195.52	-	
Closing Balance as at March 31/September 30	32,224.31	32,224.31	32,220.18	7,221.65	7,198.05
Sub Total (A)					
Opening balance	33,274.31	33,270.18	8,271.65	8,248.05	
Additions/Adjustments during the year	-	4.57	25,194.05	23.60	
Deductions/Adjustments during the year	-	0.44	195.52	-	
Closing Balance as at March 31/September 30	33,274.31	33,274.31	33,270.18	8,271.65	8,248.05
(B) Other Reserves					
i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act,1961					
Opening balance	39,059.38	32,958.28	28,377.98	24,977.98	
Additions/Adjustments during the year	3,113.00	6,101.10	4,580.30	3,400.00	
Deductions/Adjustments during the year	-	-	-	-	
Closing Balance as at March 31/September 30	42,172.38	39,059.38	32,958.28	28,377.98	24,977.98
ii) Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act,1961					
Opening balance	5,953.81	4,512.91	3,436.91	2,636.91	
Additions/Adjustments during the year	725.90	1,440.89	1,076.00	800.00	
Deductions/Adjustments during the year	-	-	-	-	
Closing Balance as at March 31/September 30	6,679.71	5,953.80	4,512.91	3,436.91	2,636.91
iii) General Reserve					
Opening balance	24,524.23	21,894.23	10,498.74	7,938.74	
Additions/Adjustments during the year	-	2,630.00	11,395.49	2,560.00	
Deductions/Adjustments during the year	-	-	-	-	
Closing Balance as at March 31/September 30	24,524.23	24,524.23	21,894.23	10,498.74	7,938.74
iv) Reserve for Doubtful Debts					
Opening balance	2.02	-	-	-	
Additions/Adjustments during the year	0.87	2.02	-	-	
Deductions/Adjustments during the year	-	-	-	-	

	Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
	Closing Balance as at March 31/September 30	2.89	2.02	-	-	-
	v) Profit & Loss Account					
	Opening balance	15,591.47	8,532.37	2,760.34	1,306.59	
	Additions/Adjustments during the year	9,051.08	7,053.69	5,772.03	1,453.76	
	Deductions/Adjustments during the year	-	-	-	-	
	Closing Balance as at March 31/September 30	24,642.55	15,586.06	8,532.37	2,760.34	1,306.59
	Sub Total (B)					
	Opening balance as at April 1	85,130.91	67,897.79	45,073.97	36,860.22	
	Additions/Adjustments during the year	12,890.85	17,227.70	22,823.82	8,213.76	
	Deductions/Adjustments during the year	-	-	-	-	
	Closing Balance as at March 31/September 30	98,021.76	85,125.50	67,897.79	45,073.97	36,860.22
	Sub Total (A + B)					
	Opening balance as at April 1	118,405.22	101,167.97	53,345.62	45,108.27	
	Additions/Adjustments during the year	12,890.85	17,232.28	48,017.87	8,237.35	
	Deductions/Adjustments during the year	-	0.44	195.52	-	
	Closing Balance as at March 31/September 30	131,296.07	118,399.81	101,167.97	53,345.62	45,108.27
	* Additions represent REC's share of Issue expenses which were earlier provided and now adjusted/ refunds received from NSE/ BSE/ SEBI relating to Further Public Offering of Shares					
	* Deductions represent the amount of fees/ commission incurred in current year relating to Further Public Offering of shares					

SCHEDULE - 3
SECURED LOAN

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
TERM LOANS FROM BANKS/ INSTITUTIONS					
(Secured against receivables)	2,345.70	10,421.27	16,684.29	20,532.50	23,220.00
LOANS AGAINST TERM DEPOSITS	0.80	-	-	-	-
LOAN FROM LIFE INSURANCE CORPORATION OF INDIA	28,500.00	28,500.00	32,000.00	33,500.00	35,000.00
(Secured against receivables)					
LOAN FROM IIFCL	18,700.00	18,700.00	8,700.00	-	-
(Refinance facility availed secured against pooling of security of present and					
LOAN THROUGH BONDS					
(Cumulative & Non- Cumulative)					
(Secured by charge against receivables and/ Immovable property at Maharashtra & Delhi as per the terms of the private placement and to the satisfaction of the respective trustees)					
I TAXFREE SECURED BONDS					
Long Term					
41st Series					
8.25% Redeemable at par on 22.02.2010	-	-	-	750.00	750.00
53rd Series					
7.10% Redeemable at par on 23.03.2011	-	-	500.00	500.00	500.00
II TAXABLE SECURED BONDS					
Long Term					
64th Series					
6.90% Redeemable at par on 27.09.2009	-	-	-	1,500.00	1,500.00
66th Series					
6.00% Redeemable at par on 31.01.2010	-	-	-	1,390.00	1,390.00
69th Series					
6.05% Redeemable at par on 23.01.2014	4,015.20	4,015.20	5,353.60	6,692.00	6,692.00
72nd Series					
6.60% Redeemable at par on 18.08.2011	-	1,137.00	1,137.00	3,857.00	3,857.00
73rd Series					
6.90% Redeemable at par on 08.10.2014	1,871.20	1,871.20	2,339.00	2,339.00	2,339.00
75th Series					
7.20% Redeemable at par on 17.03.2015	3,500.00	4,000.00	5,000.00	5,000.00	5,000.00
77th Series					
7.30% Redeemable at par on 30.06.2015	7,884.00	9,855.00	9,855.00	9,855.00	9,855.00
78th Series					
7.65% Redeemable at par on 31.01.2016	17,957.00	17,957.00	17,957.00	17,957.00	17,957.00
79th Series					
7.85% Redeemable at par on 14.03.2016	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
80th Series					
8.20% Redeemable at par on 20.03.2016	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
81st Series					
8.85% Redeemable at par on 20.01.2017	3,148.00	3,148.00	3,148.00	3,148.00	3,148.00
82nd Series					
9.85% Redeemable at par on 28.09.2017	8,831.00	8,831.00	8,831.00	8,831.00	8,831.00
83rd Series					
9.07% Redeemable at par on 28.02.2018	6,852.00	6,852.00	6,852.00	6,852.00	6,852.00
84th Series					
9.45% Redeemable at par on 04.04.2013	10,000.00	10,000.00	10,000.00	10,000.00	-
85th Series					
9.68% Redeemable at par on 13.06.2018	5,000.00	5,000.00	5,000.00	5,000.00	-
86th Series					
10.75% Redeemable at par on 24.07.2013	7,279.00	7,279.00	7,279.00	7,279.00	-
86-A Series					
10.70% Redeemable at par on 29.07.2018	5,000.00	5,000.00	5,000.00	5,000.00	-
86-B-I Series					
10.95% Redeemable at par on 14.08.2011	-	9,242.00	9,242.00	9,242.00	-
86-B-II Series					
10.90% Redeemable at par on 14.08.2013	3,541.00	3,541.00	3,541.00	3,541.00	-
86-B-III Series					
10.85% Redeemable at par on 14.08.2018	4,320.00	4,320.00	4,320.00	4,320.00	-
87-I Series					
10.90% Redeemable at par on 30.09.2013	3,702.00	3,702.00	3,702.00	3,702.00	-
87-II Series					
10.85% Redeemable at par on 30.09.2018	6,574.00	6,574.00	6,574.00	6,574.00	-
87-A-I Series					
11.35% Redeemable at par on 24.10.2013	2,497.00	2,497.00	2,497.00	2,497.00	-
87-A-II Series					
11.20% Redeemable at par on 24.10.2018	364.00	364.00	364.00	364.00	-
87-A-III Series					
11.15% Redeemable at par on 24.10.2018	618.00	618.00	618.00	618.00	-
87-B Series					
11.75% Redeemable at par on 03.11.2011	9,409.00	9,409.00	9,409.00	9,409.00	-
87-C-I Series					
11.45% Redeemable at par on 26.05.2010	-	-	2,291.00	2,291.00	-
87-C-II Series					
11.45% Redeemable at par on 26.11.2010	-	-	5,915.00	5,915.00	-
87-C-III Series					
11.50% Redeemable at par on 26.11.2013	8,600.00	8,600.00	8,600.00	8,600.00	-
88th Series					
8.65% Redeemable at par on 15.01.2019	14,950.00	14,950.00	14,950.00	14,950.00	-
89-I Series					
7.00% Redeemable at par on 02.06.2012	6,715.00	6,715.00	6,715.00	-	-
89-II Series					
7.70% Redeemable at par on 02.06.2014	2,550.00	2,550.00	2,550.00	-	-
90 th Series					

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
8.80% Redeemable at par on 03.08.2019	20,000.00	20,000.00	20,000.00	-	-
90-A-I Series					
7.15% Redeemable at par on 05.08.2012	10,000.00	10,000.00	10,000.00	-	-
90-A-II Series					
8.00% Redeemable at par on 05.08.2014	10,000.00	10,000.00	10,000.00	-	-
90-B-I Series					
8.35% Redeemable at par on 04.09.2014	8,839.00	8,839.00	8,839.00	-	-
90-B-II Series					
8.72% Redeemable at par on 04.09.2019	8,682.00	8,682.00	8,682.00	-	-
90-C-I Series					
7.90% Redeemable at par on 06.10.2012	14,175.00	14,175.00	14,175.00	-	-
90-C-II Series					
8.80% Redeemable at par on 06.10.2019	10,400.00	10,400.00	10,400.00	-	-
91-I Series					
7.75% Redeemable at par on 17.11.2012	9,430.00	9,430.00	9,430.00	-	-
91-II Series					
8.80% Redeemable at par on 17.11.2019	9,959.00	9,959.00	9,959.00	-	-
92-I Series					
7.60% Redeemable at par on 22.01.2013.	9,246.00	9,246.00	9,246.00	-	-
92-II Series					
8.65% Redeemable at par on 22.01.2020	9,453.00	9,453.00	9,453.00	-	-
93-I Series					
7.65% Redeemable at par on 19.02.2013	1,415.00	1,415.00	1,415.00	-	-
93-II Series					
8.45% Redeemable at par on 19.02.2015	4,431.00	4,431.00	4,431.00	-	-
CAPITAL GAINS BONDS (Redeemable at par)					
Series-I	-	-	-	155.26	334.97
Series-II	-	-	-	163.94	696.97
Series-III	-	-	-	650.23	1,542.57
Series-IV	9.73	9.73	13.18	2,063.82	3,593.09
Series-V	-	-	4,248.16	8,101.35	33,347.42
Series-VI	-	4,689.05	5,362.85	44,942.13	44,942.13
Series-VI A	-	-	-	28,586.70	28,586.70
Series-VII	-	-	34,027.44	34,027.44	34,027.44
Series-VIII	15,672.92	25,252.33	25,252.33	25,252.33	-
Series-VIII (2009-10)	30,577.76	30,577.76	30,577.76	-	-
Series VIII (2010-11)	50,436.53	50,437.54	-	-	-
Series VIII (2011-12)	21,744.83	-	-	-	-
INFRASTRUCTURE BONDS (Redeemable at par)					
Series-I & II	-	-	-	92.47	150.30
Series-III	-	-	-	53.36	64.93
Series-IV	-	-	-	42.00	42.00
Bond Application Money	-	17.25	-	-	10,000.00

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Interest Accrued & Due on Capital Gains Bonds/ Bond application	12.78	11.98	11.77	-	-
Total Secured Loans	449,208.45	462,674.31	462,447.38	376,136.53	294,219.51
Due for repayment/redemption within one year	52,685.67	66,413.31	64,070.26	99,034.87	39,730.25

Notes to Schedule No 3 :-

Secured loans of ₹ 449,208.45 millions include :-

- a) 69th, 73rd and 77th series are redeemable at par in 5 equal installments at par at the end of 6th,7th,8th,9th and 10th year respectively. 1st and 2nd installments of 69th series bonds amounting to ₹ 1338.4 millions (i.e. 20% each) have been redeemed on 23rd January 2010 and 23rd January 2011 respectively. 1st installment of 73rd series bonds amounting to ₹. 467.8 million has been redeemed on 8th October 2010. Further, 1st installment of 77th series amounting to ₹ 1971 millions has been redeemed on 30th June 2011.
- b) 75th series of bonds shall be redeemed at par in 10 equal installments at half yearly intervals from 5 - 1/2 years to 10 years by way of STRPPs. Out of the same, three installments of ₹ 500 millions each have been redeemed on 17th September 2010, 17th March 2011 and 17th September 2011 respectively.
- c) 78th, 79th, 80th, 81st, 82nd, 83rd, 85th, 86 A, 86 B-III, 87-II, 87 A-II, 87 A-III, 88th, 90th, 90 B-II, 90 C-II, 91-II & 92-II series are redeemable at par at the end of 10 years i.e. on 31.01.2016, 14.03.2016, 20.03.2016, 20.01.2017, 28.09.2017, 28.02.2018, 13.06.2018, 29.07.2018, 14.08.2018, 30.09.2018, 24.10.2018, 24.10.2018, 15.01.2019, 03.08.2019, 04.09.2019, 06.10.2019, 17.11.2019 & 22.01.2020 respectively.
- d) 84th, 86th, 86B-II, 87-I, 87 A-I, 87 C -III, 89-II, 90 A-II, 90 B -I & 93-II series are redeemable at par at the end of 5 years i.e. on 04.04.2013, 24.07.2013, 14.08.2013, 30.09.2013, 24.10.2013, 26.11.2013, 02.06.2014, 05.08.2014, 04.09.2014 & 19.02.2015 respectively.
- e) 87 B, 89-I, 90 A-I, 90 C-I, 91-I, 92-I & 93-I series are redeemable at par at the end of 3 years i.e. on 03.11.2011, 02.06.2012, 05.08.2012, 06.10.2012, 17.11.2012, 22.01.2013 & 19.02.2013 respectively. 86 B-1 series bonds have been redeemed on 14th August 2011.
- f) (i) 87 A-I series of bonds have put/call options at the end of 3 years i.e. on 24.10.2011.
(ii) 87 A-II Series of bonds have put/call option at the end of 5 years, i.e. on 24.10.2013. Bonds of ₹ 2,720 millions of 72nd bond series were redeemed on 18th August 2009 on put option exercised by Bond holders and balance of ₹ 1137 millions has been redeemed on 18th August 2011.
(iii) 87 C-II series has been redeemed on 26.11.2010.
- g) Capital Gains Tax Exemption Bonds are issued for a tenure of 3/5/7 years at the interest rates of 5.50% to 6.25% payable semiannually/annually & with cumulative options. These bonds have put/call option at the end of 3/5 years. In the current year 2011-12, Capital Gains Tax Exemption Bonds Series VIII 2011-12 was issued with a 3 years' tenor at interest rate of 6.00% payable annually. These bonds will be redeemed automatically at the end of lock-in period of 3 years.

SCHEDULE '4'

UNSECURED LOANS

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
LOAN FROM GOVERNMENT OF INDIA	327.48	361.27	494.18	647.45	819.25
TERM LOANS					
Long term Loans from Banks	9,750.00	54,270.10	41,430.00	27,478.00	21,128.00
Short term Loan from Banks				13,000.00	11,280.00
CASH CREDIT LIMITS	3,000.00	-	6,300.00	-	
FOREIGN CURRENCY BORROWINGS					
Long term					
ECB- Syndicated Loans from Banks	8,702.63	8,702.63	8,702.63	8,702.63	8,702.63
JBIC Loan- Guaranteed by Govt. of India	11,617.69	11,252.70	7,883.92	4,394.13	1,303.30
KfW Loan- Guaranteed by Govt. of India	3,621.74	3,848.43	4,177.17	1,840.04	478.57
ECB - Syndicated Loans from Banks - II	17,889.63	17,874.81	-	-	-
Bilateral Term Loan - Mauritius - US \$70 Million	3,113.60	3,125.50	-	-	-
Reg S Bonds - US \$500 Million	23,619.45	22,325.00	-	-	-
Less : Unamortized Discount	(202.41)	(225.90)	-	-	-
	23,417.04	22,099.10	-	-	-
Bilateral Term Loan - Mizuho - Unsecured- US \$100 Million	4,465.00	4,465.00	-	-	-
Bilateral Term Loan - BTMU - Unsecured- US \$100 Million	4,465.00	4,465.00	-	-	-
ECB- Syndicated Loans from Banks	13672.43	-	-	-	-
COMMERCIAL PAPER	-	-	24,500.00	12,950.00	-
LOANS THROUGH BONDS					
Long term					
(A) Non- Cumulative ,Guaranteed by Government of India					
18th Series					
11.5% Redeemable at par on 12.12.2008					685.80
21st Series					
11.5% Redeemable at par on 29.12.2009				690.80	690.80
22nd Series					
11.5% Redeemable at par on 27.12.2010	-	-	490.00	490.00	490.00
23rd Series-1					
12% Redeemable at par on 05.12.2011	226.50	226.50	226.50	226.50	226.50
23rd Series-2					

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
12% Redeemable at par on 21.02.2012	303.50	303.50	303.50	303.50	303.50
(B) Other Bonds					
7.22% Redeemable at par on 31.12.2014 (74th Series)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
8.75% Redeemable at Par on 08.06.2025 (94th Series)	12,500.00	12,500.00	-	-	-
8.70% Redeemable at Par on 12.07.2019 (95-I Series)	2,000.00	2,000.00	-	-	-
8.75% Redeemable at Par on 12.07.2025 (95-II Series)	18,000.00	18,000.00	-	-	-
8.80% Redeemable at Par on 25.10.2020 (96th Series)	11,500.00	11,500.00	-	-	-
8.80% Redeemable at Par on 29.11.2020 (97th Series)	21,205.00	21,205.00	-	-	-
9.18% Redeemable at Par on 15.03.2021 (98th Series)	30,000.00	30,000.00	-	-	-
9.70% Redeemable at Par on 08.06.2012 (99-I Series)	14,800.00	-	-	-	-
9.75% Redeemable at Par on 07.06.2014 (99-II Series)	4,452.00	-	-	-	-
9.63% Redeemable at Par on 15.07.2021 (100th Series)	15,000.00	-	-	-	-
9.43% Redeemable at Par on 10.08.2014 (101-I Series)	3,956.00	-	-	-	-
9.45% Redeemable at Par on 10.08.2016 (101-II Series)	3,946.00	-	-	-	-
9.48% Redeemable at Par on 10.08.2021 (101-III Series)	31,718.00	-	-	-	-
9.38% Redeemable at Par on 06.09.2016 (102nd Series)	22,162.00	-	-	-	-
Zero Coupon Bonds - Series - I - Redeemable on 15.12.2020	5,332.08	5,332.08	-	-	-
Zero Coupon Bonds - Series - II - Redeemable on 03.02.2021	1,160.68	1,160.68	-	-	-
Bond Application Money	-	3.56	-	-	-
Infrastructure Bonds (Redeemable at par)	2,189.67	2,168.05	-	-	-
Interest Accrued & Due	-	-	27.00	-	-
Total Unsecured Loans	306,993.66	237,363.91	97,034.90	73,223.05	48,608.35
Due for repayment/ redemption within one year	10,262.85	23,963.13	36,082.82	32,538.80	685.80

Notes :-

i) Bonds for ₹ 0.20 millions are held as on 30.09.2011 by REC Ltd. CP Fund Trust.

ii) Infrastructure bonds have been issued during the year 2010-11 for a tenure of 10 years with lock-in period of 5 years at interest rates varying between 8% to 8.20% payable annually

SCHEDULE - 5
FIXED ASSETS

Description	GROSS BLOCK					DEPRECIATION					NET BLOCK				
	As at 30.09. 2011	As at 31.03. 2011	As at 31.03. 2010	As at 31.03. 2009	As at 31.03. 2008	Dep.up to 30.09. 2011	Dep. up to 31.03. 2011	Dep up to 31.03. 2010	Dep up to 31.03. 2009	Dep up to 31.03. 2008	As at 30.09. 2011	As at 31.03. 2011	As at 31.03. 2010	As at 31.03. 2009	As at 31.03. 2008
Freehold Land	341.65	341.65	341.19	318.89	467.39	-	-	-	-	-	341.65	341.65	341.19	318.89	467.39
Leasehold Land	14.55	14.55	14.55	14.55	14.55	1.77	1.70	1.56	1.42	1.28	12.78	12.85	12.99	13.13	13.27
Buildings	222.68	222.66	222.57	221.61	219.39	58.47	56.75	53.30	49.82	46.42	164.21	165.91	169.27	171.79	172.98
Furniture & Fixtures	59.55	60.22	58.31	56.59	40.32	34.93	34.60	31.48	28.37	25.56	24.63	25.62	26.83	28.22	14.76
EDP Equipments	113.88	112.47	107.99	52.88	53.90	61.72	55.35	42.83	35.06	34.81	52.16	57.13	65.16	17.82	19.09
Office Equipments	42.47	41.81	37.81	34.14	31.25	22.31	21.76	20.84	19.43	18.04	20.15	20.04	16.97	14.71	13.2
Vehicles	6.47	6.78	7.35	10.70	9.44	5.11	5.27	5.59	8.21	7.73	1.37	1.51	1.76	2.49	1.71
Minor Value Assets- Furniture	3.03	1.89	1.22	0.91	0.74	3.03	1.89	1.22	0.91	0.74	-	-	-	-	-
Minor Value Assets- EDP	0.91	0.87	0.65	0.14	0.10	0.91	0.87	0.65	0.14	0.10	-	-	-	-	-
Minor Value Assets- Office Equipments	2.52	2.39	1.73	1.22	0.92	2.52	2.39	1.73	1.22	0.92	-	-	-	-	-
Intangible Assets (Computer Software)	43.60	43.40	43.36	0.52	0.35	16.93	12.56	3.92	0.26	0.20	26.66	30.84	39.44	0.26	0.16
Grand Total	851.31	848.69	836.73	712.15	838.34	207.70	193.14	163.12	144.85	135.78	643.61	655.55	673.61	567.30	702.56
Capital WIP	239.28	228.17	273.32	265.27	78.51	-	-	-	-	-	239.28	228.17	273.32	265.27	78.51

Notes :-

- Intangible Assets include computer software purchased from outside and in terms of AS-26 these are amortized over 5 years
- Capital WIP consists of mainly land pending possession from the authorities and other civil works.

SCHEDULE - 6
INVESTMENTS

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
(A) Long Term (Unquoted)					
Non-Trade Investments					
8% Government of Madhya Pradesh Power Bonds-II	8,017.20	8,017.20	8,960.40	9,903.60	11,318.40
Maturing in 30 equal half yearly Installments of one bond each w.e.f. 01.04.05					
(Bonds of Face Value of ₹ 4716 Lacs each)					
KSK Energy Ventures Limited	87.34	87.34	118.44	131.54	142.07
Units of "Small is Beautiful" Fund at Face Value of ₹ 10.00 per unit					
(Face Value per unit is ₹ 10/-)					
Indian Energy Exchange Ltd.	12.50	12.50	12.50	12.50	12.50
12,50,000 Equity shares of ₹ 10/- each paid up					
Energy Efficiency Services Ltd.	-	6.25	6.25	-	
6,25,000 equity shares of ₹10 each paid up					
Total	8,117.04	8,123.29	9,097.59	10,047.64	11,472.97
(B) Investment in Subsidiaries					
Investment in Vimagiri Transmission System Limited	0.50	-	-	-	-
50,000 equity shares of ₹ 10 each paid up					
Sub Total (B)	0.50	-	-	-	-
(C) Share Application Money Pending Allotment					
Energy Efficiency Services Ltd.	-	2,43.75	-	-	-
Sub Total (C)	-	-	-	-	-
Total (A+B+C)	8,117.54	8,367.04	9,097.59	10,047.64	11,472.97

SCHEDULE '7'
LOANS

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
(i) State Power Utilities/ State Electricity Boards/Corpn.,Co-operatives and State Governments					
(a) Unsecured, considered good (Guaranteed by respective State Governments)	227,457.45	219,041.40	213,431.41	209,385.94	190,756.15
(b) Classified Doubtful	22.18	23.18	23.18	175.38	1,556.44
Less: Prov. for Bad & doubtful debts	4.44	5.44	3.22	171.77	399.94
	17.74	17.74	19.96	3.61	1,156.50
(ii) State Power Utilities/ State Electricity Boards/Corpn., (Secured by hypothecation of materials/ assets with respective State Power Utilities/ SEBs/ Corpn.)					
(a) Considered Good	558,702.63	506,434.39	370,852.25	239,096.04	163,995.03
classified Doubtful	-	-	-	-	-
Less: Prov. for Bad & doubtful debts	-	-	-	-	-
	-	-	-	-	-
(iii) Others (Secured by hypothecation of tangible assets)					
(a) Considered Good	99,324.95	78,420.18	45,917.86	29,102.63	12,548.17
(b) Classified Doubtful	2,672.23	172.23	172.23	513.54	1,605.41
Less: Prov. for Bad & doubtful debts	422.23	172.23	172.23	308.30	417.49
	2,250.00	-	-	205.24	1,187.92
(iv) Others (Unsecured) - Considered Good	15,551.02	13,163.17	29,390.55	28,254.62	15,687.09
Sub Total	903,303.79	817,076.87	659,612.04	506,048.07	385,330.86
(v) Interest accrued and due on loans	1616.99	802.87	588.77	182.80	252.36
(vi) Interest accrued on rescheduled loans	4442.50	3440.85	4325.33	7583.59	7581.90
Total (i to vi)	909,363.28	821,320.59	664,526.14	513,814.46	393,165.12

SCHEDULE '8'**DEFERRED TAX (-)ASSET/ LIABILITY****(₹ in millions)**

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Opening Balance	(128.13)	(73.60)	9,566.86	8,170.78	7,396.68
Less: Reversed	-	-	(9,645.67)	-	-
	(128.13)	(73.60)	(78.82)	8,170.78	7,396.68
Add: Addition during the Year	(5.72)	(54.01)	5.22	1,396.07	774.10
Total	(133.85)	(127.61)	(73.60)	9,566.86	8,170.78

SCHEDULE - 9

CURRENT ASSETS, LOANS & ADVANCES

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
I CURRENT ASSETS					
A) Cash and bank balances :					
(i) Cash/Cheque in hand/transit (incl. Postage & imprest)	6,035.88	6,260.69	0.06	0.03	0.03
(ii) In current accounts					
- with RBI	0.17	0.19	0.19	0.19	7.90
- with Scheduled Banks	472.34	4,325.92	6,367.90	3,217.77	2,497.81
(iii) In savings accounts					
- with Scheduled Banks (for RGGVY Scheme)	941.73	2,461.11	41.81	65.99	5,875.28
- with Scheduled Banks (for AG & SP Scheme)	62.42	75.17	346.66	5.60	371.91
(iv) In Deposit accounts with Scheduled Banks					
(RGGVY, AG&SP and OTHER)	568.37	15,544.82	7,185.66	15,593.40	3,803.93
Total - (A)	8,080.91	28,667.90	13,942.28	18,882.97	12,556.84
B) Sundry Debtors	228.99	195.34	446.74	0.00	0.00
C) Other Current Assets					
(i) Interest accrued but not due on term deposits	32.61	103.66	9.78	13.62	8.31
(ii) Interest accrued but not due					
- on Loans	3,460.09	4,934.52	4,879.67	4,516.96	4,524.98
- on loans to employees	25.64	24.97	28.17	22.24	20.82
- on Govt. Securities	320.69	0.00	0.00	0.00	401.44
(iii) Recoverable from SEB/Govt. Deptts.	126.79	50.66	65.90	10.20	33.02
Less: Provision for Bad & Doubtful Debt	-	-	-	-	18.02
	126.79	50.66	65.90	10.20	15.00
(iv) Recoverable from GOI					
- RGGVY Expenses	46.47	46.43	29.50	20.89	20.89
- RGGVY Subsidy	10.63	-	780.43	-	-
Total - (C)	4,022.91	5,160.24	5,793.45	4,583.90	4,991.44
D LOANS AND ADVANCES					
I) Loans					

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
(i) Employees (Secured)	27.05	26.46	17.76	23.85	27.10
(ii) Employees (Unsecured)	130.79	31.82	51.59	85.35	11.78
II) Advances					
(Unsecured considered good)					
(i) Advances recoverable in cash or in kind or for value to be received	114.02	207.48	102.48	46.14	87.68
(ii) Prepaid financial charges on Commercial Paper	-	-	517.44	408.37	-
(iii) Advance Income Tax. & TDS	32,066.73	27,262.28	-	-	6,076.17
Less: Provision for Income Tax	31,673.42	27,018.87	-	-	5,908.50
Balance Advance Income Tax & TDS	393.31	243.41	-	-	167.67
(iv) Income Tax recoverable	-	245.88	315.45	0.03	0.32
Total - (D) (I+II)	665.17	755.05	1,004.72	563.74	294.55
Total - (A+B+C+D)	12,997.98	34,778.53	21,187.19	24030.61	17,842.83

SCHEDULE - 10

CURRENT LIABILITIES & PROVISIONS

(₹ in millions)

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
A) CURRENT LIABILITIES					
(a) Advance Receipts	141.25	135.20	155.17	252.54	93.44
(b) Other Liabilities	472.29	428.41	701.49	434.30	855.58
- Dues of creditors other than Micro, Small and Medium Enterprises	-	-	-	-	0.60
(c) (i) Subsidy/ Grant from Govt. of India for disbursement	250,503.84	244,452.24	196,140.69	146,088.76	91,989.96
(ii) Interest on Subsidy/ Grant	743.33	610.60	509.05	363.37	-
Total	251,247.17	245,062.84	196,649.74	146,452.13	91,989.96
Less: Disbursed to Beneficiaries	(244,184.19)	(236,236.30)	(195,982.11)	(135,945.40)	(84,804.40)
Un-disbursed Subsidy/ Grant	7,062.98	8,826.55	667.64	10,506.73	7,185.56
(d) Interest accrued but not due					
- on bonds	20,911.85	18,966.20	15,682.72	11,768.38	5,400.94
- Government/ LIC/ Foreign Currency Loans	1,808.83	1,609.50	1,383.94	1,284.19	1,248.82
	22,720.68	20,575.70	17,066.66	13,052.57	6,649.76
(e) Unclaimed Interest & Principal On Bonds and Govt. Loans					
- Interest	151.71	165.89	152.34	124.35	70.95
- Principal	1,665.19	1,366.50	995.10	8.31	11.16
	1,816.90	1,532.40	1,147.44	132.66	82.11
(f) Gratuity payable	21.02	29.00	46.47	97.49	20.79
(g) Overdraft in Current Account with Bank	819.72	-	-	-	-
Total - (A)	33,054.85	31,527.25	19,784.86	24,476.29	14,887.84
B) PROVISIONS					
(a) Income Tax	-	156.35	18,024.31	10,972.78	
Less: Advance Income Tax & TDS	-	156.28	17,741.91	10,890.61	-
Balance Provision for Income Tax	-	0.07	282.39	82.17	
(b) Staff Benefits	956.50	874.69	570.35	481.96	364.34
(c)(i) Provision for Incentive & Ex Gratia	106.42	164.99	397.52	179.14	220.44
(ii) Wage Revision	-	-	330.62	128.00	81.68
	106.42	164.99	728.14	307.14	302.12
Less : Adjustable advance	0.45	0.45	96.88	-	-
Balance Provision for Incentive, Ex Gratia & Wage Revision	105.97	164.54	631.26	307.14	302.12

Description	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
(d) Wealth Tax	1.80	3.57	3.60	3.38	0.02
(e) Fringe Benefit Tax	3.61	3.61	3.61	3.68	1.70
(f) Proposed Dividend	-	3,950.34	3,456.61	2,147.15	2,575.98
(g) Dividend Distribution Tax on Proposed Dividend	0.08	640.85	574.10	364.91	437.79
(h) Contingencies	-	-	-	0.08	-
Total - (B)	1,067.96	5,637.67	5,521.92	3,390.47	3,681.95
Total - (A+B)	34,122.81	37,164.92	25,306.78	27866.76	18,569.79

ANNEXURE V - SCHEDULES TO STATEMENT OF CONSOLIDATED PROFIT & LOSS

SCHEDULE - 11

OPERATING INCOME (NET)

(₹ in millions)					
Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. On Lending Operations					
Interest on Loans					
-Long term financing	45,806.24	76,732.02	60,842.55	43,854.16	30,756.08
Less: Rebate for timely payments/completion etc	34.26	78.50	97.75	134.61	179.96
	45,771.98	76,653.52	60,744.80	43,719.55	30,576.12
-Short term financing	2,501.78	4,434.22	3,563.74	2,929.79	3,029.02
	48,273.76	81,087.73	64,308.54	46,649.35	33,605.14
B. Processing, Upfront, Lead fees, LC Commission etc	305.01	603.83	425.39	134.32	131.04
C. Prepayment Premium	25.39	405.51	178.48	35.36	-
D. Agency Charges for RGGVY Implementation	63.01	472.04	585.17	698.21	46.01
E. Long Term Lease Revenue	-	-	-	54.46	-
Total	48,667.18	82,569.11	65,497.58	47,571.70	33,782.19

SCHEDULE - 12

OTHER INCOME

(Rs. in millions)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
A. On Investment/Deposit Operations					
Dividend on Mutual Fund	-	34.74	97.90	-	-
Interest on deposits	316.00	461.29	203.61	371.87	645.00
Interest on Govt. Securities	320.69	697.97	773.42	870.43	924.33
	636.69	1,194.00	1,074.93	1,242.30	1,569.33
B. Other Income					
Excess Provision written back	-	292.47	347.61	0.04	1.84
Interest on Income Tax Refund	40.16	-	85.51	-	-
Interest on staff advances	2.65	2.79	6.62	4.96	2.83
Dividend on Investment in Venture Fund	-	18.99	6.71	1.10	3.30
Miscellaneous Income	193.28	391.23	456.98	68.38	50.62
Profit on sale of assets	0.39	0.10	0.32	0.11	0.04
Provision for Bad Debts written back	-	-	-	361.06	-
Dividend/Interest from Subsidiary Companies	0.94	-	-	1.62	-
Total	874.11	1,899.58	1,978.68	1,679.57	1,627.96

SCHEDULE - 13
INTEREST AND OTHER CHARGES

(₹ in millions)					
Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Interest on -					
- Govt. Loans	12.30	31.71	42.13	53.41	68.97
- REC Bonds	22,759.96	36,438.76	29,377.48	20,348.52	13,711.21
- Banks/Fin Insts. Loans	3,872.85	8,385.08	6,978.03	7,379.42	6,243.50
- External Commercial Borrowings	2,371.12	2,038.03	1,095.68	771.25	489.87
- Commercial Paper	-	832.79	1,368.07	213.48	-
	29,016.23	47,726.37	38,861.39	28,766.07	20,513.55
Interest on AREP Subsidy	1.69	4.13	6.43	12.22	14.86
Guarantee Fee	114.58	78.72	44.21	79.75	2.57
Total	29,132.50	47,809.22	38,912.03	28,858.04	20,530.98

SCHEDULE '14'**ESTABLISHMENT EXPENSES****(₹ in millions)**

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Salaries and Allowances	466.72	964.42	920.26	541.35	661.08
Expenses on Leaves & Post Retirement Medical Facility	70.55	229.41	110.94	114.43	123.35
Contribution to Provident and Other Funds	48.17	71.36	89.75	146.64	43.55
Staff Welfare expenses	53.70	75.74	99.59	88.56	99.42
Total	639.15	1,340.93	1,220.54	890.98	927.40

SCHEDULE - 15

ADMINISTRATION EXPENSES

(₹ in millions)

Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
Rent & Hiring Charges	12.26	17.99	16.31	17.51	21.06
Rates and Taxes	32.09	15.09	8.91	4.06	2.24
Electricity and Water Charges	4.92	7.72	6.50	5.49	4.82
Insurance Charges	0.10	0.32	0.29	0.44	0.28
Repairs and Maintenance					
Building	9.91	14.60	15.93	25.95	29.29
ERP & Data Centre	18.60	17.13	12.20	-	-
Others	12.38	14.86	10.72	2.95	3.70
	40.89	46.59	38.85	28.90	32.99
Printing and Stationery	4.65	17.24	16.77	19.25	7.37
Travelling and Conveyance					
- Directors	2.39	11.48	8.19	5.55	4.50
- Others	34.14	59.83	56.92	46.82	43.09
	36.53	71.32	65.10	52.37	47.59
Postage, Telegram and Telephone	6.27	10.05	18.36	10.66	10.86
Publicity & Promotion Expenses	12.37	44.04	22.20	20.28	14.67
Auditors' Remuneration	1.30	4.52	2.71	2.38	1.55
Miscellaneous Expenses	72.98	150.80	97.72	37.62	27.83
Consultancy Charges	27.74	13.31	16.69	11.74	11.35
Corporate Social Responsibility	0.54	12.29	-	-	-
Donations & Charity	2.52	2.22	1.00	24.66	1.02
Loss on Sale of Assets	0.17	0.15	0.15	0.00	0.12
Total	255.33	413.64	311.56	235.36	183.75

SCHEDULE - 16

Bond/ Debt Instrument Issue Expenses

(₹ in millions)

	Description	Half Year ended 30.09.2011	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
	Bonds Handling Charges	308.25	52.78	43.99	32.13	53.58
	Bonds Brokerage	67.84	89.93	66.71	36.67	10.30
	Stamp Duty	0.40	3.14	15.73	2.10	0.60
	Others	33.25	20.66	24.35	27.05	39.04
	Other Finance Charges	137.95	534.38	48.68	15.46	0.29
	Total	547.69	700.89	199.46	113.41	103.81

ANNEXURE – VI - A

SIGNIFICANT ACCOUNTING POLICIES

2007 - 2008

1. Principles of consolidation

The consolidated financial statements relate to Rural Electrification Corporation Ltd. ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

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

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

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries and fellow subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES

1. Principles of consolidation

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

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

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

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries and fellow subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES

2009 - 2010

1. Principles of consolidation

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

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

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

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries and fellow subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES

2010 - 2011

1. Principles of consolidation

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

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

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

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries.

SIGNIFICANT ACCOUNTING POLICIES

As on September 30, 2011

1. Principles of consolidation

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

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

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

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

2. Other significant accounting policies

These are set out under "Significant Accounting Policies" as given in the standalone Financial Statements of Rural Electrification Corporation Ltd. and its subsidiaries.

ANNEXURE – VI - B

SCHEDULE ‘17’

2007 - 08

NOTES ON ACCOUNTS

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
REC Transmission Projects Co. Ltd. (RTPCL)	India	100%
REC Power Distribution Co. Ltd. (RPDCL)	India	100%
North Karanpura Transmission Co. Ltd.(NKTCL) (A wholly owned subsidiary of RTPCL)	India	100%
Talcher II Transmission Company Ltd. (TTCL) (A wholly owned subsidiary of RTPCL)	India	100%

2. EARNING PER SHARE (EPS)

2007-08

Net profit after tax (₹ in million)	8619.25
Net Profit attributable to equity shareholders (₹ in million)	8619.25
Weighted Average number of equity shares	786,374,301
Basic and diluted earning per share (₹)	10.96
Face Value per equity shares (₹)	10.00

3. Contingent Liabilities not provided for in respect of:

(₹ in millions)

		As at 31.3.2008
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 515.36 Millions pending in various courts as on 31.03.2008)	633.14
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	40.82
(c)	Others	5648.90

Contingent liabilities are dependent upon the outcome of court/out of court settlement, the amount being called up term of contractual obligations, development and raising of demand by the concerned parties, disposal of appeals respectively.

Amount under 1(c) refers to Corporation's share of LC issued by the bankers of the borrowers for the generation projects for which Corporation has issued letter of Comforts to these bankers.

4. Auditors' Remuneration includes:

(₹ in millions)

		Year ended 31.03.2008
a)	Audit fees – Current year	1.36
b)	Tax Audit Fee	0.02
c)	Reimbursement of expenses	0.13
d)	Payment for Other services (including for IPO certification)	1.56
Total		3.07

5. The Corporation was registered by RBI as a Non-Banking Financial Company (NBFC) during the year 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt.

Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. In view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.

The Board of Directors in its meeting held on 13.12.2006 approved a set of Prudential Norms for the Corporation to be applicable with effect from 01.04.2007. As per the Prudential Norms, provisioning is required to be made even in respect of assets guaranteed by State government. The impact of such change for provisioning in respect of State Government guaranteed loans is to the extent of ₹ 399.94 Millions. Besides there are minor addition in the accounting policy on income recognition which are of clarificatory nature. Further few accounting policies which were not required have been deleted and there is no financial impact.

6. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 50.12 Millions and the societies are pursued to create the required Special Fund.
7. Balance confirmation has been received from some of the borrowers.
8. Income Tax as applicable in respect of Interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are transferable.
9. The formalities regarding conveyance deeds, etc. in respect of some of the premises acquired by the Corporation amounting to ₹ 579.27 Millions are in the process of completion.
10. Total overdues recoverable from the defaulting borrowers as on 31.03.2008 amount to ₹ 2097.70 Millions (Previous year ₹ 3396.00 Millions) and effective steps are being taken for recovery of the same. Suits filed in the DRT against defaulting wind farm borrowers and coop. societies for recovery of dues are at different stages of hearing /legal proceedings. For some of the defaulting Societies, Court decrees have been issued and execution thereof is in progress. Further even State Govt. guarantees have been invoked in respect of dues of some societies of MP, AP, UP, Orissa and J&K and such guarantees have not been repudiated. The Govt. of MP has even paid ₹ 181.60 Millions towards the dues of 5 Coop. Societies of MP and has assured to clear the dues of the balance Societies also.
11. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts as on 31.3.2008 held in specified banks are ₹ 1204.55 Millions .
12. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
13. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
14. The company has no outstanding liability towards Micro, Small and Medium undertakings.
15. No Bond Redemption Reserve has been created because as per clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
16. Corporation had entered into two derivative transactions of ₹ 2500.00 Millions linked to USD with ICICI Bank and ₹ 5000 Millions linked to JPY with axis Bank, Yes Bank, ABN AMRO & Bank Of America. The Mark to Market gain/(loss) in respect of above two derivative transactions as on 31.03.2008 is as below:

Name of Bank	Notional amount (₹)	MTM Gain/(Loss)
ICICI BANK	2500 Millions	140.86 Millions
AXIS-YES - AMRO BANK & BOA	5000 Millions	(48.46) Millions
Net gain		92.40 Millions

During the year the company has earned ₹ 95.33 Millions on account of Swap (coupon only) transactions, which has been effected in the decrease in cost of borrowing to that extent.

17. Directors' Remuneration:

	(₹ in millions)
	Year ended 31.3.2008
Salaries and Allowances	4.09
Perquisites/reimbursement	1.50
Retirement Benefits	0.14
Total	5.73

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges as per DPE guidelines.

Loans and Advances include ₹ 0.08 Millions due from Directors of the Corporation, maximum amount outstanding during the year ₹ 0.19 Millions.

18. Expenditure in Foreign Currency:

	(₹ in millions)
Particulars	As at 31/03/2008
Royalty, Know-how, Professional, consultation fees	0.10
Interest	24.11
Finance Charges	9.78
IPO Expenses	8.64
Others	1.74
Total	44.37

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

Information in relation to the interest of the Company in Joint Venture as required under Accounting Standard –27 issued by ICAI.

19. Investment include ₹ 144.70 Millions representing company's contribution in the units of Joint venture Small is Beautiful fund (SIB Fund) Venture Capital fund promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 144.70 Millions	India	9.74%

During the year the Corporation has invested ₹ 19.48 Millions in units of "Small is Beautiful" fund bringing the total investment in units to ₹ 225 Millions during the year against our committed capital contribution of ₹ 225 Millions. Out of this portion of investment up to 31.03.2008 of ₹ 80.30 Millions has also been disinvested.

20. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes. During the year Corporation refunds ₹ 201.50 Millions on which interest liability of ₹ 17.14 Millions being the difference between NPV and average interest earned is provided.

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

- i) Amortisation Rate 20%;
100% in case of cost of asset is ₹ 5,000 or less
- ii) Amortisation Method Straight Line

(₹ in Millions)

Reconciliation Statement.	As at
	31.03.2008
i) Gross Carrying Amount	0.35
iii) Accumulated depreciation	0.20
iv) Gross carrying amount- Opening Balance	0.35
Less: - Accumulated Depreciation	0.20
Carrying amount	0.16
Additions during the year	NIL
Less: Amortisation during the year	0.07
Carrying amount as on Balance sheet Date	0.16

22. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income. During the year the Corporation has provided ₹ 774.10 Millions as deferred tax liability

Major components of deferred tax liability as on 31.03.2008 are given as under:

(₹ in Millions)

As at

31.03.2008

Particulars

Deferred Tax Assets

Provision for VRS Expenditure	NIL
Leave Encashment	42.80
Provision for Post Retirement Medical Benefits	26.33
Provision for fall in investments	0.89
Provision for other expenses	<u>280.26</u>
-	350.28

Deferred Tax Liabilities

Depreciation	31.05
Reserve under section 36 (i)(viii) of I.T Act	8490.01
Net Deferred Tax (Liability)/Asset	(8170.78)
Deferred Tax Asset/(Liability) as on 31.3.2007	<u>(7396.68)</u>
Net liability for the year charged in P&L	(774.10)

23. On the issue of settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 Millions plus interest which if accrues shall be payable by MPSEB. Though the review petition of MPSEB in this regard against the Union of India and others has been dismissed by the Hon'ble Supreme Court, yet the original suit filed by the Govt. of MP is pending in the Hon'ble Supreme Court as a result of which they are treating the case as subjudice. On final settlement, the amount payable to CSEB if any shall in turn be payable by MPSEB.
24. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given by the State Govt. were restructured by the respective State Governments and new entities were formed. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities on the execution of transfer agreements amongst the Corporation, new entities and/or the State Governments. Pending execution of such agreements, the loans outstanding against the erstwhile SEBs namely APSEB, KEB, and GEB are being serviced by APTRANSCO, KPTCL and GUVNL respectively against which loans amounting to ₹ 23376.60 Millions, ₹ 6625.20 Millions and ₹ 6129.00 Millions respectively are outstanding as on 31.03.2008.
25. The expenses of ₹ 64.40 Millions incurred up to 31.03.2007 on RGGVY implementation had been adjusted from interest received on deposit made out of such grant and the Ministry Of Power has been informed accordingly. However the Corporation has approached MOP to authorize charging of agency fees on disbursements for period up to 31st March 2007 and reply is awaited. Appropriate adjustment if any shall be made accordingly.

26. **Details of provision as required in AS-29****(₹ in millions)**

	As on 31/03/2008	As on 31/03/2007
(a) Post Retirement Health Scheme		
As per last Balance Sheet	135.03	77.46
Addition during the year	57.67	63.33
Amounts paid/utilised during the year	9.15	5.76
Closing Balance	183.54	135.03
(b) Leave Encashment		
As per last Balance Sheet	82.02	71.18
Addition during the year	71.37	15.92
Amounts paid/utilised during the year	6.92	5.08
Closing Balance	146.47	82.02
(c) Sick Leave		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	7.46	-
Addition during the year	5.18	-
Amounts paid/utilised during the year	-	-
Closing Balance	12.64	0.00
(d) Gratuity		
As per last Balance Sheet	4.97	9.88
Addition during the year	16.99	0.00
Amounts paid/utilised during the year	1.17	4.91
Closing Balance	20.79	4.97
(e) Settlement Allowance on Retirement		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	0.96	-
Addition during the year	1.15	-
Amounts paid/utilised during the year	0.59	-
Closing Balance	1.53	0.00
(f) Leave Travel Concession		
As per last Balance Sheet	0.00	0.00
Transition Provision from Gen. Reserve *	7.95	-
Addition during the year	27.36	-
Amounts paid/utilised during the year	15.16	-
Closing Balance	20.16	0.00
(g) Provision for Wage revision		
As per last Balance Sheet	0.00	0.00
Addition during the year	81.68	-
Amounts paid/utilised during the year	0.00	-

	As on 31/03/2008	As on 31/03/2007
Closing Balance	81.68	0.00
(h) Provision for Incentive/Exgratia		
As per last Balance Sheet	101.18	52.30
Addition during the year	220.44	101.18
Amounts paid/utilised during the year	101.18	52.30
Closing Balance	220.44	101.18
(i) Income Tax		
Opening Balance	2161.34	9816.77
Addition during the year	3738.00	2148.20
Amounts paid/utilised during the year	0.00	9803.63
Closing Balance	5899.34	2161.34
(j) Fringe Benefit Tax		
Opening Balance	0.00	0.00
Addition during the year	1.70	-
Amounts paid/utilised during the year	0.00	-
Closing Balance	1.70	0.00
(k) Wealth Tax		
As per last Balance Sheet	0.03	0.02
Addition during the year	0.01	0.03
Amounts paid/utilised during the year	0.02	0.02
Closing Balance	0.02	0.03
(l) Proposed Dividend		
As per last Balance Sheet	1770.00	1012.60
Addition during the year	2575.98	1770.00
Amounts paid/utilised during the year	1770.00	1012.60
Closing Balance	2575.98	1770.00
(m) Corporate Dividend Tax		
As per last Balance Sheet	300.81	142.02
Addition during the year	437.79	300.81
Amounts paid/utilised during the year	300.81	142.02
Closing Balance	437.79	300.81

*** Net of Deferred Tax**

27. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a) Provident Fund

Corporation pays fixed contribution of Provident Fund at a pre-determined rates to a separate trust, which invest the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as 31st March 2008 is greater than the obligation under the defined contribution plan.

b) Gratuity

The corporation has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act. The scheme is funded by the Corporation and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

c) Post-Retirement Facility

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule.

The summarized position of various defined benefit recognized in the Profit & Loss Account, Balance sheet and the funded status are as under:

	Gratuity	Settlement Allowance	Post Retirement Medical Benefits
1. Component of Employer Expenses			
Current Service Cost	11.24	0.07	3.51
Interest Cost	10.42	0.12	10.80
Expected return on plan assets	(11.00)	0.00	0.00
Actuarial (Gain)/Loss	11.14	0.47	43.36
Total Expenditure/(gain) Recognized in the P&L A/c	21.79	0.66	57.67
2. Net Asset/(liability) recognized in Balance Sheet as at 31st March 2008			
Present Value of Obligation as at 31st March 2008.	157.75	1.53	183.54
Fair Value of plan assets as at 31st March 2008	136.89	Nil	Nil
Assets/(Liability) recognized in Balance Sheet	(20.86)	1.53	183.54
3. Change in present value of obligation as on 31st March 2008			
Present Value of obligation As at 31st March 2007	130.24	1.46	135.03
Current service cost	11.23	0.07	3.51
Interest Cost	10.42	0.12	10.80
Actuarial (Gain)/Loss	11.14	0.47	43.36
Benefits Paid	(5.28)	(0.59)	(9.15)
Present Value of Obligation As at 31st March 2008	15.78	1.53	183.54
4. Changes in the Fair value of Plan Assets			
Present value of plan assets as at 31/03/07	130.24	Nil	Nil
Expected return on Plan Assets	11.00	Nil	Nil
Actual Company Contribution	0.92	Nil	Nil
Benefits Paid	(5.28)	Nil	Nil
Fair Value of plan Assets as at 31/03/08	136.89	Nil	Nil
Actuarial Assumptions			
Discount Rate (per annum)	8.00	8.00	8.00
Expected rate of returns on assets (p.a.)	8.45	0.00	0.00
Future cost increase	5.50	5.50	5.50

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

6. Details of the Plan Assets at cost as on 31.03.2008.

	(₹ in millions)
Government of India Securities.	68.53
Corporate Bonds	56.72
Others.	2.02
TOTAL	127.27

28. The Corporation does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
29. The Corporation has come up in February 2008 with initial public offer (IPO) of 156,120,000 equity shares of ₹ 10 each for cash at a price of ₹ 105 per equity shares. The issue comprises a fresh issue of up to 7,80,60,000 equity shares and an offer for sale of up to 7,80,60,000 equity shares by the President of India acting through Ministry of Power Government of India. The fresh equity shares were allotted in March 2008. Accordingly issued and paid up share capital has increased from ₹ 7806 Millions to ₹ 8586.60 Millions and an amount of ₹ 7198.10 Millions (net of issue expenses of ₹ 217.65 Millions) has been taken to Securities Premium Account. Proceeds of the fresh issue of equity shares have been utilized for the purpose of the business of the Corporation.
30. The common employees/establishment cost and administration expenses of the subsidiaries company is apportioned by the Holding company and accounted accordingly by the subsidiaries.
31. REC Transmission projects Ltd. has not yet commenced commercial operation.
32. Meeting and conference expense of ₹ 0.70 millions has been accounted for on the basis of a letter dt.26th June 2007 of Power Finance Corporation Ltd. with summary of the expenses, addressed to REC Ltd. (Holding Company) for sharing of 50% of the expenses amounting to ₹ 1.40 millions towards holding of Bidders' conference for the independent Transmission projects through Private participation held on 11th January 2007 on the basis of mutually agreed terms of sharing of the expenses.
33. The first accounts of REC Transmission Projects Company ltd. has been prepared from the date of incorporation (8th January 2007) to 31st march 2008.
34. Figures have been rounded off to the nearest Millions

NOTES ON ACCOUNTS - Consolidated

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
REC Transmission Projects Co. Ltd. (RTPCL)	India	100%
REC Power Distribution Co. Ltd. (RPDCL)	India	100%
North Karanpura Transmission Co. Ltd.(NKTCL) (A wholly owned subsidiary of RTPCL)	India	100%
Talcher II Transmission Company Ltd. (TTCL) (A wholly owned subsidiary of RTPCL)	India	100%

2. EARNING PER SHARE (EPS)

	2008-09	2007-08
Net profit after tax (₹ in millions)	12735.26	8,619.25
Net Profit attributable to equity shareholders (₹ in millions)	12,735.26	8,619.25
Weighted Average number of equity shares	858660000	786,374,301
Basic and diluted earning per share (₹)	14.83	10.96
Face Value per equity shares (₹)	10	10

3. Contingent Liabilities not provided for in respect of:

		(₹.in millions)	
		As at 31.3.2009	As at 31.03.2008
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 346.05 millions pending in various courts including arbitration cases as on 31.03.2009 (Previous year ₹ 515.36 millions)	346.94	633.14
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	124.78	40.82
(c)	Others	13426.30	5648.90

The amounts referred to in (a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amounts under 1(c) refers to Letters of comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers.

4. Auditors' Remuneration includes:

		(₹ in millions)	
		Year ended 31.03.2009	Year ended 31.03.2008
a)	Audit fees – Current year	1.79*	1.36
b)	Tax Audit Fee	0.25	0.02
c)	Reimbursement of expenses	0.19*	0.13
d)	Payment for Other services (including for IPO certification)	0.23	1.56
Total		2.46	3.07

* Payment to auditors for RTPCL, NKTCL & TTCL (total amounting ₹ 0.09 Millions) has been taken in CWIP

5. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and

prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.

6. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 50.09 millions (previous year ₹ 50.12 millions) and the societies are pursued to create the required Special Fund.
7. Balance confirmation has been received from some of the borrowers.
8. Income Tax as applicable in respect of Interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are transferable.
9. The formalities regarding registration of conveyance deeds, etc. in respect of some of the land and buildings acquired by the Corporation amounting to ₹ 399.65 millions (Previous year ₹ 579.27millions) are in the process of completion.
10. The balances in respect of Interest Warrants Accounts (both for institutional and 54EC & infra bonds) as on 31.3.2009 held in specified banks are ₹ 502.53 millions (previous year ₹ 1204.55 millions)
11. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
12. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
13. The company has no outstanding liability towards Micro, Small and Medium undertakings.
14. No Bond Redemption Reserve (BRR) has been created since in terms of clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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
15. During the year the Corporation has earned ₹ 42.02 millions (Previous Year ₹ 95.33 millions) on account of swap (coupon only) transaction which has resulted in reduction in cost of borrowing to that extent.

The Corporation had entered into various Coupon only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2009 is of ₹ 2427.13 millions (favourable)

16. Directors' Remuneration:

	(₹ in millions)	
	Year ended 31.3.2009	Year ended 31.3.2008
Salaries and Allowances	4.43	4.09
Perquisites/reimbursement	1.52	1.50
Retirement Benefits	0.67	0.14
Total	6.62	5.73

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include Rs 1.07 millions (Previous year ₹ 0.08millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 1.42 millions (Previous year ₹ 0.19 millions).

17. Expenditure in Foreign Currency:

	(₹ In millions)	
Particulars	As at 31/03/2009	As at 31.03.2008
Royalty, Know-how, Professional, consultation	NIL	0.10

Particulars	As at 31/03/2009	As at 31.03.2008
fees		
Interest	16.17	24.11
Finance Charges	7.90	9.78
Others Expenses	5.32	10.38
Total	29.39	44.37

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

Information in relation to the interest of the Company in Joint Venture as required under Accounting Standard –27 issued by ICAI.

18. Investment include Rs144.70 Millions representing company's contribution in the units of Joint venture Small is Beautiful fund (SIB Fund) Venture Capital fund promoted by KSK Energy Ventures Limited

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 144.70 Millions	India	9.74%

There is no further commitment for contribution.

19. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

- i) Amortization Rate 20%;
100% in case of cost of asset is Rs 5,000 or less
ii) Amortization Method Straight Line

(₹ in Millions)

Reconciliation Statement.	As at 31.03.2009	As at 31.03.2008
iii) Gross Carrying Amount	0.49	0.35
iv) Accumulated depreciation	0.26	0.20
v) Gross carrying amount- Opening Balance	0.35	0.35
Less: - Accumulated Depreciation	0.19	0.13
Carrying amount	0.16	0.23
Additions during the year	0.13	Nil
Less: Amortization during the year	0.06	0.07
Carrying amount as on Balance sheet Date	0.23	0.16

21. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income. During the year the Corporation has provided ₹ 1396.07 Millions (previous year ₹ 774.10 millions) as deferred tax liability.

Major components of deferred tax liability as on 31.03.2009 are given as under:

(Rs in Millions)

Particulars	As at 31.03.2009	As at 31.03.2008
Deferred Tax Assets		
Leave Encashment	48.23	42.80
Provision for sick leave	19.83	4.30
Provision for Post Retirement Medical Benefits	26.33	26.33
Provision for fall in investments	4.48	0.89
Provision for other expenses	14.47	275.96

Total	113.34	350.28
Deferred Tax Liabilities		
Depreciation	34.52	31.05
Reserve under section 36 (i)(viii) of I.T Act	9645.67	8490.01
Total	9680.19	8521.06
Net Deferred Tax (Liability)/Asset	(9566.85)	(8170.78)
Deferred Tax Asset/(Liability) as on 31.3.2008	(8170.78)	(7396.68)
Net liability for the year charged in P&L	(1396.07)	(774.10)

22. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 Millions plus interest which if accrues shall be payable by MPSEB.
23. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.
24. The pay revision of the employees of the Corporation is due w.e.f. 1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and considered by Board of Directors an estimated additional provision 46.32 millions based on average salary (Previous year ₹ 81.68 millions) had been made towards wage revision arrears during the year and accordingly ₹ 128 millions is cumulatively available toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefit has been carried out considering the estimated revised wages.
25. The expenses of ₹ 64.40 millions incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
26. Details of provision as required in AS-29

	(₹ In millions)	
	As on 31/03/2009	As on 31/03/2008
(a) Interim Dividend		
As per last Balance Sheet	Nil	Nil
Addition during the year	1717.32	Nil
Amounts paid/utilised during the year	1717.32	Nil
Closing Balance	Nil	Nil
(b) Proposed Dividend		
As per last Balance Sheet	2575.98	1770.00
Addition during the year	-	2575.98
Amounts paid/utilised during the year	2575.98	1770.00
Closing Balance	Nil	2575.98
(c) Corporate Dividend Tax		
As per last Balance Sheet	437.79	300.81
Addition during the year	291.86	437.79
Amounts paid/utilised during the year	729.65	300.81
Closing Balance	Nil	437.79

27. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March 2009 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation on annual basis.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation on annual basis.

The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under:

Expense recognized in P&L A/c:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Current Service Cost	11.61	11.23	4.68	3.51	0.07	0.07
b) Interest Cost	11.04	10.42	12.85	10.80	0.11	0.12
c) Expected Return on Plan Assets	(13.50)	(11.00)	NIL	NIL	NIL	NIL
d) Acturial (Gain) Loss recognized in P&L A/c	(6.50)	11.14	38.52	43.36	0.33	0.47
e) Past Service Cost	94.85	NIL	NIL	NIL	NIL	NIL
f) Expensed recognized in P&L A/c	97.50	21.79	56.05	57.67	0.51	0.66

Amounts recognized in Balance Sheet:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Present value of obligation as at the end of year	264.00	157.75	224.48	183.54	1.75	1.53
b) Fair value of Plan Assets as at the end of the year	167.26	136.89	NIL	NIL	NIL	NIL
c) Difference (b - a)	(96.74)	(20.87)	224.48	(183.54)	(1.75)	(1.53)
d) Excess of actual over Estimated	(0.62)	NIL	NIL	NIL	NIL	NIL

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
e) Net Assets/ (Liability) recognized *(of gratuity trust)	(96.74)*	(20.87)	(224.48)	(183.54)	(1.75)	(1.53)

Changes in the Present value of defined benefit/ Obligation:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Present value of obligation as at the beginning of the period	157.75	130.24	183.54	135.03	1.53	1.46
b) Interest Cost	11.04	10.42	12.85	10.80	0.11	0.12
c) Past Service Cost	94.85	NIL	NIL	NIL	NIL	NIL
d) Current Service Cost	11.61	11.23	4.68	3.51	0.07	0.07
e) Benefit Paid	(4.13)	(5.28)	(15.12)	(9.15)	(0.29)	(0.59)
f) Net Actuarial Gain/ Loss	(7.12)	11.14	38.52	43.36	0.33	0.47
g) Present Value of defined benefit obligation at the end of the period	264.00	157.75	224.48	183.54	1.75	1.53

Changes in the Fair value of Plan Assets:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)	(31.03.09)	(31.03.08)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	157.75*	130.24	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	13.50	11.00	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.75	0.92	NIL	NIL	NIL	NIL
d) Benefit Paid	(4.13)	(5.28)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(0.62)	NIL	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as on 31.03.2009	167.26	136.89	NIL	NIL	NIL	NIL

Details of Plan Assets (Gratuity) at cost as on 31.03.2009:-

₹ In Millions

Particulars	Gratuity	
	(31.03.09)	(31.03.08)
a) Govt. of India Securities (both Central & State)	80.60	68.53
b) Corporate Bonds	70.74	56.72
c) Others	2.96	2.02
TOTAL	154.30	127.27

During the year the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 97.50 millions (Previous Year ₹ 16.99 millions), PRMF of ₹ 40.93 millions (Previous Year ₹ 48.52 millions) and to ODRB of ₹ 0.22 millions (Previous Year ₹ 1.53 millions)

OTHER EMPLOYEE BENEFITS :-

Provision for Earned Leave Encashment amounting to ₹ 16.01 millions (Previous Year ₹ 64.45 millions) and for sick leave ₹ 58.34 millions (Previous year ₹ 12.64 millions) for the year have been made on the basis of Actuarial Valuation at the year end and charged to P&L A/c.

In terms of AS-15 (revised 2005) on 'Employees benefits' LTC has been accounted for the basis of Actuarial valuation. Accordingly an amount of ₹ 2.12millions for the year has been made and charged to P&L A/c.

The effect of an increase/ decrease of one percent point on PRMF :-

₹ in millions		
Particulars	1% (+)	1% (-)
a) Service & interest Cost	2.26	(1.91)
b) PBO (Closing)	17.47	(15.21)

Actuarial Assumptions:-

Particulars	Gratuity	PRMF
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	7.00 (8.00)	7.00 (8.00)
c) Expected Rate of Return on Assets	8.56 (8.45)	NIL
d) Future salary increase	5.50 (5.50)	5.50 (5.50)

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

28. The Corporation does not have more than one reportable segment in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.

29. Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.

During current year interest earned of ₹ 293.40 millions (Previous Year ₹ 69.97 millions) including TDS of ₹ 65.90 millions (Previous Year ₹ 15.81 millions) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.

30. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself

31. Prepaid expenses and prior period expenses up to ₹ 0.50 millions amounting to ₹ 0.59 millions & ₹ 0.10 millions (net of income of ₹ 1.33 millions and expenditure of ₹ 1.24 millions) respectively have been charged to the natural heads of accounts. Due to change in accounting policy of recognizing prior period /prepaid items up to ₹ 0.50 millions to natural head of account, prior period and prepaid items have been decreased by ₹ 0.10 millions and increased by ₹ 0.59 millions respectively and there is no impact on profit.

32. The common employees/establishment cost and administration expenses of the subsidiaries company is apportioned by the Holding company on the following basis:-

For employees of holding company working on full time basis for subsidiary companies, total cost to the company (CTC) of employees on full time basis have been recognized as expenditure whereas for the employees of holding company working partially for the subsidiary companies, percentage of total cost of employees on part time basis according to the estimated time spent by these employees, have been recognized as expenditure on the basis of cost ratio details provided by holding company.

Interest on cost incurred by holding company on behalf of subsidiaries company is provided as per the average cost of borrowing (of the holding company excluding borrowing under section 54EC of the Income Tax Act).

Administrative overheads allocation of holding company has been taken on the basis of total basic salary of employees working in subsidiary companies multiplied by ratio of total overhead cost and the total basic salary of the holding company.

33. REC Transmission projects Ltd. has not yet commenced commercial operation.
34. In respect of the expenditure payments relating to subsidiary companies which are incurred by Holding Company, the statutory requirements with regard to Fringe Benefit Tax and deposit thereof as applicable are complied with by the Holding Company on behalf of the subsidiary companies. However the expenditure directly paid by the subsidiary companies is considered for fringe Benefit Tax and tax liability thereon is paid accordingly.
35. The subsidiary companies are wholly owned by the holding company. The Key Management Personnel of these companies are employees of the holding company deployed on part time basis.

The details of such key management personnel are as follows:

1. Sh. Rama Raman	Director
2. Sh. D.S.Ahluwalia	Director (w.e.f.04.04.2008)
3. Sh. Sanjeev Garg	Director
4. Sh. Ajeet Kumar Agarwal	Director (w.e.f.16.01.2009)
5. Sh. Prakash J.Thakkar	Director

36. Figures have been rounded off to the nearest millions.

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****CONSOLIDATED NOTES ON ACCOUNTS**

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
- REC Transmission Projects Co. Ltd. (RTPCL)	India	100%
- REC Power Distribution Co. Ltd. (RPDCL)	India	100%
- North Karanpura Transmission Co. Ltd.(NKTCL) (A wholly owned subsidiary of RTPCL) (Since sold after March 31, 2010)	India	100%
- Talcher II Transmission Company Ltd. (TTCL) (A wholly owned subsidiary of RTPCL) (Since sold after March 31, 2010)	India	100%
- Raichur Sholapur Transmission Company Ltd. (A wholly owned subsidiary of RTPCL)	India	100%

2. EARNING PER SHARE (EPS)

Particulars	2009-10	2008-09
Net profit after tax (₹ in millions)	20,222.53	12,735.26
Net Profit attributable to equity shareholders (₹ in millions)	20,222.53	12,735.26
Weighted Average number of equity shares	86,78,34,723	85,86,60,000
Basic and diluted earning per share (₹)	23.30	14.83
Face Value per equity shares (₹)	10	10

3. Contingent Liabilities not provided for in respect of:-

(₹ in millions)

S.No.	Particulars	As at 31.03.2010	As at 31.03.2009
(a)	Claims against the Corporation not acknowledged as debts, including ₹ 406.36 millions pending in various courts including arbitration cases as on 31.03.2010 (Previous year ₹ 3,460.53 millions) and	49.45	346.94
(b)	Estimated amount of the contracts remaining to be executed on capital account and not provided for	59.93	124.78
(c)	Others	17,655.97	13,426.30

The amount referred to in 3(a) above are dependent upon the outcome of settlement of court/arbitration cases.

The amount under 3(c) include ₹ 17,397.00 millions against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers, ₹ 155.77 millions pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers, ₹ 66.85 millions against demand raised by the Income tax Department for Assessment Year 2008-09 against Notice u/s 143(1) of Income Tax Act and ₹ 36.35 millions which was paid to the Income Tax Dept. against the demand raised by them on completion of

assessment for AY 2006-07 for which appeal has been filed with CIT (Appeals) and the amount paid has been shown as Advance Income Tax in Current Liabilities and Provisions schedule in the Balance Sheet.

4. Auditors' Remuneration includes:

(₹ in millions)			
S.No.	Particulars	Year ended 31.03.2010	Year ended 31.03.2009
a)	Audit fees – Current year	2.03	*** 1.79
b)	Tax Audit Fee (*exclusive of ₹ 2 millions paid to Tax auditors for Tax Audit of FY 2008-09)	* .48	.25
c)	Reimbursement of expenses	0.04	*** 0.19
	Payment for Other services (**including for FPO certification which has been set off against Securities Premium A/c)	** 1.68	0.23
d)	Total	4.23	*** 2.46

*** Payment to auditors for RTPCL, NKTCL & TTCL (total amounting ₹ 0.09 Millions) has been taken in CWIP

5. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
6. In order to bring all “systemically important” government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a ‘road map’ for compliance with various elements of the regulations governing NBFCs. However, the RBI had noted that the date from which our Corporation was required to comply with such regulations would be decided later. While our Corporation has submitted the said ‘road map’, to Ministry Of Power for onward submission/approval of RBI, it has sought exemption from compliance with the regulations governing NBFCs till the period of the 12th Five Year Plan (FY2017).

Further, on December 13, 2006 and February 21, 2009, our Board of Directors approved our adoption of prudential norms. Our prudential norms limit our exposure, separately, for private and state sector borrowers. For private sector borrowers, our exposure is restricted to any single borrower for up to 25% of our Corporation's owned funds and to a single group of companies for up to 50% of our Corporation's owned funds. In respect of loans to state sector borrowers, our maximum credit exposure varies from 100% to 250% of our Corporation's net worth, depending on entity appraisal and status of on bundling of the respective state utilities.
7. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 30.15 millions (Previous year ₹ 50.09 millions) and the societies are pursued to create the required Special Fund.
8. Balance confirmation has been received from most of the borrowers.
9. Income Tax as applicable in respect of Interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are transferable.
10. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 363.06 millions (Previous year ₹ 399.65 millions) are in the process of completion.
11. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC & Infra bonds) as on 31.03.2010 held in specified banks are ₹ 343.13 millions (previous year ₹ 502.53 millions).
12. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

13. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
14. The company has no outstanding liability towards Micro, Small and Medium undertakings.
15. Bond Redemption Reserve (BRR) has been created since in terms of clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
16. During the year, the Corporation has reduced cost of borrowing to the extent of ₹ 76.57 millions (Previous year ₹ 42.02millions) on account of swap (coupon only) transaction linked to rupee borrowing.

The Corporation had entered into various coupons only swap transactions and cross currency swap transactions. The Net Mark to Market position in respect of the above swap transactions as on 31.03.2010 is of ₹ 1,654.41 millions (favourable) (Previous year ₹ 2,427.13 millions favourable).

17. Directors' Remuneration:

(₹ in millions)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Salaries and Allowances	7.55	4.43
Perquisites/reimbursement	1.01	1.52
Retirement Benefits	Nil	0.67
Total	8.56	6.62

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 0.44 millions (Previous year ₹ 1.07 millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹ 1.07 millions (Previous year ₹ 1.42 millions).

18. Expenditure in Foreign Currency:

(₹ In millions)

Particulars	Year ended 31/03/2010	Year ended 31/03/2009
Royalty, Know-how, Professional, consultation fees	7.06	Nil
Interest	2.89	16.17
Finance Charges	41.19	7.90
Others Expenses	6.15	5.32
Total	57.29	29.39

All other information required under para 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

19. Investment include ₹ 120.85 Millions (previous year ₹ 144.70 millions) representing company's contribution in the units of Joint venture 'Small is Beautiful fund (SIB Fund) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 120.85 Millions	India	9.74 %

There is no further commitment for contribution.

20. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

- a. Amortisation Rate 20%;
100% in case of cost of asset is Rs 5,000 or less
- b. Amortisation Method Straight Line
- (₹ in Millions)
- Reconciliation Statement

S.No.	Particulars	As at 31.03.2010	As at 31.03.2009
i)	Gross Carrying Amount	43.36	0.49
ii)	Accumulated depreciation	3.92	0.26
iii)	Gross carrying amount- Opening Balance	0.52	0.35
iv)	Less: - Accumulated Depreciation	0.26	0.19
v)	Carrying amount	0.26	0.16
vi)	Additions during the period	42.83	0.13
vii)	Less: Amortization during the year	3.65	0.06
viii)	Carrying amount as on Balance sheet Date	39.44	0.23

22. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

- A. Components of deferred tax liability/ (assets) as on 31.03.2010 are given as under:-

(₹ In millions)

Particulars	As at 31/03/2010	As at 31/03/2009
Deferred Tax Assets (+)		
Provision for Earn Leave Encashment	62.36	48.24
Provision for Sick Leave	25.11	19.83
Provision for Post Retirement Medical Benefits (deduction not claimed pertaining to period prior to 2006-07)	26.33	26.33
Provision for fall in investments	0.82	4.48
Provision for Others	0.00	14.46
Total	114.62	113.34
Deferred Tax Liabilities (-)		
Depreciation	-41.02	-34.52
Reserve under section 36(i)(viii) of I.T Act	-	-9645.67
Total	-41.02	-9680.19
Net Deferred Tax Asset / (Liabilities)	73.60	-9566.85

- (B) The Company has started creating deferred tax liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the special Reserve created till financial year 2005-06 was also created in FY 2006-07 by transferring the amount from General Reserve.

The Company has passed a Board Resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS 22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the Company is not creating any deferred tax liability on the said reserve.

Now, considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax

Act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS22 of ICAI. Accordingly, the Corporation has not created deferred tax liability (DTL) of ₹ 1,556.47 millions on account of special reserve created and maintained under Section 36(1)(viii) of Income Tax Act, 1961, for the year ended on 31st March. 2010 and has also reversed the DTL of ₹ 9,645.67 millions created in earlier years on this account.

The reversal of DTL is done by crediting General reserve by ₹ 6,387.99 millions for the FYs up-to 2005-06 and through Profit and Loss Appropriation by ₹ 3,257.69 millions for the FY 2006-07 to FY 2008-09.

Had the Company followed the same Accounting treatment as in the earlier years, the Profit after Tax for the year ended 31.03.2010 would have been ₹ 186,66.07 millions against reported profit of ₹ 20,222.53 millions and the Reserve and Surplus would have been ₹ 1,03,641.62 millions as against reported reserve and surplus of ₹ 10,51,98.09 millions as on 31.03.2010.

23. In line with the decisions of Authority for Advance Ruling and Income Tax Appellate Tribunal for different assessment years, the Corporation has accounted for ₹ 569.02 millions towards refund of Income Tax and interest thereon due from the Income Tax Department out of which ₹ 256.21 millions has been received during this year.
24. Subsequent to settlement of liabilities of REC between MPSEB and CSEB on bifurcation of erstwhile State of MP, there is a legal dispute between them regarding sharing of dues, as a result of which CSEB has been claiming refund of approx. ₹ 1600 Millions plus interest which if accrues shall be payable by MPSEB.
25. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in most of the cases are to be executed amongst the Corporation, new entities and the State Governments.
26. The pay revision of the employees of the Corporation is due w.e.f.1st January 2007. Pending final calculation of revised pay scales (including perks) as notified by Govt. of India and approved by Board of Directors an estimated additional provision ₹ 202.62 millions based on average salary (Previous year ₹ 46.32 millions) had been made towards wage revision arrears during the year and accordingly ₹ 330.62 millions (previous year ₹ 128 millions) is cumulatively available toward provision for wage revision including for non executive employee for whom no such notification is available but there arrear have also been considered in line with such notification. Actuarial valuation of employees benefits and incentive have been carried out considering the estimated revised wages.
27. The expenses of ₹ 64.40 millions incurred up to 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
28. Details of provision as required in AS-29

Particulars	(₹ In millions)	
	As on 31.03.2010	As on 31.03.2009
(a) Interim Dividend		
As per last Balance Sheet	-	-
Addition during the year	2,575.98	1,717.32
Amounts paid/utilized during the year	2,575.98	1,717.32
Closing Balance	-	-
(b) Proposed Dividend		
As per last Balance Sheet	2,146.65	2,575.98
Addition during the year	3,456.61	2,146.65
Amounts paid/utilized during the year	2,146.65	2,575.98
Closing Balance	3,456.61	2,146.65
(b) Corporate Dividend Tax		
As per last Balance Sheet	364.82	437.79
Addition during the year	1,011.81	656.68
Amounts paid/utilized during the year	802.53	729.65
Closing Balance	574.10	364.82

29. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit scheme are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March, 2010 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility and Settlement benefits under which entitled employee (including spouse) are covered as per Corporation's rule. This is recognized in the profit & loss account on the basis of actuarial valuation.

d. Leave Travel Concession (LTC)

The Corporation has a scheme of providing LTC to employees and their dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

e. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. This is recognized in the profit & loss account on the basis of actuarial valuation.

The summarized position of various **defined benefit** recognized in the Profit & Loss Account, Balance sheet and the funded status are as under :

Expense recognized in P&L A/c:-

Particulars	₹ In Millions					
	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Current Service Cost	13.99	11.61	5.71	4.68	0.08	0.07
b) Interest Cost	19.80	11.04	16.84	12.85	0.13	0.11
c) Expected Return on Plan Assets	(24.37)	(13.50)	NIL	NIL	NIL	NIL
d) Acturial (Gain) Loss recognized in P&L A/c	27.70	(6.50)	45.28	38.52	0.33	0.33
e) Past Service Cost/	NIL	94.85	NIL	NIL	NIL	NIL
f) Expense recognized in P&L A/c	37.13	97.50	67.83	56.05	0.54	0.51

Expenses to be recognized in P&L A/c as per Actuary	: ₹ 37.13 millions
Less : Contributions received by the Gratuity Trust from other organizations for new employees	: ₹ 0.82 millions
Add : Amount recognized on account of employees exited From services from 01/01/2007 to 31/03/2009 on estimation basis	: ₹ 10.16 millions
Net Expenses recognized in P&L A/c	: ₹ 46.47 millions

Amounts recognized in Balance Sheet:-

Particulars	₹ In Millions					
	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the end of year	314.29	264.00	274.21	224.48	1.92	1.75
b) Fair value of Plan Assets as at the end of the year	277.98	167.26	NIL	NIL	NIL	NIL

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
c) Difference (b - a)	(36.31)	(96.74)	(274.21)	(224.48)	(1.92)	(1.75)
d) Net Assets/ (Liability) recognized *(of gratuity trust)	(36.31)	(96.74)	(274.21)	(224.48)	(1.92)	(1.75)

Liability to be recognized in Balance Sheet as per Actuary : ₹ 36.31 millions

Add : Liability recognized on account of employees exited from services from 1/01/2007 to 31/03/2009 on estimation basis : ₹ 10.16 millions

Total Liability recognized in Balance Sheet : ₹ 46.47 millions

Changes in the Present value of defined benefit/ Obligation:-

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Present value of obligation as at the beginning of the period	264.00	157.75*	224.48	183.54	1.75	1.53
b) Interest Cost	19.80	11.04	16.84	12.85	0.13	0.11
c) Past Service Cost	Nil	94.85	NIL	NIL	NIL	NIL
d) Current Service Cost	13.99	11.61	5.71	4.68	0.08	0.07
e) Benefit Paid	(10.54)	(4.13)	(18.10)	(15.12)	(0.37)	(0.29)
f) Net Actuarial (Gain)/ Loss	27.04	(7.12)	45.28	38.52	0.33	0.33
g) Present Value of defined benefit/ obligation as at the end of the period *(of gratuity trust)	314.29	264.00*	274.21	224.48	1.92	1.75

Changes in the Fair value of Plan Assets:-

Particulars	Gratuity		PRMF		ODRB	
	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)	(31.03.10)	(31.03.09)
a) Fair value of Plan Assets as at the beginning of the period *(of the gratuity trust)	264.00	157.75*	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	24.37	13.50	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.82	0.75	NIL	NIL	NIL	NIL
d) Benefit Paid	(10.54)	(4.13)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(0.66)	(.62)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the period *(of gratuity trust)	277.98	167.26*	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 46.47 millions (Previous Year ₹ 97.47 millions), PRMF of ₹ 49.73 millions (Previous Year ₹ 40.93 millions) and ODRB of ₹ 0.17 millions (Previous Year ₹ 0.22 millions)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to ₹ 20.97 millions (₹ 18.22 millions as per actuarial valuation and ₹ 2.75 millions on account of employees exited from service from 01.01.2007 to 31.03.2009) (Previous Year ₹ 16.01 millions) and for sick leave ₹ 15.54 millions (Previous year ₹ 58.34 millions) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

In terms of A.S-15 (revised 2005) on 'Employees benefits', LTC has been accounted for on the basis of Actuarial valuation. Accordingly, an amount of ₹ 1.98 millions (Previous year ₹ 2.12 millions) for the year has been made on the basis of Actuarial Valuation and charged to P&L A/c.

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

₹ in millions

Particulars	1% (+)	1% (-)
a) Service & interest Cost	2.47 (P.year 2.26)	(2.07) (P.year (1.91))
b) PBO (Closing)	36.96 (P.Year 17.47)	(30.96) (P. Year (15.21))

Actuarial Assumptions :-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	7.50 ((P.Year 7.00))	7.50 (P.Year 7.00)	7.50 (P.Year 7.00)
c) Expected Rate of Return on Assets	9.23 ((P.Year 8.56))	NIL (P. Year Nil)	NIL (P. Year Nil)
d) Future salary/ cost increase	5.50 ((P.Year 5.50))	5.50 (P. Year 5.50)	5.50 (P. Year 5.50)

- The Expected Rate on Return on Assets over the accounting period is assumed rate of return.
 - The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches of the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.
30. (A) Government of India has appointed REC as a nodal agency for implementation of RGGVY. The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
 - (B) During current year interest earned of ₹88.07 millions (previous year ₹ 293.40 millions) including TDS of ₹ 15.43 millions (previous year ₹ 65.90 millions) has been taken to RGGVY grant account and such TDS credits are being taken by REC for ultimately passing off the benefit of same to the credit of Govt. Funds.
 - (C) During the year the company has started recognizing the Income of Agency Charges (i.e.1% of project cost (inclusive of Service Tax) on RGGVY Schemes on the basis of the amount sanctioned by the Ministry of Power as per Accounting Policy 2.1.b. as against the earlier policy of recognition on the basis of disbursement of subsidy/loan. The change in the Accounting Policy has resulted in decrease of profit of current year by ₹ 11.84 millions (net of service tax).
 31. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.
 32. The Corporation has come up in February 2010 with Further Public Offering (FPO) of 17,17,32,000 Equity shares of ₹ 10 each at prices determined through the Alternate Book Building method. The issue comprised a fresh issue of upto 12,87,99,000 Equity shares and an offer for sale of 4,29,33,000 Equity shares by the President of India acting through Ministry of Power, Govt. of India. The fresh Equity shares were allotted in March 2010. Accordingly, Issued and Paid up Share Capital has increased from ₹ 8,586.60 millions to ₹ 9,874.59 millions and an amount of ₹ 24,991.82 millions (net of Issue expenses of ₹ 195.52 millions) has been taken to Securities Premium Account. Proceeds of the fresh issue of Equity shares have been utilized for the purposes mentioned in the Offer Document.
 33. The Expenditure amounting to ₹ 91.28 millions incurred on ERP system has been capitalized during the year w.e.f. 24th October 2009. The life of the Software has been considered as five years taking into consideration the fast technological developments for amortization. The residual value is considered as Nil.
 34. For Segment Reporting as per Accounting Standard 17 issued by the Institute of Chartered Accountants of India (ICAI), the Corporation's operations are classified into three business segments viz. Generation Loans, transmission & Distribution Loans and Others. The corporation does not have any geographical segments. The Corporation operates only in domestic geographical segments. Segment report for the year ended 31st March 2010 is as under :

(₹ in Millions)

Sl. No.	Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009
a.	Segment Revenue		
	1. Generation Loans	25,138.33	15,069.84
	2. T & D Loans	34,391.25	27,225.42
	3. Others	7,946.67	7,070.23
	Total	67,476.25	4,93,65.49
b.	Segment Results		
	1. Generation Loans	11,381.38	4,957.58
	2. T & D Loans	13,383.18	11,780.69
	3. Others	3,515.67	3,625.36
	Total	28,280.23	20,363.63
c.	Unallocated Expenses	1,472.61	1,140.02
d.	Profit Before Tax.	26,807.62	19,223.62
e.	Provision for Tax	6,585.09	6,488.36
f.	Profit After Tax	20,222.53	12,735.26
g.	Segment Assets		
	1. Generation Loans	2,38,475.71	1,85,914.74
	2. T & D Loans	3,64,173.27	2,83,952.31
	3. Others	75,345.51	62,774.96
	Total	6,77,994.49	5,32,642.01
h.	Segment Liabilities		
	1. Generation Loans	2,03,749.65	1,65,388.89
	2. T & D Loans	3,11,143.55	2,52,602.65
	3. Others	64,373.95	55,844.31
	Total	5,79,267.15	4,73,835.85

35. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to ₹ 17.80 millions is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

(₹ in millions)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP	For Accommodation
Not later than one year	3.99	13.66
Later than one year and not later than 5 years	15.49	60.13
Later than 5 years	Nil	37.67
Total	19.48	111.46

36. As part of hedging strategy, the company has executed in some cases Interest Rate Swap on fixed interest rate domestic rupee borrowings to lower cost by taking benefit of interest rate movement. The INR value of the outstanding borrowings on which such Swaps have been executed is ₹ 12,500 millions. as on 31.03.2010.

In respect of foreign currency borrowings, the company has executed cross currency swaps to fully hedge the risk of exchange rate and interest rate variation. The outstanding position of such cross currency swaps as at 31st March 2010.

No. of Contracts	Borrowings outstanding as on 31.03.2010 in foreign currency	INR Equivalent
3	JPY 40,319 Million	16,586.50 Millions
1	Euro 64.16 Million	4,177.20 millions

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

37. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of ₹ 43,050.90 millions are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that

agreement. Refinance loan of ₹ 8,700 millions availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-passu charge on the receivables charged to these Trustees.

38. The Capital Adequacy Ratio of the Rural Electrification Corporation Ltd. as on 31st March 2010 is 16.64% (previous year 11.60%)
39. No loan has been rescheduled during the current year. The movement of the loans rescheduled in the earlier years are as under:-

Particulars	As at 31.03.2010	No. of accounts	As at 31.03.2009	No. of accounts
Opening balance		9		11
Principal	22,802.99		23,364.10	
Interest	10,116.99		11,017.25	
Additions during the year		0		
Interest accrued	3,023.76		3,463.10	
Received during the year *				
Principal	2,968.10		562.01	
Interest	5,515.07		4,363.36	
Closing balance		8		9
Principal	19,834.89		22,802.99	
Interest	7,625.68		10,116.99	

* Also includes one (previous year two) fully prepaid cases.

40. EC Transmission projects Ltd. has not yet commenced commercial operation.
41. The subsidiary companies are wholly owned by the holding company. The Key Management Personnel of these companies are employees of the holding company deployed on part time basis.

The details of such key management personnel are as follows:

REC Transmission Projects Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	Continuing
2.	Sh. Rama Raman	Director	08.01.2007	Continuing
3.	Sh. Ajeet Kumar Agarwal	Director	27.12.2008	Continuing
4.	Sh. Prakash J Thakkar	Director	08.01.2007	Continuing

North Karanpura Transmission Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	30.12.2008	Continuing
2.	Ms. Valli Natrajan	Director	23.04.2007	Continuing
3.	Ms. Harinder Kaur Chani	Director	23.04.2007	Continuing
4.	Sh. T.S.C. Bosh	Addl. Director	09.09.2009	Continuing
5.	Sh. V.K.Singh	Addl. Director	09.09.2009	Continuing

Talcher II Transmission Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	01.05.2007	Continuing
2.	Ms. Valli Natrajan	Director	01.05.2007	Continuing
3.	Ms. Harinder Kaur Chani	Director	01.05.2007	Continuing
4.	Sh. T.S.C. Bosh	Addl. Director	09.09.2009	Continuing
5.	Sh. V.K.Singh	Addl. Director	09.09.2009	Continuing

Raichur Sholapur Transmission Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. Prakash J Thakkar	Chairman & Director	19.11.2009	Continuing
2.	Sh. Subodh Garg	Director	19.11.2009	Continuing
3.	Sh. Salil Kumar	Director	19.11.2009	Continuing

REC Power Distribution Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	Continuing
2.	Sh. Rama Raman	Director	12.07.2007	Continuing
3.	Sh. Sanjiv Garg	Director	10.08.2007	Continuing
4.	Sh. D.S.Ahluwalia	Director	04.04.2008	29.09.2009
5.	Sh. Rakesh K Arora	Director	29.09.2009	Continuing

42. Pursuant to the Ministry of power, Govt. of India approval vide letter no. 15/2/2010-Trans dated 17th March 2010, two subsidiary companies of REC Transmission Projects Ltd. namely North Karampura Transmission Company Ltd. and Talcher II Transmission company Ltd. will be transferred to the successful bidder M/s. Reliance power Transmission Ltd. during the next financial year. The successful bidder shall acquire 100% of the Equity shares of the respective companies alongwith all respective companies assets and liabilities.
43. (a) In the case of a Subsidiary, REC Power Distribution Company Ltd., the accounting policy in respect of "Revenue Recognition" has been changed. Accordingly, Mobilization Advance is excluded from Revenue recognition and the work completed but not billed is accounted for. This resulted in decrease in Income recognition by ₹ 59.98millions.
- (b) In the case of a Subsidiary, the REC Transmission Projects Company Ltd. Accounting policy provides that Professional charges to be charged from each of the selected bidders/developers for Transmission projects put on Tariff based bidding will be accounted for in the year of transfer of projects specific subsidiary company to them. As the controlling point of revenue recognition in such transactions, the point of time when it is reasonably certain that the ultimate collection of professional charges will be made, the said accounting policy has been modified during the year. Accordingly, professional charges of ₹ 300 millions received/ receivable during the current year has been accounted for.
44. Figures have been rounded off to the nearest Rupees millions.

RURAL ELECTRIFICATION CORPORATION LIMITED**SCHEDULE '17'****CONSOLIDATED NOTES ON ACCOUNTS**

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
- REC Transmission Projects Co. Ltd. (RTPCL)	India	100%
- REC Power Distribution Co. Ltd. (RPDCL)	India	100%

2. EARNING PER SHARE (EPS)

Particulars	2010-11	2009-10
Net profit after tax (₹ in millions)	25,848.93	20,222.53
Net Profit attributable to equity shareholders (₹ in millions)	25,848.93	20,222.53
Weighted Average number of equity shares	98,74,59,000	86,78,34,723
Basic and diluted earning per share (₹)	26.18	23.30
Face Value per equity shares (₹)	10	10

3. Contingent Liabilities not provided for in respect of:-

(Rs₹ in millions)			
S.No.	Particulars	As at 31.03.2011	As at 31.03.2010
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 49.91 millions pending in various courts including arbitration cases as on 31.03.2011 (Previous year ₹ 40.64 millions)	51.30	49.45
(b)	Others	14226.55	1,76,55.97

The amount referred to in 3(a) above is dependent upon the outcome of settlement of court/arbitration cases.

The amount under 3 (b) includes ₹ 13,527 millions (Previous year ₹ 17,397 millions) against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers and ₹ 482.04 millions (previous year ₹ 155.77 millions) pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers.

The amount under 2(b) also includes ₹ 217.52 millions (previous year ₹ 36.35 millions) against various demands raised by the Income Tax Department pursuant to Assessment Orders for Assessment years 2003-04, 2006-07 and 2008-09. Appeals have been filed against these orders with CIT(Appeals) by the company. Refund is also due to the company for various assessment years starting from 1998-99 to 2004-05. Out of the refunds are to the company for AYear 2004-05, a sum of ₹ 66.95 millions has been adjusted by the Income Tax Department against the demands for Assessment Years 2003-04 & 2008-09 and accordingly the adjustment has been made in the books of accounts by treating this sum as Advance Income Tax.

4. Estimated amount of the contracts remaining to be executed on capital account and not provided for as at March 31, 2011 is ₹133.16 millions (previous year ₹ 59.93 millions).
5. Auditors' Remuneration includes:

(₹ in millions)			
S.No.		Year ended 31.03.2011	Year ended 31.03.2010
a)	Audit fees – Current period	1.93	2.03
b)	Tax Audit Fee (**exclusive of ₹ 0.2 millions paid to Tax Auditors for Tax Audit of FY 2008-09)	0.42	0.48**
c)	Reimbursement of expenses	0.22	0.04
d)	Payment for Other services (# Inclusive of Certification Fee of ₹1.50 millions for ECB documentation) (*** including for FPO certification Which has been set off against Securities Premium A/c.)	1.95 #	1.68***
	Total	4.52	4.23

6. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
7. On December 13, 2006, our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. However, in order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 has granted exemption to REC from Prudential Exposure Norms in respect of Central and State entities in Power Sector till March 31, 2012.

Further, RBI, vide its letter dated September 17, 2010, has categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector would be 25% of owned funds in case of a single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). Accordingly, the Prudential Norms have been modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI in respect of Central and State Entities in power sector, our maximum credit exposure limits to such Utilities varies from 50% to 250% of our net worth, depending upon entity appraisal and status of unbundling of the respective State Utilities.
8. There has been shortfall in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 29.06 millions (Previous year ₹ 30.15 millions) and the societies are pursued to create the required Special Fund.
9. Balance confirmation has been received from some of the borrowers.
10. Income Tax as applicable in respect of Interest Accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
11. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 45.88 millions (Previous year ₹ 363.06 millions) are in the process of completion.

12. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC Bonds) as on 31.03.2011 held in specified banks are ₹ 237.57 millions (previous year ₹ 343.13 millions).
13. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
14. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.
15. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.
16. No Bond Redemption Reserve (BRR) has been created since in terms of clarification issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
17. As part of hedging strategy, the Corporation has executed, in some cases, interest rate swaps from fixed to floating to lower cost by taking benefit of interest rate movement. The INR value of outstanding borrowing on which such swap has been exercised is Rs56,500 Millions.

During the year ended 31.03.2011, the Corporation has reduced cost of borrowing to the extent of ₹ 411.47 millions (Previous year ₹ 76.57 millions) on account of swap (coupon only) transactions linked to rupee borrowing.

The Net Mark to Market position in respect of the above swap transactions as on 31.03.2011 is of ₹ 2,619.53 millions (favorable) (Previous year ₹ 1,654.41 millions favorable).

In respect of foreign currency borrowings, the company has executed cross currency swaps to hedge the Foreign Currency Exposure.

The outstanding position of Foreign Currency Exposure on 31.03.2011 is as under:

	Total		Hedged (Currency & Interest rate)		Unhedged	
Currency	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)
JPY	47,697.36	19,975.10	44,316.43	18,128.96	3,380.92	1,846.15
EURO	58.95	3,848.43	58.95	3,848.43	-	-
USD	1,170.00	52,915.31	200.00	8,944.81	970.00	43,970.49
Total		76,738.84		30,922.20		45,816.64

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

18. Directors' Remuneration:

	(₹ in millions)	
	Year ended 31.03.2011	Year ended 31.03.2010
Salaries and Allowances	13.66	7.55
Perquisites/reimbursement	1.57	1.01
Retirement Benefits	2.27	Nil
Total	17.50	8.56

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 0.77 millions (Previous year ₹ 0.44 millions) due from Directors of the Corporation, maximum amount outstanding during the year ₹1.12 millions (Previous year ₹ 1.07 millions).

19. Expenditure in Foreign Currency:

(₹ In millions)

Particulars	As at 31/03/2011	As at 31/03/2010
Royalty, Know-how, Professional, consultation fees	Nil	7.06
Interest	312.70	2.89
Finance Charges	502.38	41.19
Others Expenses	7.68	6.15
Total	822.76	57.29

All other information required under paras 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

20. (A) Investments include ₹ 87.34 Millions (previous year ₹ 120.85 Millions) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the year, 33,51,613 units (previous year 23,84,981 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 87.34 Millions	India	9.74%

There is no further commitment for contribution.

- (C) Information in relation to the interest of the Corporation in Joint Venture as required under Accounting Standard –27 issued by ICAI:

Investments also include ₹ 6.25 millions (Previous year ₹ 6.25 millions) representing Corporation's contribution in the equity of Joint Venture Company "Energy Efficient Services Limited" (EESL) promoted by Ministry of Power. This represents the 25% equity of EESL as on March 31, 2011. Corporation has also made application for allotment of further Equity amounting to ₹ 243.75 millions for which Shares are yet to be allotted. The Corporation is not having material control on the day to day operations of the Joint Venture Company though it has significant influence on the company. Accordingly, the investment is accounted for at cost.

21. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining a Interest Subsidy Fund Account and is claiming subsidy from Govt. of India at net present value calculated at indicative rates in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of difference between the indicative rate and period considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

i)	Amortisation Rate	20%; 100% in case the cost of asset is ₹ 5,000 or less
ii)	Amortisation Method	Straight Line

(₹ in Millions)

<u>Reconciliation Statement.</u>	As at 31.03.2011	As at 31.03.2010
Gross Carrying Amount	43.40	43.36
Accumulated depreciation	12.56	3.92
Gross carrying amount- Opening Balance	43.36	0.52
Less: - Accumulated Depreciation	3.92	0.26
Carrying amount	39.44	0.26

Additions during the year	0.04	42.83
Less: Amortization during the year	8.64	3.65
Carrying amount as on Balance Sheet Date	30.84	39.44

23. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

(A) Components of deferred tax Assets/ Liabilities as on 31.03.2011 are given as under:-

₹ In millions)		
Particulars	As at 31/03/2011	As at 31/03/2010
Deferred Tax Assets (+)		
Provision for Earned Leave Encashment	71.41	62.36
Provision for Sick Leave	31.08	25.11
Provision for Post Retirement Medical Benefits	25.73	26.33
Provision for Pension Scheme	44.20	0
Provision for fall in investments	0	0.82
Total	172.42	114.62
Deferred Tax Liabilities (-)		
Depreciation	-44.81	-41.02
Total	-44.81	-41.02
Net Deferred Tax Asset(+) / (Liabilities) (-)	127.61	73.60

- (B) The Company had started creating Deferred Tax Liability (DTL) on special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, from financial year 2006-07 onwards. DTL for the Special Reserve created till financial year 2005-06 was also created in Financial year 2006-07 by transferring the amount from General Reserve.

The Corporation has passed a Board Resolution that it has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS-22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, Company is not creating any deferred tax liability on the said reserves.

Considering the opinions given by the various concerned authorities and also the practice followed by the other similarly placed institutions of not creating deferred tax liability (DTL) on account of special reserve created and maintained under Section 36(1)(viii) of Income tax act, 1961, the Corporation is of the view that there is no requirement of DTL as per AS22 of ICAI. Accordingly, the Corporation has reversed the DTL of ₹ 9645.67 millions created in the earlier years on this account in Financial Year 2009-10.

24. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in some of the cases are to be executed amongst the Corporation, new entities and the State Governments.
25. The expenses of ₹ 64.40 millions incurred up to Financial Year 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
26. Details of provision as required in AS-29

(₹ In millions)		
	As on 31/03/2011	As on 31/03/2010
(a) Interim Dividend		
As per last Balance Sheet	-	-
Addition during year	3456.11	2575.98
Amounts paid/utilized during the year	3456.11	2575.98
Closing Balance	-	-

	As on 31/03/2011	As on 31/03/2010
(b) Proposed Dividend		
As per last Balance Sheet	3456.61	2146.65
Addition during year	3950.34	3456.61
Amounts paid/utilized during the year	3456.61	2146.65
Closing Balance	3950.34	3456.61
(c) Corporate Dividend Tax		
As per last Balance Sheet	574.10	364.83
Addition during the year	1214.86	1011.80
Amounts paid/utilized during the year	1148.12	802.53
Closing Balance	640.85	574.10
(d) Income Tax		
Opening Balance	18024.31	10972.78
Additions during the year	9156.18	7051.53
Amounts paid/utilized during the year	5.27	-
Closing Balance	27175.22	18024.31
(e) Wealth Tax		
Opening Balance	3.60	3.38
Additions during the year	3.52	3.60
Amounts paid/utilized during the year	3.55	3.38
Closing Balance	3.57	3.60
(f) FBT		
Opening Balance	3.61	3.61
Additions during the year	-	-
Amounts paid/utilized during the year	-	-
Closing Balance	3.61	3.61
(g) Economic Rehabilitation Scheme		
Opening Balance	-	-
Additions during the year	20.59	-
Amounts paid/utilized during the year	-	-
Closing Balance	20.59	-
(h) Long Service Award		
Opening Balance	-	-
Additions during the year	23.70	-
Amounts paid/utilized during the year	-	-
Closing Balance	23.70	-
(i) Pension Scheme		
Opening Balance	-	-
Additions during the year	133.05	-
Amounts paid/utilized during the year	-	-
Closing Balance	133.05	-

	As on 31/03/2011	As on 31/03/2010
(j) Leave Encashment		
Opening Balance	183.45	162.48
Additions during the year	46.95	36.94
Amounts paid/utilized during the year	15.42	15.97
Closing Balance	214.98	183.45
(k) Wage Revision		
Opening Balance	330.62	128.00
Additions during the year	-	202.62
Amounts paid/utilized during the year	330.62	-
Closing Balance	-	330.62
(l) Gratuity		
Opening Balance	46.47	97.50
Additions during the year	29.00	46.47
Amounts paid/utilized during the year	46.47	97.50
Closing Balance	29.00	46.47
(m) Leave Travel Concession		
Opening Balance	24.26	22.28
Additions during the year	-	1.98
Amounts paid/utilized during the year	24.26	-
Closing Balance	-	24.26
(n) Settlement Allowance		
Opening Balance	1.91	1.75
Additions during the year	0.43	0.54
Amounts paid/utilized during the year	0.23	0.37
Closing Balance	2.11	1.92
(o) Incentives		
Opening Balance	333.57	136.58
Additions during the year	163.98	196.99
Amounts paid/utilized during the year	333.57	-
Closing Balance	163.98	333.57
(p) Medical Leave		
Opening Balance	86.52	70.98
Additions during the year	21.62	22.15
Amounts paid/utilized during the year	1.94	6.60
Closing Balance	106.21	86.52
(q) Post Retirement Medical Scheme		
Opening Balance	274.21	224.48
Additions during the year	124.17	67.83
Amounts paid/utilized during the year	24.32	18.10
Closing Balance	374.06	274.21
(r) Ex – Gratia		

	As on 31/03/2011	As on 31/03/2010
Opening Balance	63.95	42.57
Additions during the year	-	21.38
Amounts paid/utilized during the year	62.94	-
Closing Balance	1.01	63.95

27. The Corporation has adopted AS15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust. As per Actuarial report, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 31st March 2011 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The Corporation has Post Retirement Medical Facility under which retired employee (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

d. Employees Family Economic Rehabilitation scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement /death if the same takes place while the employee is in service of the company. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

e. Scheme for Long service Award to the employees.

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation.

f. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement at the time of superannuation at home town for employees and dependents. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

The summarized position of various defined benefit recognized in the Profit & Loss Account, Balance Sheet and the funded status are as under:

Expense recognized in P&L A/c:-

(₹ In Millions)

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Current Service Cost	15.46	13.99	5.97	5.71	0.09	0.08
b) Interest Cost	25.96	19.80	21.94	16.84	0.15	0.13
c) Expected Return on Plan Assets	(27.71)	(24.37)	NIL	NIL	NIL	NIL
d) Acturial (Gain) Loss recognized	15.29	27.70	96.26	45.28	0.19	0.33

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
in P&L A/c						
e) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
f) Expensed recognized in P&L A/c	29.00	37.13	124.17	67.83	0.43	0.54

Amounts recognized in Balance Sheet:-

(₹ In Millions)

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Present value of obligation as at the end of the year	341.49	314.29	374.06	274.21	2.11	1.92
b) Fair value of Plan Assets as at the end of the year	312.96	277.98	NIL	NIL	NIL	NIL
c) Difference (b - a)	(28.53)	(36.31)	(374.06)	(274.21)	(2.11)	(1.92)
d) Net Assets/ (Liability) recognized (of gratuity trust)	(28.53)*	(36.31)	(374.06)	(274.21)	(2.11)	(1.92)

Changes in the Present value of defined benefit/ Obligation:-

(₹ In Millions)

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Present value of obligation as at the beginning of the year	324.46	264.00	274.21	224.48	1.92	1.75
b) Interest Cost	25.96	19.80	21.94	16.84	0.15	0.13
c) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
d) Current Service Cost	15.46	13.99	5.97	5.71	0.09	0.08
e) Benefit Paid	(36.11)	(10.54)	(24.32)	(18.10)	(0.23)	(0.37)
f) Actuarial Gain/ Loss on obligation	11.73	27.04	96.26	45.28	0.19	0.33
g) Present Value of defined benefit obligation at the end of the year	341.49	314.29	374.06	274.21	2.11	1.92

Changes in the Fair value of Plan Assets:-

(₹ In Millions)

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
a) Fair value of Plan Assets as at the beginning of the year *(of the gratuity trust)	* 324.46	* 264.00	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	27.71	24.37	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.47	0.82	NIL	NIL	NIL	NIL

Particulars	Gratuity		PRMF		ODRB	
	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)	(31.03.11)	(31.03.10)
d) Benefit Paid	(36.11)	(10.54)	NIL	NIL	NIL	NIL
e) Acturial gain (Loss) on Plan Assets	(3.56)	(0.66)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the year	312.96	277.98	NIL	NIL	NIL	NIL

During the year, the corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 29.00 millions (Previous Year ₹ 46.47 millions), PRMF of ₹ 124.17 millions (Previous Year ₹ 49.73 millions) and ODRB of ₹ 0.43 millions (Previous Year ₹ 0.17 millions)

OTHER EMPLOYEE BENEFITS :-

During the year, Provision for Earned Leave Encashment amounting to ₹ 46.95 millions (Previous Year ₹ 20.97 millions), provision for sick leave amounting to ₹ 21.62 Millions (Previous year ₹ 15.54 millions), Provision for Economic Rehabilitation allowance amounting to ₹ 20.59 millions (Previous Year Nil) and Provision for Long Service Award amounting to ₹ 23.70 millions (Previous Year Nil) have been made on the basis of Actuarial Valuation and charged to P&L A/c.

No provision for LTC has been made this year since after the implementation of 2nd Pay Revision Committee Recommendations; LTC has now become a part of the monthly perquisites being paid with the salary.

The effect of an increase/ decrease of one percent point on PRMF:-

Particulars	31.3.2011	31.03.2010	31.03.2011	31.03.2010
	1% (+)		1% (-)	
a) Service & interest Cost	4.09	2.47	(3.46)	(2.07)
b) PBO (Closing)	50.11	3.96	(43.82)	(30.96)

Actuarial Assumptions:-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	8.00 ((P.Year 7.50)	8.00 (P.Year 7.50)	8.00 (P.Year 7.50)
c) Expected Rate of Return on Plan Assets	8.54 ((P.Year 9.23)	NIL (P.Year Nil)	NIL (P.Year Nil)
d) Future salary increase	6.00 ((P.Year 5.50)	6.00 (P.Year 5.50)	6.00 (P.Year 5.50)

- The Expected Rate of Return on Assets over the accounting year is assumed rate of return.
 - The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the accounting date with a term that matches the liabilities and the salary Growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.
28. (A) Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyut Yogna (RGGVY). The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
- (B) During the current year, interest earned of ₹ 114.30 millions (previous year ₹ 88.07 millions) including TDS nil (Previous year ₹ 15.44 millions) has been taken to RGGVY Subsidy account.
29. During the year, the Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the year itself.

30. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
31. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of these amounting to ₹10.15 millions is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

(₹ in millions)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP 31.03.2011	For Data Centre for ERP 31.03.2010	For Accommodations 31.03.2011	For Accommodations 31.03.2010
Not later than one year	4.96	3.99	14.15	13.66
Later than one year and not later than 5 years	11.58	15.49	64.98	60.13
Later than 5 years	Nil	Nil	41.49	37.67
Total	16.54	19.48	120.62	111.46

32. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 25th January 2008. However, certain specific receivables of ₹ 27,673.60 millions (Previous year ₹43050.90) are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of ₹ 18,700 millions (Previous Year ₹ 8,700 millions) availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-pasu charge on the receivables charged to these Trustees.
33. The Capital Adequacy Ratio of the Corporation as on March 31, 2011 is 19.09% (previous year 16.05%)
34. The movement of the loans rescheduled are as under:-

(₹ in Millions)

Particulars	As at 31.03.2011	No. of accounts	As at 31.03.2010	No. of accounts
<u>Opening balance</u>		14		9
Principal	70050.16		2,28,02.99	
Interest	7844.54		1,01,16.99	
Additions during the year(New Accounts)		3		6
<u>Opening balance</u>				
Principal	10114.61		41896.97	
Interest	83.14		0.00	
Additions during the year				
Principal	5905.03		8791.49	
Interest Accrued	9956.17		7331.84	
Received during the Year *				
Principal	3830.36		3441.29	
Interest	10710.14		9604.29	
<u>Closing balance</u>				
Principal	82239.44	16	70050.16	14
Interest	7173.71		7844.54	

* Also includes one (Previous Year one) fully pre-paid case.

35. The subsidiary companies are wholly owned by the holding company. The Key Management Personnel of these companies are employees of the holding company deployed on part time basis.
- The details of such key management personnel are as follows:

REC Transmission Projects Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	15.6.2010
2.	Dr.J.M.Phatak	Chairman & Director	15.6.2010	16.4.2011
3.	Sh. Rama Raman	Director	08.01.2007	04.04.2010
4.	Sh. Ajeet Kumar Agarwal	Director	27.12.2008	Continuing
5.	Sh. Prakash J Thakkar	Director	08.01.2007	Continuing

REC Power Distribution Company Limited

S.No.	Name	Designation	Date of Appointment	Date of Separation
1.	Sh. P. Uma Shankar	Chairman & Director	01.03.2008	15.06.2010
2.	Dr.J.M.Phatak	Chairman & Director	15.6.2010	16.4.2011
3.	Sh. Rama Raman	Director	12.07.2007	04.04.2010
4.	Sh. Prakash J Thakkar	Director	23.04.2010	Continuing
5.	Sh. Sanjiv Garg	Director	10.08.2007	Continuing
6.	Sh. Rakesh K Arora	Director	29.09.2009	22.03.2011

36. The following Subsidiary companies of REC Transmission Projects Company Limited were sold during the year.

- 1 North Karanpura Transmission Company Limited
(Transferred on 20.5.2010 to M/s. Reliance Power Transmission Limited)
- 2 Talcher-II Transmission Company Limited
(Transferred on 27.04.2010 to M/s. Reliance Power Transmission Limited)
- 3 Raichur Sholapur Transmission Company Ltd.
(Transferred on 7.01.2011 to the Consortium of M/s.Patel Engineering Ltd.,M/s.Simplex Infrastructure Ltd. & M/s.BS Transco Ltd.)

37. Figures have been rounded off to the nearest Rupees millions.

SCHEDULE '17'

**For the six months ended
September 30, 2011**

RURAL ELECTRIFICATION CORPORATION LIMITED

CONSOLIDATED NOTES ON ACCOUNTS

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

Name of the subsidiary company /joint venture entities	Country of Incorporation	Proportion of ownership Interest
Name of the subsidiaries		
- REC Transmission Projects Company Ltd.	India	100%
- REC Power Distribution Company Ltd.	India	100%
Name of the Joint Ventures		
- Energy Efficiency Services Limited	India	25%

REC Transmission Projects Company Limited (REC TPCL) forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, *a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future.* Therefore, the financial statements of the subsidiaries of REC Transmission Projects Company Limited (namely Vemagiri Transmission System Limited) have not been consolidated with the financial statements of the Company.

2. In terms of Accounting Standard No. 20 issued by the Institute of Chartered Accountants of India, Earnings per share (Basic and Diluted) is worked out as under:

(₹ In Millions)		
Numerator	As at 30.09.2011	As at 30.09.2010
Profit after Tax as per Profit and Loss Account	12,890.85	12,080.86
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share (₹ per share)	13.05	12.23

3. Contingent Liabilities not provided for in respect of:-

(₹ in Millions)			
S.No.	Particulars	As at 30.09.2011	As at 30.09.2010
(a)	Claims against the Corporation not acknowledged as debts, (including ₹ 47.67 millions pending in various courts including arbitration cases as on 30.09.2011 (Previous year ₹ 69.23 millions)	47.67	69.48
(b)	Others	51,859.77	19,302.31

The amount referred to in 3(a) above is dependent upon the outcome of settlement of court/arbitration cases.

The amount under 3(b) includes ₹ 50,853.05 millions (Previous year ₹ 18,700.20 millions) against Letters of Comfort issued to various Banks for opening of Letters of credit to procure generation equipment against loan sanctioned by the Corporation to its borrowers and ₹ 701.80 millions (Previous year ₹ 281.29 millions) pertain to the difference in the interest rate being charged on private parties that have not been graded and whose loans are being charged at the highest rate applicable to the lowest graded borrowers.

The amount under 3(b) also includes ₹ 304.91 milions (Previous year ₹ 320.82 millions) against various demands raised by the Income Tax Department pursuant to Assessment Orders for Assessment Years 2001-02, 2003-04, 2006-07 and 2008-09. Appeals have been filed against these orders with CIT (Appeals) by the Corporation. Refund is also due to the Corporation for various assessment years starting from 1998-99 to 2004-05 on various issues decided in our favor by ITAT/AAR. The Income Tax Department has processed the refund for Assessment years 1998-99, 2001-02, 2002-03 and 2004-05 and a sum of ₹ 294.59 millions has been adjusted by the Income Tax Department against the demand for Assessment Years 2001-02, 2003-04 and 2008-09 and accordingly, the adjustment has been made in the books of accounts by treating this sum as Advance Income Tax.

4. Estimated amount of the contracts remaining to be executed on capital account and not provided for as at September 30, 2011 is ₹ 67.68 millions (Previous year ₹ 70.13 millions).
5. The Corporation is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No. DNBS (PD), CC No. 12/D2.01/99-2000 dated 13.1.2000 of RBI, Govt. Companies conforming to Section 617 of the Companies Act have been exempted from applicability of the provisions of RBI Act 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and prudential norms. The said notification is also applicable to REC, being a Govt. Company conforming to Section 617 of the Companies Act, 1956. Moreover in view of the non applicability of the provisions of section 45 (I) C of the RBI Act, 1934 regarding creation of Reserve Fund, the Reserve Fund is not created.
6. On December 13, 2006, our Board of Directors approved Corporation's Prudential Norms and amendments thereto were approved on February 21, 2009 and September 25, 2010. However, in order to bring all "systemically important" government-owned NBFCs within the framework of the prudential norms, the RBI had advised our Corporation on December 12, 2006 to submit a 'road map' for compliance with various elements of the regulations governing NBFCs. The Corporation submitted the road map to RBI through the Ministry of Power and RBI, vide its letter dated June 29, 2010 has granted exemption to REC from Prudential Exposure Norms in respect of Central and State entities in Power Sector till March 31, 2012.

Further, RBI, vide its letter dated September 17, 2010, has categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector would be 25% of owned funds in case of a single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively. REC is also required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). Accordingly, the Prudential Norms have been modified with the approval of our Board on September 25, 2010. In view of the exemption granted by RBI in respect of Central and State Entities in power sector, our maximum credit exposure limits to such Utilities varies from 50% to 250% of our net worth, depending upon entity appraisal and status of unbundling of the respective State Utilities.

7. There has been shortfall (gross) in creation of Special Fund by some of the RE Cooperative Societies amounting to ₹ 57.05 millions (Previous year ₹ 56.82 millions) and the societies are pursued to create the required Special Fund.
8. Balance confirmation has been received from some of the borrowers.
9. Income Tax as applicable in respect of Interest accrued on bonds is deducted at source at the time of actual payment of interest to the bond holders since such bonds are freely transferable.
10. The formalities regarding registration of conveyance deeds etc. in respect of some of the Land & Building acquired by the Corporation amounting to ₹ 45.88 millions (Previous year ₹ 45.88 millions) are in the process of completion.
11. In terms of Accounting Policy No. 10.2, the balances in respect of Interest Warrants Accounts (both for institutional and 54EC Bonds) as on 30.09.2011 held in specified banks are ₹ 69.70 millions (Previous year ₹ 19.68 milions).
12. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
13. Provision for impairment loss as required under Accounting Standard-28 on impairment of Assets is not necessary as in the opinion of management there is no impairment of the Corporation's Assets in terms of AS-28.

14. The Corporation has no outstanding liability towards Micro, Small and Medium undertakings.
15. No Bond Redemption Reserve (BRR) has been created since in terms of clarifications issued by the Department of Company Affairs, Govt. of India vide no.6/3/2001-CL.V dated 18.4.2002, BRR 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.
16. As part of hedging strategy, the company has executed, in some cases, interest rate swaps from fixed to floating to lower the cost by taking benefit of interest rate movement. The INR value of outstanding borrowing on which such swap has been exercised is ₹ 56,500 millions.

During the half year ended 30.09.2011, the Corporation has reduced cost of borrowing to the extent of ₹ 599.01 millions (Previous year ₹ 153.84 millions) on account of swap (coupon only) transactions linked to rupee borrowing.

The Net Mark to Market position in respect of the above swap transactions as on 30.09.2011 is of ₹ 7,171.27 millions (favorable) (Previous year ₹ 4,114.78 millions favorable).

In respect of foreign currency borrowings, the company has executed cross currency swaps to hedge the Foreign Currency Exposure.

The outstanding position of Foreign Currency Exposure on 30.09.2011 is as under

Currency	Total		Hedged (Currency & Interest rate)		Unhedged	
	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)	Foreign Currency (in millions)	INR Equivalent (in millions)
JPY	46,714.63	20,320.32	46,714.63	20,320.32	-	-
EURO	55.26	3,621.74	55.26	3,621.74	-	-
USD	1,470.00	67,225.10	1,220.00	54,993.78	250.00	12,231.33
Total		91,167.16		78,935.84		12,231.33

The portion of Foreign Currency Loans swapped into Indian rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate.

17. Pursuant to the notification G.S.R. No. 914(E) dated 29.12.2011 issued by the Ministry of Corporate Affairs, Govt. of India amending Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates', the Company has exercised the option under Para 46A of the amended AS-11 and changed the accounting policy w.e.f. 01.04.2011 to amortize the exchange differences on the long term foreign currency monetary items over their balance tenure.

However, the effect of the change in accounting policy has not been adjusted in the accounts for the half year ending 30.09.2011 since no such condition existed as on the balance sheet date. According to Para 8.3 of Accounting Standard 4 '*Contingencies and Events Occuring After the Balance Sheet Date*', adjustments to assets and liabilities are not appropriate for events occurring after the balance sheet date, if such events do not relate to conditions existing at the balance sheet date.

If the effect of change in accounting policy was adjusted in the financial statements for the half year ending 30.09.2011, the profit before tax for the half year had been higher by ₹ 10,09.09 millions.

18. Directors' Remuneration:

	(₹ in millions)	
	Period ended 30.09.2011	Period ended 30.09.2010
Salaries and Allowances	5.33	5.93
Perquisites/reimbursement	0.78	1.62
Retirement Benefits	Nil	Nil
Total	6.11	7.55

The Chairman and Managing Director and other whole time Directors have also been allowed to use Staff car including for private journey(s) up to a ceiling of 1000 kms per month on payment of monthly charges of ₹ 780/- per month as per DPE guidelines.

Loans and Advances include ₹ 1.04 Millions (Previous year ₹ 0.26 Millions) due from Directors of the Corporation, maximum amount outstanding during the period ₹ 1.14 Millions (Previous year ₹ 0.44 Millions).

19. Auditors' Remuneration includes:

(₹ in millions)			
S.No.		Period ended 30.09.2011	Period ended 30.09.2010
a)	Audit fees – Current period	.88	.62
b)	Tax Audit Fee	-	-
c)	Reimbursement of expenses	0.00	0.06
d)	Payment for Other services	0.42	.32
	Total	1.30	1.00

20. Expenditure in Foreign Currency:

(₹ In Millions)		
Particulars	Period ended 30.09.2011	Period ended 30.09.2010
Royalty, Know-how, Professional, consultation fees	8.11	Nil
Interest	915.71	9.75
Finance Charges	407.32	334.46
Others Expenses	3.41	3.26
Total	1334.55	347.47

All other information required under paras 4(c) and 4(d) of Part II of the Schedule VI of the Companies Act, 1956 are either Nil or not applicable.

21. (A) Investments include ₹ 87.34 millions (Previous year ₹ 98.91 Millions) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited. During the period, Nil units (Previous year 1,26,08,932.50 units) were redeemed.

Name of the Company	Contribution towards Fund	Country of Residence	Proportion of ownership
SIB Fund of KSK Energy Ventures Ltd	₹ 87.34 Millions	India	9.74%

There is no further commitment for contribution.

- (B) Information in relation to the interest of the Corporation in Joint Venture as required under Accounting Standard –27 issued by ICAI:

2. Energy Efficiency Services Ltd.

Proportion of Interest	25%
Country of Incorporation	India

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 30.09.2011 and income and expenses for the period in respect of joint venture based on the unaudited accounts are given below :

(₹ In millions)	
Total Assets	284.46
Total Liabilities	25.17
Total Reserves & Surplus	9.29
Contingent Liabilities	-
Capital Commitments	-
Total Income	13.29
Total Expenses	6.15

Corporation has also made application for allotment of further Equity amounting to ₹ 243.75 millions for which shares are yet to be allotted.

22. Related Party Disclosure:

The subsidiary companies are wholly owned by the holding company. The Key Management Personnel of these companies are employees of the holding company deployed on part time basis.

The details of such key management personnel are as follows:

REC Transmission Projects Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Seperation
1.	Sh. H. D. Khunteta	Chairman & Director	16.04.2011	29.11.2011
2.	Sh. J.M. Phatak	Chairman & Director	15.06.2010	16.04.2011
3.	Sh. Ajeet Kumar Agarwal	Director	27.12.2008	Continuing
4.	Sh. Prakash J. Thakkar	Director	08.01.2007	Continuing

REC Power Distribution Company Limited

S. No.	Name	Designation	Date of Appointment	Date of Seperation
1.	Sh. H. D. Khunteta	Chairman & Director	16.04.2011	29.11.2011
2.	Sh. J.M. Phatak	Chairman & Director	15.06.2010	16.04.2011
3.	Sh. Prakash J. Thakkar	Director	23.04.2010	Continuing
4.	Sh. Sanjiv Garg	Director	10.08.2007	Continuing

23. Subsidy Under Accelerated Generation & Supply Programme (AG&SP): -

The Corporation is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.03 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

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

i)	Amortisation Rate	20%; 100% in case the cost of asset is ₹ 5,000 or less
ii)	Amortisation Method	Straight Line

(₹ in Millions)		
<u>Reconciliation Statement.</u>	As at 30.09.2011	As at 30.09.2010
Gross Carrying Amount	43.60	43.39
Accumulated depreciation	16.93	8.24
Gross carrying amount- Opening Balance	43.59	43.36
Less: - Accumulated Depreciation	12.58	3.92
Carrying amount	31.01	39.44
Additions during the year	0.01	0.04
Less: Amortization during the year	4.36	4.32
Carrying amount as on Balance Sheet Date	26.66	35.16

25. The Corporation has been providing for deferred tax assets / liabilities in terms of Accounting Standard No. 22 on Accounting for Taxes on Income.

Components of Deferred Tax Assets/ Liabilities as on 30.09.2011 are given as under :-

(₹ In Millions)		
Particulars	As at 30.09.11	As at 30.09.10
Deferred Tax Assets (+)		
Provision for Earned Leave Encashment	70.21	61.26
Provision for Sick Leave	32.74	26.41
Provision for Post Retirement Medical Benefits	25.13	25.73

Particulars	As at 30.09.11	As at 30.09.10
Provision for Pension Scheme	49.60	0
Provision for fall in investments	0.00	0.56
Preliminary Expenses	0.02	
Total	177.70	113.96
Deferred Tax Liabilities (-)		
Depreciation	-43.85	-41.87
Total	-43.85	-41.87
Net Deferred Tax Asset(+) / (Liabilities) (-)	133.85	72.09

(B) The Corporation has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference as per AS-22 issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, Company is not creating any deferred tax liability on the said reserves.

26. Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities and transfer agreements in some of the cases are to be executed amongst the Corporation, new entities and the State Governments.
27. The expenses of ₹ 64.40 millions incurred up to Financial Year 2006-07 on RGGVY implementation were adjusted out of interest earned on such funds. The Corporation had approached MOP for regularization of above adjustments which is still pending. The management considers that amount is still recoverable from Govt. of India.
28. Details of provision as required in AS-29

(₹ In Millions)		
	As on 30.09.2011	As on 30.09.2010
(a) Proposed Dividend		
As per last Balance Sheet	3,950.34	3,456.61
Addition during period	-	-
Amounts paid/utilized during the period	3,950.34	3,456.61
Closing Balance	-	-
(b) Corporate Dividend Tax		
As per last Balance Sheet	640.85	574.10
Addition during the period	-	-
Amounts paid/utilized during the period	640.77	574.02
Closing Balance	0.08	0.08
(c) Income Tax		
Opening Balance	27,175.22	18,024.31
Additions during the period	4,498.59	4,241.71
Amounts paid/utilized during the period	.40	-
Closing Balance	31,673.42	22,266.02
(e) Wealth Tax		
Opening Balance	3.57	3.60
Additions during the period	1.97	1.80
Amounts paid/utilized during the period	3.74	3.55
Closing Balance	1.80	1.85
(f) FBT		
Opening Balance	3.61	3.61

	As on 30.09.2011	As on 30.09.2010
Additions during the period	-	-
Amounts paid/utilized during the period	-	-
Closing Balance	3.61	3.61
(g) Economic Rehabilitation Scheme		
Opening Balance	20.59	-
Additions during the period	.64	-
Amounts paid/utilized during the period	.56	-
Closing Balance	20.67	-
(h) Long Service Award		
Opening Balance	23.70	-
Additions during the period	8.18	-
Amounts paid/utilized during the period	0.64	-
Closing Balance	31.24	-
(i) Pension Scheme		
Opening Balance	1,33.05	-
Additions during the period	19.81	-
Amounts paid/utilized during the period	-	-
Closing Balance	1,52.86	-
(j) Leave Encashment		
Opening Balance	214.98	183.45
Additions during the period	14.48	8.03
Amounts paid/utilized during the period	13.05	7.06
Closing Balance	216.41	184.42
(k) Wage Revision		
Opening Balance	-	330.62
Additions during the period	-	84.58
Amounts paid/utilized during the period	-	48.55
Closing Balance	-	366.65
(l) Gratuity		
Opening Balance	29.00	46.47
Additions during the period	21.02	30.78
Amounts paid/utilized during the period	29.00	46.47
Closing Balance	21.02	30.78
(m) Leave Travel Concession		
Opening Balance	-	24.26
Additions during the period	-	-
Amounts paid/utilized during the period	-	24.26
Closing Balance	-	-
(n) Settlement Allowance		
Opening Balance	2.12	1.92

	As on 30.09.2011	As on 30.09.2010
Additions during the period	0.24	0.18
Amounts paid/utilized during the period	0.13	0.10
Closing Balance	2.23	2.00
(o) Incentives		
Opening Balance	163.98	333.57
Additions during the period	68.20	72.93
Amounts paid/utilized during the period	126.76	126.14
Closing Balance	105.42	280.36
(p) Medical Leave		
Opening Balance	106.21	86.52
Additions during the period	10.05	6.81
Amounts paid/utilized during the period	2.73	1.19
Closing Balance	113.53	92.14
(q) Post Retirement Medical Facility		
Opening Balance	374.06	274.21
Additions during the period	56.77	66.93
Amounts paid/utilized during the period	11.27	11.46
Closing Balance	419.56	329.68
(r) Ex – Gratia		
Opening Balance	1.01	63.95
Additions during the period	-	-
Amounts paid/utilized during the period	-	62.76
Closing Balance	1.01	1.19

29. The Corporation has adopted AS-15 (revised 2005) 'Employees Benefit'. Defined employee benefit schemes are as follows:

a. Provident Fund

Corporation pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust. As per Actuarial report, the fair value of the assets of the Provident fund including the returns of the assets thereof, as at 30th September, 2011 is greater than the obligation under the defined contribution plan.

b. Gratuity

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

c. Post-Retirement Medical Facility (PRMF)

The corporation has Post Retirement Medical Facility under which entitled retired (including his/her spouse) are covered as per Corporation's rule. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

d. Employees Family Economic Rehabilitation scheme

The Corporation has a scheme to provide monetary benefit and support to the family of an employee in case of his/her permanent total disablement/ death if the same takes place while

the employee is in service of the Corporation. The expenditure is recognized in the Profit & Loss account on the basis of actuarial valuation.

e. Scheme for Long service Award to the employees.

The Corporation has a scheme for Long service Award to the employees on completion of milestones of continuous service of 10 years, 20 years and 30 years in the corporation. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

f. Other Defined Retirement Benefit (ODRB)

The Corporation has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the profit & loss account on the basis of actuarial valuation.

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

Expense recognized in P&L A/c:-

Particulars	₹ In Millions					
	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Current Service Cost	8.04	7.10	6.70	2.84	0.05	0.04
b) Interest Cost	13.66	12.98	14.96	10.97	0.09	0.08
c) Expected Return on Plan Assets	(12.69)	(14.23)	NIL	NIL	NIL	NIL
d) Acturial (Gain) Loss recognized in P&L A/c	12.01	24.93	35.11	53.13	0.11	0.07
e) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
f) Expensed recognized in P&L A/c	21.02	30.78	56.77	66.94	0.24	0.18

Amounts recognized in Balance Sheet:-

Particulars	₹ In Millions					
	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Present value of obligation as at the end of the period	356.47	313.89	419.56	329.68	2.23	2.00
b) Fair value of Plan Assets as at the end of the period	306.97	330.05	NIL	NIL	NIL	NIL
c) Difference (b - a)	(49.50)	16.16	(419.56)	(329.68)	(2.23)	(2.00)
d) Net Assets/ (Liability) recognized (*of gratuity trust)	(49.50)*	16.16*	(419.56)	(329.68)	(2.23)	(2.00)

Changes in the Present value of defined benefit/ Obligation:-

Particulars	₹ In Millions					
	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Present value of obligation as at the beginning of the period	341.49	324.46	374.06	274.21	2.11	1.92
b) Interest Cost	13.66	12.98	14.96	10.97	0.09	0.08
c) Past Service Cost	Nil	Nil	NIL	NIL	NIL	NIL
d) Current Service Cost	8.04	7.10	6.69	2.84	0.05	0.04
e) Benefit Paid	(18.54)	(52.94)	(11.27)	(11.46)	(0.13)	(0.10)
f) Actuarial Gain/ Loss	11.82	22.30	35.11	53.13	0.11	0.07

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
on obligation						
g) Present Value of defined benefit obligation at the end of the period	356.47	313.89	419.56	329.68	2.23	2.00

Changes in the Fair value of Plan Assets:-

₹ In Millions

Particulars	Gratuity		PRMF		ODRB	
	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)	(30.09.11)	(30.09.10)
a) Fair value of Plan Assets as at the beginning of the year *(of the gratuity trust)	* 312.96	* 324.46	NIL	NIL	NIL	NIL
b) Expected return on Plan Assets	12.69	14.23	NIL	NIL	NIL	NIL
c) Actual Company Contribution	0.05	0.47	NIL	NIL	NIL	NIL
d) Benefit Paid	(18.54)	(6.47)	NIL	NIL	NIL	NIL
e) Actuarial gain (Loss) on Plan Assets	(0.19)	(2.63)	NIL	NIL	NIL	NIL
f) Fair value of Plan Assets as at the end of the period (* of gratuity trust)	306.97	330.05*	NIL	NIL	NIL	NIL

During the period, the Corporation has provided Liability towards Contribution to the Gratuity Trust of ₹ 21.02 millions (Previous year ₹ 30.78 millions), PRMF of ₹ 56.77 millions (Previous year ₹ 66.94 millions) and ODRB of ₹ 0.24 millions (Previous year ₹ 0.18 millions).

OTHER EMPLOYEE BENEFITS :-

During the period, provision for earned leave encashment amounting to ₹ 14.48 millions (Previous year ₹ 8.03 millions), provision for sick leave amounting to ₹ 10.05 millions (Previous year ₹ 6.81 millions), provision for economic rehabilitation scheme amounting to ₹ 0.64 millions (Previous year Nil) and provision for long service award amounting to ₹ 8.18 millions (Previous year Nil) have been made on the basis of actuarial valuation and charged to P&L A/c.

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

₹ in millions

Particulars	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	1% (+)		1% (-)	
a) Service & interest Cost	5.71	2.06	(5.10)	(1.70)
b) PBO (Closing)	52.07	44.44	(46.98)	(37.21)

Actuarial Assumptions:-

Particulars	Gratuity	PRMF	ODRB
a) Method used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
b) Discount rate	8.00% (P.Year 8.00%)	8.00% (P.Year 8.00%)	8.00% (P.Year 8.00%)
c) Expected Rate of Return on Plan Assets	8.11% (P.Year 8.77%)	NIL (P.Year Nil)	NIL (P.Year Nil)
d) Future salary increase	6.00% (P.Year 6.00%)	6.00% (P.Year 6.00%)	6.00% (P.Year 6.00%)

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

30. (A) Government of India has appointed REC as a nodal agency for implementation of Rajiv Gandhi Gramin Vidyut Yogna (RGGVY). The funds received for disbursement to various agencies under such schemes are kept in a separate bank account. The undisbursed funds and interest earned thereto are classified as current liabilities.
- (B) During the current year, interest earned of ₹ 130.94 millions (Previous year ₹ 49.27 millions) including TDS Nil (Previous year Nil) has been taken to RGGVY Subsidy account.
31. During the year, Corporation has invested its surplus funds with the Public Mutual Funds in Liquid Scheme and Liquid Plus Scheme. The same have been disinvested during the period itself.
32. The Corporation's main business is to provide finance to power sector. Accordingly, the Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard No.17 issued by the Institute of Chartered Accountants of India.
33. The Corporation has taken office accommodations and space for ERP Data Centre. These are classified as operating lease. Lease payment in respect of office accommodations amounting to ₹ 8.04 millions is shown under the head 'Administration Expenses' in Schedule 15. Future lease payments in respect of these lease agreements are as under:

(₹ in millions)

Maturity profile of future minimum lease rent payments	For Data Centre for ERP 30.09.2011	For Data Centre for ERP 30.09.2010	For Accommodations 30.09.2011	For Accommodations 30.09.2010
Not later than one year	14.24	4.89	13.75	15.58
Later than one year and not later than 5 years	9.69	13.71	66.96	71.33
Later than 5 years	Nil	Nil	6.66	50.40
Total	23.93	18.60	87.37	137.31

34. The Bond Series and other secured borrowings are secured by a charge on the receivables, both present and future, in favour of IDBI Trusteeship Services Ltd. and IL&FS Trust Company Ltd., on the basis of joint hypothecation agreement dated 24th September 2010. However, certain specific receivables of ₹ 27,673.60 millions (Previous year ₹27,673.60 millions) are hypothecated in favour of IL&FS Trust Company Ltd. in terms of that agreement. Refinance loan of ₹ 18,700 millions (Previous year ₹ 8,700 millions) availed from IIFCL shall also be covered under the same agreement with regard to pooling of securities and IIFCL shall have pari-pasu charge on the receivables charged to these Trustees.
35. Adequacy Ratio of the Corporation as on September 30, 2011 is 17.26% (Previous year 20.61%).
36. The movement of the loans rescheduled are as under:-

₹ in Millions.

Particulars	As at 30.09.2011	No. of accounts	As at 30.09.2010	No. of accounts
<u>Opening balance</u>		16		8
Principal	82,239.44		19,834.89	
Interest	7,173.71		7,625.68	
<u>Additions during the year</u>		0		0
Principal	5,377.86		0.00	
Interest Accrued	5,167.52		1,311.03	
<u>Received during the Year</u>				
Principal	2,791.53		135.35	
Interest	5,395.20		1,723.23	
<u>Closing balance</u>		16		7
Principal	84,825.77		19,699.54	
Interest	6,946.03		7,213.48	

37. Previous year figures have been regrouped/rearranged/recasted, wherever necessary, to make them comparable with the current year's figures.
38. Figures have been rounded off to the nearest millions.

Annexure VII - Statement of Accounting Ratios - Consolidated

Description	(₹ in Millions)				
	As at/For the Half Year ended 30.09.2011	As at/ For the Year ended 31.03.2011	As at/ For the Year ended 31.03.2010	As at/ For the Year ended 31.03.2009	As at/ For the Year ended 31.03.2008
Basic and Diluted Earning per Share (₹) (Annualised) [Net Profit after Tax/ Weighted average number of shares outstanding during the year]	26.11	26.18	23.30	14.83	10.96
(a) Net Profit after tax	12,890.85	25,848.93	20,222.53	12,735.26	8,619.26
(b) Weighted average number of shares outstanding during the year	98,74,59,000	98,74,59,000	86,78,34,723	85,86,60,000	78,63,74,301
Return on Average Net Worth (%) (Annualised) [Net Profit after Tax/ Average Net Worth X 100]	19.14%	21.60%	23.38%	22.03%	18.37%
(a) Net Profit after tax	12,890.85	25,848.93	20,222.53	12,735.26	8,619.25
(b) Net Worth (Shareholders Funds)	1,41,170.66	1,28,274.40	1,11,042.56	61,932.22	53,694.87
(c) Average Net Worth	1,34,722.53	1,19,658.48	86,487.39	57,813.55	46,910.99
Net Asset Value per Share (₹) [Net Worth/ Number of equity shares at the end of the period]	142.96	129.90	112.45	72.13	62.53
(a) Net Worth (Shareholders Funds)	1,41,170.65	1,28,274.40	1,11,042.56	61,932.22	53,694.87
(b) Number of equity shares at the end of the period	98,74,59,000	98,74,59,000	98,74,59,000	85,86,60,000	85,86,60,000
Debt to Equity Ratio [Total Debt/ Net Worth]	5.36	5.46	5.04	7.26	6.38
(a) Total debt outstanding	7,56,202.10	7,00,038.21	5,59,482.28	4,49,359.58	3,42,827.86
(b) Net Worth (Shareholders Funds)	1,41,170.65	1,28,274.40	1,11,042.56	61,932.22	53,694.87
Long Term Debt to Equity Ratio [Long Term Debt/ Net Worth]	5.34	5.46	4.76	6.84	6.17
(a) Long term debt outstanding	7,53,202.10	7,00,038.21	5,28,682.28	4,23,409.58	3,31,547.86
(b) Net Worth (Shareholders Funds)	1,41,170.65	1,28,274.40	1,11,042.56	61,932.22	53,694.87

ANNEXURE-VIII
Statement of Dividend – Consolidated

(₹ in Millions)

Description	Half year ended 30.09.2011	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008
Equity Share Capital (As at Period End)	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60
Amount of Dividend					
Interim Dividend	-	3,456.11	2,575.98	1,717.32	-
Final Dividend	-	3,950.34	3,456.61	2,147.15	2,575.98
Total	-	7,406.45	6,032.59	3,864.47	2,575.98
Rate of Dividend (for REC Ltd.)	-	75.00%	65.00%	45.00%	30.00%
Corporate Dividend Tax	-	1,214.78	1,011.80	656.77	437.79

Annexure IX - Capitalization Statement – Consolidated

Description	(₹ in Millions)				
	As at 30.09.2011	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
Debt					
Short Term Debt *	3,000.00	-	30,800.00	25,950.00	11,280.00
Long Term Debt	7,53,202.10	7,00,038.21	5,28,682.28	4,23,409.57	3,31,547.86
Total Debt	7,56,202.10	7,00,038.21	5,59,482.28	4,49,359.57	3,42,827.86
Shareholders Funds					
Share Capital	9,874.59	9,874.59	9,874.59	8,586.60	8,586.60
Reserves & Surplus	1,31,296.06	1,18,399.81	1,01,167.97	53,345.62	45,108.27
Total Shareholders Funds	1,41,170.65	1,28,274.40	1,11,042.56	61,932.22	53,694.87
Long Term Debt to Equity Ratio [Long Term Debt/Shareholders' Funds]	5.34	5.46	4.76	6.84	6.17
Debt to Equity Ratio [Total Debt/Shareholders' Funds]	5.36	5.46	5.04	7.26	6.38

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks.

APPENDIX – II
CREDIT RATINGS AND RATIONALE



CONFIDENTIAL

Ref.no. MS/FSR/REC/2011-12/1616

February 21, 2012

Mr. D.S. Ahluwalia
Executive 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. Ahluwalia,

Re: CRISIL Rating for the Rs.280.0 Billion Long Term Borrowings Programme (enhanced from Rs.255.0 Billion)* of Rural Electrification Corporation Limited.

We refer to your request for a rating for the captioned Debt Programme.

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

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

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

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

With warm regards,

Yours sincerely,


Somasekhar Vemuri
Head – Ratings


Manish Saraf
Manager – Financial Sector Ratings

* Subject to total long term bank borrowing and borrowing under the rated long term bonds programme not exceeding Rs.280.0 Billion at any point in time during the year 2011-12 (refers to financial year, April 1 to March 31). Additionally, total incremental borrowings (short term and long term) not to exceed Rs.280.0 Billion during the year 2011-12.

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crisil.com or at (+91 22) 6691 3001 – 09.

CRISIL Limited

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Web: www.crisil.com



Rating Rationale

February 27, 2012

Mumbai

Rural Electrification Corporation Limited

Rated Amount Enhanced

Rs.280 Billion Long-Term Borrowing Programme [^] (Enhanced from Rs.255 Billion)	CRISIL AAA/Stable
Rs.230 Billion Long-Term Borrowing Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.250 Billion Long-Term Borrowing Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.130 Billion Long-Term Borrowing Programme	CRISIL AAA/Stable (Reaffirmed)
Bond Programme Aggregating Rs.506 Billion	CRISIL AAA/Stable (Reaffirmed)
Rs.90 Billion Non-Convertible Debenture Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.2.25 Billion Tax-Free Bond Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.2.75 Billion Taxable Bond Programme	CRISIL AAA/Stable (Reaffirmed)
Rs.100 Billion Short-Term Debt Programme [@]	CRISIL A1+ (Reaffirmed)

[^]Subject to the total incremental long-term bank borrowings and borrowings under the rated long-term debt programme not exceeding Rs.280 billion during 2011-12 (refers to financial year, April 1 to March 31); additionally, total incremental borrowings (short term and long term) not to exceed Rs.280.0 billion during 2011-12

[@] Includes short-term bank borrowing; total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.100 billion at any point during 2011-12

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

REC is strategically important to GoI because it is the nodal agency for channeling finance towards GoI's rural electrification programme carried out under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). The company also plays a developmental role in channelling finance to meet the power sector's large funding requirements; REC is the second-largest lender to the sector, with a share of around 17 per cent. GoI supports the company financially and operationally in various ways, including conferring special status to raise capital gains tax exemption bonds. CRISIL believes that GoI has strong strategic reason and moral obligation to extend support to REC, both on an ongoing basis and in the event of distress, given REC's role in implementing GoI's power sector policies and GoI's majority ownership in the company (66.8 per cent as on December 31, 2011).

CRISIL Complexity Levels are assigned to various types of financial instruments. The CRISIL Complexity Levels are available on www.crisil.com/complexity-levels. Investors are advised to refer to the CRISIL Complexity Levels for instruments that they desire to invest in. Investors may also call the CRISIL Helpline at +91 22 3342 3047 / + 91 22 3342 3064 with queries on specific instruments.

REC's credit risk profile is supported by its sound resource profile, with competitive borrowing costs and a diversified, albeit wholesale, resource base. Its cost of borrowings is better than that of its peers; REC's borrowing cost was around 8.1 per cent (on an annualised basis) for the first nine months of 2011-12 (refers to financial year, April 1 to March 31; 7.7 per cent for 2010-11). REC's capitalisation remains comfortable, thereby providing cushion against asset-side risks arising from its high sectoral and customer concentration. Its absolute net worth was Rs.142.7 billion as on December 31, 2011. The company's capitalisation is supported by healthy accruals, as reflected in its return on net worth ratio of around 20 per cent (on an annualised basis) during the nine months ended December 31, 2011 (21.5 per cent in 2010-11). REC's comfortable net worth will support its growth plans, while it maintains adequate gearing over the medium term. REC's comfortable profitability is supported by its ability to maintain healthy interest spreads and low operating expenses ratio. Its net profitability margin (NPM), has consistently been healthy over the past few years; its NPM was around 3.1 per cent in 2010-11 (2.9 per cent in 2009-10).

However, REC caters only to the power sector, with around 82 per cent of its advances to SPUs as on December 31, 2011. REC's top 10 customers accounted for about 47 per cent of its advances as on March 31, 2011. REC's customers, primarily SPUs, have weak inherent asset quality because of their poor financial risk profiles. The aggregate losses (excluding subsidy) of all the state power utilities were around Rs.526 billion in 2008-09 and is estimated to have increased over the past two years. While REC has taken various measures, including exposure limits and increased lending to generation projects (which have relatively lower risks than transmission and distribution projects) to mitigate the impact of asset side risks, these measures only partially offset the risks, as its sectoral concentration remains and the SPUs' financial risk profiles remain weak. REC has also increased its quantum of lending to private players to diversify its customer profile. However, given the long gestation period of the projects, and uncertainties related to regulatory clearances, fuel linkages, and financial closure, CRISIL believes that REC will reap the benefits of financing private power sector projects only over the long term.

Outlook: Stable

CRISIL believes that REC will continue to benefit from GoI's support, given REC's strategic role in the implementation of GoI's power sector initiatives and majority ownership in the company. REC is also likely to maintain its comfortable capitalisation and earnings. The outlook may be revised to 'Negative' if there is a decline in REC's strategic importance to, or support from, GoI. The outlook may also be revised to 'Negative' if there is deterioration in REC's asset quality or profitability.

About the Company

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

For 2010-11, REC reported a total income (net of interest expense) and a profit after tax (PAT) of Rs.36.4 billion and Rs.25.7 billion respectively, against Rs.28.0 billion and Rs.20.0 billion respectively for the previous year. For the nine months ended December 31, 2011, REC reported a total income (net of interest expense) and a PAT of Rs.30.3 billion and Rs.20.6 billion respectively, compared with Rs.26.1 billion and Rs.18.7 billion respectively for the corresponding period of the previous year.

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Last updated: March 31, 2011

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www.careratings.com

February 21, 2012

Dear Sir,

Revalidation of rating for Market Borrowing Programme for FY11-12

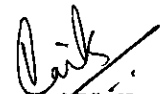
2. CARE hereby reaffirms 'CARE AAA' [Triple A] / 'CARE A1+' rating to the market borrowing programme for FY11-12 of Rs.28,000 crore of Rural Electrification Corporation Ltd. **Details in Annexure I.**
3. Out of the total market borrowing programme for FY11-12, a sub-limit of Rs.2,500 crore is earmarked for short term / long term borrowing.
4. Instruments rated 'CARE AAA' [Triple A] are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for long & medium term instruments and explanatory notes are given in **Annexure II.**
5. Instruments rated 'CARE A1+' [A One Plus] are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Our rating symbols for various ratings for short term instruments and explanatory notes thereon are given in **Annexure III.**
6. Please inform us the details of the issue [date/s of issue, name of investor/s (not in public issue), amounts issued, interest rate/s, date of payment of interest/ repayment, etc] as soon as it is placed.
7. Kindly arrange to submit to us a copy of each of the documents pertaining to the bond issue, including the offer document and the trust deed.

8. Please arrange to get the rating revalidated, in case the issue is not made within a period of six months in case of long term instruments and two months in case of short term instruments from the date of this letter.
9. 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.
10. 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 publicise/disseminate such suspension/withdrawal/revision in the assigned ratings in any manner considered appropriate by it, without reference to you.
11. CARE ratings are not recommendations to buy, sell or hold any security.

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

Thanking you,

Yours faithfully,



Pankaj Naik
[Manager]



Anuj Jain
[Senior Manager]

Disclaimer

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Annexure I

Particulars	Amount Raised (Rs. crore)	Amount Unutilized (Rs. crore)
Market Borrowing Programme for FY11-12 of Rs.28,000 crore	23500	4500

Annexure II
Explanatory Notes Regarding Rating Symbols of CARE
Long /Medium -term instruments (NCD/FD/CD/SO/CPS/RPS)

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

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

Annexure III

Short-term debt rating definitions

Symbols	Rating Definition
CARE A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
CARE A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry low credit risk.
CARE A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations. Such instruments carry very high credit risk and are susceptible to default.
CARE D	Instruments with this rating are in default or expected to be in default on maturity.

Modifier {"+" (plus)} can be used with the rating symbols for the categories CARE A1 to CARE A4. The modifier reflects the comparative standing within the category.

February 20, 2012

CARE REAFFIRMS AAA' RATING TO THE OUTSTANDING LONG/SHORT BOND ISSUES OF RURAL ELECTRIFICATION CORPORATION LTD

Ratings

Instruments	Amount Outstanding as on March 31, 2011 (Rs. Crore)	Rating ¹	Remarks
Market Borrowing Programme of FY'05	951.79	CARE AAA	Reaffirmed
Market Borrowing Programme of FY'06	3781.2	CARE AAA	Reaffirmed
Long Term Market Borrowing Programme of FY'07	783.7	CARE AAA	Reaffirmed
Short term market borrowing programme of FY'07	-----	-----	Withdrawn
Long Term Market Borrowing Programme of FY'08	1568.3	CARE AAA	Reaffirmed
Short term market borrowing programme of FY'08	-----	-----	Withdrawn
Long Term Market Borrowing programme of FY'09	11634.83	CARE AAA	Reaffirmed
Short term market borrowing programme of FY'09	-----	----	Withdrawn
Long Term Market Borrowing programme of FY'10	16587.27	CARE AAA	Reaffirmed
Short term market borrowing programme of FY'10	-----	----	Withdrawn
Long Term Market Borrowing programme of FY'11	15798.1	CARE AAA	Reaffirmed
Short term market borrowing programme of FY'11	-----	----	Withdrawn
Market Borrowing programme of FY'12	28000.0*	CARE AAA/CARE A1+	Reaffirmed

**Size of the market borrowing programme which includes short term borrowing programme of Rs.2500 crore.*

Rating Rationale

The rating factors in the majority ownership by Government of India (GoI), REC's status as the nodal agency of GoI for financing rural electrification programme and its strategic importance in funding the power infrastructure in India. The rating also factors its strong capital adequacy, comfortable asset quality, comfortable profitability and diversified resource profile. Continued ownership and support by GoI by way of extension of favourable policy regime, profitability and asset quality are the key rating sensitivities.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

Background

Rural Electrification Corporation Ltd. 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 Companies Act and again registered as Non-Banking Financial Company under Sec. 45- IA of the RBI Act in 1998. REC received the status of an Infrastructure Finance Company (IFC) in September 2010. Post the follow-on public offer in February 2010, the GoI holding reduced from 81.82% to 66.8%. The corporate office is located at New Delhi and there are seventeen project offices located across India. As on date, REC has two subsidiaries namely, REC Transmission Projects Company Limited (RECTPCL) and REC Power Distribution Company Limited (RECPDCL). REC, along with three other PSUs namely NTPC, Power Grid Corporation Ltd. and Power Finance Corporation Ltd. as equal partners, have formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) to take up projects in energy conservation, building codes, Agriculture Demand Side Management (DSM), etc. Mr. Rajeev Sharma assumed the charge of CMD from November 29, 2011. The total manpower at the end of FY11 was 688 which include 396 executives and 292 non-executives.

For FY11, REC earned a Net Profit of Rs.2,570 crore (FY10: Rs.2,001 crore) on a total income of Rs.8,495 crore (FY10: Rs.6,708 crore). Total gross loan portfolio stood at Rs.81,725 crore while total borrowings stood at Rs.70,004 crore as on March 31, 2011. As on March 31, 2011, capital adequacy ratio improved to 19.09% from 16.05% at the end of FY10.

During 9MFY12, REC's total income increased 24% to Rs.7642 crore with a 9.8% increase in net profit to Rs.2054 crore. Asset quality continues to be comfortable with the Gross NPA and Net NPA ratios at 0.52% and 0.449%, respectively as on December 31, 2011.

Analyst Contact

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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Mr. H.D. Khunteta
Director (Finance),
Rural Electrification Corporation Limited,
Core-4, SCOPE Complex,
7-Lodhi Road,
New Delhi 110003

February 21, 2012

Kind Attn: Mr. H.D. Khunteta, Director (Finance)

Dear Sir,

Re:Rural Electrification Corporation Limited– FY2011-12 INR 280bn Borrowing Programme

Fitch (see definition below) is pleased to communicate the following rating:-

INR 280bn borrowing programme for FY2011-12: 'Fitch AAA (ind)'

Fitch 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 a specific issue under the programme will have the same rating as the rating assigned to the programme.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch 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 Fitch's 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.

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



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

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

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In this letter, “**Fitch**” means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

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 +91 22 4000 1700.

Sincerely,



Rakesh Vaecha
Senior Director



Ananda Bhoomik
Senior Director

Rural Electrification Corporation Limited (REC)

Update

Ratings

Foreign Currency

Long-Term IDR	BBB-
Senior unsecured	BBB-

Local Currency

Long-Term IDR	BBB-

National

Long-Term Rating	Fitch AAA(ind)

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
National Long-Term Rating	Stable

Financial Data

Rural Electrification Corporation Limited (REC)

	Mar 10	Mar 09
Total assets (INRm)	695,360	559,564
Equity (INRm)	110,710	61,900
Net income (INRm)	20,014	12,720
ROA (%)	3.19	2.57
ROE (%)	23.19	22.01
Equity/assets (%)	15.92	11.06

Key Rating Drivers

Strong Linkages with Government: Rural Electrification Corporation Limited (REC)'s ratings are based on its strong linkages with the government of India ('BBB-/Stable, 66.8% ownership). REC is a major source of credit to the financially weak state power utilities (SPUs), and is an important institution in the implementation of the government's priority rural electrification programme.

Evidence of Support: Fitch Ratings' assessment of linkages between REC and the government includes historical evidence of government support provided through equity injections, and guarantees and tax concessions on some of its borrowings. Although state-ownership has declined to 66.8% from 100%, the government is committed to maintaining a controlling stake.

Strategically Important to State: REC enjoys strong operational linkages with government, as the nodal agency for financing rural electrification projects – which is a socially and politically important objective of government. Due to this, and the tangible support REC has received as mentioned above, REC's ratings incorporate a high probability of state support in times of distress.

Robust Credit Demand: REC enjoys sturdy credit demand from the SPUs, as the investment activity in the domestic power sector has gathered momentum and many domestic banks have reached sector exposure limits. Being a sector-focused financial institution, REC's ability to lend to SPUs is not constrained by any sector limits. REC's disbursements increased to INR245bn in the financial year ending March 2011 (FY10: INR211bn), while total loans outstanding were INR817bn (FYE10: INR660bn).

High Recovery Rates: Financially weak SPUs are REC's main customers. However, the company enjoys high recovery rates and low non-performing assets (0.02% at FYE11) compared with the domestic banking system. It appears that borrowers prioritise payments to REC in order not to lose access to its low-cost credit lines.

What Could Trigger a Rating Action

Sovereign Linkage: REC's ratings will move in tandem with the ratings of India. Negative rating action on REC can result from any significant dilution in the state shareholding; reduction in REC's strategic importance to the state; or waning of support from state – either actual or implied.

Liquidity and Debt Structure

Strong Access to Capital: REC enjoys good access to domestic capital markets and the banking system for low-cost long-term funding. It borrowed INR258bn during FY11 from both the domestic and international markets. Indian rupee-denominated debt constituted 78% of total borrowings. As a state-owned non-banking financial company, REC is exempt from statutory reserve requirements. Aggregate borrowings increased to INR700bn at FYE11 from INR559bn at FYE10, reflecting the robust growth in its loan book.

Related Research

2011 Outlook: Indian Power (January 2011)

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Annex 1:

Details of Foreign-Currency Debt Programme

Debt Programme	Rating

USD500m senior unsecured notes	'BBB-'

Source: Fitch

Related Criteria

[Corporate Rating Methodology \(August 2010\)](#)

[Parent and Subsidiary Rating Linkage Criteria Report \(July 2010\)](#)

Annex 2:

Details of National Debt Programmes

Debt Programme	Rating
INR130bn long-term debt	'FitchAAA(ind)'
INR115bn long-term debt	'FitchAAA(ind)'
INR120bn long-term debt	'FitchAAA(ind)'
INR110bn long-term debt	'FitchAAA(ind)'
INR84bn long-term debt	'FitchAAA(ind)'
INR280bn long-term debt	'FitchAAA(ind)'
INR10bn long-term debt	'FitchAAA(ind)'
INR8.5bn long-term debt	'FitchAAA(ind)'
INR250bn long-term debt	'FitchAAA(ind)'
INR280bn long-term debt	'FitchAAA(ind)'
INR6bn short-term debt	'FitchF1+(ind)'
INR25bn short-term debt paper	'FitchF1+(ind)'
INR30bn short-term debt/commercial paper	'FitchF1+(ind)'
INR50bn short-term debt/commercial paper	'FitchF1+(ind)'
INR25bn short-term debt/commercial paper	'FitchF1+(ind)'

Source: Company, Fitch

RURAL ELECTRIFICATION CORPORATION LIMITED

	31-Mar-10		31-Mar-09		31-Mar-08		31-Mar-07	
	INCOME EXPENSES INRm	AS % OF TOTAL AV. EARNING ASSETS	INCOME EXPENSES INRm	AS % OF TOTAL AV. EARNING ASSETS	INCOME EXPENSES INRm	AS % OF TOTAL AV. EARNING ASSETS	INCOME EXPENSES INRm	AS % OF TOTAL AV. EARNING ASSETS
1. Interest Received	64,308.5	10.54	47,891.6	10.11	35,174.5	9.23	28,256.2	8.93
2. Interest Paid	39,111.5	6.41	28,971.4	6.11	20,727.5	5.44	17,408.9	5.50
3. NET INTEREST REVENUE	25,197.1	4.13	18,920.2	3.99	14,446.9	3.79	10,847.3	3.43
4. Other Operating Income	2,419.6	0.40	1,421.0	0.30	202.1	0.05	283.4	0.09
5. Personnel Expenses	1,171.0	0.19	872.2	0.18	923.0	0.24	498.2	0.16
6. Other Non-interest Expenses	298.3	0.05	237.7	0.05	196.2	0.05	393.7	0.12
7. PRE-PROVISION OPERATING PROFIT	26,147.3	4.29	19,231.3	4.06	13,529.8	3.55	10,238.8	3.24
8. Provision for Loan Losses	2.2	0.00	23.7	0.01	399.9	0.10	210.4	0.07
9. Provision for diminution in Investments	-	-	10.5	0.00	-	-	-	-
10. Other Provisions	(347.6)	(0.06)	-	-	-	-	-	-
11. OPERATING PROFIT AFTER PROVISIONS	26,492.7	4.34	19,197.1	4.05	13,129.9	3.44	10,028.4	3.17
12. Other Non-operating Income	0.2	0.00	0.1	0.00	0.0	0.00	0.4	0.00
13. Exceptional Income	(1.1)	(0.00)	3.9	0.00	(5.7)	(0.00)	33.2	0.01
14. PRE-TAX PROFIT	26,491.8	4.34	19,201.1	4.05	13,124.2	3.44	10,061.9	3.18
15. Taxes	6,477.8	1.06	6,480.3	1.37	4,522.8	1.19	3,459.3	1.09
16. NET INCOME	20,014.0	3.28	12,720.8	2.68	8,601.5	2.26	6,602.6	2.09

RATIO ANALYSIS

I. PROFITABILITY LEVEL

1. Net Income/Equity (av.)	23.19	%	22.01	%	18.34	%	16.11
2. Net Income/Total Assets (av.)	3.19	%	2.57	%	2.17	%	2.00
3. Non-int Exp/Net Interest Rev. + Other Operating Income	5.32	%	5.46	%	7.64	%	8.01
4. Net Interest Rev./Total Assets (av.)	4.02	%	3.83	%	3.65	%	3.28
5. Pre-Provision Operating Profit/Total Assets (av.)	4.17	%	3.89	%	3.42	%	3.10
6. Operating Profit After Provisions/Total Assets (av.)	4.22	%	3.88	%	3.32	%	3.03

II. CAPITAL ADEQUACY (year end)

1. Internal Capital Generation	15.03	%	17.79	%	12.85	%	11.79
2. Equity/Total Assets	15.92	%	11.06	%	12.51	%	11.08
3. Equity/Loans	16.66	%	12.05	%	13.65	%	12.50

III. ASSET QUALITY

1. Provision for Loan Losses/Loans (av.)	0.00	%	0.01	%	0.11	%	0.07
2. Provisions for Loan Losses/Pre-prov. Operating Profit	0.01	%	0.12	%	2.96	%	2.06
3. Loan Loss Reserves/Loans	0.03	%	0.09	%	0.21	%	0.13
4. Loan Loss Reserves/Impaired Loans	89.79	%	69.68	%	25.85	%	6.74
5. Gross NPLs/Loans	0.03	%	0.13	%	0.80	%	1.93
6. Net NPLs/Equity	0.02	%	0.34	%	4.37	%	14.40

Balance Sheet Analysis

RURAL ELECTRIFICATION CORPORATION LIMITED

	YEAR END USDm	31-Mar-10 YEAR END INRm	AS % OF ASSETS	AVERAGE INRm	YEAR END INRm	31-Mar-09 AS % OF ASSETS	AVERAGE INRm	31-Mar-08 YEAR END INRm	AS % OF ASSETS	31-Mar-07 YEAR END INRm	AS % OF ASSETS	31-Mar-06 YEAR END INRm	AS % OF ASSETS
A. LOANS													
1. Guaranteed by Banks/Govt.	4,522.4	213,431.4	30.7	211,408.7	209,385.9	37.42	200,071.0	190,756.2	44.45	178,664.0	49.35	184,201.7	61.54
2. Secured	5,797.1	421,703.8	60.6	345,055.7	268,407.5	47.97	223,647.6	178,887.6	41.68	114,366.0	31.59	57,905.0	19.35
3. Unsecured	778.0	29,390.5	4.2	32,705.8	36,021.0	6.44	29,771.2	23,521.4	5.48	27,961.0	7.72	11,149.4	3.72
TOTAL A	11,097.5	664,525.7	95.6	589,170.1	513,814.5	91.82	453,489.8	393,165.1	91.62	320,991.0	88.66	253,256.1	84.61
B. OTHER EARNING ASSETS													
1. Deposits w/ Banks	336.3	7,147.3	1.0	11,359.4	15,571.5	2.78	9,677.7	3,783.9	0.88	21,203.7	5.86	12,330.1	4.12
2. Government Securities	213.9	8,960.4	1.3	9,432.0	9,903.6	1.77	10,611.0	11,318.4	2.64	11,790.0	3.26	13,204.8	4.41
3. Other Securities	3.1	137.2	0.0	140.6	144.0	0.03	149.3	154.6	0.04	154.9	0.04	45.1	0.02
4. Investments in Subs & Joint Ventures	0.0	1.0	0.0	1.0	1.0	0.00	1.0	1.0	0.00	0.5	0.00	-	-
5. Other Investments	n.a	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL B	553.4	16,245.9	2.3	20,933.0	25,620.2	4.58	20,439.0	15,257.9	3.56	33,149.1	9.16	25,580.0	8.55
C. TOTAL EARNING ASSETS (A+B)	11,650.9	680,771.6	97.9	610,103.1	539,434.6	96.40	473,928.8	408,423.0	95.17	354,140.1	97.82	278,836.1	93.16
D. FIXED ASSETS	17.5	899.1	0.1	854.1	809.0	0.14	794.0	779.0	0.18	636.3	0.18	643.9	0.22
E. NON-EARNING ASSETS													
1. Cash	71.0	6,755.9	1.0	5,022.3	3,288.8	0.59	6,017.6	8,746.5	2.04	1,769.0	0.49	6,806.4	2.27
2. Other	346.3	6,933.9	1.0	11,482.8	16,031.7	2.87	13,613.4	11,195.0	2.61	5,488.5	1.52	13,030.4	4.35
F. TOTAL ASSETS	12,085.6	695,360.4	100.0	627,462.3	559,564.2	100.00	494,353.8	429,143.5	100.00	362,033.9	100.00	299,316.8	100.00
G. Borrowings													
1. Demand	n.a	-	-	-	-	-	-	-	-	-	-	-	-
2. Savings	n.a	-	-	-	-	-	-	-	-	-	-	-	-
3. Time	n.a	-	-	-	-	-	-	-	-	-	-	-	-
4. Inter-bank Deposits	n.a	-	-	-	-	-	-	-	-	-	-	-	-
5. Other Borrowings	9,705.4	559,481.9	80.5	504,420.7	449,359.6	80.31	396,093.7	342,827.9	79.89	302,810.0	83.64	240,392.0	80.31
TOTAL G	9,705.4	559,481.9	80.5	504,420.7	449,359.6	80.31	396,093.7	342,827.9	79.89	302,810.0	83.64	240,392.0	80.31
H. OTHER FUNDING													
1. Subordinated Debt	n.a	-	-	-	-	-	-	-	-	-	-	-	-
2. Hybrid Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
I. OTHER (Non-int. bearing)	1,043.3	25,148.9	3.6	36,726.4	48,303.9	8.63	40,471.2	32,638.6	7.61	19,096.7	5.27	17,095.5	5.71
J. LOAN LOSS RESERVES (see A above)													
K. OTHER RESERVES													
L. EQUITY	1,337.0	110,729.7	15.9	86,315.2	61,900.8	11.06	57,788.9	53,677.1	12.51	40,127.1	11.08	41,829.3	13.97
M. TOTAL LIABILITIES & EQUITY	12,085.6	695,360.4	100.0	627,462.4	559,564.3	100.00	494,353.9	429,143.5	100.00	362,033.8	100.00	299,316.8	100.00
Exchange Rate							USD1 = INR 46.3		USD1 = INR 39.9700		USD1 = INR 43.5950		USD1 = INR 44.6050

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ICRA Limited

An Associate of Moody's Investors Service

D/RAT/2011-12/R722

February 21, 2012

Mr. A.K. Agarwal
General Manager (F & A)
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. 28,000 crore Long Term Borrowing Programme for the Financial Year 2011-12 of Rural Electrification Corporation Limited

This is with reference to the outstanding rating of [ICRA]AAA (pronounced ICRA triple A) assigned to the Rs. 25,500 crore long term borrowing programme and the rating of ICRA A1+ (pronounced ICRA A one plus) assigned to the Rs. 2,500 crore short term borrowing programme of your corporation and last communicated vide our letters dated February 13, 2012 and April 28, 2011 respectively. Please also refer to your email dated February 21, 2012 requesting to increase the long term borrowing programme from Rs. 25,500 crore to Rs. 28,000 crore, subject to the total long term and short term borrowings not exceeding Rs. 28,000 crore. The Rating Committee of ICRA, after due consideration, has assigned a rating of "[ICRA]AAA" (pronounced as ICRA Triple A) to the captioned Bond Programme. Instruments with this rating are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The proposed long term borrowing programme for Financial Year 2011-12, could include long term bank loans, long term debt instruments and short term debt subject to total utilization of Rs. 28,000 crore.

In any of your publicity material or other document wherever you are using the above rating, it should be stated as '[ICRA]AAA'. We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as confirmation about the use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of the rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

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. 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. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

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R A T I N G • R E S E A R C H • I N F O R M A T I O N



ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Debt instruments to be issued by you. If the programme rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.

You are required to forthwith inform us about any default or delay in repayment of interest and/or principal amount of the instrument rated, as above, or any other debt instruments / borrowings. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/debts of the company with any lender (s) / investor (s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

With kind regards,

Yours sincerely,
for ICRA Limited

A handwritten signature in black ink, appearing to read 'Vibha Batra', written over a light blue horizontal line.

Vibha Batra
Senior Vice President

A handwritten signature in black ink, appearing to read 'Jaskirat S Chadha', written over a light blue horizontal line.

Jaskirat S Chadha
Assistant Vice President



Rural Electrification Corporation Limited

Instrument	Amount	Rating Action
Long Term Borrowing Programme FY 2012	Increased from Rs. 25,500 crore to Rs.28,000 crore *	[ICRA]AAA (assigned)

**The increased long term borrowing programme for 2011-12 includes the amount against the ICRA rated short term borrowing programme Rs. 2500 crore, which can be utilized interchangeably as Long term borrowings, subject to total long term and short term borrowing utilization of Rs. 28,000 crore*

ICRA has assigned the rating [ICRA]AAA (pronounced ICRA triple A) to the Rs. 28,000 crore long term borrowing programme (increased from Rs. 25,500 crore) for 2011-12 of Rural Electrification Corporation Limited (REC)[†]. ICRA also has ratings outstanding of [ICRA]AAA for its various long-term bond and bank borrowing programmes; and of [ICRA]A1+ (pronounced ICRA A one plus) for its commercial paper/short-term debt programme aggregating to Rs. 2500 crore and for its short term bank borrowing programme.[†]

The [ICRA]AAA ratings are underpinned by REC's sovereign ownership (66.8% as on December 31, 2011) and the important role the corporation plays as a routing/nodal agency for the Government of India's rural electrification schemes under the Rajiv Gandhi Grameen Vidhyutikaran Yojna (RGGVY). 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 healthy earnings profile, its comfortable liquidity position, and its strong financial flexibility, which, along with its access to low-cost capital gains bonds (accounting for 15% of its total borrowings as in December 31, 2011), enables it to raise long-term funds at competitive rates. ICRA has also noted the allocation of Rs. 3,000 crore of Tax Free bonds to REC for the current financial year, which besides being allowed to raise Infrastructure Bonds, is expected to enable it to raise relatively low cost of funding. These strengths are however partly offset by the corporation's exposure to a single sector and the high concentration of weaker-credit-quality State power utilities. Credit risk for a large number of REC's borrowers remains a concern given the significant losses that the State power distribution entities have been reporting for quite some time now. While a part of REC's exposures to State distribution entities with weaker credit profiles is covered by guarantees, which mitigates the risk to an extent, the timeliness of funds flow from the State Governments concerned in case of need remains a critical factor, besides the fiscal health of some of the State Governments themselves, which remains weak. Ability of the corporation to maintain its collection efficiencies from State utilities would remain an important rating consideration. So far apart from an exposure to one State Electricity Board, collection efficiencies from state level utilities have been high. Also, REC's exposure to independent power producers (IPPs) has been rising and stood at 12% of its total portfolio as on December 31, 2011. Going forward, the corporation's ability to maintain a strict control over the increasing proportion of IPPs in its portfolio would be an important rating consideration.

ICRA continues to closely monitor the developments in the power sector, and has taken note of the Shunglu Committee report on the 'Financial Position of Distribution Entities' and its recommendations, the revision/ proposed revision in power sale tariffs by certain states and steps by the government to resolves issue with respect availability of coal supply. A timely implementation of proposed recommendations by the Shunglu Committee and other proposed reform steps remain critical to address the concerns over the financial health of the State power utilities. Similarly, policy level changes to alleviate concerns with respect to fuel linkages and tariff policy for private sector projects will have a critical bearing on REC's credit profile.

* The increased long term borrowing programme for 2011-12 includes the amount against the ICRA rated short term borrowing programme Rs. 2500 crore, which can be utilized interchangeably as Long term borrowings, subject to total long term and short term borrowing utilization of Rs. 28,000 crore

[†] For complete rating scale and definitions, please refer ICRA's website www.icra.in or other ICRA Rating Publications.



Un-hedged foreign currency borrowings of REC accounted for around 8% of its net worth as on September 30, 2011, which exposes it to foreign currency variations. While such borrowings have been raised at relatively longer tenures, which would keep potential crystallization of losses low over the short term, going forward ability of the corporation to manage its foreign currency risks would have an important bearing over the stability of its earnings profile.

As on December 31, 2011, REC's gearing was at a moderate 5.48 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. As on December 31, 2011, the corporation reported a total credit portfolio of Rs. 94,958 crore, achieving a year-on-year growth of 25%. In terms of portfolio mix, as of December 31, 2011, around 82% of REC's total credit book was taken up State entities, 6% by Central/joint sector projects, and 12% by IPPs.

About the Corporation

REC was incorporated in 1969 to exclusively fund the GoI's rural electrification programmes. The GoI has a majority shareholding of 66.8% in REC, while the balance is held by the public. The corporation was conferred the status of 'Navratna' in May 2008. While the initial mandate of REC was to finance village electrification, pump-set energising and T&D[†] projects, since 2002-03 the mandate has been extended to cover power generation projects larger than 25 MW and IPPs. REC is also the nodal agency for implementing of the GoI's rural electrification scheme, the Rajiv Gandhi Grameen Vidhyutikaran Yojna. According to audited results for the financial year ended March 31, 2011, REC reported a 28% growth in its profit after tax (PAT) to Rs. 2,570 crore that year. For the nine month period ended quarter ended December 31, 2011, REC reported a PAT of Rs. 2054 crore, as against the PAT of Rs. 1870 crore reported during the corresponding previous. As on December 31, 2011, the corporation's gross non-performing asset (Gross NPA) percentage stood at 0.52% and its Net NPA percentage at 0.45%.

February 2012

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[†] Transmission & Distribution

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APPENDIX – III
STOCK MARKET DATA FOR DEBENTURES OF THE
COMPANY

Ref. No. NSE/LIST/2012

Date : February 7, 2012

The Company Secretary
Rural Electrification Corporation Limited
Scope Complex, Core No.4
7 Lodi Road
New Delhi - 110 003

Dear Sir/Madam,

Sub : Trade Statistics Report from 01-Jan-2007 to 31-Dec-2011 for the securities issued by Rural Electrification Corporation Limited.

The details of the securities issued by you and traded on the Wholesale Debt Market segment of the Exchange from 01-Jan-2007 to 31-Dec-2011 are as follows:

IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	07-DEC-2011	7	4500	101.7962	101.5427
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	28-DEC-2011	5	3800	102.0243	101.9609
RECL 9.75% 2014 (S-99-II)	PT	RECL14	9.75%	27-JUL-2011	1	1500	100.6936	100.6936
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	31-OCT-2011	1	2500	99.7843	99.7843
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	03-NOV-2011	1	2500	99.8418	99.8418
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	29-AUG-2011	6	4000	100.7952	100.5736
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	05-OCT-2011	2	3500	99.0736	99.0736
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	17-OCT-2011	4	5500	98.2721	98.2114
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	30-NOV-2011	1	2500	98.5603	98.5603
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	14-DEC-2011	2	1000	100.7059	100.7059
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	25-OCT-2011	1	2500	99.2593	99.2593
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	26-MAY-2008	1	500	99.784	99.784
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	12-JUN-2008	4	3000	98.8893	98.8526

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Sub : Trade Statistics Report from 01-Jan-2007 to 31-Dec-2011 for the securities issued by Rural Electrification Corporation Limited.

IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	18-DEC-2008	1	500	102.2673	102.2673
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	09-SEP-2009	3	2000	103.1632	103.1328
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	22-SEP-2009	3	1500	103.3856	103.2948
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	03-OCT-2011	2	4000	100.0927	100.0927
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	05-SEP-2011	2	2000	100.0451	100.0205
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	28-SEP-2011	1	500	99.4409	99.4409
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	29-SEP-2011	1	500	99.4409	99.4409
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	19-OCT-2011	1	1000	98.6318	98.6318
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	20-OCT-2011	1	500	98.7524	98.7524
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	21-OCT-2011	2	2500	98.6396	98.6396
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	03-NOV-2011	2	1480	98.8959	98.8218
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	17-NOV-2011	2	1000	98.7446	98.6711
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	15-DEC-2011	2	5000	99.8407	99.8407
RECL 9.35% 2016 S-103 OPT-I	PT	RECL16	9.35%	28-NOV-2011	1	4500	99.4389	99.4389
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	05-MAR-2009	1	500	100.1584	100.1584
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	17-MAR-2009	1	500	97.9722	97.9722
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	17-APR-2009	2	1000	103.4906	103.2424
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	30-MAR-2010	1	2500	101.0746	101.0746
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	25-NOV-2010	7	4500	99.889	99.8078

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Sub : Trade Statistics Report from 01-Jan-2007 to 31-Dec-2011 for the securities issued by
Rural Electrification Corporation Limited.

IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	26-NOV-2010	1	500	99.8375	99.8375
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	13-DEC-2010	1	500	98.9342	98.9342
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	21-FEB-2011	2	1000	97.4199	97.4199
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	26-NOV-2009	4	2000	102.1543	101.9561
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	02-DEC-2009	3	2000	101.288	100.9588
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	03-DEC-2009	4	2500	101.1883	101.0232
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	10-DEC-2009	1	500	100.9303	100.9303
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	16-DEC-2009	2	1500	100.8137	100.7486
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	08-FEB-2010	1	500	100.2855	100.2855
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	19-FEB-2010	1	500	99.2931	99.2931
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	27-NOV-2009	2	3500	101.9029	101.9029
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	24-DEC-2009	1	500	100.7721	100.7721
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	19-NOV-2010	1	1000	100.0773	100.0773
RECL 8.75% 2025 (-94)	PT	RECL25	8.75%	29-JUL-2010	1	540	99.71	99.71
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	11-NOV-2009	1	500	100.1039	100.1039
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	20-NOV-2009	1	500	101.133	101.133
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	01-FEB-2010	1	500	100.02	100.02
RECL 8.65% 2020 (S-92-O-II)	PT	RECL20	8.65%	20-MAY-2010	1	500	100.2081	100.2081
RECL 8.65% 2020 (S-92-O-II)	PT	RECL20	8.65%	26-MAY-2010	2	1000	100.3339	100.3339

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Sub : Trade Statistics Report from 01-Jan-2007 to 31-Dec-2011 for the securities issued by
Rural Electrification Corporation Limited.

IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	21-JAN-2009	1	1500	98.6721	98.6721
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	24-FEB-2009	3	2500	96.5191	96.334
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	02-MAR-2009	1	500	97.637	97.637
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	02-APR-2009	2	1000	97.8787	97.2555
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	20-APR-2009	10	7000	101.5867	100.9334
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	18-MAY-2009	5	6500	101.9598	101.7632
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	09-JUN-2009	3	1000	99.439	99.439
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	25-JUN-2009	2	1000	100.134	100.0706
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	17-JUL-2009	1	500	100.6079	100.6079
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	09-MAR-2011	1	500	97.3058	97.3058
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	25-NOV-2009	1	1000	101.348	101.348
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	23-SEP-2010	1	1000	100.0146	100.0146
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	04-JUN-2010	1	1000	100.1449	100.1449
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	31-AUG-2010	1	2500	98.7804	98.7804
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	01-OCT-2010	1	1000	98.8892	98.8892
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	21-OCT-2010	1	1000	98.2063	98.2063
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	13-DEC-2010	1	500	97.2206	97.2206
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	08-FEB-2011	3	3500	95.903	95.8839
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	07-SEP-2011	1	1000	96.5432	96.5432

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	12-OCT-2011	1	2500	96.3161	96.3161
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	14-OCT-2011	1	3000	96.3261	96.3261
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	26-OCT-2009	11	9500	100.2379	100.0341
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-OCT-2009	3	3500	100.3203	100.2822
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	10-NOV-2009	1	2500	100.8587	100.8587
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	17-NOV-2009	6	10000	101.101	100.9743
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-NOV-2009	1	1000	101.2246	101.2246
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	23-NOV-2009	11	13000	101.294	101.0665
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-DEC-2009	7	7500	100.8766	100.7519
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-DEC-2009	9	7000	100.7611	100.5395
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	29-DEC-2009	5	5000	100.5269	100.454
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	01-JAN-2010	4	3500	100.7889	100.7403
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-JAN-2010	13	13500	100.8085	100.7601
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-JAN-2010	4	2500	100.7012	100.6533
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-JAN-2010	2	1000	100.7111	100.7001
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-FEB-2010	2	1000	100.756	100.6842
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	05-FEB-2010	1	500	100.5629	100.5629
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-FEB-2010	4	2000	100.1609	100.1377
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-MAR-2010	3	4500	100.2229	100.0633

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	09-MAR-2010	2	1000	100.3117	100.3117
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	25-MAR-2010	6	4500	100.5968	100.5287
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-APR-2010	4	4000	100.9085	100.3602
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	26-APR-2010	6	4500	101.6831	101.4964
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	06-SEP-2010	1	2000	99.9692	99.9692
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-NOV-2010	1	1000	99.3867	99.3867
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	29-DEC-2010	2	5000	98.3657	98.3657
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	18-MAR-2011	1	2000	97.6924	97.6924
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	21-MAR-2011	1	1000	97.7474	97.7474
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	12-AUG-2011	1	5000	98.3617	98.3617
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-SEP-2011	1	4000	98.5555	98.5555
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-NOV-2011	1	5000	98.4541	98.4541
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	21-NOV-2011	1	2500	98.489	98.489
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	12-DEC-2011	1	500	98.6476	98.6476
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	27-DEC-2011	2	4000	98.7186	98.7186
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	20-MAR-2007	1	10	98.45	98.45
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	31-DEC-2007	1	10	91.3323	91.3323
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	30-NOV-2009	7	10500	100.9433	100.8136
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	02-DEC-2009	2	5000	100.4237	100.4236

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RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	13-JAN-2010	2	5000	100.284	100.284
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	24-FEB-2010	3	3000	99.7278	99.4668
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	19-APR-2010	1	2500	99.9289	99.9289
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	30-APR-2010	3	3000	101.6804	101.6114
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	12-MAY-2010	7	6000	101.3171	101.1814
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	21-MAY-2010	1	500	101.1453	101.1453
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	17-AUG-2010	3	10000	99.7442	99.69
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	08-DEC-2010	1	5000	98.3476	98.3476
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	17-FEB-2011	1	1500	97.225	97.225
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-JUL-2011	1	3500	97.8793	97.8793
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	11-OCT-2011	2	1500	97.9689	97.9689
RECL 7.65% 2016(S-78)	PT	RECL16	7.65%	20-MAR-2007	1	10	96.25	96.25
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	28-JAN-2010	1	500	99.9684	99.9684
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	16-APR-2010	1	1500	100.0703	100.0703
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	05-MAY-2010	3	3500	101.0003	101.0003
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	26-MAY-2010	2	1000	100.4994	100.4994
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	09-AUG-2010	2	1000	99.3458	99.2811
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	23-MAR-2011	1	2000	96.9617	96.9617
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	30-MAR-2011	1	1000	96.9827	96.9827

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RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	07-APR-2011	1	2000	96.9799	96.9799
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	05-MAY-2011	1	3500	96.7405	96.7405
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	08-DEC-2011	2	7000	97.7931	97.7873
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	27-DEC-2011	2	11000	98.2667	98.2667
RECL 7.30% 2012(S-77B)	PT	RECL12	7.30%	10-AUG-2011	1	2000	98.2159	98.2159
RECL 7.30% 2011(S-77A)	PT	RECL11	7.30%	13-JUL-2007	1	500	93.2504	93.2504
RECL 7.30% 2011(S-77A)	PT	RECL11	7.30%	04-MAR-2010	1	500	100.1894	100.1894
RECL 7.30% 2011(S-77A)	PT	RECL11	7.30%	23-MAY-2011	1	1000	99.802	99.802
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	09-JUL-2010	3	4500	99.7952	99.7937
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	16-JUL-2010	1	5000	99.7183	99.7183
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	27-JUN-2011	1	5000	97.4866	97.4866
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	10-AUG-2011	1	2500	97.9113	97.9113
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	23-DEC-2011	1	2500	98.4253	98.4253
RECL 6.60% 2011 (S-72)	PT	RECL11	6.60%	14-MAY-2010	1	500	100.1293	100.1293
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	29-MAY-2009	1	2500	110.0527	110.0527
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	08-OCT-2009	1	500	108.5379	108.5379
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	30-NOV-2009	1	2500	109.2817	109.2817
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	04-DEC-2009	1	2500	108.8286	108.8286
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	01-FEB-2010	2	5500	107.7738	107.7617

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	02-MAR-2010	1	2500	106.7505	106.7505
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	25-FEB-2011	1	2000	101.1394	101.1394
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	23-JUN-2011	2	2000	100.5806	100.5806
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	05-DEC-2008	2	1000	105.0341	104.84
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	12-DEC-2008	2	1000	110.2184	109.2058
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	05-JAN-2009	6	9500	114.0835	111.5
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	23-JAN-2009	2	1000	110.775	110.7516
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	26-FEB-2009	2	1000	110.7344	110.7344
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	18-MAR-2009	6	4000	110.2659	110.2604
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	21-APR-2009	2	1500	114.5607	114.4365
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	21-MAY-2009	2	1500	113.7662	113.315
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	01-JUN-2009	1	500	111.8505	111.8505
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	03-JUN-2009	3	2500	112.2325	112.114
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	16-JUN-2009	4	2500	111.8832	111.8772
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	09-JUL-2009	3	1500	112.6317	112.5927
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	01-OCT-2009	1	2500	110.4417	110.4417
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	22-OCT-2010	1	1000	107.9537	107.9537
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	30-DEC-2008	1	500	104.8754	104.8754
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	30-MAR-2009	1	500	105.8632	105.8632

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RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	04-SEP-2009	1	2500	105.9892	105.9892
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	16-OCT-2009	2	3000	105.4885	105.4355
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	14-JUN-2010	1	11500	102.3	102.3
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	06-OCT-2010	1	4000	100.5971	100.5971
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	22-JAN-2009	1	1500	103.888	103.888
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	03-FEB-2009	2	3500	104.1038	104.0593
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	06-FEB-2009	1	2000	104.283	104.283
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	18-DEC-2008	1	500	104.1	104.1
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	09-JAN-2009	3	2500	105.0247	105.0247
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	26-JUN-2009	1	1500	107.8443	107.8443
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	17-SEP-2010	1	2000	102.529	102.529
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	04-JAN-2011	1	2000	100.9814	100.9814
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	30-JUN-2011	1	1000	100.1929	100.1929
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	04-JUL-2011	1	4000	100.0829	100.0829
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	12-DEC-2008	1	1000	106.2603	106.2603
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	15-DEC-2008	4	3000	107.0025	106.6876
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	31-DEC-2008	2	1000	108.5602	108.5602
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	03-MAR-2009	1	180	108.9851	108.9851
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	09-JUL-2009	1	500	110.0811	110.0811

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	25-MAY-2010	1	500	109.6035	109.6035
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	19-JUL-2010	1	500	108.5157	108.5157
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	20-APR-2011	3	3000	103.1346	103.0512
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	10-JUN-2011	1	2500	102.1647	102.1647
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	04-JUL-2011	1	2300	102.4747	102.4747
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	22-SEP-2008	1	1000	99.3805	99.3805
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	23-SEP-2008	1	1000	99.3785	99.3785
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	25-SEP-2008	2	2000	99.3765	99.3665
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	05-JUN-2009	2	3000	109.5297	109.5297
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	29-JUL-2009	1	500	110.0446	110.0446
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	31-JUL-2009	1	500	109.6608	109.6608
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	03-AUG-2009	1	1000	109.406	109.406
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	04-DEC-2009	1	2500	108.6775	108.6775
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	27-DEC-2011	1	2500	102.0586	102.0586
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	07-NOV-2008	1	1000	97.5944	97.5944
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	08-JUN-2009	1	500	113.5532	113.5532
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	12-MAR-2009	1	1000	107.75	107.75
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	02-JUL-2009	2	1000	99.5314	99.125
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	03-JUL-2009	1	2500	99.6579	99.6579

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RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	14-JUL-2009	2	1500	99.8326	99.782
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	10-AUG-2009	1	500	98.7185	98.7185
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	22-OCT-2009	1	1000	98.0496	98.0496
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	01-JAN-2010	1	1000	99.0255	99.0255
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	05-JAN-2010	1	1000	98.9426	98.9426
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	04-MAR-2010	1	2500	98.7377	98.7377
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-MAR-2010	2	1000	98.8647	98.8647
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	22-APR-2010	6	9000	100.0548	99.7685
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	19-MAY-2010	1	11000	100.1949	100.1949
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	31-MAY-2010	2	5000	99.8928	99.8928
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	02-JUN-2010	1	3000	100.0725	100.0725
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	31-AUG-2010	1	3000	98.5896	98.5896
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	27-APR-2011	3	8000	97.3981	97.3981
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	04-MAY-2011	5	17500	97.5277	97.4329
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	24-NOV-2011	1	500	98.5034	98.5034
RECL 0% 2020	PZ	RECL20	0%	13-DEC-2011	1	4348.5	46.1899	46.1899
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	10-OCT-2007	1	500	101.2705	101.2705
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	26-OCT-2007	1	1000	103.577	103.577
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	19-MAR-2009	1	200	102.78	102.78
	PT	RECL17	9.85%	13-SEP-2010	1	1000	106.1554	

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 9.85% 2017 (S-82)								106.1554
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	28-NOV-2011	1	500	100.2043	100.2043
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	01-DEC-2011	10	8500	100.8568	100.4201
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	21-DEC-2011	1	1000	103.0248	103.0248
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	22-DEC-2011	8	7500	102.4139	102.3501
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	20-JUL-2011	1	2500	99.9075	99.9075
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	11-AUG-2011	1	4500	100.0636	100.0636
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	23-AUG-2011	1	500	100.7072	100.7072
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	15-SEP-2011	1	2000	100.5916	100.5916
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	21-SEP-2011	1	500	99.9856	99.9856
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	04-OCT-2011	1	500	99.075	99.075
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	13-OCT-2011	1	500	98.3354	98.3354
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	21-OCT-2011	2	1000	98.3302	98.3302
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	14-NOV-2011	6	8000	97.8994	97.8794
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	22-NOV-2011	2	2660	98.38	98.3505
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	02-DEC-2011	1	500	99.5045	99.5045
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	08-DEC-2011	3	2000	100.2119	100.0264
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	23-AUG-2011	5	5000	100.2521	100.2126
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	17-NOV-2011	1	500	98.9247	98.9247

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	02-MAY-2008	2	2000	100.5579	100.3677
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	15-MAY-2008	1	500	100.0557	100.0557
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	21-MAY-2008	1	1000	99.9185	99.9185
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	03-JUN-2008	5	2500	99.4077	99.3335
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	04-JUN-2008	2	2500	99.2593	99.2593
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	23-MAR-2009	1	500	103.0596	103.0596
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	02-SEP-2009	1	1000	103.174	103.174
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	23-AUG-2011	1	1000	100.1828	100.1828
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	30-AUG-2011	3	7000	100.1225	100.0515
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	13-OCT-2011	2	2500	99.4136	99.4136
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	19-SEP-2011	2	5000	99.6587	99.6587
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	17-OCT-2011	3	1500	99.4927	98.4927
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	24-NOV-2011	1	500	98.9272	98.9272
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	25-NOV-2011	2	1000	98.9817	98.9817
RECL 9.35% 2016 S-103 OPT-I	PT	RECL16	9.35%	15-NOV-2011	1	7000	99.7119	99.7119
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	16-APR-2008	2	2000	97.185	97.185
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	16-MAR-2009	2	1000	98.2632	98.2632
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	18-JUN-2010	1	100	102.4901	102.4901
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	03-NOV-2010	6	5500	100.2799	99.6213

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	04-NOV-2010	7	11500	100.3409	100.2799
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	10-DEC-2010	3	3500	99.0076	98.9342
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	15-JUN-2011	1	2500	94.985	94.985
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	15-SEP-2011	1	2000	96.5202	96.5202
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	14-DEC-2009	2	900	101.1425	101.1425
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	05-FEB-2010	3	1500	100.2862	100.2862
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	10-FEB-2010	1	500	100.1887	100.1887
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	17-FEB-2010	1	500	99.4201	99.4201
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	10-FEB-2011	1	2500	97.8795	97.8795
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	20-OCT-2009	2	500	99.7906	99.7906
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	25-NOV-2009	1	1000	101.9071	101.9071
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	02-NOV-2011	2	270	95.0926	95.0926
RECL 8.75% 2025 (S-95-OP-II)	PT	RECL25 A	8.75%	28-JUL-2010	1	500	99.7369	99.7369
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	15-SEP-2009	1	500	99.7609	99.7609
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	12-NOV-2009	1	500	100.0388	100.0388
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	22-JAN-2009	2	1500	98.416	98.225
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	28-JAN-2009	2	2000	98.0309	97.7149
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	19-FEB-2009	3	1500	96.7666	96.7666
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	06-MAR-2009	1	500	96.455	96.455

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	19-MAR-2009	2	1000	95.8417	95.5376
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	23-MAR-2009	3	1500	97.0707	97.0088
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	09-APR-2009	8	8500	100.4195	100.2257
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	17-APR-2009	4	2000	101.3909	101.1295
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	05-MAY-2009	3	1500	101.2492	101.119
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	15-MAY-2009	8	4000	100.7882	100.3372
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	21-MAY-2009	5	3500	101.1753	100.8508
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	22-MAY-2009	4	2500	99.8867	99.8867
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	28-MAY-2009	2	1000	99.0619	98.8417
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	01-JUL-2009	1	500	100.7712	100.7712
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	10-JUL-2009	2	1000	100.2906	100.2588
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	20-JUL-2009	4	3000	100.3851	100.3216
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	27-JUL-2009	3	1500	100.4481	100.4481
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	02-SEP-2009	1	500	99.0754	99.0754
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	12-NOV-2009	1	500	99.6695	99.6695
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	23-AUG-2010	1	1000	99.3337	99.3337
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	24-AUG-2010	2	1000	100.1705	100.1705
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	21-SEP-2010	1	3000	99.67	99.67
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	29-OCT-2010	1	500	99.0868	99.0868

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	15-NOV-2011	1	500	94.1745	94.1745
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	10-NOV-2009	2	3000	99.9307	99.9307
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	17-SEP-2010	1	1000	100.0532	100.0532
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	11-FEB-2011	1	1000	96.9375	96.9375
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	07-APR-2010	1	2500	99.2064	99.2064
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	04-MAY-2010	2	1000	100.4674	100.4674
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	12-AUG-2010	1	500	99.2051	99.2051
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	24-SEP-2010	1	1000	98.9078	98.9078
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	17-DEC-2009	1	1000	100.5395	100.5395
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-JAN-2010	4	5500	100.715	100.715
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-JAN-2010	3	2500	100.7698	100.722
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-FEB-2010	1	1000	100.35	100.35
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-MAR-2010	1	3000	100.132	100.132
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	23-APR-2010	5	3000	101.6306	101.4537
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-APR-2010	4	6000	102.0599	102.0561
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-MAY-2010	1	500	102.0136	102.0136
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-MAY-2010	1	500	101.8261	101.8261
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	12-MAY-2010	3	9000	101.6463	101.581
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-JUL-2010	8	10000	100.8805	100.8406

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-SEP-2010	1	10000	100.2	100.2
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-OCT-2010	1	3000	99.5504	99.5504
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	31-DEC-2010	1	5000	98.4455	98.4455
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-APR-2011	1	3000	98.0721	98.0721
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-JUN-2011	1	1000	97.9973	97.9973
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-AUG-2011	2	4500	98.3744	98.3744
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-AUG-2011	2	16000	98.3949	98.3701
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-SEP-2011	1	4900	98.554	98.554
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	11-OCT-2011	1	5000	98.4589	98.4589
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	13-OCT-2011	5	8000	98.5114	98.4591
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	02-NOV-2011	1	2500	98.4458	98.4458
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-NOV-2011	1	2500	98.4651	98.4651
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	07-MAR-2007	1	10	98.45	98.45
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	29-JUN-2007	1	10	97.5908	97.5908
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	03-MAY-2010	1	6000	96.32	96.32
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	01-DEC-2009	5	3000	100.7604	100.5795
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	23-DEC-2009	1	1000	100.0992	100.0992
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	21-JAN-2010	4	5000	100.4498	100.327
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	08-FEB-2010	1	500	100.07	100.07

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RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	04-MAR-2010	1	500	99.821	99.821
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	25-MAR-2010	1	6500	100.0498	100.0498
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	23-APR-2010	3	4500	101.2955	101.2495
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	22-JUN-2010	1	500	101.1759	101.1759
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	27-AUG-2010	1	6000	99.6542	99.6542
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	28-SEP-2010	1	1500	99.5662	99.5662
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	09-NOV-2010	1	5000	98.7401	98.7401
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	30-NOV-2010	1	1000	98.5078	98.5078
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	15-MAR-2011	1	500	97.322	97.322
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	02-AUG-2011	1	1500	97.9396	97.9396
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	30-AUG-2011	1	2000	97.8074	97.8074
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	07-OCT-2011	2	5000	98.0271	98.0271
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	13-OCT-2011	1	5000	97.9799	97.9799
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	29-NOV-2011	1	3500	98.2932	98.2932
RECL 7.65% 2013 (S-93-O-I)	PT	RECL13	7.65%	30-MAR-2010	1	1000	99.8591	99.8591
RECL 7.65% 2013 (S-93-O-I)	PT	RECL13	7.65%	17-MAY-2010	2	4500	100.9031	100.8909
RECL 7.65% 2013 (S-93-O-I)	PT	RECL13	7.65%	26-JUL-2010	1	1000	99.8171	99.8171
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	17-FEB-2010	1	1000	99.8367	99.8367
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	19-FEB-2010	4	8000	98.9712	98.9546

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RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	10-MAR-2010	2	1000	99.3952	99.3704
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	23-MAR-2010	1	17500	99.468	99.468
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	23-APR-2010	1	500	100.6328	100.6328
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	28-APR-2010	4	2000	101.0324	100.9607
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	17-MAY-2010	2	5000	100.769	100.769
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	20-JUL-2010	1	2500	99.9742	99.9742
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	21-JUL-2010	2	1000	99.8411	99.7306
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	27-JUL-2010	2	1000	99.6001	99.6001
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	28-JUL-2010	1	500	99.491	99.491
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	29-JUL-2010	1	500	99.491	99.491
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	28-NOV-2011	2	3500	97.7973	97.7258
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	29-NOV-2011	2	3500	97.7358	97.7258
RECL 7.20% 17/09/2012(S-75)	PT	RECL12 A	7.20%	09-AUG-2011	1	500	97.6762	97.6762
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	20-AUG-2009	1	1000	98.8954	98.8954
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	11-SEP-2009	1	2500	97.8609	97.8609
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	03-DEC-2009	1	1000	99.0831	99.0831
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	08-JAN-2010	1	5000	99.0921	99.0921
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	11-JUN-2010	6	4500	99.757	99.6417
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	14-JUN-2010	2	3500	99.4893	99.4893

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	06-AUG-2010	1	5000	98.8217	98.8217
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	13-MAR-2009	1	500	107.4798	107.4798
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	05-AUG-2009	1	2500	109.9839	109.9839
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	01-OCT-2009	1	4500	109.1185	109.1185
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	04-NOV-2009	1	2500	108.8405	108.8405
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	09-NOV-2009	2	4500	109.272	109.0663
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	11-NOV-2009	1	2500	109.4388	109.4388
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	12-NOV-2009	1	4000	109.0408	109.0408
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	03-FEB-2010	2	2000	107.2283	107.2283
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	05-MAR-2010	1	2500	106.6264	106.6264
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	30-MAR-2010	2	4000	106.9999	106.9999
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	14-DEC-2010	1	4500	102.1289	102.1289
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	09-MAR-2011	2	4000	101.0462	101.0462
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	31-DEC-2008	3	1500	111.5725	111.3636
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	10-FEB-2009	1	1000	109.5323	109.5323
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	24-FEB-2009	1	500	110.6447	110.6447
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	25-FEB-2009	2	1000	110.6245	110.5379
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	03-MAR-2009	1	500	111.6398	111.6398
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	12-MAR-2009	3	2500	109.3382	109.0618

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	02-APR-2009	2	5500	111.8	111.5031
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	17-APR-2009	5	7000	114.5683	113.815
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	05-MAY-2009	1	500	114.0446	114.0446
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	05-JUN-2009	3	3500	112.2074	112.1286
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	18-JUN-2009	1	1000	112.335	112.335
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	25-JUN-2009	1	500	112.0566	112.0566
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	21-JUL-2009	2	1000	112.5935	112.5548
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	25-AUG-2009	3	2000	110.7002	110.6073
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	27-AUG-2009	2	2000	110.6712	110.6712
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	13-JAN-2010	1	500	111.0225	111.0225
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	21-APR-2010	1	1000	111.5355	111.5355
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	23-AUG-2011	1	500	103.9767	103.9767
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	16-DEC-2008	4	6000	104.2742	104.2704
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	31-MAR-2010	1	500	103.3428	103.3428
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	09-JUN-2010	1	11500	102.3036	102.3036
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	22-OCT-2010	1	11500	100.25	100.25
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	25-OCT-2010	1	1500	100.2671	100.2671
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	15-JAN-2009	1	1500	104.5124	104.5124
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	04-MAR-2009	3	4500	104.6198	104.6198

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	08-APR-2009	1	500	105.3477	105.3477
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	06-NOV-2009	1	2500	103.4206	103.4206
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	21-NOV-2008	2	500	99.1003	99.1003
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	10-SEP-2009	1	500	106.6851	106.6851
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	16-DEC-2009	2	3000	106.579	106.579
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	20-JAN-2010	1	3000	105.4914	105.4914
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	19-JUL-2010	1	3000	104.0027	104.0027
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	17-AUG-2010	1	1000	103.0069	103.0069
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	15-SEP-2010	1	1000	102.6456	102.6456
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	23-SEP-2010	1	800	102.5706	102.5706
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	12-JUL-2011	1	500	100.0945	100.0945
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	17-NOV-2008	1	500	97.9417	97.9417
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	03-DEC-2008	4	2500	100.441	99.6098
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	19-MAR-2009	2	2500	107.5605	107.5605
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	29-JUL-2009	1	1000	110.2037	110.2037
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	15-OCT-2010	1	1500	106.5188	106.5188
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	12-NOV-2010	1	3500	106.0626	106.0626
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	30-MAR-2011	1	500	103.0683	103.0683
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	04-AUG-2011	2	3000	102.4573	102.4573

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	23-DEC-2011	1	3000	102.0217	102.0217
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	02-SEP-2008	1	500	99.6555	99.6555
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	11-SEP-2008	3	1500	99.9031	99.8652
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	16-SEP-2008	1	500	99.9138	99.9138
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	15-DEC-2008	5	5000	106.3967	106.0937
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	24-SEP-2009	1	500	108.1002	108.1002
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	08-OCT-2010	1	1500	106.3826	106.3826
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	19-DEC-2011	2	720	102.0888	102.0888
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	10-OCT-2008	2	1500	96.4874	95.9268
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	17-NOV-2008	1	400	98.3302	98.3302
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	20-NOV-2008	2	1000	100.0154	99.8976
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	04-DEC-2008	1	500	105.0554	105.0554
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	02-JAN-2009	1	500	113.6199	113.6199
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	22-APR-2009	4	1000	114.8116	114.4268
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	07-JUL-2011	1	500	106.8136	106.8136
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	10-SEP-2008	2	1000	100.1332	100.1036
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	15-SEP-2008	2	1000	100.5733	100.5733
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	17-FEB-2009	1	480	109.275	109.275
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	23-OCT-2009	1	500	111.5172	111.5172

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	23-APR-2010	1	500	112.0347	112.0347
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	10-JUN-2009	1	500	98.9427	98.9427
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	25-JUN-2009	2	5000	98.946	98.946
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	03-NOV-2009	1	500	98.3378	98.3378
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	05-MAR-2010	2	1500	98.8615	98.7823
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	07-JUL-2010	2	3500	99.789	99.789
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-JUL-2010	2	11500	99.8111	99.8055
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	22-JUL-2010	2	1500	99.2797	99.2797
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	07-SEP-2010	1	500	98.82	98.82
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	02-DEC-2010	1	1000	97.7427	97.7427
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-DEC-2010	1	2500	97.247	97.247
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	28-NOV-2011	1	7000	98.564	98.564
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	15-NOV-2007	2	1000	102.9964	102.9338
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	19-NOV-2007	1	500	102.9909	102.9909
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	12-DEC-2007	1	2500	103.67	103.67
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	05-JUN-2008	1	500	100.5982	100.5982
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	17-NOV-2011	2	1100	100.1544	100
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	05-DEC-2011	3	2500	101.4807	101.2306
RECL 9.75% 2014 (S-99-II)	PT	RECL14	9.75%	02-NOV-2011	1	500	100.2219	100.2219

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RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	16-JUN-2011	1	7500	99.9077	99.9077
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	27-DEC-2011	1	7500	99.9206	99.9206
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	14-SEP-2011	7	5000	100.1801	100.1477
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	23-SEP-2011	2	520	100.13	99.9562
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	28-SEP-2011	1	500	99.8235	99.8235
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	18-OCT-2011	4	2500	98.4847	98.4242
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	25-OCT-2011	1	500	98.4514	98.4514
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	29-NOV-2011	5	8500	98.5605	98.4396
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	06-SEP-2011	4	4500	100.1588	100.1588
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	12-SEP-2011	1	1000	100.0575	100.0575
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	24-OCT-2011	3	4500	99.59	98.8445
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	05-MAY-2008	2	4000	100.5948	100.5568
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	27-MAY-2008	1	500	99.7461	99.7461
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	09-JUN-2008	1	500	98.9632	98.9632
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	03-MAR-2009	2	700	103.4799	103.4139
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	09-APR-2009	1	1000	105.6065	105.6065
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	29-MAY-2009	1	500	104.2687	104.2687
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	14-JUL-2009	1	1000	105.3758	105.3758
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	16-DEC-2011	1	2000	100.0052	100.0052

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RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	17-AUG-2011	2	5000	100.0649	100.0649
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	07-OCT-2011	2	3500	98.9062	98.9062
RECL 9.30% 2016 (S-104)	PT	RECL16	9.30%	11-NOV-2011	2	20000	100	100
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	26-MAR-2008	1	500	98.3298	98.3298
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	13-DEC-2010	2	1500	98.8303	98.8295
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	15-DEC-2010	2	7000	99.8849	99.8536
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	10-JAN-2011	2	1000	98.7799	98.6844
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	08-NOV-2010	1	500	100.1139	100.1139
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	12-NOV-2010	2	1500	100.1074	100.0428
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	07-FEB-2011	1	1000	97.6658	97.6658
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	15-DEC-2009	1	500	100.8799	100.8799
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	08-DEC-2009	1	500	100.8483	100.8483
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	21-OCT-2009	1	500	98.9007	98.9007
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	17-NOV-2009	4	2500	100.4871	100.4871
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	15-DEC-2009	1	500	100.2127	100.2127
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	02-FEB-2009	2	1000	97.2099	97.2099
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	04-MAR-2009	1	1000	97.1057	97.1057
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	25-MAR-2009	7	4000	96.8848	96.6996
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	23-APR-2009	3	2000	102.5747	102.3093

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	29-APR-2009	2	1500	101.8433	101.5771
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	04-MAY-2009	1	1000	101.1847	101.1847
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	11-MAY-2009	4	3000	100.7912	100.2113
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	02-JUN-2009	3	3000	99.3767	99.1559
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	16-JUN-2009	2	1190	100.2633	99.6911
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	23-JUN-2009	1	500	100.198	100.198
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	07-JUL-2009	2	1500	99.9422	99.9422
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	05-JAN-2010	1	500	99.7934	99.7934
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	28-JAN-2010	1	1000	99.8023	99.8023
RECL 8.45% 2015 (S-93-O-II)	PT	RECL15	8.45%	07-SEP-2010	1	2500	99.7875	99.7875
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	29-APR-2010	2	3000	100.2902	100.1411
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	11-AUG-2010	1	500	99.1728	99.1728
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	23-AUG-2010	2	2000	98.7622	98.5553
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	05-JUL-2011	1	2000	95.9468	95.9468
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-OCT-2009	1	1000	99.8896	99.8896
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-JAN-2010	6	7000	100.9445	100.9326
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	28-JAN-2010	3	2000	100.8563	100.8325
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	24-FEB-2010	4	5500	100.1346	100.0886
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	12-MAR-2010	3	1000	100.627	100.4698

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	17-MAR-2010	4	3000	100.534	100.5114
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	18-MAR-2010	1	500	100.5107	100.5107
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-APR-2010	4	2500	100.8105	100.7873
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-MAY-2010	7	13500	102.0136	101.9033
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	18-MAY-2010	13	21000	101.6813	101.6148
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-MAY-2010	2	16000	101.65	101.5916
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-MAY-2010	2	4500	101.6116	101.5916
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-JUL-2010	2	1500	100.1881	100.1881
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	02-SEP-2010	1	9500	100.029	100.029
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-MAR-2011	1	2000	97.6889	97.6889
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	29-JUN-2011	1	1000	97.8665	97.8665
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	29-AUG-2011	2	9500	98.4098	98.3755
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	26-SEP-2011	2	2500	98.4625	98.4625
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	18-SEP-2007	1	10	95.71	95.71
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	25-JAN-2010	2	1500	100.5438	100.4945
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	25-FEB-2010	1	500	99.7514	99.7514
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	30-JUN-2010	3	2000	101.5316	100.9959
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	12-AUG-2010	2	2500	99.7417	99.7417
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	15-MAR-2010	1	17500	99.4691	99.4691

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	04-MAY-2010	4	2500	100.9761	100.9277
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	04-JUN-2010	1	1000	100.4942	100.4942
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	23-JUN-2010	1	2500	100.6413	100.6413
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	15-OCT-2010	1	3000	98.7443	98.7443
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	29-MAR-2011	1	250	96.9827	96.9827
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	08-APR-2011	1	2000	97.0146	97.0146
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	15-APR-2011	1	2000	97.4684	97.4684
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	09-JUN-2011	1	2500	96.8417	96.8417
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	19-SEP-2011	1	5500	97.6273	97.6273
RECL 7.30% 2012(S-77B)	PT	RECL12	7.30%	01-SEP-2010	1	2000	99.0386	99.0386
RECL 7.30% 2011(S-77A)	PT	RECL11	7.30%	05-MAR-2010	1	500	100.8696	100.8696
RECL 7.20% 17/09/2012(S-75)	PT	RECL12 A	7.20%	13-JUL-2007	1	500	91.0166	91.0166
RECL 7.20% 17/09/2010(S-75)	PT	RECL10 A	7.20%	07-MAY-2010	1	500	100.8374	100.8374
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	18-AUG-2009	1	500	98.9713	98.9713
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	14-SEP-2009	2	5500	98.0344	97.8375
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	13-NOV-2009	1	1000	99.2326	99.2326
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	12-JAN-2010	1	5000	99.1071	99.1071
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	21-JAN-2010	1	1000	99.2421	99.2421
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	09-JUN-2010	1	2000	99.8702	99.8702

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	09-AUG-2011	1	2500	97.9129	97.9129
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	14-NOV-2011	1	2500	98.1222	98.1222
RECL 6.00% 2010(S-66)	PT	RECL10	6.00%	12-MAR-2007	2	1000	96.7842	96.775
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	20-MAR-2009	1	500	107.8369	107.8369
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	24-MAR-2009	1	1000	107.8214	107.8214
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	17-APR-2009	1	1500	111.228	111.228
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	07-MAY-2009	2	3000	111.6314	111.6314
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	31-AUG-2009	1	2000	109.3342	109.3342
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	02-SEP-2009	1	500	108.9066	108.9066
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	18-SEP-2009	1	2500	108.5904	108.5904
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	23-NOV-2009	1	2500	109.09	109.09
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	04-FEB-2010	6	7000	107.6046	107.4824
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	15-MAR-2010	1	2500	107.2367	107.2367
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	01-MAR-2011	1	2000	101.1219	101.1219
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	16-MAR-2011	1	2500	101.0986	101.0986
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	11-AUG-2011	2	7000	100.3576	100.3576
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	18-DEC-2008	1	2000	110.9072	110.9072
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	27-FEB-2009	2	1000	111.4073	111.2037
RECL 11.50% 2013 (S-87 C O III	PT	RECL13	11.50%	09-MAR-2009	1	2500	110.5797	110.5797

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RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	16-APR-2009	1	500	113.5183	113.5183
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	20-MAY-2009	1	500	113.7662	113.7662
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	25-MAY-2009	4	4000	112.6871	112.6871
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	02-JUN-2009	3	3500	111.8505	111.7522
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	26-JUN-2009	2	3000	112.1551	112.0771
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	14-JUL-2009	2	1000	112.8723	112.5607
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	17-JUL-2009	2	3000	112.8006	112.7228
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	20-JUL-2009	2	1000	112.6387	112.6387
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	24-SEP-2009	2	2000	110.5513	110.5463
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	20-NOV-2009	3	5000	111.8725	111.8725
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	23-DEC-2009	1	1000	110.8264	110.8264
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	16-APR-2010	4	5000	110.6613	110.4759
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	14-DEC-2010	3	4500	106.3218	106.3218
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	05-FEB-2009	1	500	105.5119	105.5119
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	18-FEB-2009	1	500	105.9879	105.9879
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	26-MAY-2009	2	1000	107.3386	107.3386
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	09-OCT-2009	1	1000	105.5381	105.5381
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	07-JAN-2010	1	7000	104.7426	104.7426
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	30-APR-2010	2	6000	103.2941	103.2941

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	01-SEP-2008	1	1000	99.6475	99.6475
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	02-SEP-2008	1	500	99.8253	99.8253
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	18-FEB-2009	1	500	106.0848	106.0848
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	10-JUL-2009	1	500	108.2325	108.2325
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	12-AUG-2009	2	1000	107.343	107.343
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	09-SEP-2009	2	1000	106.6951	106.6853
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	20-MAY-2010	1	1000	105.0211	105.0211
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	07-JUL-2010	1	1000	104.0715	104.0715
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	18-AUG-2010	1	1000	103.0069	103.0069
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	06-DEC-2010	1	3500	101.159	101.159
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	14-DEC-2010	1	500	101.0067	101.0067
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	27-DEC-2010	1	500	100.9345	100.9345
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	30-DEC-2010	1	2500	100.9072	100.9072
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	06-JAN-2011	1	500	100.891	100.891
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	25-MAR-2011	1	1400	100.2213	100.2213
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	15-JUN-2011	2	5000	100.1007	100.1007
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	29-JUN-2011	2	5000	100.1592	100.1592
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	22-OCT-2008	2	1500	98.4924	98.4024
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	04-DEC-2008	3	1500	101.5388	101.5388

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	16-DEC-2008	1	1000	106.8409	106.8409
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	28-MAY-2009	1	500	109.6109	109.6109
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	16-JUN-2009	1	500	109.4088	109.4088
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	16-NOV-2010	1	3500	106.0726	106.0726
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	25-FEB-2011	1	3500	102.747	102.747
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	01-MAR-2011	2	3500	102.767	102.767
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	18-APR-2011	1	1500	103.1146	103.1146
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	02-SEP-2011	2	3000	102.6836	102.6836
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	09-SEP-2011	1	1500	102.6102	102.6102
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	12-SEP-2008	2	1000	100.0811	100.0445
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	18-SEP-2008	1	1000	99.7483	99.7483
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	24-APR-2009	2	1500	111.435	111.435
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	30-JUN-2009	1	500	110.1462	110.1462
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	02-JUL-2009	1	1000	110.1462	110.1462
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	08-APR-2011	1	1000	103.1638	103.1638
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	19-JUL-2011	1	2500	102.7755	102.7755
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	18-AUG-2011	1	3500	102.5811	102.5811
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	30-AUG-2011	1	400	102.7292	102.7292
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	19-NOV-2008	1	500	99.3127	99.3127

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RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	12-FEB-2009	1	3000	109.4394	109.4394
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	16-SEP-2008	2	2000	100.2158	99.9199
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	14-OCT-2008	2	1000	96.2252	96.0022
RECL 10.75% 2013 (S-86)	PT	RECL13	10.75%	27-MAY-2009	1	500	109.1544	109.1544
RECL 10.75% 2013 (S-86)	PT	RECL13	10.75%	14-SEP-2011	1	1500	102.1239	102.1239
RECL 7.70% 2014 (S-89-O-II)	PT	RECL14	7.70%	30-JUN-2010	2	1500	99.6324	99.6324
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-JUN-2009	1	3000	98.9425	98.9425
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	06-JUL-2009	2	1500	99.3786	99.3027
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-JUL-2009	3	3500	99.5302	99.5302
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	22-JUL-2009	1	1000	99.5535	99.5535
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	24-JUL-2009	1	500	99.5784	99.5784
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	05-AUG-2009	1	1000	99.034	99.034
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	17-AUG-2009	3	2000	98.7231	98.4804
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	08-SEP-2009	1	1000	98.0284	98.0284
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	21-OCT-2009	2	2000	98.0706	98.048
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	09-NOV-2009	1	1000	98.9061	98.9061
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	25-NOV-2009	1	1500	99.365	99.365
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	23-APR-2010	1	1000	100.2464	100.2464
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	04-MAY-2010	2	5000	100.3775	100.3775

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	26-APR-2011	1	10000	97.3717	97.3717
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	29-NOV-2011	1	11000	98.5511	98.5511
"RECL 11.35% 2013 S-87A O-I"	PT	RECL13	11.35%	03-FEB-2011	1	500	100.8639	100.8639
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	25-OCT-2007	1	500	103.6417	103.6417
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	05-MAR-2008	1	500	103.7643	103.7643
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	15-NOV-2010	1	500	105.5077	105.5077
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	30-NOV-2011	2	1000	100.3589	100.2343
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	29-DEC-2011	1	2500	102.0232	102.0232
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	14-JUN-2011	1	2500	99.8766	99.8766
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	17-AUG-2011	4	3500	100.4939	100.4927
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	18-AUG-2011	11	14100	100.556	100
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	25-AUG-2011	3	3000	100.7377	100.6731
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	26-AUG-2011	3	1500	100.6697	100.5432
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	03-OCT-2011	7	4000	99.4469	99.0756
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	12-OCT-2011	4	2500	98.3968	98.3354
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	01-NOV-2011	1	470	98.2656	98.2656
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	11-NOV-2011	7	12010	98.37	97.8996
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	01-DEC-2011	1	1000	98.9856	98.9856
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	12-DEC-2011	1	500	100.5208	100.5208

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	23-SEP-2011	2	3000	99.8024	99.8
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	21-OCT-2011	1	1500	98.8922	98.8922
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	18-NOV-2011	2	1500	98.9975	98.9972
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	30-APR-2008	1	1000	100.2189	100.2189
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	06-MAY-2008	1	500	100.5948	100.5948
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	21-APR-2009	1	500	106.4946	106.4946
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	15-SEP-2009	1	1000	103.2452	103.2452
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	24-NOV-2009	1	1500	104.6443	104.6443
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	05-OCT-2011	3	8000	100.3523	100.1816
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	07-OCT-2011	1	3500	100.3623	100.3623
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	25-AUG-2011	2	2500	100.2813	100.28
RECL 9.43% 2014(S-101-O-I)	PT	RECL14	9.43%	20-OCT-2011	4	6000	99.4115	99.4115
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	21-SEP-2011	2	1000	99.6282	99.6282
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	23-SEP-2011	1	500	99.5382	99.5382
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	11-OCT-2011	4	2500	98.6062	98.5689
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	14-OCT-2011	2	1500	98.6018	98.5673
RECL 9.35% 2016 S-103 OPT-I	PT	RECL16	9.35%	15-DEC-2011	1	25000	99.18	99.18
RECL 9.35% 2016 S-103 OPT-I	PT	RECL16	9.35%	19-DEC-2011	1	2000	99.4686	99.4686
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	15-JUL-2008	1	1000	90.736	90.736

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RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	31-DEC-2008	1	500	102.4753	102.4753
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	02-JAN-2009	2	1000	102.6597	102.2219
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	13-APR-2009	1	500	101.9855	101.9855
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	22-APR-2009	1	500	106.0132	106.0132
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	29-APR-2009	1	1500	104.0385	104.0385
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	15-MAY-2009	1	500	102.9157	102.9157
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	10-OCT-2011	1	1000	94.3683	94.3683
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	02-NOV-2010	6	4500	100.1187	99.6213
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	16-FEB-2010	2	1500	99.6744	99.6108
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	05-NOV-2009	2	2000	100.196	100.1637
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	18-NOV-2009	2	2000	101.2573	101.2573
RECL 8.80% 2019 (S-90)	PT	RECL19	8.80%	26-NOV-2009	1	500	102.1543	102.1543
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	13-NOV-2009	2	1500	100.2946	100.2946
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	29-JAN-2009	3	2000	97.7143	97.5254
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	30-JAN-2009	2	1000	97.2103	97.0853
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	26-FEB-2009	2	1000	97.0763	97.0763
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	31-MAR-2009	9	4500	97.38	96.5148
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	13-APR-2009	4	2500	100.2357	99.7104
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	19-MAY-2009	3	1500	100.8518	100.8518

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	17-AUG-2009	1	500	99.3183	99.3183
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	20-AUG-2009	1	500	99.3191	99.3191
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	30-NOV-2009	1	570	100.514	100.514
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	28-DEC-2011	1	1500	95.9063	95.9063
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	17-MAY-2010	1	2500	101.5572	101.5572
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	23-AUG-2010	1	5000	99.9442	99.9442
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	08-OCT-2010	1	2500	99.8725	99.8725
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	16-DEC-2010	1	1500	98.2502	98.2502
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	13-AUG-2010	1	500	99.1724	99.1724
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	20-AUG-2010	1	1000	98.8459	98.8459
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	24-AUG-2010	1	1000	98.6841	98.6841
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-OCT-2009	38	39500	100.3339	99.9969
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-OCT-2009	2	2000	99.9146	99.8862
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-NOV-2009	7	7500	101.2246	101.0492
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-NOV-2009	2	3000	101.2569	101.2318
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	02-DEC-2009	2	2500	100.828	100.7531
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	23-DEC-2009	7	6000	100.4847	100.435
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	30-DEC-2009	6	4500	100.5512	100.5503
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	18-JAN-2010	1	1000	100.7001	100.7001

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RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	01-FEB-2010	4	10500	100.7818	100.7807
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-FEB-2010	2	3000	100.5864	100.5386
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	23-FEB-2010	1	500	99.9513	99.9513
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	21-APR-2010	2	1000	101.1279	101.0187
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-APR-2010	5	5500	101.5025	101.1929
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	10-JUN-2010	4	3000	101.2844	101.2215
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	06-JUL-2010	4	6500	101.2955	101.2955
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-JUL-2010	1	1000	101.2955	101.2955
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-JUL-2010	3	4000	100.7813	100.7414
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	23-JUL-2010	1	500	100.7778	100.7778
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	09-AUG-2010	4	7000	100.094	100.0743
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-OCT-2010	1	3500	99.8736	99.8736
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	13-OCT-2010	3	6500	99.4639	99.4438
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-OCT-2010	2	4000	99.4738	99.4638
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	09-NOV-2010	1	1000	99.3867	99.3867
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-AUG-2011	1	1500	98.1335	98.1335
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	09-AUG-2011	1	2500	98.374	98.374
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-OCT-2011	1	15500	98.44	98.44
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	13-JUL-2007	1	500	90.4076	90.4076

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	23-NOV-2011	1	500	94.3692	94.3692
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	10-FEB-2010	4	3500	99.948	99.9476
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-FEB-2010	2	500	99.538	99.538
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-MAR-2010	1	500	100.1929	100.1929
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	20-APR-2010	1	500	99.9288	99.9288
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	09-JUN-2010	4	8000	101.0157	100.9728
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	07-JUL-2010	1	2500	100.8821	100.8821
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	13-JUL-2010	1	1000	100.6665	100.6665
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	20-SEP-2010	1	1500	99.5759	99.5759
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	20-OCT-2010	5	22000	98.9212	98.9212
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-AUG-2011	1	2500	98.194	98.194
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-OCT-2011	1	5000	98.1529	98.1529
RECL 7.65% 2013 (S-93-O-I)	PT	RECL13	7.65%	11-JAN-2011	1	1000	97.4776	97.4776
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	03-MAR-2010	1	2500	99.3294	99.3294
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	05-APR-2010	1	18000	99.6131	99.6131
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	21-APR-2010	1	500	100.1896	100.1896
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	03-MAY-2010	1	500	100.9048	100.9048
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	14-MAY-2010	2	5500	100.6747	100.6059
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	16-JUN-2010	1	500	100.1857	100.1857

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RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	01-SEP-2010	1	1000	99.089	99.089
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	07-SEP-2010	2	1000	99.1266	99.1266
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	19-NOV-2010	1	2500	98.3893	98.3893
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	06-DEC-2010	1	2500	97.8145	97.8145
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	13-DEC-2010	3	9000	97.38	97.358
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	01-MAR-2011	1	1000	96.6465	96.6465
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	22-AUG-2011	1	3500	97.6195	97.6195
RECL 7.30% 2011(S-77A)	PT	RECL11	7.30%	09-MAY-2011	2	3000	99.7943	99.7711
RECL 7.20% 17/09/2011(S-75)	PT	RECL11 A	7.20%	20-SEP-2010	1	410	99.416	99.416
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	12-OCT-2009	1	1000	97.9945	97.9945
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	17-NOV-2009	1	5000	99.2172	99.2172
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	23-NOV-2009	1	5000	99.7131	99.7131
RECL 7.15% 2012 (S-90A-I)	PT	RECL12	7.15%	12-AUG-2010	1	500	99.0008	99.0008
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	17-MAR-2009	1	500	107.5207	107.5207
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	14-JUL-2009	2	3500	111.1697	110.9778
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	15-JUL-2009	1	1500	109.69	109.69
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	05-NOV-2009	1	2500	109.0335	109.0335
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	05-FEB-2010	1	2500	107.5046	107.5046
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	10-FEB-2010	1	1500	107.4122	107.4122

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RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	24-FEB-2010	1	1500	106.7458	106.7458
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	07-APR-2010	4	10000	107.2026	106.7521
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	10-MAY-2010	1	2500	107.3131	107.3131
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	01-OCT-2010	1	2500	103.8404	103.8404
RECL 11.75% 2011 (S- 87-B)	PT	RECL11	11.75%	03-OCT-2011	1	2500	100.082	100.082
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	11-DEC-2008	1	500	108.0677	108.0677
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	02-JAN-2009	1	5000	111.3	111.3
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	07-JAN-2009	3	1500	110.6928	110.4868
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	12-FEB-2009	1	1000	110.2066	110.2066
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	17-FEB-2009	1	500	109.8165	109.8165
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	18-MAY-2009	1	1000	114.3499	114.3499
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	02-JUL-2009	1	1000	112.9122	112.9122
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	15-JUL-2009	3	2000	112.9828	112.8657
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	31-AUG-2009	1	1000	110.1333	110.1333
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	07-SEP-2009	3	2000	110.4301	110.3933
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	06-JAN-2010	2	1500	110.7562	110.7215
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	30-MAR-2010	1	2000	109.9635	109.9635
RECL 11.50% 2013 (S-87 C O III)	PT	RECL13	11.50%	02-SEP-2010	1	500	108.9493	108.9493
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	24-DEC-2008	1	1000	104.8994	104.8994

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RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	14-JAN-2009	1	500	106.117	106.117
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	27-APR-2009	1	1500	108.0576	108.0576
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	15-JUL-2009	1	500	107.3079	107.3079
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	27-JUL-2009	1	3000	107.0562	107.0562
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	08-JUN-2010	1	4000	102.4705	102.4705
RECL 11.45% 2010 (S-87 C O II)	PT	RECL10 A	11.45%	03-SEP-2010	1	500	100.9346	100.9346
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	19-DEC-2008	2	2000	105.3637	104.1699
RECL 11.45% 2010 (S-87 C O I)	PT	RECL10	11.45%	05-JAN-2009	1	1500	105.18	105.18
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	03-NOV-2008	1	2000	98.0887	98.0887
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	29-DEC-2008	1	500	104.5048	104.5048
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	05-JAN-2009	1	500	107.07	107.07
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	19-JAN-2009	1	500	106.1482	106.1482
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	06-JUL-2009	1	1000	108.2698	108.2698
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	04-NOV-2009	2	3000	106.9296	106.9296
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	10-NOV-2009	1	500	107.179	107.179
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	30-DEC-2009	1	500	106.1922	106.1922
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	25-JAN-2010	1	2500	105.968	105.968
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	03-SEP-2010	3	2000	102.7035	102.7035
RECL 10.95% 2011 (S-86B O-I)	PT	RECL11	10.95%	21-SEP-2010	1	3500	102.5893	102.5893

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	05-JAN-2009	4	2000	110.9698	110.7646
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	18-MAR-2009	3	1500	107.4882	107.2599
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	11-JUL-2011	1	2500	102.5385	102.5385
RECL 10.90% 2013 (S-87 OPT-I)	PT	RECL13 A	10.90%	12-SEP-2011	1	500	102.5373	102.5373
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	10-SEP-2008	3	1500	99.9043	99.9043
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	20-OCT-2008	1	500	98.3238	98.3238
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	18-JUN-2009	2	1000	109.6236	109.4067
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	07-JUL-2009	1	1000	109.2865	109.2865
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	09-MAR-2010	1	1500	107.9857	107.9857
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	16-AUG-2010	1	1500	107.1612	107.1612
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	23-SEP-2011	1	1000	102.2584	102.2584
RECL 10.90% 2013 (S-86B O-II)	PT	RECL13	10.90%	16-DEC-2011	3	3720	101.8773	101.8669
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	08-OCT-2008	1	1000	96.0385	96.0385
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	23-OCT-2008	2	1000	97.5516	97.5506
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	27-OCT-2008	1	500	96.5827	96.5827
RECL 10.85% 2018 (S-87 OPT-II)	PT	RECL18 A	10.85%	02-DEC-2008	1	2000	100.1793	100.1793
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	09-SEP-2008	1	500	99.6918	99.6918
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	26-MAY-2009	4	4500	113.3128	112.2745
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	28-MAY-2009	1	500	112.4708	112.4708

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	29-JUL-2010	1	500	111.7541	111.7541
RECL 10.85% 2018 (S-86B O-III)	PT	RECL18	10.85%	23-SEP-2011	1	10	107	107
RECL 10.75% 2013 (S-86)	PT	RECL13	10.75%	19-DEC-2011	1	1000	101.5844	101.5844
RECL 7.70% 2014 (S-89-O-II)	PT	RECL14	7.70%	16-SEP-2009	1	500	97.0248	97.0248
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	17-JUN-2009	1	5000	99.5	99.5
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	08-JUL-2009	1	500	99.328	99.328
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	20-JUL-2009	2	1000	99.5287	99.5287
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	07-AUG-2009	1	6500	98.7178	98.7178
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	25-AUG-2009	1	2000	98.4641	98.4641
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	07-SEP-2009	1	500	98.0755	98.0755
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	10-SEP-2009	1	500	97.9607	97.9607
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	18-NOV-2009	1	1000	99.2488	99.2488
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	02-FEB-2010	2	2000	99.2241	99.2137
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	25-FEB-2010	1	1000	98.6259	98.6259
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	20-APR-2010	2	5000	99.4826	99.4826
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	28-APR-2010	3	2000	100.3229	100.2659
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	29-APR-2010	1	500	100.3586	100.3586
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	14-JUL-2010	1	10500	99.9581	99.9581
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	27-JUL-2010	1	3500	98.9494	98.9494

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RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	05-MAY-2011	1	8000	97.5423	97.5423
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	19-SEP-2011	2	5000	98.2063	98.2063
RECL 7.00% 2012 (S-89-O-I)	PT	RECL12	7.00%	27-SEP-2011	2	5000	98.2865	98.2865
RECL 9.85% 2017 (S-82)	PT	RECL17	9.85%	04-JUN-2008	1	500	100.6278	100.6278
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	09-DEC-2011	7	6000	102.1091	102.0136
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	13-DEC-2011	6	4000	102.7464	102.4898
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	16-DEC-2011	1	500	102.4231	102.4231
RECL 9.75% 2021 (S - 105)	PT	RECL21	9.75%	19-DEC-2011	7	5500	103.2535	102.8037
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	05-JUL-2011	1	1000	100	100
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	23-DEC-2011	3	45000	99.9231	99.903
RECL 9.70% 2012 (S-99-I)	PT	RECL12	9.70%	26-DEC-2011	1	12500	99.9206	99.9206
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	16-AUG-2011	17	11000	101.4502	100.3044
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	02-SEP-2011	3	2000	100.4723	100.3778
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	09-SEP-2011	2	1000	100.3391	100.3391
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	12-SEP-2011	9	5000	100.401	100.3695
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	16-SEP-2011	3	2000	99.9875	99.8313
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	20-SEP-2011	7	4500	99.9856	99.8304
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	10-OCT-2011	3	2500	98.4583	98.1539
RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	20-OCT-2011	7	4000	98.5757	98.4532

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RECL 9.48% 2021(S-101-O-III)	PT	RECL21	9.48%	24-OCT-2011	6	7000	98.3302	98.269
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	26-AUG-2011	3	4500	100.3986	100.3602
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	12-OCT-2011	1	1000	99.1508	99.1508
RECL 9.45% 2016(S-101-O-II)	PT	RECL16	9.45%	09-DEC-2011	1	1000	100.0137	100.0137
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	31-DEC-2008	1	500	103.2931	103.2931
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	31-MAR-2009	2	2000	102.9504	102.9504
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	11-SEP-2009	1	1000	103.1313	103.1313
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	06-APR-2011	3	3500	100.3102	100.3102
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	30-JUN-2011	1	500	99.7993	99.7993
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	12-OCT-2011	5	11000	100.1654	100.1647
RECL 9.45% 2013(S-84)	PT	RECL13	9.45%	05-DEC-2011	1	1000	100.0065	100.0065
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	31-OCT-2011	1	500	99.0461	99.0461
RECL 9.38% 2016 (S-102)	PT	RECL16	9.38%	09-NOV-2011	1	1500	99.3017	99.3017
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	24-MAR-2008	2	1000	98.331	98.289
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	10-DEC-2008	1	2500	96.3827	96.3827
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	31-MAR-2010	3	5000	101.1646	100.9973
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	16-APR-2010	1	1000	101.1223	101.1223
RECL 9.07% 2018 (SERIES-83)	PT	RECL18	9.07%	31-JAN-2011	2	1770	99.3791	99.3791
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	20-DEC-2010	2	1500	99.2394	99.2394

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	06-JAN-2011	1	500	98.9402	98.9402
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	27-JUN-2011	1	500	95.3692	95.3692
RECL 8.80% 2020 (S-97)	PT	RECL20 A	8.80%	19-DEC-2011	1	20	97.32	97.32
RECL 8.80% 2020 (S-96)	PT	RECL20	8.80%	09-NOV-2010	1	500	100.0483	100.0483
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	27-NOV-2009	2	1000	102.0839	101.951
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	22-DEC-2009	1	500	100.6778	100.6778
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	29-DEC-2009	1	500	100.7364	100.7364
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	30-DEC-2009	1	500	100.8656	100.8656
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	13-JAN-2010	1	1000	100.6911	100.6911
RECL 8.80% 2019 (S-91-O-II)	PT	RECL19B	8.80%	27-JAN-2010	1	500	100.7772	100.7772
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	29-OCT-2009	4	2500	100.1053	100.1053
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	26-NOV-2009	1	2500	102.0381	102.0381
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	09-DEC-2009	1	500	100.7507	100.7507
RECL 8.80% 2019 (S-90C-II)	PT	RECL19 A	8.80%	11-JUL-2011	1	1500	96.316	96.316
RECL 8.75% 2025 (S-95-OP-II)	PT	RECL25 A	8.75%	24-SEP-2010	1	3000	100	100
RECL 8.75% 2025 (-94)	PT	RECL25	8.75%	29-JUN-2010	1	1000	99.95	99.95
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	14-SEP-2009	1	1000	99.3546	99.3546
RECL 8.72% 2019 (S-90B-II)	PT	RECL19	8.72%	10-NOV-2009	1	1500	100.1	100.1
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	27-JAN-2009	4	2000	98.6039	98.5401

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IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	13-MAR-2009	1	500	94.4528	94.4528
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	16-MAR-2009	1	500	97.0719	97.0719
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	18-MAR-2009	1	500	95.6287	95.6287
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	12-MAY-2009	3	2500	100.3393	100.3393
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	14-MAY-2009	7	3500	100.7897	100.3385
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	20-MAY-2009	3	1500	101.1753	100.9807
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	27-MAY-2009	3	2000	100.0137	99.4411
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	30-JUN-2009	2	1000	100.6432	100.5153
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	06-AUG-2009	2	2500	99.1907	99.1907
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	25-AUG-2009	3	1900	98.9485	98.8248
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	26-AUG-2009	1	1000	99.0104	99.0104
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	01-DEC-2009	1	500	100.2365	100.2365
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	06-JAN-2010	1	500	99.7934	99.7934
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	14-JAN-2010	1	500	99.6029	99.6029
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	30-MAR-2010	1	500	98.8369	98.8369
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	10-MAR-2011	1	480	97.2599	97.2599
RECL 8.65% 2019 (S-88)	PT	RECL19	8.65%	27-DEC-2011	1	1500	95.8863	95.8863
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	09-NOV-2009	1	500	100.03	100.03
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	13-MAY-2010	2	3500	101.2373	101.2373

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RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	15-OCT-2010	1	2500	99.7159	99.7159
RECL 8.35% 2014 (S-90B-I)	PT	RECL14	8.35%	07-OCT-2011	1	500	96.9699	96.9699
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	19-FEB-2010	2	2500	97.5965	97.5965
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	18-MAY-2010	1	1000	100.3994	100.3994
RECL 8.00% 2014 (S-90A-II)	PT	RECL14	8.00%	25-JUN-2010	1	2500	100.14	100.14
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	12-OCT-2009	1	1500	100	100
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	14-OCT-2009	1	1000	99.8896	99.8896
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	21-OCT-2009	12	10500	100.3079	99.8849
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-NOV-2009	3	1500	100.8997	100.8871
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	26-NOV-2009	9	8000	101.5184	101.3394
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	01-DEC-2009	8	8500	101.0796	100.9293
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-DEC-2009	1	4000	100.6	100.6
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	18-DEC-2009	4	7500	100.5631	100.4132
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-DEC-2009	2	3500	100.4359	100.3627
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	24-DEC-2009	1	1000	100.5082	100.5082
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	31-DEC-2009	1	1500	100.6707	100.6707
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-JAN-2010	5	10000	100.8085	100.7085
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	29-JAN-2010	3	2000	100.8766	100.8766
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-FEB-2010	5	2500	100.6606	100.6125

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RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-MAR-2010	2	1000	100.3122	100.3122
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	26-MAR-2010	2	1000	100.5736	100.5512
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	08-APR-2010	5	4500	100.8087	100.8087
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	28-APR-2010	12	11000	102.135	101.8466
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	07-JUN-2010	1	5000	101.3934	101.3934
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	09-JUN-2010	1	1000	101.3908	101.3908
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	28-JUN-2010	1	1000	101.4077	101.4077
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-JUL-2010	3	7500	100.84	100.84
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	22-JUL-2010	2	3000	100.7793	100.7793
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	10-AUG-2010	1	1000	100.0944	100.0944
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	31-AUG-2010	2	14000	100.0666	100.0666
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	19-OCT-2010	1	3000	99.5502	99.5502
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-NOV-2010	1	1000	99.3767	99.3767
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	04-NOV-2010	1	1000	99.3767	99.3767
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	15-APR-2011	1	5000	97.8	97.8
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	03-AUG-2011	1	1500	98.1335	98.1335
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	16-AUG-2011	2	6500	98.3994	98.3422
RECL 7.90% 2012 (S-90C-I)	PT	RECL12	7.90%	20-OCT-2011	1	7000	98.5146	98.5146
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	17-MAR-2008	1	10	95.88	95.88

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Sub : Trade Statistics Report from 01-Jan-2007 to 31-Dec-2011 for the securities issued by Rural Electrification Corporation Limited.

IssueDescription	Sec Type	Security	Issue Name	Trade Date	No. of Trades	Traded Volume (Rs. Lakhs)	Max Price (Rs.)	Min Price (Rs.)
RECL 7.85% 2016(S-79)	PT	RECL16	7.85%	16-JUN-2008	1	10	94.66	94.66
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	26-FEB-2010	1	2500	99.6564	99.6564
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	26-MAR-2010	1	500	100.2347	100.2347
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	22-APR-2010	3	4000	100.9512	100.8398
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	18-MAR-2011	1	2000	97.3147	97.3147
RECL 7.75% 2012 (S-91-O-I)	PT	RECL12	7.75%	12-OCT-2011	1	1000	97.994	97.994
RECL 7.65% 2013 (S-93-O-I)	PT	RECL13	7.65%	22-FEB-2011	1	1000	96.4872	96.4872
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	12-MAR-2010	2	2000	99.4444	99.4444
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	29-MAR-2010	1	500	99.6634	99.6634
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	07-APR-2010	1	6000	99.6932	99.6932
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	12-APR-2010	3	3000	99.8787	99.8787
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	22-APR-2010	3	4500	100.5283	100.2858
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	06-AUG-2010	1	500	99.2373	99.2373
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	06-MAY-2011	1	3500	96.7767	96.7767
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	25-MAY-2011	1	1000	96.7594	96.7594
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	08-JUN-2011	1	2500	96.7478	96.7478
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	27-SEP-2011	1	1000	97.7284	97.7284
RECL 7.60% 2013 (S-92-O-I)	PT	RECL13	7.60%	20-DEC-2011	3	6000	98.2139	98.2089

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