



REC LIMITED

Regd. Office:- Core – 4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003
Tel. No. +91-11-4309 1500/1501
Corporate Office : Plot No. I-4, Sector 29, Gurugram, Haryana - 122001
+91-124-444 1300 Website : www.recindia.nic.in
CIN : L40101DL1969GOI005095

SEC-1/187(2)/2021/351

Dated: August 28, 2021

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

Sub: Intimation regarding convening of 52nd AGM and submission of 52nd Annual Report of REC Limited for the financial year 2020-21.

Dear Sir(s),

This is to inform that the 52nd Annual General Meeting (AGM) of REC Limited will be held on **Friday, September 24, 2021** at 11.00 A.M. through video conferencing/other audio-visual means. In compliance with the provisions of the Companies Act, 2013 read with circulars issued by Ministry of Corporate Affairs and SEBI, from time to time, the Notice of 52nd AGM and Annual Report containing the financial statements for the financial year 2020-21, Auditors' Report thereon, Board's Report and other documents, have been sent through e-mails on **August 28, 2021**, to all the members whose e-mail IDs are registered with the Company/Depository Participant (DP).

Pursuant to the provisions of Companies Act, 2013, Rules made thereunder and SEBI (LODR) Regulations, 2015, it is informed that the Company has fixed the following dates in connection with the 52nd AGM:-

Cut-off date for determining the eligibility of shareholders to vote by electronic means or in the general meeting.	Friday, September 17, 2021
Period of <i>remote</i> e-voting to enable shareholders as on the Cut-off date i.e. September 17, 2021 to cast their votes on proposed resolutions electronically.	From Tuesday, September 21, 2021 (1000 hours) to Thursday, September 23, 2021 (1700 hours).

Further, in pursuance of Regulation 34(1) of SEBI (LODR) Regulations, 2015, please find enclosed a copy of Annual Report of REC Limited for the financial year 2020-21, *inter-alia* containing the Notice of 52nd AGM of the Company. The said Annual Report is also hosted on the Company's website at the link: <https://recindia.nic.in/uploads/files/Annual-Report-2020-21.pdf>.

This is for your kind information and records.

Thanking you,

Yours faithfully,


(J.S. Amitabh)
Executive Director & Company Secretary

Encl. a/a

आर ई सी
REC

असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

LIGHTING LIVES

FUNDING FORTUNES



Mission / Vision and Objectives

Mission / Vision

1. To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.
2. To act as a competitive, client-friendly and development oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

Objectives

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

1. To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pumpset energisation, implementation of Deendayal Upadhyaya Gram Jyoti Yojana, a Government of India scheme.
2. To expand and diversify into other related areas and activities like financing of decentralized power generation projects, use of new and renewable energy sources, consultancy services, transmission, sub-transmission and distribution systems, renovation, modernization & maintenance etc. for optimization of reliability of power supply to rural and urban areas including remote, hill, desert, tribal, riverine and other difficult/remote areas.
3. To mobilize funds from various sources including raising of funds from domestic and international agencies and sanction loans to the State Electricity Boards, Power Utilities, State Governments, Rural Electric Cooperatives, Non-Government Organizations (NGOs) and private power developers.
4. To optimize the rate of economic and financial returns for its operations while fulfilling the corporate goals viz. (i) laying of power infrastructure; (ii) power load development; (iii) rapid socio-economic development of rural and urban areas; and (iv) technology up-gradation.
5. To ensure client satisfaction and safeguard customers' interests through mutual trust and self respect within the organization as well as with business partners by effecting continuous improvement in operations and providing the requisite services.
6. To assist State Electricity Boards/Power Utilities/State Governments, Rural Electric Cooperatives and other loanees by providing technical guidance, consultancy services and training facilities for formulation of economically and financially viable schemes and for accelerating the growth of rural and urban India.

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COMPANY INFORMATION

Board of Directors	Shri Sanjay Malhotra Chairman and Managing Director		Shri Sanjeev Kumar Gupta Director (Technical)
	Shri Ajoy Choudhury Director (Finance)		Shri Tanmay Kumar Government Nominee Director
	Shri Praveen Kumar Singh Nominee Director of PFC		
Chief Vigilance Officer	Dr. Sunita Singh		
Company Secretary	Shri J.S. Amitabh		
Corporate Identification Number	L40101DL1969GOI005095		
Registered Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. Tel: +91-11-4309 1500 / 1501 Fax: +91-11-2436 0644		
Corporate Office	Plot No. I-4, Sector 29, Gurugram, Haryana-122001, India. Tel: +91-124-444 1300		
Corporate Website & Email	Website: www.recindia.nic.in E-mail: contactus@recl.in		
Equity Shares listed on	National Stock Exchange of India Limited BSE Limited		
Depositories	National Securities Depository Limited Central Depository Services (India) Limited		
Statutory Auditors	S.K. Mittal & Co., Chartered Accountants O.P. Bagla & Co. LLP., Chartered Accountants		
Secretarial Auditors	Hemant Singh & Associates, Company Secretaries		
Wholly Owned Subsidiaries of REC	REC Power Development and Consultancy Limited (RECPDCL) (Formerly known as REC Power Distribution Company Limited)		
	Chandil Transmission Limited*	Gadag Transmission Limited*	
	Koderma Transmission Limited*	Rajgarh Transmission Limited*	
	Dumka Transmission Limited*	Bidar Transmission Limited*	
	Mandar Transmission Limited*	MP Power Transmission Package-I Limited*	
	Kallam Transmission Limited*	MP Power Transmission Package-II Limited*	
	(* wholly owned subsidiaries of RECPDCL.)		
Bankers	Axis Bank	HSBC Bank	Reserve Bank of India
	Bank of Baroda	ICICI Bank	State Bank of India
	Canara Bank	IDBI Bank	Union Bank
	HDFC Bank	IndusInd Bank	Yes Bank
Registrar & Transfer Agents (For Equity Shares / Bonds)	KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032		
	For Equity Shares Phone: 1-800-309-4001 Email: einward.ris@kfintech.com , balaji.reddy@kfintech.com Website: www.kfintech.com	For Bonds Phone: 1-800-309-4001 Email: einward.ris@kfintech.com , gopalakrishna.kvs@kfintech.com Website: www.kfintech.com	
	Beetal Financial & Computer Services (P) Limited Beetal House, 3 rd floor, 99 Madangir, Behind LSC, New Delhi-110062		
	For Bonds Phone: +91-11-2996 1281-83 Email: recbonds2@gmail.com , beetalrta@gmail.com Website: www.beetalfinancial.com		

BOARD OF DIRECTORS



Shri Sanjay Malhotra
Chairman and Managing Director



Shri Sanjeev Kumar Gupta
Director (Technical)



Shri Ajoy Choudhury
Director (Finance)



Shri Tanmay Kumar
Government Nominee Director



Shri Praveen Kumar Singh
Nominee Director of PFC

SENIOR MANAGEMENT TEAM



Dr. Sunita Singh
Chief Vigilance Officer



Smt. Kalpana Kaul
Executive Director
HR, Corporate
Communications
& Public Relations



Shri T.S.C. Bosh
Executive Director
Corporate Planning,
IT, PMG, RECIPMT,
Rajbhasha, Joint
CEO-RECPDCL



Shri G.S. Bhati
Executive Director
Program Management
(Technical) and Quality
Assurance



Shri V.K. Singh
Executive Director
Private Sector Project
Management and
Renewable Energy



Shri R. Lakshmanan
Executive Director
PMD (Coordination), State
Sector Projects, Stressed
Asset Management and
CEO-RECPDCL



Shri J.S. Amitabh
Executive Director &
Company Secretary



Shri Fuzail Ahmed
Executive Director
Program Management
(Technical)



Shri Sanjay Kumar
Executive Director
Finance (Resources,
Banking & Treasury)



Shri S.L. Batta
Executive Director
Law



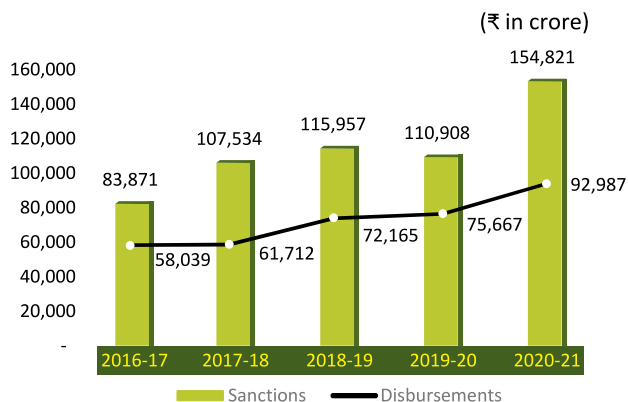
Shri R.P. Vaishnav
Executive Director
Finance (Loans, Recovery,
Investments, Retirement
Trusts & Financial Policies)



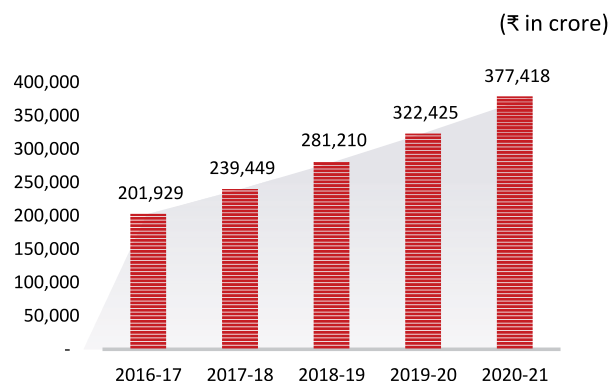
Dr. Kajal
Executive Director
Government Programmes,
Administration, Estates
and REC Foundation

PERFORMANCE HIGHLIGHTS

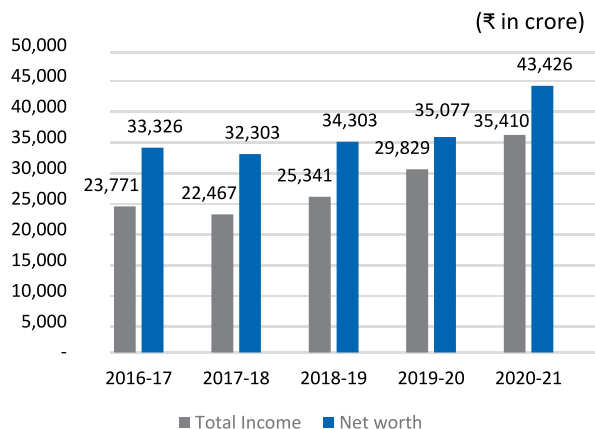
Sanctions & Disbursements



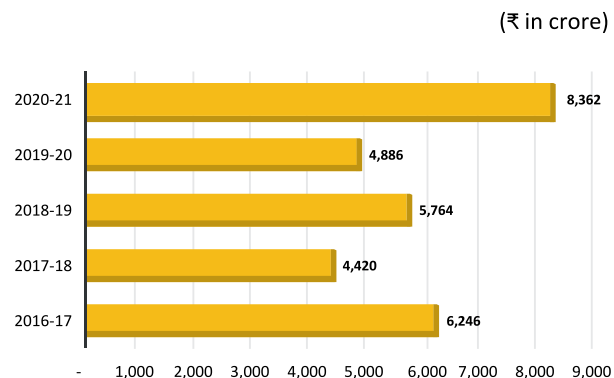
Loan Book



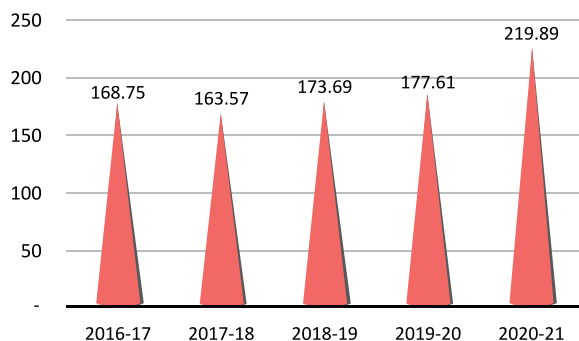
Total Income & Net Worth



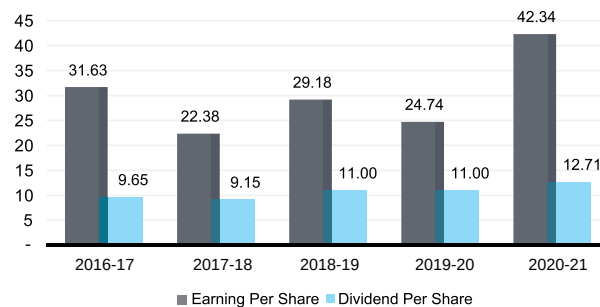
Profit After Tax



Book Value Per Share (₹)



EPS vs. Dividend (₹)



PERFORMANCE HIGHLIGHTS

CONSISTENT GROWTH OVER 10 YEARS

Particulars	2020-21 (as per Ind-AS)	2019-20 (as per Ind-AS)	2018-19 (as per Ind-AS)	2017-18 (as per Ind-AS)	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
SHAREHOLDERS' FUND (₹ in crore) (at the end of the year)										
Equity Share Capital	1,974.92	1,974.92	1,974.92	1,974.92	1,974.92	987.46	987.46	987.46	987.46	987.46
Instruments Entirely Equity In Nature	558.40	-	-	-	-	-	-	-	-	-
Other Equity/Reserves & Surplus	40,893.05	33,101.64	32,328.02	30,328.23	31,350.67	27,630.30	23,869.57	19,682.00	16,466.92	13,575.58
Net Worth (₹ in crore)	43,426.37	35,076.56	34,302.94	32,303.15	33,325.59	28,617.76	24,857.03	20,669.46	17,454.38	14,563.04
BORROWINGS (₹ in crore)										
From Government of India/NSSF	10,000.00	10,000.00	5,000.00	-	-	-	3.07	7.93	15.14	24.64
Bonds/Debentures	2,04,119.67	1,88,538.25	1,71,803.83	1,65,334.89	1,45,686.84	1,39,732.73	1,24,683.85	1,02,806.71	85,249.04	71,372.20
From Financial Institutions	5,800.00	1,000.00	1,200.00	400.00	750.00	1,100.00	1,450.00	2,995.00	4,020.00	4,370.00
Foreign Currency Borrowings	47,486.43	44,378.49	31,368.12	27,530.08	21,080.55	21,923.72	24,028.20	17,621.15	15,238.19	10,698.09
Term Loans from Banks	29,938.58	18,899.78	18,550.00	-	-	-	125.00	269.40	788.80	1,091.54
Commercial Papers	-	2,925.00	7,975.00	3,250.00	-	5,600.00	-	2,540.00	980.00	-
Short-Term/Demand Loans/Others	25,166.32	14,374.33	3,389.50	2,276.54	-	749.93	734.00	-	1,500.00	2,500.00
Total	3,22,511.00	2,80,115.85	2,39,286.45	1,98,791.51	1,67,517.39	1,69,106.38	1,51,024.12	1,26,240.19	1,07,791.17	90,056.47
Fund Mobilization	99,244.53	84,358.12	69,383.22	51,164.89	28,495.18	31,254.92	41,189.82	36,934.37	30,759.16	29,709.36
FINANCING OPERATIONS (₹ in crore) (During the year)										
Projects approved (in nos.)	441	727	914	895	997	625	609	1,035	1,031	1,091
Financial assistance sanctioned	1,54,820.87	1,10,907.99	1,15,957.35	1,07,534.05	83,870.82	65,471.10	61,421.37	70,739.48	79,470.49	51,296.77
Disbursements*	97,928.11	82,140.83	91,827.56	72,281.19	66,076.15	50,630.81	46,446.82	37,969.99	40,183.06	30,593.30
Repayments by borrowers	37,994.03	34,454.15	30,405.09	24,191.82	57,388.24	24,394.48	11,812.63	14,260.45	13,345.92	8,119.69
Outstanding at the end of the year	3,77,418.15	3,22,424.68	2,81,209.68	2,39,449.34	2,01,928.68	2,01,278.29	1,79,646.94	1,48,641.10	1,27,355.52	1,01,426.26
WORKING RESULTS (₹ in crore)										
Total Income	35,410.44	29,829.13	25,341.16	22,467.35	23,770.58	23,756.28	20,388.05	17,120.80	13,598.67	10,509.07
Finance Costs including Net Exchange Loss, Fees & Commission Expenses	21,829.29	21,380.39	16,197.11	13,381.06	13,450.35	14,283.12	11,844.61	10,038.46	8,083.76	6,431.35
Provisions and Contingencies/Impairment on financial instruments	2,419.62	889.56	240.33	2,297.12	1,109.47	1,089.85	802.96	312.02	130.68	52.27
Net loss on fair value changes	-	-	348.52	573.37	-	-	-	-	-	-
Other Expenses	395.87	565.89	447.53	326.00	345.02	332.65	306.68	234.99	216.53	229.32
Depreciation	9.53	10.00	7.17	5.65	5.04	5.45	6.76	4.21	3.75	3.27
Profit Before Tax	10,756.13	6,983.29	8,100.50	5,884.15	8,860.70	8,045.21	7,427.04	6,531.12	5,163.95	3,792.86
Provision for Taxation/Tax Expenses	2,394.35	2,097.13	2,336.78	1,464.26	2,614.94	2,417.55	2,167.17	1,847.42	1,346.33	975.83
Profit After Tax	8,361.78	4,886.16	5,763.72	4,419.89	6,245.76	5,627.66	5,259.87	4,683.70	3,817.62	2,817.03
Other Comprehensive Income for the Period	456.52	(549.79)	(60.54)	4.24	-	-	-	-	-	-
Total Comprehensive Income	8,818.30	4,336.37	5,703.18	4,424.13	-	-	-	-	-	-
Dividend on Equity	#2,510.12	2,172.41	2,172.41	1,807.05	1,905.80	1,688.55	1,056.58	938.09	814.65	740.59

* This includes disbursement of loans as well as grant/subsidy under Government schemes

This also includes Final Dividend of ₹1.71 per equity share of ₹10/- each, as recommended by the Board of Directors for FY 2020-21, which is subject to approval of shareholders at ensuing AGM.

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

It is my privilege to present to you the 52nd Annual Report of your Company. Despite the challenges posed by Covid-19 pandemic, I am happy to report that your Company has performed impressively on all fronts during the financial year 2020-21.

The pandemic has led to an evolution of human behavior and corporate management. The future belongs to those who can achieve seamless communication, reduce vertical hierarchies and have robust systems to garner business intelligence. Your Company is investing keenly in becoming a future-ready organization.

In the energy sector, we are witnessing a transition like never before. The demand for electricity is increasing, supported by the picking up of economic activity and enhanced electrification in rural areas. There is a clear movement towards green energy. The Government is implementing various reforms to make the sector modern, efficient and sustainable. These initiatives in the power sector are likely to enhance the consumer experience and also the overall quality of life.

Your Company has championed 'rural electrification' since its incorporation in 1969, when it used to energize irrigation pump-sets to support the Green Revolution. Five decades later, your Company's funding illuminates every fourth bulb in India. With a consistent track record of serving the power sector, your Company remains committed to support the reforms agenda of the Government.

ECONOMIC OVERVIEW

The global economy is still weathering the setback caused by Covid-19. Most of the economic activities have been hit by reduced personal interaction, uncertainty about economic landscape, lesser investments, changed methods of imparting education and slowdown in the international trade & tourism. It will take some time, before trade and industry resume to their pre-pandemic levels.

The United States was able to avert economic disaster with significant fiscal and monetary policy response. China, on the other hand, saw a rapid yet uneven recovery driven by manufacturing and exports. Prospects for emerging market and developing economies have been generally marked down for 2021. Eventually, the recovery in global economy would be dependent on widespread vaccination and moving ahead with cautious optimism.

The Indian economy is also making a steady comeback from the Covid shock, with the help of comprehensive policy interventions by the Government. Since the onset of the pandemic, the RBI has introduced a slew of measures including moratorium on term loan instalments, deferment of interest on working capital facilities, easing of working capital financing, extension of resolution timelines for stressed assets and asset classification standstill by excluding the moratorium by lending institutions. These measures and many other reliefs provided by the Government have helped in easing out the pressure on the economy.

As per the International Monetary Fund (IMF), India is likely to emerge as the world's fastest-growing major economy, with growth forecast of 9.5% for the financial year 2021-22. IMF also expects India's gross domestic product (GDP) growing by 8.5% in the financial year 2022-23. The factors, which would play a crucial role in sustaining the economic recovery, are successful containment of Covid-19 besides continued discretionary spending.

POWER SECTOR SCENARIO

As power comes under essential services, the impact of Covid-19 on the consumption of power was limited. Still, the sector faced issues like delayed project execution schedules, pressure on finances and liquidity crunch. The sector withstood these challenges with strong policy support from the Government and sectoral reforms.

As of March 2021, the total installed capacity of power stations in India stood at 382 GW. The focus is gradually shifting from conventional sources of power to renewable energy sources. Financial year 2021-22 may see higher levels of economic activity, thereby increasing the demand for power. At the same time, uncertainty owing to the pandemic and restrictions on movements across regions, may pose a risk to the demand for power.

In the past few years, the transmission sector has witnessed an unprecedented growth, with private players enacting an important role in achieving the country's grid expansion targets. Transmission utilities, at the Centre as well as State level, are expected to invest significantly in new technologies to make the grid more reliable, resilient, secure and smart.

The distribution sector has witnessed several reforms in the last few years, aimed at bringing competitiveness and efficiency in the sector. India has already kick-started the process of privatization of its power distribution companies in union territories. This would usher in more competition, forcing discoms to improve their performance standards and adopt a more consumer-centric approach.

In May 2020, the Central Government announced a liquidity infusion scheme for discoms under *Atmanirbhar Bharat*, in the backdrop of the pandemic. Under this scheme, REC and PFC have extended special long-term transitional loans at concessional rates to discoms, against their receivables from State Governments in the form of electricity dues and subsidy not disbursed, to enable them to clear their outstanding dues towards central public sector undertakings, generation & transmission companies, independent power producers and renewable energy generators.

FLAGSHIP GOVERNMENT PROGRAMMES

Your Company is the nodal agency for *Deendayal Upadhyaya Gram Jyoti Yojana* i.e., DDUGJY, a flagship scheme of the Ministry of Power, Government of India launched in December 2014, covering all aspects of rural power distribution, facilitating towards achievement of '24x7 Power For All' in rural areas of the country through defined project components. Your Company is also the nodal agency for operationalization of SAUBHAGYA scheme, i.e., *Pradhan Mantri Sahaj Bijli Har Ghar Yojana* launched in financial year 2017-18 for universal household electrification.

It is noteworthy that all census inhabited villages in the country became electrified as on April 28, 2018. Further, electricity connections have been provided to over 2.82 crore households till March 31, 2021, under SAUBHAGYA, DDUGJY and State Government schemes.

Recently, your Company has prepared a *Report on Key Regulatory Parameters* for all discoms, under Power Sector Reform Programme. The report provides compilation, benchmarking and comparative assessment of key regulatory parameters, giving a comprehensive overview of how the respective power distribution utilities are faring and what corrective measures need to be taken.

Under the guidance of Ministry of Power, your Company has also developed a framework for 'Discom Consumer Service Index', whereby discoms are rated based on the services provided to their consumers, such as reliable power supply, connections and other services, metered billing service and fault redressal. The rating is aimed to promote healthy competition amongst discoms and to nudge them to improve their performance across relevant areas.

Your Company is also one of the nodal agencies for the Revamped Distribution Sector Scheme, a reforms-based and results-linked scheme with an outlay of ₹3,03,758 crore and a Gross Budgetary Support of ₹97,631 crore from the Government of India, over a period of five years i.e., from financial year 2021-22 to financial year 2025-26. The scheme seeks to improve the operational efficiencies and financial sustainability of all discoms / power departments, excluding private sector discoms, by providing conditional financial assistance for strengthening of supply infrastructure based on meeting pre-qualifying criteria, as well as upon achievement of basic minimum benchmarks by the discom evaluated on agreed evaluation framework tied to financial improvements. The scheme aims to reduce the AT&C losses to pan-India levels of 12-15% and ACS-ARR gap to zero by financial year 2024-25.

POLICY INITIATIVES

During the financial year 2020-21, your Company continued to strengthen its policy framework by introduction of new policies and guidelines and revision of existing ones. This included policy on deferment of principal instalments and/or interest in shifting of repayment schedule under Covid-19, scheme for special long term transition loans to discoms under Covid-19, scheme for special loans to discoms within UDAY limits and scheme for special transition loans to discoms in exemption of UDAY limits.

The Company also introduced and reviewed its policies with respect to financing renewable energy projects, which included policy for Letter of Undertaking, modification in Renewable Energy Guidelines on grading of state power utilities, revision of project appraisal and entity appraisal guidelines and modification in re-financing policy for renewable energy projects.

Further, your Company also reduced its interest rate structure across the board, in order to align with the market rates and to contribute towards the overall profitability of the sector.

OPERATIONAL PERFORMANCE

As a financial institution serving the entire power sector value chain, your Company's key products include rupee term loans and other loans for both public and private sector borrowers, in the fields of conventional energy, renewable energy, transmission & distribution and activities having forward or backward linkage with power projects. In addition to that, your Company also acts as the nodal agency or project implementing agency for various schemes and programmes of the Ministry of Power, Government of India.

During the financial year 2020-21, your Company sanctioned total loan assistance of ₹1,54,820.87 crore towards various power sector projects/schemes. The same included ₹39,613.53 crore towards generation projects, ₹17,171.34 crore towards renewable energy projects, ₹19,492.75 crore towards T&D projects, ₹60,191.36 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹4,750.00 crore towards other loans including short-term and medium-term loans. Further, outstanding dues of ₹13,601.89 crore, on which moratorium was extended pursuant to RBI directive and Board approved moratorium policy, are also included in the above sanctions.

During the financial year 2020-21, your Company disbursed a total amount of ₹92,987.49 crore, which included ₹25,929.76 crore towards generation projects, ₹3,265.13 crore towards renewable energy projects, ₹19,301.22 crore towards T&D projects, ₹39,115.50 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹3,900.79 crore towards other loans including short term-and medium-term loans, besides ₹1,475.09 crore of counter-part funding under DDUGJY, DDUGJY-DDG and SAUBHAGYA schemes of the Government of India. Apart from the above, your Company also disbursed total subsidy of ₹4,940.62 crore from the Government of India, i.e., ₹4,527.01 crore under DDUGJY, ₹25.49 crore under DDUGJY-DDG and ₹388.12 crore under the SAUBHAGYA scheme.

FINANCIAL PERFORMANCE

Your Company has performed exceptionally well during the financial year 2020-21 on all key performance indicators. Despite Covid-19, your Company has not experienced any significant impact on its liquidity position, owing to strong credit profile and access to diversified sources of borrowings. Further, your Company has adequate liquidity buffers in the form of working capital and term loan limits from various banks, apart from High Quality Liquid Assets.

The Total Operating Income of the Company for the financial year 2020-21 was ₹35,387.89 crore, as compared to ₹29,765.21 crore during the last financial year. The Profit After Tax and Total Comprehensive Income for the financial year 2020-21 were ₹8,361.78 crore and ₹8,818.30 crore respectively, as compared to ₹4,886.16 crore and ₹4,336.37 crore in the last financial year. Earning Per Share was also recorded at a high of ₹42.34; and Book Value per share reached ₹219.89 for the financial year ended on March 31, 2021.

The Gross Loan Asset Book of your Company as on March 31, 2021 was ₹3,77,418.15 crore, as against ₹3,22,424.68 crore as on March 31, 2020, which is an increase of 17%. The Net Worth of the Company also registered an increase of 24%, reaching ₹43,426.37 crore as on March 31, 2021, as compared to ₹35,076.56 crore as on March 31, 2020. Further, the capital adequacy ratio as on March 31, 2021 was 19.72%, implying the Company's capacity to support future growth.

The domestic debt instruments of your Company continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA-credit rating agencies. Your Company also enjoys international credit rating from international credit rating agencies Moody's and FITCH of "Baa3" and "BBB-" respectively.

Your Company's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2021, the Gross Credit Impaired Assets (Stage III) were 4.84% of the Gross Loan Assets and Net Credit Impaired Assets (Stage III) were 1.71% of the Loan Assets. Your Company has created a dedicated team to look into the aspect of stressed assets, the issues faced in such projects and the resolution of each case through appropriate means.

CAPITAL STRUCTURE

As on March 31, 2021, the authorized share capital of your Company was ₹5,000 crore comprising of 500 crore equity shares of ₹10/- each. The issued and paid-up share capital of the Company was ₹1,974.92 crore comprising of 197,49,18,000 equity shares

of ₹10/- each. Power Finance Corporation Limited (PFC), a Government of India enterprise, holds 52.63% equity stake in your Company; and the balance shares are held by the public.

DIVIDEND

The Board of Directors of your Company had declared an Interim Dividend of ₹6/- per equity share and 2nd Interim Dividend of ₹5/- per equity share of ₹10/- each, for the financial year 2020-21, which have been paid in December 2020 and March 2021 respectively.

Further, the Board of Directors has also recommended a Final Dividend of ₹1.71 per equity share of ₹10/- each, which is subject to approval of the shareholders at the ensuing Annual General Meeting. If approved, the total dividend for the financial year 2020-21 would amount to ₹12.71 per equity share of ₹10/- each, representing 127.10% of the paid-up share capital of the Company, which is higher than the dividend of 110% paid in the last financial year.

NEW OFFICE BUILDING AT GURUGRAM

Your Company has recently started functioning from its new office building at Gurugram, Haryana, which houses the Corporate Office of the Company. It is a unique building with a 964 kilowatt peak Solar PV plant at the rooftop. The building has several state-of-the-art features, such as fair finish white concrete surfaces, raised flooring, radiant cooling for slabs to reduce power consumption of air conditioning, Integrated Building Management System, automated sensor-controlled lighting and bio-climatic glass façade with motorized blinds, well-suited for a future ready organization.

HUMAN RESOURCES MANAGEMENT

Owing to the pandemic, there was an enhanced focus in the last year on employee well-being. Employees were motivated and supported to work with high levels of productivity while maintaining Covid protocols. Trainings and webinars were regularly conducted, not just for upgrading their skill-sets, but also to equip them in dealing with health issues. Regular interactions were held to build an atmosphere of trust and cooperation.

During the financial year 2020-21, your Company recruited 9 executives from various disciplines. The Company had a strength of 428 employees as on March 31, 2021. The Company focuses on effective deployment of human resources at all levels, to meet the organizational goals.

RISK MANAGEMENT FRAMEWORK

Your Company has a comprehensive Risk Management Policy covering credit risk, operational risk, liquidity risk and market risk. Systematic risk management procedures have been laid down to mitigate such risks.

The Company follows structured appraisal process with detailed methodology to mitigate the credit-risk. Operational risks are managed through a comprehensive Risk Register covering all functional areas. In order to mitigate liquidity risk, there is a mix of strategies including forward-looking resource mobilization based on projected disbursements and maturing obligations. Further, your Company has implemented various risk limits to mitigate the market risk.

INFORMATION TECHNOLOGY INITIATIVES

Your Company is constantly increasing the digitization of its business processes through various IT initiatives. Your Company was the first CPSE in the Indian power sector to go paperless, with implementation of e-office, which has now been upgraded to NIC e-office. Your Company has also revamped its e-Business ERP to the latest version; and migrated ERP hardware to private cloud environment at REC Datacenter.

The Company's network and security devices are upgraded with the latest technology. A secured VPN network facilitates the users to connect with REC network from remote locations, thereby facilitating seamless operations. Your Company has also implemented a system to prevent data leakage at the Data Centre and Disaster Recovery Centre, so that confidential and critical information is not shared outside the corporate network.

REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

Your Company has a premier institute for power sector training at Hyderabad, namely, *REC Institute of Power Management and Training (RECIPMT)*. Established in 1979, RECIPMT caters to the training and development needs of engineers and managers across various power sector organizations. RECIPMT is also a partner institute with the Ministry of External Affairs, Government of India for organizing training programmes for international executives.

During the financial year 2020-21, RECIPMT conducted 1250 training programmes, which included National Training Programs sponsored by the Ministry of Power under DDUGJY, REC-sponsored programmes on topics such as *Electrical Safety, Sustainability of Power Utilities, Safety aspects and Energy Management System and Roof-top Solar Systems*, open-calendar programmes and in-house training sessions for the executives of REC. These programmes were attended by 28,678 participants, with achievement of 82,420 training man-days in total.

CSR AND SUSTAINABLE DEVELOPMENT

Your Company's CSR funds are channelized through 'REC Foundation', a society registered under the Societies Registration Act. All CSR initiatives are pursued with the focus on socially beneficial projects to reach a wide spectrum of beneficiaries. During the financial year 2020-21, REC's CSR activities were carried out in the areas of sanitation and hygiene, promotion of healthcare, skill development, women empowerment, environmental sustainability and rural infrastructural development. Further, the Company also contributed towards improving health services and reducing malnutrition in various aspirational districts.

Your Company has a well-defined 'Corporate Social Responsibility & Sustainability Policy' in line with the provisions of the Companies Act, 2013 and rules made thereunder. During the financial year 2020-21, the Company spent a total amount of ₹147.77 crore towards various CSR projects, including an amount of ₹50 crore towards PM CARES Fund, ₹6.93 crore towards providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, healthcare workers and disadvantaged people and ₹0.72 crore towards providing cold chain equipment to store Covid-19 vaccines.

CORPORATE GOVERNANCE

Your Company is committed to adopting and following the best practices in Corporate Governance. The Company meets all applicable requirements within its ambit, under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises and Secretarial Standards issued by the Institute of Company Secretaries of India. The Company is also pursuing the matter pertaining to appointment of requisite number of Independent Directors including Woman Independent Director on its Board, with the appointing authority i.e., the Ministry of Power, Government of India. It is expected that the requisite number of Directors would be appointed shortly.

During the financial year 2020-21, your Company was conferred the 10th PSE Excellence Award for Corporate Governance from the Indian Chamber of Commerce, as runner-up in the Maharatna & Navratna category.

AWARDS & ACCOLADES

During the financial year 2020-21, your Company has won various awards and recognitions including the Best Organization for Women Empowerment at Women Achievers Awards 2020 by Exchange4Media, SKOCH Award for Response to Covid, Mahatma Award for CSR Excellence 2020, National PSU Excellence Awards in CSR, IT, Environment & HR categories and CSR Shining Star Award for Women Empowerment. Further, Reputation Today has recognized REC's corporate communication team as one of the Top 30 in India.

SUBSIDIARIES AND JOINT VENTURES

During the financial year 2020-21, two wholly owned subsidiaries of your Company were amalgamated to create a single entity, to achieve better synergies in operations, greater access to different market segments and to reap the benefits of higher capital base and pooled resources. The amalgamated entity is now known as *REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited, "RECPDCL")*.

RECPDCL is engaged in the businesses of project implementation and consultancy services in power sector viz. implementation of distribution system strengthening works, implementation of grid/off-grid solar (PV) projects, installation of smart meters, preparation of detailed project reports, third party inspections, pre-dispatch material inspections and acting as project management consultant under State-funded schemes such as DDUGJY, IPDS etc.

Further, pursuant to the amalgamation, RECPDCL also acts as "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECPDCL incorporates a project specific Special Purpose Vehicle (SPV) as its wholly owned subsidiary, which also becomes wholly owned subsidiary of REC. After selection of the successful bidder in accordance with TBCB Guidelines, such subsidiaries are transferred to the successful bidder along with all assets and liabilities.

During the financial year 2020-21, RECPDCL recorded an income of ₹184.69 crore, as compared to income of ₹222.18 crore in the previous financial year. The Profit After Tax for the financial year 2020-21 was ₹25.62 crore, as against ₹66.91 crore in the previous financial year. Further, the Net Worth of RECPDCL as on March 31, 2021 was ₹297.99 crore, as against Net Worth of ₹280.80 crore as on March 31, 2020.

REC's joint venture company viz. Energy Efficiency Services Limited (EESL) with three other power sector PSUs, is doing pioneering work in the field of energy efficiency. EESL is formed to create and sustain market access of energy efficient technologies, particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, Ministry of New & Renewable Energy, Government of India. EESL is also leading the market-related activities of National Mission for Enhanced Energy Efficiency (NMEEE), one of the eight national missions under National Action Plan on Climate Change (NAPCC). REC has contributed ₹218.10 crore (22.18%) towards the paid-up equity share capital of EESL.

Based on the provisional financial statements of EESL for the financial year 2020-21, its turnover for the year was ₹1,471.85 crore (on standalone basis). Further, the Profit Before Tax and Profit After Tax for the year were ₹43.96 crore and ₹32.87 crore respectively.

THE PATH AHEAD

While Covid-19 pandemic has presented several challenges for the business and industry, it has also presented several opportunities for improvement in the power sector. The outcome and reform-linked financial package of more than ₹3 lakh crore for discom infrastructure upgrade is a forward-looking plan, which would assist in development of the distribution sector. The proposal to let consumers choose their electricity supplier would unleash competition and help improve efficiency, as will the Government's intent to increase private sector participation in the distribution sector. Monetization of transmission assets through InvIT model is a promising move, which would help in adding transmission capacity to match the rapid pace of electricity generation and increasing demand.

Ambitious plans are lined up for transition towards renewable energy, as also towards hydrogen-based energy and smart metering. Expanding domestic manufacturing is necessary to support the growth of renewables. The phased local manufacturing plan for solar cells and panels would help minimize dependence on imports for solar cells and modules in the long run, contributing towards *Atmanirbhar Bharat*. The production-linked incentive scheme for battery manufacturing would also enhance the ecosystem for storage manufacturing in the country, with positive implications for renewable energy and E-mobility sectors. At the same time, the sector should be watchful towards minimizing stressed assets.

While the private sector is expected to take a lead in the investments in renewable energy, the investments in conventional and atomic energy would largely come from the public sector. Your Company is well poised for the existing and emerging opportunities presented in the power sector. Your Company is building close professional partnerships with national and international financial institutions and multilateral development organizations, to enable the Company in raising resources at competitive rates and aligning with international best practices.

In the future, your Company looks forward to diversify into newer emerging fields, not just as a funding partner but also through its subsidiaries and joint ventures. In all, your Company is committed to the ultimate objective of a robust, resilient and reliable power sector.

ACKNOWLEDGEMENTS

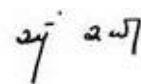
I express my sincere gratitude to the Hon'ble Minister of Power and New & Renewable Energy, Hon'ble Minister of State for Power, Secretary (Power) and other Officials of the Ministry of Power, for their continued support and guidance. I am also thankful to the holding company, Power Finance Corporation Limited, for their cooperation.

I am grateful to the officials of Ministry of Finance, Ministry of Corporate Affairs, NITI Aayog, DIPAM, Department of Public Enterprises, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and the Depositories, for their goodwill and support.

I would also like to thank the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company, for their contribution. My special thanks to all investors, lenders, borrowers and customers including State Governments, State power utilities and private entrepreneurs in the power sector, for placing their trust in the Company.

Last but not the least, I would like to thank my esteemed colleagues on the Board, for the immense value they add. I also appreciate the untiring efforts of all employees of REC. It is with the continuous efforts and cooperation of all of you, that REC moves ahead on the path of all-round growth. Thank you and Jai Hind!

With warm wishes,



Sanjay Malhotra
Chairman and Managing Director

August 27, 2021

NOTICE

Notice is hereby given that the Fifty Second (52nd) Annual General Meeting (AGM) of REC Limited ("REC" or "the Company") (CIN: L40101DL1969GOI005095) will be held on **Friday, September 24, 2021 at 11.00 A.M.**, Indian Standard Time (IST) through Video Conferencing/Other Audio Visual Means (VC/OAVM) to transact the following businesses:

ORDINARY BUSINESS

- Item No. 1:** To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2021 along with the reports of the Board of Directors and Auditors thereon.
- Item No. 2:** To confirm the payment of interim dividend and declare final dividend on equity shares of the Company for the financial year 2020-21.
- Item No. 3:** To appoint a Director in place of Shri Praveen Kumar Singh (DIN: 03548218), who retires by rotation and being eligible, offers himself for re-appointment.
- Item No. 4:** To fix the remuneration of Statutory Auditors for the financial year 2021-22.

SPECIAL BUSINESS

- Item No. 5:** Approval for private placement of securities.

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

"RESOLVED THAT in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Non-Convertible Securities) Regulations, 2021 and any amendments thereof and other applicable SEBI regulations and guidelines, the Circulars / Directions / Guidelines issued by Reserve Bank of India, from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Company be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹85,000 crore during a period of one year from the date of passing of this resolution in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, as the Board (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-Resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, companies, private or public or other entities, authorities and to such other persons in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within the overall limit of ₹85,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to any Private Placement of unsecured/secured non-convertible bonds/ debentures, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, be and is hereby authorized to determine the terms of the Issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things, as may be required under any other regulatory requirement for the time being in force."

- Item No. 6:** Alteration of Objects Clause of Memorandum of Association of the Company.

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

"RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws for the time being in force and such other approvals, permissions and sanctions, as may be necessary, approval be

and is hereby accorded for alteration, substitution, consolidation and addition in the Objects Clause (Clause III) of Memorandum of Association of REC Limited as detailed below:-

- (A) Heading of Clause III(a) of the Objects Clause of the Memorandum of Association of the Company be re-named as **'The objects for which the Company is established are:'**
- (B) The existing sub-clauses of Clause III(a) of the Objects Clause of the Memorandum of Association of the Company be altered and substituted in its entirety, by the following sub-clauses:-
- (1) To implement government schemes for the promotion and development of the power related infrastructure in the country.
 - (2) To fund or undertake studies, surveys, investigations, research on any project, activity or work associated with objects of REC and to carry out any activity including consultancy, training and to fund/ promote any entity etc. in the business interest of the Company.
 - (3) To execute projects, activities or works of creation, up-gradation, renovation, improvement, maintenance, repair, modernization, modification, replacement, augmentation, etc., related to generation, transmission, distribution or supply of power of any form including power from sources of renewable energy.
 - (4) To finance projects, activities or works of creation, up-gradation, renovation, improvement, maintenance, repair, modernization, modification, replacement, augmentation, etc. of assets related to generation, transmission, distribution or supply of power of any form including power from sources of renewable energy.
 - (5) To finance projects, activities or works including electrification works for creation, up-gradation, renovation, improvement, maintenance, repair, modernization, modification, replacement, augmentation, etc., of electrical and electromechanical/ hydro systems, standalone or that are part of large projects including but not limited to projects of lift irrigation, smart city, electrification of railway line, airport etc.
 - (6) To finance projects, activities, schemes for energy conservation, energy efficiency and environmental aspects of power including co-generation/tri-generation/combined heat and power, waste heat recovery system(s), e-mobility & associated infrastructure.
 - (7) To finance projects for establishment, expansion, modernization, operations and maintenance of units for manufacture/ supply of capital equipment(s) required in power sector including renewable energy & allied sectors.
 - (8) To finance activities having forward and/or backward linkage with power projects including but not limited to development of coal and other mining activity(ies) for use as fuel or other fuel supply arrangements for the power sector, laying of railways line(s), road(s), bridge(s), port(s), jetty(s), harbor(s), airport(s), gas pipeline(s), gas terminal(s) and to meet other enabling infrastructure facility(ies) that may be required for the speedy and effective development of power/energy sector.
- (C) Existing Sub-Clause numbers (1) & (2) of Clause III(c) of the Objects Clause of the Memorandum of Association of the Company be subsumed and merged, without any change, as Sub-Clause numbers (27) & (28) in Clause III(b), which shall now be titled as **'Matters considered necessary in furtherance of Objects:-'**
- (D) Sub-Clause (1) of Clause III(b) of the Objects Clause of the Memorandum of Association of the Company be altered and substituted by the following:-
- (1) To borrow/obtain, for purposes of the Company, foreign currency including Commercial Loans, official developments assistance loan or foreign lines of credit from any bank or financial institution or Government / Authority or by issue of bonds/debentures or otherwise in such manner as the company may think fit, in India or in any foreign country."

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

By Order of the Board of Directors
For REC Limited



J.S. Amitabh

Executive Director & Company Secretary

Place : Core-4, SCOPE Complex
7, Lodhi Road, New Delhi - 110003
Date : August 27, 2021

NOTES:-

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the business under Item Nos. 5 to 6 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company in its meeting held on August 5, 2021 considered that the items of Special Business at Sl. Nos. 5 to 6 of the Notice, being unavoidable in nature, shall be transacted at the 52nd AGM of the Company.
2. In view of the outbreak of the Covid-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to Circular dated January 13, 2021 read with Circulars dated May 5, 2020, April 13, 2020 and April 8, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and SEBI Circulars dated January 15, 2021 and May 12, 2020, and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 52nd AGM of the Company is being conducted through VC/OAVM facility. The deemed venue for the 52nd AGM shall be the Registered Office of the Company.
3. In terms of the said MCA Circulars, physical attendance of Members at the AGM and appointment of proxies has been dispensed with. Accordingly, the Attendance Slip, Proxy Form and Route Map are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of casting vote through remote e-voting prior to the AGM, participation in the 52nd AGM through VC/OAVM facility and for electronic voting during the AGM.
4. Attendance of the Members participating in the 52nd AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In line with the MCA Circulars and SEBI Circular, the Notice of the 52nd AGM along with Annual Report is being sent by e-mail to all members, whose e-mail IDs are registered with the Company. The said documents are available on the website of the Company at www.recindia.nic.in and on the website of National Stock Exchange of India Limited at www.nseindia.com and BSE Limited at www.bseindia.com and also on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com.
The Company had published advertisements in newspapers to encourage shareholders, holding shares in physical and electronic form, to register/update their email IDs for receiving the Annual Report for the financial year 2020-21. Further, the Company had also sent SMS on mobile numbers of shareholders, which were registered with the concerned Depository, for updation of e-mail IDs.
Those shareholders who have still not been able to update their e-mail IDs, may follow the process below for registration of e-mail IDs and procuring User IDs & Password for e-voting, on the resolutions set out in this Notice:-
 - In case shares are held in demat mode, please send an e-mail to complianceofficer@rec.in quoting DP ID Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID), name of holder(s), scanned copy of client master list/demat account statement, PAN Card and Aadhaar Card.
 - In case shares are held in physical mode, please send an e-mail to complianceofficer@rec.in quoting Folio No., name, scanned copy of Share certificate (front & back), PAN Card and Aadhaar Card.
6. All Members of the Company including Institutional Investors are encouraged to attend the AGM and vote on items to be transacted at the AGM. Corporate Members are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer through e-mail at scrutinizer.rec@gmail.com with a copy marked to evoting@nsdl.co.in.
7. The Company has fixed **Friday, September 17, 2021** as the Cut-off date for determining the eligibility to vote in respect of items of business to be transacted at the 52nd AGM.
Any person who acquires shares of the Company and becomes a member of the Company after sending of the Notice and is holding shares as on the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL for remote e-voting, then he / she can use his / her existing user ID and password for casting the vote. Any shareholder who disposes off his shareholding such that he/she is not a member as on the cut-off date should treat this Notice for information purposes only.
8. CS Hemant Kumar Singh (FCS no. 6033), or in his absence, CS Shinjini Mukherjee (ACS no. 65425) from Hemant Singh & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the votes cast by the shareholders in respect of items of business to be transacted at the 52nd AGM, in a fair and transparent manner.
9. In compliance with provisions of MCA Circulars and SEBI Circular referred above, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI, the Company is offering e-voting facility to the shareholders to enable them to cast their votes electronically on the items mentioned in the Notice. Those shareholders who do not opt to cast their vote through remote e-voting, may cast their vote through electronic voting system during the AGM.

NSDL will be providing facility for remote e-voting, participation in the 52nd AGM through VC/OAVM and voting during the 52nd AGM through electronic voting system. The remote e-voting period begins on **Tuesday, September 21, 2021 (1000 hours) and ends on Thursday, September 23, 2021 (1700 hours)**. The remote e-voting module shall be disabled by NSDL for voting thereafter.

Members may join the 52nd AGM through VC/OAVM, which shall be kept open for the members on September 24, 2021 from 10.45 A.M. IST i.e. 15 minutes before the scheduled start time and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled start time, i.e. by 11.30 A.M. on date of AGM.

Please refer to detailed instructions for remote e-voting, attending the 52nd AGM through VC/OAVM and electronic voting during the AGM, annexed to this Notice.

10. In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Rules made thereunder, as amended from time to time, the Company paid interim dividend twice during the financial year 2020-21, i.e. an amount of ₹6/- per equity share on December 3, 2020 and ₹5/- per equity share on March 30, 2021.

Further, the Board of Directors of the Company in its meeting held on August 5, 2021 *inter-alia* recommended final dividend @ ₹1.71 per equity share for the financial year 2020-21 and the said dividend, if approved, by the members at this AGM, will be paid on Thursday, October 21, 2021 to the members or their mandates whose names appear in the Register of Members of the Company as on Record Date i.e. **Friday, September 17, 2021**.

Dividend income is now taxable in the hands of the shareholders and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In order to enable compliance with TDS requirements in respect of dividends declared by the Company in future, members are requested to submit Form 15G/15H on annual basis and update details about their residential status, PAN, Category as per the IT Act with their Depository Participants or in case of shares held in physical form, with the Company / R&TA, so that tax at source, if any as per applicable rates may be deducted in respect of dividend payments made by the Company in future.

11. Brief Resume of the Director seeking re-appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} is annexed hereto and forms part of Notice.
12. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the Company in a General Meeting or in such manner as the Company in a General Meeting may determine.

In the 51st AGM of the Company held on September 25, 2020, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2020-21, on the recommendation of the Audit Committee. Accordingly, the Board of Directors approved the payment of remuneration of ₹44,00,000/- (Rupees Forty Four Lakh only) plus taxes as applicable, to be shared equally by the Statutory Auditors i.e. M/s O.P Bagla & Co. LLP, Chartered Accountants and M/s S.K. Mittal & Co., Chartered Accountants, for the financial year 2020-21. The Board also approved that in addition to the above remuneration, the Statutory Auditors may be paid such actual reasonable travelling allowance and out-of-pocket expenses for outstation audit work, as may be decided by the CMD/Director (Finance).

The appointment of the Statutory Auditors for the financial year 2021-22 is yet to be made by the Comptroller and Auditor General (C&AG) of India. Further, Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2021-22.

13. SEBI encourages all shareholders to hold their shares in dematerialized form as this eliminates the possibility of damage/loss of physical share certificate(s) & cases of forgery and facilitates the ease and convenience of paperless trading of shares. Further, no stamp duty is payable on transfer of shares held in Demat form. It is also pertinent to mention that with effect from April 1, 2019, SEBI has prescribed that requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we request you to convert your shareholdings from physical form to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant (DP).
14. Members who hold shares in physical form are requested to send all correspondence concerning transmission, transposition, sub-division, consolidation of shares or any other related matter and/or change in address or bank account, to R&TA of the Company and in case of shares held in electronic mode, to their respective Depository Participants.
15. As SEBI has made usage of electronic payment modes for making cash payments to the investors mandatory, therefore members are advised to submit their National Electronic Clearing System (NECS)/National Electronic Fund Transfer (NEFT)/ Direct Credit mandates or changes therein, to enable the Company to make payment of dividend by means of NECS/ NEFT/ Direct Credit/Warrants. Shareholders holding shares in physical form may send the NECS/NEFT/ Direct Credit mandate form, available on the Company's website, to R&TA of the Company at the address i.e. **Kfin Technologies Private Limited, Unit : REC Limited, Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India**. Shareholders holding shares in electronic form may send the NECS/NEFT/Direct Credit Mandate Form directly to their

Depository Participant (DP). Those who have already furnished the NECS/NEFT/Direct Credit Mandate Form to the Company/ R&TA / DP with complete details need not send it again.

16. Members who have not received/encashed their dividend warrants within its validity period may write to the Company at its Registered Office or R&TA of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.
17. Pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the requisite details of unpaid and unclaimed amounts lying with the Company have been uploaded on the Company's website (www.recindia.nic.in) and website of the Ministry of Corporate Affairs. Further, the investor-wise details of amounts and shares, which have already been transferred by the Company to IEPF, are available on the website of the Company i.e. www.recindia.nic.in.
Further, the unclaimed final dividend for the financial year 2013-14 and unclaimed interim dividend for the financial year 2014-15 will be due for transfer to IEPF in October, 2021 and March, 2022 respectively, in terms of the provisions of the Companies Act, 2013.
18. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to the R&TA of the Company in Form SH-13 as prescribed in the Companies (Share Capital and Debentures) Rules, 2014. Blank Nomination form is available on Company's website i.e. www.recindia.nic.in. In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective DP.
19. The Register of Directors and Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice, will be available for inspection through electronic mode, without any fee, by the members from the date of circulation of this Notice, up to the date of AGM i.e. September 24, 2021. Members desirous of inspection of said documents are requested to send an e-mail to the Company at complianceofficer@recl.in.
20. Members desirous of getting any information on any item(s) of business of this meeting are requested to send an e-mail mentioning their name, demat account number/folio number, email id, mobile number to complianceofficer@recl.in, at least seven days prior to the date of the AGM and the same will be replied by the Company suitably.
21. The Scrutinizer shall, after the conclusion of the electronic voting during the AGM, assess the votes cast at the meeting through electronic voting system, thereafter unblock the votes cast through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Meeting.
22. The results of the voting indicating the number of votes cast in favour or against each of the Resolution(s), invalid votes and whether the Resolution(s) have been carried out or not, together with the Scrutinizer's Report, will be uploaded on the website of the Company (www.recindia.nic.in) and on NSDL website (www.evoting.nsdl.com) and will also be submitted to BSE Limited and National Stock Exchange of India Limited within the prescribed time. Further, the Resolution(s), if passed by requisite majority, shall be deemed to be passed on the date of the 52nd AGM.

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

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

Item No. 5

As per provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, a company shall not make a Private Placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Shareholders of the Company by a Special Resolution for each of the offers or invitations. However, in case of offer or invitation for “non-convertible debentures”, it shall be sufficient if the company passes a previous Special Resolution only once in a year for all the proposed offer(s) or invitation(s) for such debentures during the year.

Therefore, it is proposed to pass a Special Resolution to enable the Company to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹85,000 crore, during a period of one year from the date of passing of this resolution, i.e. upto September 23, 2022, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, within the overall market borrowing programme, as may be approved by the Board of Directors of the Company, from time to time. Further, the said limit of ₹85,000 crore shall be within the overall revised borrowing limit, being proposed for approval by the shareholders of the Company at this AGM.

Further, the Board of Directors of the Company (the “Board”) or any Committee duly constituted by the Board or such other authority as may be approved by the Board shall be authorized to determine the terms of the issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force.

The Memorandum and Articles of Association and all related documents shall be available for inspection through electronic mode, from date of circulation of this Notice, upto the date of AGM.

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 5, 2021 approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by the Members of the Company.

In view of the above, Members are requested to grant their consent to the Special Resolution as set out at Item No. 5 of this Notice.

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

Item No. 6

The Objects Clause of Memorandum of Association (MoA) of REC Limited was last amended in the year 2009. Since then, the Power sector scenario in the country has undergone a paradigm change with increased focus on renewable energy power generation, energy conservation, new & emerging technologies like e-vehicles and associated charging infrastructure, use of Information and Communication Technology for smart city projects, energy efficiency, efficiency in transmission and strengthening of the distribution sector. As a result, newer business opportunities are emerging in the Power sector, albeit with increased competition from banks, financial institutions and other NBFCs. Further, as per the provisions of the Companies Act, 2013, the Objects Clause of Memorandum of Association is to be bifurcated into two categories viz. (i) Objects for which the Company is established and (ii) Matters considered necessary in furtherance thereof.

In order to align the Objects Clause of Memorandum of Association of REC as per requirement of the Companies Act, 2013 and with a view to enable the Company to tap emerging business opportunities in the Power Sector and explore potential in new areas of business, it is proposed to alter the Objects Clause of Memorandum of Association of the Company.

As per provisions of Section 13 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules 2014, the shareholders of the Company may, by passing a special resolution through Postal Ballot and after complying with the statutory provisions, alter the Objects of its Memorandum of Association. However, MCA vide Notification dated February 9, 2018 *inter-alia* amended Section 110 of the Companies Act, 2013 and prescribed that any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company, which is required to provide the facility to members to vote by electronic means under Section 108.

In terms of the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, REC is providing the facility to its members to enable them to vote on resolutions at the general meeting, by electronic means. Accordingly, the Special Resolution for alteration of Objects Clause of Memorandum of Association of the Company, is proposed to be passed in this AGM.

Ministry of Power, Government of India, administrative ministry of REC, vide letter dated March 24, 2021 accorded approval to the Objects clause of Memorandum of Association of the Company. Further, after adoption of revised objects, it is envisaged that the following areas of business will be explicitly covered, which will enable the Company to explore the following business opportunities:

- Funding or undertaking studies, research on any project including training;
- Financing of projects, activities or works in respect of electrical and electromechanical/hydro systems, projects of lift irrigation, smart city, electrification of railway line, airport;
- Financing of projects, activities or works for energy conservation, waste heat recovery system(s), e-mobility & associated infrastructure;
- Financing of projects for establishment, expansion, modernization, operations and maintenance of units for manufacture/supply of capital equipment(s) required in power sector;
- Financing of activities having forward and/or backward linkage with power projects and for development of enabling infrastructure including laying of railways line(s), road(s), bridge(s), port(s), jetty(s) harbor(s), airport(s), gas pipeline(s), gas terminal(s);
- Execution of projects, activities or works related to generation, transmission, distribution or supply of power; and
- Funding/promoting any entity in the business interest of the Company.

A copy of the proposed MoA of the Company will be available for inspection on the Company's website i.e. www.recindia.nic.in, till the date of AGM.

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 5, 2021 approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by Members of the Company.

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

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

**By Order of the Board of Directors
For REC Limited**



**J.S. Amitabh
Executive Director & Company Secretary**

**Place : Core-4, SCOPE Complex
7, Lodhi Road, New Delhi - 110003
Date : August 27, 2021**

BRIEF RESUME OF THE DIRECTOR(S) SEEKING RE-APPOINTMENT AT THE 52ND ANNUAL GENERAL MEETING

Name	Shri Praveen Kumar Singh
DIN	03548218
Date of Birth	January 20, 1962
Date of Appointment	June 18, 2019
Qualifications	B.Tech in Electrical Engineering M.Tech in Energy & Environment Management Global Energy MBA programme
Expertise in specific Functional areas	Shri Praveen Kumar Singh has worked in various units of Projects Division in Power Finance Corporation Limited (PFC) for over 25 years. Earlier, he worked for Bharat Heavy Electricals Limited (BHEL) and industry body viz. Confederation of Indian Industries (CII), for over 9 years. He has been representing PFC in various committees of the Government of India. Further, he also holds Directorships on the Board of PFC Consulting Limited and SPV created for implementation of UMPP. Further, he also served as appellate authority for RTI purposes in PFC.
Directorship held in other Companies	1. Power Finance Corporation Limited. 2. Coastal Karnataka Power Limited. 3. Sakthigopal Integrated Power Company Limited. 4. Jharkhand Infrapower Limited. 5. Ghogarpalli Integrated Power Company Limited. 6. PFC Consulting Limited. 7. Orissa Integrated Power Limited.
Membership/Chairmanship of Committees across all Public Companies other than REC	- Audit Committee, Power Finance Corporation Limited (Member) - Nomination and Remuneration Committee, Power Finance Corporation Limited (Member) - Corporate Social Responsibility Committee, Power Finance Corporation Limited (Member) - Stakeholders Relationship Committee, Power Finance Corporation Limited (Member) - Risk Management Committee, Power Finance Corporation Limited (Chairperson)
Relationships between Directors <i>inter-se</i>	He has no <i>inter-se</i> relationship with any other Director of the Company.
Number of equity shares held in the Company	40 (forty) equity shares of ₹10/-each

Annexure to Notice

Instructions for remote e-voting, attending the 52nd AGM through VC/OAVM and electronic voting during the AGM**A. Instructions for remote e-voting system prior to the 52nd AGM**

The remote e-voting period begins on **Tuesday, September 21, 2021 (1000 hours) and ends on Thursday, September 23, 2021 (1700 hours)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The members/beneficial owners whose names appear in the Register of Members as on the cut-off date i.e. September 17, 2021, may cast their vote electronically and the voting right of shareholders shall be in proportion to their shareholding as on the said cut-off date.

In order to vote electronically on NSDL e-voting system, a two-step process needs to be followed as detailed under:

Step 1: Access to NSDL e-voting system**a) Login method for e-voting and joining virtual meeting for individual shareholders holding securities in demat mode:-**

In terms of SEBI circular dated December 9, 2020 on e-voting facility, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

(i) Login method for individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	- Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a personal computer, laptop or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value added services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. - Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a personal computer, laptop or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility from App Store or Google Play, as the case may be, for seamless voting experience.
Individual Shareholders holding securities in demat mode with CDSL	- Existing users who have opted for Easi / Easiest can login through their user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. - After successful login of Easi/Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e. NSDL. Click on NSDL to cast your vote. - If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration - Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, you will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above-mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

ii) Login Method for e-voting and joining virtual meeting for shareholders (other than individual shareholders) holding securities in demat mode and shareholders holding securities in physical mode.

- Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer, laptop or on a mobile.
- Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com> / with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Details of User ID and Password for logging on to NSDL e-voting Portal : Your User ID details are given below:-

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example: if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned at point no. 5 of the Notice.
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - If you are holding shares in your demat account with NSDL or CDSL, click on "Forgot User Details/Password" option on www.evoting.nsdl.com.
 - If you are holding shares in physical mode, click on "Physical User Reset Password" option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, PAN, Name and registered address.
 - Members can also use OTP (One-Time Password) based login for casting the votes on the e-voting system of NSDL.
 - After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 - Now, you will have to click on "Login" button.
 - After you click on the "Login" button, Home page of e-voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-voting system

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you, by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-1020-990 or 1800-22-44-30 or send a request at evoting@nsdl.co.in or contact Shri Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: evoting@nsdl.co.in or amitv@nsdl.co.in or pallavid@nsdl.co.in. Members may also write to the Company Secretary at the Company's email address at complianceofficer@recl.in.

B. Instructions for members for attending the 52nd AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholder/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-voting system of NSDL.
2. Members are encouraged to join the Meeting through laptops for better experience.
3. Members will be required to allow camera and use Internet connection with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from mobile devices or tablets or laptop connecting via mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate glitches of such kind.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a 'Speaker' and may send their request mentioning their name, demat account number/folio number, email id, mobile number at complianceofficer@recl.in at least 48 hours before the Meeting. Those shareholders who have registered themselves as a Speaker, will only be allowed to express their views/ask questions during the Meeting.

C. Instructions for members for voting through electronic voting system during the 52nd AGM

1. Once discussion on all the items of Notice is completed in the Meeting, every Resolution will be put to vote through electronic voting system during the AGM. Corporate Members are requested to send a certified copy of the Board resolution/authorization letter to the Scrutinizer through e-mail at scrutinizer.recl@gmail.com with a copy marked to evoting@nsdl.co.in.
2. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
3. Only those members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through electronic voting system during the AGM.
4. Members who have voted through Remote e-voting system prior to the AGM, will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.
5. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same persons, as mentioned above for Remote e-voting.

DIRECTORS' PROFILE

Shri Sanjay Malhotra (DIN: 00992744)

Chairman and Managing Director



Shri Sanjay Malhotra, IAS, assumed the charge of Chairman and Managing Director of REC Limited w.e.f. November 9, 2020.

Shri Sanjay Malhotra is a 1990-batch Indian Administrative Service officer of Rajasthan cadre. Prior to his joining as Chairman and Managing Director of REC Limited, he was posted as Additional Secretary in the Ministry of Power. He is an Engineering Graduate in Computer Science from the Indian Institute of Technology, Kanpur and has a Masters in Public Policy from the Princeton University. With demonstrated leadership and excellence in his career of over 30 years, Shri Sanjay Malhotra has worked in multifarious sectors including power, finance and taxation, information technology, mines etc.

He has extensive experience in the Indian power sector both at the State as well as the Central Government. As Principal Secretary, in-charge of Energy Department in Rajasthan, he spearheaded many initiatives including appointment of distribution franchisees in four towns, introduction of PPP in transmission and innovations in metering, billing and collection. As Additional Secretary in the Ministry

of Power, he was looking after transmission, distribution, reforms and restructuring and was deeply involved in reforms, policy initiatives and privatization of distribution utilities of Union Territories. He is also the Ex-officio Chairman on the Board of REC Power Development and Consultancy Limited, a wholly owned subsidiary of REC.

As on March 31, 2021, Shri Sanjay Malhotra was holding "Nil" Equity Shares in the Company. Further, he has no *inter-se* relation with any other Director of the Company.

Shri Sanjeev Kumar Gupta (DIN: 03464342)

Director (Technical)

Shri Sanjeev Kumar Gupta is Director (Technical) on the Board of REC since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand. He has served in prestigious CPSUs, viz. NHPC, Powergrid and REC; and has 39 years of experience in Indian power sector across diverse functions i.e. planning, design, construction, O&M, procurement & contracts, quality assurance, project management of large transmission projects including international consultancy assignments, monitoring of Government programs and financing of power projects etc. He was core team member and responsible for framing technical specifications for India's first 765 kV AC & ± 800 kV HVDC transmission line and was instrumental in induction of new technologies, RoW optimization, uprating of transmission lines with special conductors etc. in Indian transmission grid.

In his present role, he is responsible for all technical functions including appraisal and financing of power and infra projects, business development, diversification and overall effective functioning of the Company in pursuit of its mission, goals and objectives. He has been instrumental in monitoring the successful implementation of village and household electrification under DDUGJY and SAUBHAGYA programs of Government of India. During the period from June 1, 2020 to November 8, 2020, he also held additional charge as Chairman and Managing Director of the Company.

He has been working in REC since March 16, 2010 at various senior management positions. He has earlier served as Nominee Director on the Board of several companies including UP Power Transmission Corporation Limited, Bihar Grid Company Limited, Teesta Valley Power Transmission Limited etc. He is also a Director on the Board of REC Power Development and Consultancy Limited, a wholly owned subsidiary of REC.

As on March 31, 2021, Shri Sanjeev Kumar Gupta was holding "Nil" Equity Shares in the Company. Further, he has no *inter-se* relation with any other Director of the Company.



Shri Ajoy Choudhury (DIN: 06629871)**Director (Finance)**

Shri Ajoy Choudhury is Director (Finance) of REC Limited since June 1, 2020. He is an Associate Member of the Institute of Cost & Management Accountants of India. He has over 33 years of experience in Indian power sector across diverse functions such as international finance, contracts management, loans & recovery, corporate accounts, resource mobilization and treasury, etc.

He has been working in REC since April 16, 2007 at senior management positions and has been instrumental in implementation of various systemic improvements including formulation of loan recovery guidelines, improving communication and services to customers and managing overall resources and treasury in REC in an efficient manner. He has also been a member of core team for implementation of 'Ujwal DISCOM Assurance Yojana' (UDAY), flagship programme of Government of India, aimed at turnaround of distribution companies in the Indian power sector. Prior to joining REC, he has worked at various levels with Power Grid Corporation of India Limited and NHPC Limited, over 19 years.

As Director (Finance), he provides directions with respect to financial management and operations of the organization, encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.

He is a Director on the Board of REC Power Development and Consultancy Limited, a wholly owned subsidiary of REC. He has also served as Nominee Director on the Board of TRN Energy Private Limited.

As on March 31, 2021, Shri Ajoy Choudhury was holding 200 Equity Shares in the Company. Further, he has no *inter-se* relation with any other Director of the Company.

Shri Tanmay Kumar (DIN: 02574098)**Government Nominee Director**

Shri Tanmay Kumar, IAS, is Government Nominee Director on the Board of REC Limited since November 5, 2020.

He is a 1993-batch Indian Administrative Service officer of Rajasthan cadre; and is presently serving as Joint Secretary in the Ministry of Power, Government of India. He holds B. Tech in Civil Engineering from IIT, Delhi and M. Tech in Soil Mechanics & Foundation Engineering from IIT, Delhi.

Shri Tanmay Kumar has served in various capacities in the Government of Rajasthan for almost 27 years. He has rich and varied experience of the power sector. He has held the position of Chairman of Rajasthan Renewable Energy Corporation Limited for 5 years. He is also serving as Government Nominee Director on the Boards of NHPC Limited, SJVN Limited and Power Finance Corporation Limited. Further, he is a Director on various companies for hydro energy projects incorporated in Bhutan.

As on March 31, 2021, Shri Tanmay Kumar was holding "Nil" Equity Shares in the Company. Further, he has no *inter-se* relation with any other Director of the Company.

**Shri Praveen Kumar Singh (DIN: 03548218)****Nominee Director - Power Finance Corporation Limited**

Shri Praveen Kumar Singh is Nominee Director of Power Finance Corporation Limited (PFC) on the Board of REC since June 18, 2019.

He is presently working as Director (Commercial) on the Board of PFC and holds additional charge as Director (Projects) of PFC. Prior to that, Shri Singh has worked in various units of Projects division of PFC for over 25 years. Earlier, he had also worked for the country's largest power equipment manufacturer viz. Bharat Heavy Electricals Limited (BHEL) and industry body viz. Confederation of Indian Industries (CII), for over 9 years.

Shri Praveen Kumar Singh did his B. Tech in Electrical Engineering from IIT, BHU and M. Tech in Energy & Environment Management from IIT, Delhi. He has also completed "Global Energy MBA program" from Bayer College of Business, University of Houston, USA. Shri Singh has been representing PFC in various committees of the Government of India. He also holds Directorships on the Board of PFC Consulting Limited and SPV created for implementation of UMPP.

As on March 31, 2021, Shri Praveen Kumar Singh was holding 40 Equity Shares in the Company. Further, he has no *inter-se* relation with any other Director of the Company.



BOARD'S REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the Fifty Second Annual Report together with the Audited Financial Statements of your Company for the financial year ended on March 31, 2021.

1. PERFORMANCE HIGHLIGHTS

1.1 Summary of performance

The highlights of performance of your Company for the financial year 2020-21, with comparative position of previous year's performance, were as under:

(₹ in crore)		
Parameter	FY 2020-21	FY 2019-20
Loans Sanctioned	1,54,820.87	1,10,907.99
Disbursements	92,987.49	75,666.95
Subsidy under DDUGJY (including DDG) and SAUBHAGYA	4,940.62	6,473.88
Recoveries (including interest)	71,755.40	62,559.74
Total Operating Income	35,387.89	29,765.21
Profit Before Tax	10,756.13	6,983.29
Profit After Tax	8,361.78	4,886.16
Total Comprehensive Income	8,818.30	4,336.37

1.2 Financial performance

The Total Operating Income of your Company for the financial year 2020-21 was ₹35,387.89 crore, as compared to ₹29,765.21 crore during the financial year 2019-20. The Profit After Tax and Total Comprehensive Income for the financial year 2020-21 were ₹8,361.78 crore and ₹8,818.30 crore respectively, as compared to ₹4,886.16 crore and ₹4,336.37 crore for the financial year 2019-20.

The Gross Loan Asset Book of your Company as on March 31, 2021 was ₹3,77,418.15 crore, as compared to ₹3,22,424.68 crore as on March 31, 2020. The outstanding borrowings as on March 31, 2021 were ₹3,22,511.05 crore.

Earnings Per Share and Book Value per share for the financial year ended on March 31, 2021 were ₹42.34 and ₹219.89 respectively. Net Worth of the Company as on March 31, 2021 increased to ₹43,426.37 crore, i.e., 23.80% higher than the Net Worth of ₹35,076.56 crore as on March 31, 2020.

1.3 Impact of Covid-19

India just grappled with the second wave of Covid-19, while more waves are predicted to hit the health as well as economic front. Your Company has not experienced any significant impact on its liquidity position, owing to strong credit profile and access to diversified sources of borrowings. There are adequate liquidity buffers in the form of working capital and term loan limits from various banks, apart from High Quality Liquid Assets.

As a part of its Covid-19 relief package, the Government of India had announced liquidity injection to State discoms in the form of State Government guaranteed loans through REC and PFC, to clear out outstanding dues of power generation and transmission companies. Under this scheme, REC has sanctioned loans of ₹60,191.36 crore and disbursed an amount of ₹39,115.50 crore to various discoms, during the financial year 2020-21.

In accordance with RBI's directives, your Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e., March 1, 2020 to August 31, 2020. The Company has also made provision in the financial statements for the year ended March 31, 2021. Accordingly, interest income for the year ended March 31, 2021 is lower by ₹129.25 crore. Considering REC's comfortable liquidity position and access to diverse sources of funds, there are no reasons to believe that the current crisis will have any significant impact on the Company's ability to maintain its operations, including the going concern assessment.

1.4 Dividend

The Board of Directors of your Company had declared an Interim Dividend of ₹6/- per equity share and 2nd Interim Dividend of ₹5/- per equity share of ₹10/- each, for the financial year 2020-21, which have been paid in December 2020 and March 2021 respectively.

Further, the Board of Directors has also recommended a Final Dividend of ₹1.71 per equity share of ₹10/- each, which is subject to approval of the shareholders at the ensuing Annual General Meeting. If approved, the total dividend for the financial year 2020-21 would amount to ₹12.71 per equity share of ₹10/- each, representing 127.10% of the paid-up share capital of the Company, which is higher than the dividend of 110% paid for the last financial year, i.e., dividend of ₹11/- per equity share of ₹10/- each paid for the financial year 2019-20. The total dividend pay-out for the financial year 2020-21, including the proposed Final Dividend, would amount to ₹2,510.12 crore.

The dividend is paid in accordance with the Company's Dividend Distribution Policy, which is available at https://www.recindia.nic.in/uploads/files/Dividend_Distribution_Policy.pdf.

1.5 Share capital

As on March 31, 2021, the Authorized Share Capital of the Company was ₹5,000 crore, consisting of 500 crore Equity Shares of ₹10/- each. The Issued and Paid-Up Share Capital of the Company was ₹1,974.92 crore, consisting of 197,49,18,000 Equity Shares of ₹10/- each. As on March 31, 2021, 52.63% of the paid-up equity share capital of the Company comprising of 103,94,95,247 Equity Shares of ₹10/- each were held by Power Finance Corporation Limited, a Government of India undertaking. The balance 47.37% of paid-up equity share capital was held by public.

2. LOANS SANCTIONED

During the financial year 2020-21, the Company sanctioned loans worth ₹1,54,820.87 crore, as against ₹1,10,907.99 crore in the previous financial year. The cumulative loans sanctioned by your Company since inception in 1969 till March 31, 2021, were ₹12,54,570.32 crore.

The loans sanctioned for the financial year 2020-21 included ₹39,613.53 crore towards Generation projects, ₹17,171.34 crore towards Renewable Energy projects, ₹19,492.75 crore towards T&D projects, ₹60,191.36 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹4,750.00 crore towards other loans including short-term and medium-term loans. Further, outstanding dues of ₹13,601.89 crore on which moratorium was extended pursuant to RBI directive and Board approved moratorium policy, are also included in the above sanctions.

3. DISBURSEMENTS

During the financial year 2020-21, the Company disbursed total sum of ₹92,987.49 crore, as against ₹75,666.95 crore in the previous financial year. The disbursements for financial year 2020-21 included ₹25,929.76 crore towards Generation projects, ₹3,265.13 crore towards Renewable Energy projects, ₹19,301.22 crore towards T&D projects, ₹39,115.50 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹3,900.79 crore towards other loans including short-term and medium-term loans. The disbursements also included ₹1,475.09 crore of counter-part funding under DDUGJY, DDUGJY-DDG and SAUBHAGYA schemes of the Government of India.

Apart from the above, the Company also disbursed total subsidy of ₹4,940.62 crore from the Government of India during the financial year 2020-21, i.e., ₹4,527.01 crore under DDUGJY, ₹25.49 crore under DDUGJY-DDG and ₹388.12 crore under SAUBHAGYA schemes. The cumulative amount disbursed by your Company since inception till March 31, 2021 was ₹6,90,109.36 crore, excluding subsidy disbursed under various Government programmes.

4. RECOVERIES

- 4.1 Your Company gives utmost priority to timely realization of its dues towards principal, interest etc. During the financial year 2020-21, the amount due for recovery including interest for Standard Assets (Stage I & II) was ₹71,680.23 crore (which also includes ₹13,601.89 crore as per Covid-19 moratorium policy), as compared to ₹62,340.60 crore during the previous financial year. The Company recovered a total sum of ₹71,424.90 crore towards Standard Assets (Stage I & II) during the year, as against ₹61,945.04 crore in the previous financial year. The Company achieved recovery rate of 99.64% for the financial year 2020-21.

The overdues from defaulting borrowers pertaining to Standard Assets (Stage I & II) as on March 31, 2021 were ₹1,112.46 crore. Further, an amount of ₹330.50 crore has been recovered from Credit Impaired Assets (Stage III) in the financial year 2020-21, as compared to ₹614.69 crore recovered in the previous financial year.

- 4.2 Your Company's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2021, the Gross Credit Impaired Assets (Stage III) were ₹18,256.93 crore, which is 4.84% of Gross Loan Assets; and Net Credit Impaired Assets (Stage III) were ₹6,465.61 crore, which is 1.71% of the Loan Assets.

4.3 Stressed Asset Management

REC has created a separate division viz. Stressed Asset Management (SAM) Division, for dedicated approach towards resolution of stressed assets through various frameworks, like RBI framework or resolutions under Insolvency and Bankruptcy Code (IBC) etc. Due to this effort, REC has been able to contain the NPAs at minimum level, i.e., one of the lowest among peer organizations in power sector.

During the financial year 2020-21, REC successfully resolved and upgraded 3 stressed power projects with total exposure amounting to ₹3,923 crore, as per details given below:-

Sl. no.	Name of the borrower and project	REC's exposure (₹ in crore)	Remarks
1	Essar Power Transmission Company Limited (inter-state transmission project)	1,111	Resolved outside IBC by implementation of Restructuring Plan
2	Facor Power Limited (100 MW captive power plant in Odisha)	511	Resolved under IBC
3	RKM Powergen Private Limited (1440 MW thermal power plant in Chhattisgarh)	2,301	Resolved outside IBC by implementation of Restructuring Plan

5. FINANCIAL REVIEW

5.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year 2020-21, vis-à-vis the previous financial year, is given as under:

(₹ in crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue from Operations	35,387.89	29,765.21	35,552.68	29,903.93
Other Income	22.55	63.92	22.72	77.27
Total Income	35,410.44	29,829.13	35,575.40	29,981.20
Finance Costs	21,489.08	18,997.05	21,489.05	18,991.30
Net translation/transaction exchange loss	330.26	2,357.90	330.26	2,357.90
Fees and Commission Expense	9.95	25.44	9.95	25.44
Net loss on fair value changes	-	-	-	-
Impairment on financial instruments	2,419.62	889.56	2,445.94	919.49
Other Expenses	405.40	575.89	518.64	666.23
Total Expenses	24,654.31	22,845.84	24,793.84	22,960.36
Share of Profit/Loss of Joint Venture accounted for using equity method	-	-	(1.97)	9.14
Profit Before Tax	10,756.13	6,983.29	10,779.59	7,029.98
Tax Expenses	2,394.35	2,097.13	2,401.35	2,057.71
Profit After Tax	8,361.78	4,886.16	8,378.24	4,972.27
Other Comprehensive Income for the period	456.52	(549.79)	457.76	(553.85)
Total Comprehensive Income	8,818.30	4,336.37	8,836.00	4,418.42
Add: Opening Balance of Retained Earnings and Other Comprehensive Income	3,085.17	5,036.27	3,347.20	5,226.53
Amount available for appropriation	11,903.47	9,372.64	12,183.20	9,644.95
Less: Appropriations				
Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961	(2,563.13)	(1,522.32)	(2,563.13)	(1,522.32)
Reserve for bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961	(288.13)	(336.52)	(288.13)	(336.52)
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(1,673.00)	(978.00)	(1,673.00)	(978.00)
Debenture Redemption Reserve	-	(49.15)	-	(49.15)
General Reserve	(981.10)	-	(981.10)	-
Impairment Reserve	-	(793.29)	-	(793.29)
Issue expenses on Perpetual Debt Instruments (net of taxes)	(0.70)	-	(0.70)	-

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Sub-total – Appropriations	(5,506.06)	(3,679.28)	(5,506.06)	(3,679.28)
Less: Dividend Payments to Owners (including related taxes)				
Dividend	(2,172.41)	(2,172.41)	(2,172.41)	(2,172.41)
Dividend Distribution Tax	-	(435.78)	-	(446.06)
Sub-total - Dividend Payments to Owners (including related taxes) See Note	(2,172.41)	(2,608.19)	(2,172.41)	(2,618.47)
Closing Balance of Retained Earnings and Other Comprehensive Income	4,225.00	3,085.17	4,504.73	3,347.20

Note: Apart from the above, the Board of Directors has recommended a Final Dividend of ₹1.71 per equity share of ₹10/- each for FY 2020-21, which is subject to approval of shareholders at the ensuing AGM.

5.2 Contribution to National Exchequer

During the financial year 2020-21, your Company contributed an amount of ₹2,721.64 crore to the National Exchequer, which included ₹2,694.33 crore towards direct taxes and ₹27.31 crore towards GST. In the previous financial year, the total contribution to National Exchequer was ₹2,214.12 crore.

5.3 Ratio analysis

A comparative statement of significant ratios of the Company for the financial year 2020-21 vis-à-vis the previous financial year, is given below:

Particulars	FY 2020-21	FY 2019-20
Earnings Per Share (₹)	42.34	24.74
Return on Average Net Worth (%)	21.30	14.09
Book Value per Share (₹)	219.89	177.61
Debt Equity Ratio (times)	7.40	7.94
Price Earnings Ratio (times)*	3.10	3.59
Interest Coverage Ratio (times)	1.50	1.37

*PE Ratio is calculated based on closing price of REC's Equity Share at NSE, as on March 31, 2021 and as on March 31, 2020 respectively.

5.4 Resource mobilization

During the financial year 2020-21, the Company mobilized funds of ₹99,244.53 crore from the market. This included ₹21,053 crore by way of rupee term loans from banks and financial institutions, ₹3,550 crore by way of short-term loans from banks, ₹5,312.10 crore by way of Capital Gains Tax Exemption Bonds, ₹48,101.40 crore by way of Institutional Bonds and ₹558.40 crore by issue of Perpetual Debt Instruments (PDI). The Company also mobilized funds of ₹20,669.63 crore during the year under review, equivalent to USD 1,995.00 million from external commercial borrowing, USD 785.00 million from FCNR (B) and USD 6.89 million from Official Development Assistance (ODA), totaling to USD 2,786.89 million. No funds were raised through commercial paper during the financial year 2020-21.

In order to meet the Government of India's funding requirement of DDUGJY and SAUBHAGYA schemes, the Company had also raised an amount of ₹2,500 crore during the financial year 2020-21 through Institutional Bonds issued on private placement basis. The repayment of principal and service of interest on these bonds shall be made by the Government of India through the Ministry of Power.

Perpetual Debt Instruments

REC raised an amount of ₹558.40 crore by issue of Perpetual Debt Instruments (PDI). During the financial year 2020-21, the Company has issued 5,584 Perpetual Debt Instruments (Series 206) of face value of ₹10 lakh each, aggregating to ₹558.40 crore, which carry coupon rate of 7.97%. The PDI have no maturity and are callable only at the option of the Company after 10 years. The said instruments form 1.44% of the Tier-I capital of the Company (₹38,744.95 crore) as on March 31, 2021. The first interest payment of these instrument shall be due in financial year 2021-22. Detailed disclosure on PDI is appearing in note no. 25 of the standalone financial statements forming part of this Annual Report.

Green Bonds issued by REC

Towards realization of the Hon'ble Prime Minister's vision to harness green energy's enormous potential in the country, REC raised USD 450 million Green Bonds in July 2017, for a tenure of ten years, which are listed on the International Securities Market (ISM) segment of London Stock Exchange and also on Singapore Stock Exchange.

Use of Proceeds: The proceeds have been utilized to finance solar, wind and renewable purchase obligations, including refinancing of eligible projects as defined in the Green Bond framework of REC, contributing to positive environmental impact and also strengthening the country's energy security by reducing fossil fuel dependency.

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

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

Managements of Proceeds: The outstanding amount in respect of Green Bonds amounting to USD 450 million (~₹3,308 crore as on March 31, 2021) were allocated against the following projects.

(₹ in crore)

Sl. no.	Location	Capacity (in MW)	Loan sanction date	Loan sanction amount	Outstanding amount on March 31, 2021
Solar					
1	Karimnagar, Telangana	15	11.11.2016	89.84	71.04
2	Telangana	30	21.09.2016	179.62	148.35
3	Telangana	30	21.09.2016	179.62	148.68
4	Warangal, Telangana	15	11.11.2016	89.84	71.24
5	Andhra Pradesh	500	24.02.2016	2,480.00	1,777.69
6	Karimnagar, Telangana	15	11.11.2016	89.84	71.01
7	Kadapa, Andhra Pradesh	50	12.04.2017	277.50	232.27
8	Kadapa, Andhra Pradesh	50	12.04.2017	277.50	230.86
9	Kadapa, Andhra Pradesh	50	12.04.2017	277.50	232.22
10	Randa Reddy, Telangana	5	27.01.2016	26.90	22.15
11	Medak, Telangana	7	26.11.2015	39.90	31.25
12	Karimnagar, Telangana	15	11.11.2016	89.84	71.03
13	Nirudanagar, Tamil Nadu	5	14.07.2015	26.13	19.69
14	Chitradurga, Karnataka	30	17.04.2017	150.39	134.44
15	Mansa and Sangrur, Punjab	50	21.05.2016	169.69	148.12
	SUB-TOTAL (A)			4,444.11	3,410.04
Wind					
1	Mandasaur, Madhya Pradesh	20	28.01.2016	86.63	61.97
2	Tirpur, Tamil Nadu	6.8	06.06.2012	26.16	18.01
	SUB-TOTAL (B)			112.79	79.98
Renewable Purchase Obligations					
1	Maharashtra	RPO	24.07.2017	500.00	187.50
	SUB-TOTAL (C)			500.00	187.50
	GRAND TOTAL (A+B+C)			5,056.90	3,677.52

REC is compliant with the requirements of Green Bond framework as per its continuing obligations, to ensure that the amount raised from Green Bonds remains invested in the eligible projects, as per the Green Bond framework during tenure of the bonds.



REC financed 300 MW solar power project of Avaada Energy Private Limited in Pavagada Solar Park, Karnataka

Cash credit facilities

For its day-to-day operations, the Company has an approved cash credit / WCDL / OD limit of ₹18,299.50 crore from various banks, out of which ₹13,187.00 crore was availed as on March 31, 2021.

5.5 Domestic and International Credit Rating

Domestic

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

International

REC enjoys international credit rating from international credit rating agencies Moody's and FITCH of “Baa3” and “BBB-” respectively.

5.6 Cost of borrowing

The overall weighted average annualized interest rate of borrowing raised during the financial year 2020-21 and for the borrowings outstanding as on March 31, 2021, excluding other finance charges were 5.89% and 6.85% respectively. Further, the weighted average annualized interest rate of long-term borrowings raised during the year was 6.24%. As a result, your Company was able to deliver debt financing at competitive rates.

5.7 Redemption and pre-payment

During the financial year 2020-21, the Company repaid a sum of ₹58,908.07 crore. This includes repayment amounting to ₹26,342.13 crore towards Institutional Bonds, ₹9,565.23 crore towards Capital Gain Tax Exemption Bonds, ₹5.39 crore towards Infrastructure Bonds, ₹10,312.77 crore towards External Commercial Borrowings, ₹7,266.21 crore of FCNR loans and ₹206.34 crore of Official Development Assistance (ODA) loan. The Company also repaid long term loans ₹5,210.00 crore to banks.

5.8 Financial status at the close of the year

At the close of the financial year 2020-21, the total resources of your Company stood at ₹4,00,233.19 crore. Out of this, equity share capital contributed ₹1,974.92 crore, instruments entirely equity in nature comprised ₹558.40 crore, other equity including Reserves & Surplus stood at ₹40,893.05 crore, financial liabilities including borrowings and other financial liabilities accounted for ₹3,56,571.73 crore and non-financial liabilities including provisions stood at ₹235.09 crore. These funds were deployed as financial assets including long-term/short-term loans, investments etc. of ₹3,96,951.24 crore and non-financial assets including property, plant & equipment, tax assets etc. of ₹3,281.95 crore.

5.9 Policy initiatives

With a view to create long-term value for stakeholders and in line with the prevalent statutory requirements, the Company has strengthened its policy framework by introduction and revision of various policies and schemes during the financial year 2020-21. This included policies for business operations during the pandemic, such as deferment of principal instalments and/or interest in shifting of repayment schedule under Covid-19, scheme for special long term transition loans to discoms under Covid-19, scheme for special loans to discoms within UDAY limits and scheme for special transition loan to discoms in exemption of UDAY limits.

The Company also introduced and reviewed its policies with respect to renewable energy business, which included policy for Letter of Undertaking for renewable energy projects, modification in Renewable Energy Guidelines on grading of State power utilities, revision of appraisal guidelines (project and entity) for renewable energy projects and modification in re-financing policy for renewable energy projects.

REC's existing KYC Guidelines were also reviewed and accordingly, the Company notified its revised Prevention of Money Laundering and Know Your Customer Policy. The Company has nominated a designated director and principal officer to ensure compliance with the said policy.

Other policies approved by the Board during the year included policy for computation of Expected Credit Loss, policy for offering revolving bill payment facility to discoms and gedcos, policy for raising of funds through Perpetual Debt Instruments, review of policy for investment of short-term surplus funds, amendment in CSR & Sustainability Policy and review of Fair Practices Code.

Further, in line with industry trends and to pass on the benefit of lower interest rates to the borrowers, the Company has reduced its interest rates across various categories.

6. PRESENT TRANSMISSION & DISTRIBUTION SCENARIO

As the country's installed generation capacity is at a high of 382 GW (as on March 31, 2021) and there are huge capacities planned in the renewable energy space, the Transmission and Distribution (T&D) sector is poised to witness growth. There is also a need to strengthen the technically old and aging distribution infrastructure. Need of the hour is to install a state-of-the-art robust and reliable evacuation and distribution system, capable of handling higher loads. Distribution is all the more a focus area, with accomplishment of targeted household connections under the Government of India's flagship programme SAUBHAGYA. Therefore, T&D segment shall play a significant role in making the sector reliable, affordable and capable of absorbing envisaged future growth.

Your Company, as the nodal agency to various schemes of the Ministry of Power, Government of India, plays an active role in creating new infrastructure and augmentation/strengthening of the existing network. Your Company finances entire gamut of transmission and distribution projects, broadly with the objectives of system improvement and augmentation, loss reduction measures, IT based system implementation, consumer satisfaction etc., thus playing a significant role in the development and sustainability of the power sector and overall socio-economic progress of the country.

6.1 Major reforms in the Distribution Sector

The outbreak of Covid-19 pandemic in the country and consequent nationwide lockdown imposed by the Government aggravated the liquidity problems of power sector. The Government of India announced a liquidity infusion scheme under *Atmanirbhar Bharat* on May 13, 2020, followed by an advisory issued by the Ministry of Power (MoP) on May 14, 2020, envisaging funding by REC and PFC to discoms for clearance of their outstanding dues towards CPSU gencos & transcos, independent power producers and renewable energy generators as on March 31, 2020. Further, MoP vide OM dated September 2, 2020 also granted one time permission to REC and PFC to extend loans to discoms above UDAY limits, for clearance of outstanding dues of CPSU gencos & transcos, independent power producers and renewable energy generators as on June 30, 2020. Implementation of the aforesaid schemes has significantly improved the liquidity situation of discoms during the pandemic.

Further, various schemes and programmes have been implemented by the Government in the recent past, to improve the financial and operational performance of discoms. The policy framework of Government to support distribution sector includes initiatives like Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), Ujwal DISCOM Assurance Yojana (UDAY), Integrated Power Development Scheme (IPDS), National Electricity Fund (NEF), Smart Grid, Automatic Meter Reading etc. Many more initiatives are in pipeline, to provide reliable and better power supply to the consumers.

Your Company encourages discoms to expedite various reform measures and to adopt best practices, including modernization and automation of systems and smart grid, IT-enabled systems for metering and consumer services and other technological interventions in the distribution sector. Your Company is also the nodal agency for implementation of DDUGJY, operationalization of SAUBHAGYA and NEF schemes. Further, your Company has been instrumental in development of Power For All web-portal and is engaged in assisting the Ministry of Power in this endeavor.

The Government of India's facilitating power to all and improving operational and financial performance of the utilities has already started showing results in terms of timely notification of tariffs by Regulators in many States, filing of MYT petitions, claiming of return on equity in the ARR, release of revenue subsidy by State Government etc. The "24x7 Power For All" document signed by all States reflects the commitment to work towards achieving the very objective for providing electricity across the country.

6.2 National Electricity Fund

REC is the nodal agency for operationalization of National Electricity Fund (NEF), an interest subsidy scheme having provision of ₹8,466 crore (against interest subsidy and other incidental expenses), to be provided over 14 years against interest paid on loan disbursements amounting to ₹23,973 crore for distribution schemes sanctioned during two financial years viz. 2012-13 and 2013-14. The Ministry of Power, Government of India provides interest subsidy on interest paid for loans availed by State power utilities / distribution companies, both in public and private sector, to improve the infrastructure in distribution sector.

In this reform-linked scheme, an interest subsidy of 3% to 7% is payable to discoms, on achievement of reform-based parameters outlined in NEF Guidelines. The utilities from the states of Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand and West Bengal have already benefited from this scheme, with interest subsidy of ₹448.70 crore released till March 31, 2021.

6.3 Deendayal Upadhyaya Gram Jyoti Yojana

REC is also the nodal agency for operationalization of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of the Government of India covering all aspects of rural power distribution. All un-electrified villages/habitations, irrespective of population criteria, are covered for electrification in accordance with the Guidelines of the scheme. All erstwhile ongoing rural electrification schemes have been subsumed in DDUGJY. In a landmark achievement, all remaining un-electrified census inhabited villages in the country became electrified as on April 28, 2018.

DDUGJY facilitates towards achievement of '24x7 Power For All' in the rural areas of India, through the following project components:

- Separation of agriculture and non-agriculture feeders facilitating continuous quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers;
- Strengthening and augmentation of sub-transmission and distribution infrastructure;
- Micro-grid and off-grid distribution network;
- Metering of distribution transformers/feeders/consumers; and
- Rural Electrification component (including the erstwhile RE projects).

Under the scheme, 60% of the project cost (85% for special category States) is provided as grant by Government of India and additional grant up to 15% (5% for special category States) on achievement of prescribed milestones. In order to realize the objectives of the scheme, participation of all stakeholders, particularly public representatives, has been institutionalized through constitution of District Development Coordination and Monitoring Committee (DISHA) (the erstwhile District Electricity Committees) under the Chairmanship of the senior-most Member of Parliament. DISHA has been empowered to monitor and review implementation of DDUGJY.

The scheme has an approved outlay of ₹43,033 crore, including budgetary support of ₹33,453 crore from Government of India. An amount of ₹44,896 crore (including grant of ₹28,198 crore) has been sanctioned by the Ministry of Power for DDUGJY in 33 States and Union Territories, against which ₹30,664 crore (including grant of ₹22,299 crore) has been released till March 31, 2021.

Erstwhile RE projects, subsumed under DDUGJY

Ministry of Power, Government of India has sanctioned an amount of ₹66,353.60 crore (including DDG projects) (grant involved: ₹59,718.24 crore) under erstwhile RE Projects (i.e., Xth Plan, XIth Plan & XIIth Plan) subsumed under DDUGJY in 29 States including Union Territories, against which ₹57,738.96 crore (including grant of ₹52,072.70 crore) has been released till March 31, 2021.

Additional infrastructure for enabling electrification of SAUBHAGYA households

Ministry of Power, Government of India has sanctioned additional fund of ₹14,178.86 crore (grant involved: ₹9,399 crore) for creation of additional infrastructure for SAUBHAGYA scheme under DDUGJY, against which ₹7,011.77 crore (including grant of ₹6,468.12 crore) has been released till March 31, 2021.

6.4 Prime Minister Development Package for Jammu & Kashmir 2015

The Prime Minister Development Package ("PMDP-2015") for the erstwhile Jammu & Kashmir State (now J&K and Ladakh Union Territories) was announced by the Hon'ble Prime Minister on November 27, 2015, with approved project cost of ₹2,570.14 crore (90% grant from Government of India i.e., ₹2,301.62 crore) for distribution strengthening works in rural and

urban areas. The major works covered under the scheme are system strengthening, connecting unconnected households, replacing of barbed wire and worn-out poles, underground cables at tourist places, consumer metering, construction of 33/11 kV sub-stations at industrial areas and electrical infrastructure at religious shrines.

Out of the above, ₹1,157.76 crore (Government of India's grant: ₹1,041.98 crore) has been sanctioned for distribution strengthening works in rural areas. The fund shall be channelized through REC. Under the scheme, an amount of ₹612.35 crore has been released till March 31, 2021.

6.5 SAUBHAGYA - Pradhan Mantri Sahaj Bijli Har Ghar Yojana

The Hon'ble Prime Minister had launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) on September 25, 2017, to achieve universal household electrification in every village and district of the country. The scheme outlay is ₹16,320 crore, including gross budgetary support of ₹12,320 crore. REC is the nodal agency for operationalization of the scheme. Universal household electrification requires creation of electricity access through last mile connectivity. Wherever grid connectivity is technically not feasible and financially unviable, electrification is resorted through solar-based off-grid systems.

The SAUBHAGYA scheme aims at providing:

- Last mile connectivity and electricity connection to all un-electrified households in rural areas;
- Last mile connectivity and electricity connection to all remaining economically poor un-electrified households in urban areas. Non-poor urban households are excluded from this scheme;
- Solar Photovoltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective.

Under the scheme, ₹14,109 crore (including grant of ₹9,093 crore) has been sanctioned by the Ministry of Power to 26 States or Union Territories, against which ₹8,736.90 crore (including Government of India's grant of ₹5,393.59 crore) has been released till March 31, 2021. It is noteworthy that 2.82 crore households have been electrified under SAUBHAGYA, DDUGJY and State Government schemes till March 31, 2021.

6.6 Urja Mitra

Urja Mitra is a distribution sector initiative and a first of its kind application being implemented by your Company's wholly owned subsidiary, viz., REC Power Development and Consultancy Limited (formerly known as REC Power Distribution Company Limited) ("RECPDCL"), under the guidance of Ministry of Power. Urja Mitra was earlier handled by REC Transmission Projects Company Limited, another wholly owned subsidiary of REC, which got amalgamated into RECPDCL during the financial year 2020-21.

Urja Mitra provides a Central Outage Management and Notification Platform for State power distribution utilities, to disseminate power outage information to urban and rural power consumers across India through SMS, email or push notification. Power consumers across the nation get outage update through integrated mobile application for Android and iOS platforms. It also provides a platform to view real time power outages in any part of the country and lodge complaints on power outages. As on June 2021, data of around 23.32 crore consumers of 53 discoms in 29 States is uploaded into the application and 391.62 crore SMSes have been sent to the consumers.

6.7 11 kV Rural Feeder Monitoring Scheme

11 kV Rural Feeder Monitoring Scheme is being implemented by your Company's wholly owned subsidiary, viz. RECPDCL. The sole objective of the scheme is to monitor quality and quantity parameter of rural power supply across the country. Under the scheme, installed Modems/DCUs acquire the data from feeder meter which is being sent regularly to Meter Data Acquisition System (MDAS). Transfer of acquired data is being done through machine-to-machine communication without any human intervention. Analysis of such acquired data is being done on Meter Data Management system i.e., MDM, where various useful MIS pertaining to supply hours in rural and agriculture feeders / areas are being prepared. MDM is also integrated with National Power Portal (NPP) which is being accessed by various stakeholders such as discoms, Central Electricity Authority (CEA), REC and RECPDCL.

6.8 Tarang

Tarang (Transmission App for Real-Time Monitoring and Growth) is a transmission sector initiative, being run under the guidance of the Ministry of Power through your Company's wholly owned subsidiary viz. RECPDCL. Tarang App provides an informative medium regarding Pan-India progress of the transmission system, which can be drilled down for analysis to month-wise, agency-wise, state-wise information etc. The reason for delay in case of stalled or delayed projects is separately provided, so that all concerned stakeholders can take timely corrective decisions for project completion.

Tarang monitors the progress of both inter-state and intra-state transmission projects being implemented through Tariff Based Competitive Bidding (TBCB) as well as regulated tariff mechanism. Tarang also provides advance information of upcoming

transmission projects recommended by the National Committee on Transmission, aiding bidders to gear up for future transmission projects. In other words, it is a real time repository of transmission system across the country.

7. FINANCING ACTIVITIES

Your Company has been providing funding assistance for power generation (including conventional and renewable energy), transmission and distribution projects, including for the electrification of villages. During the financial year 2020-21, your Company also financed power utilities under the liquidity infusion scheme of the Government of India, envisaged as part of *Atmanirbhar Bharat*.

Details of major financing activities during the year under review were as under:

7.1 Generation

During the financial year 2020-21, your Company sanctioned 23 nos. of Generation, R&M (Renovation & Modernization) and other loans, including 2 nos. of additional loans with total loan assistance of ₹39,613.53 crore, including consortium financing with other financial institutions, as per details given below:-

Particulars	No. of Loans	Loan amount (₹ in crore)
State Sector	22	38,682.78
- Fresh Loan(s)	20	34,392.24
- Additional Loan(s)	2	4,290.54
Private Sector	1	930.75
- Fresh Loan	1	930.75
Total	23	39,613.53

In addition to above, moratorium was extended on outstanding dues of ₹4,687.80 crore of generation loans during the year under review, pursuant to Board approved moratorium policy. These are also counted in the sanctions.



Pump-house of Purushothapatnam Lift Irrigation Scheme Stage-I at Andhra Pradesh, financed by REC

7.2 Renewable Energy

During the financial year 2020-21, your Company sanctioned 40 nos. of Renewable Energy projects with installed generation capacity aggregating to 3,759 MW, with total loan assistance of ₹17,171.34 crore, as per details given below:-

Particulars	No. of Loans	Loan amount (₹ in crore)
State Sector	15	2,309.78
- Fresh Loan(s)	15	2,309.78
Private Sector	25	14,861.56
- Fresh Loan(s)	16	12,912.77
- Takeout financing	9	1,948.79
Total	40	17,171.34

The above loans included 20 solar photo-voltaic projects with aggregate capacity of 2,902 MW, 4 wind energy projects with aggregate capacity of 706 MW, 1 solar wind hybrid project of 150 MW capacity, 1 solar module and cell manufacturing project of 2000 MWp per annum capacity, 3 solarization projects under KUSUM scheme, 1 small hydro project of 1 MW, 6 projects for repair and maintenance of hydel plants and 4 E-vehicle projects for procurement of total 902 E-buses.

In addition to above, moratorium was extended on outstanding dues of ₹1,040.60 crore of renewable energy loans during the year under review, pursuant to Board approved moratorium policy. These are also counted in the sanctions.



252 MW Wind Power Project of Vivid Solaire Energy Private Limited in Tuticorin, Tamil Nadu financed by REC

7.3 Transmission & Distribution

During the financial year 2020-21, your Company sanctioned Transmission & Distribution (T&D) schemes and projects involving a total loan assistance of ₹19,492.75 crore, including loan towards inter-state/intra-state transmission projects in private sector. The loans under T&D category included loans towards primary power evacuation schemes associated with generating plants, system improvement schemes, schemes for procurement and installation of equipment/material like meters, transformers, conductors, tower material, cables etc. Further, it also included loan component under Government-approved schemes like DDUGJY, IPDS and SAUBHAGYA and infrastructure schemes for providing electricity access to various categories of consumers, including agricultural consumers.

Further your Company also sanctioned loans of ₹60,191.36 crore under the liquidity infusion scheme of the Government of India envisaged under *Atmanirbhar Bharat*. Details of T&D loans sanctioned during the financial year 2020-21 are given below:-

Particulars	No. of Loans	Loan amount (₹ in crore)
State Sector	364	76,626.10
- Transmission Loan(s)	96	5,184.73
- Distribution Loan(s)	242	11,250.01
- Loans under Liquidity Infusion Scheme	26	60,191.36
Private Sector	3	3,058.01
- Intra-state Transmission Project	1	1,477.96
- Inter-state Transmission Project(s)	2	1,580.05
Total	367	79,684.11

In addition to above, moratorium was extended on outstanding dues of ₹7,333.58 crore of T&D loans during the year under review, pursuant to Board approved moratorium policy. These are also counted in the sanctions.

7.4 Short / Medium Term Loans and other loan assistance

Your Company has also sanctioned 11 nos. of short-term, medium-term and other loans aggregating to ₹4,750.00 crore to various power utilities during the financial year 2020-21, towards their funds requirement for short-term, medium-term or for working capital requirements etc. In addition to above, moratorium was extended on outstanding dues of ₹539.91 crore of other loans during the year under review, pursuant to Board approved moratorium policy. These are also counted in the sanctions.

7.5 Financing activities in North Eastern States

During the financial year 2020-21, your Company sanctioned total sum of ₹1,057.52 crore towards T&D and renewable energy projects in North Eastern States. This included loans under liquidity infusion scheme of ₹728.60 crore to the utilities in Manipur and Meghalaya.

7.6 Appraisal system for financing private sector projects

REC has its own guidelines for appraisal of private sector projects. The promoter/entity appraisal is carried out on the basis of the financial performance, credit-worthiness, management proficiency and sectoral experience of the promoter entities. The project appraisal is carried out on the basis of various technical parameters like statutory clearances, PPA, infrastructure etc. Thus, 'Integrated Rating' of the project is arrived at, on the basis of combined ratings of entity and project. REC's interest rates and security structure are linked to the grades or integrated ratings assigned to private sector projects. During the financial year 2020-21, REC has completed the process of limited review of the existing appraisal guidelines for private sector projects, in view of the changing market practices, regulatory environment, RBI policies etc.

7.7 Grading of state power utilities, JVs, companies, entities etc.

Your Company has well defined policy and guidelines for grading of State power utilities. The grading of state power utilities (generation, transmission and trading etc.) is carried out twice during a year, based on the evaluation of the utility's performance against specific parameters, operational and financial performance, regulatory compliances, annual financial results etc. With regard to State power distribution utilities (including SEBs / utilities with integrated operations), your Company adopts the final annual integrated ratings carried out by independent rating agencies (CARE/ICRA), after approval of framework and rating by the Ministry of Power, Government of India.

For the purpose of funding, your Company has classified State power generation, transmission and trading utilities etc. into 'A++', 'A+', 'A', 'B' & 'C' categories. During the financial year 2020-21, your Company has completed grading in respect of 141 utilities (excluding State Government), out of which 19 utilities were graded as A++, 48 as A+, 42 as A, 25 as B and 7 utilities as C category. Your Company has also developed a model for State grading on ERP platform.



REC financed 2x60 MW Vyasi Hydro-electric Project in Dehradun, Uttarakhand

7.8 Investments during the financial year 2020-21

RBI vide its circular dated November 4, 2019, has prescribed to maintain sufficient High Quality Liquid Assets (HQLAs) effective from December 1, 2020, in order to promote resilience of NBFCs to potential liquidity disruptions and to survive any acute liquidity stress scenario. In compliance of the same, during the year under review, the Company has invested in Government Securities, State Development Loans and Corporate Bonds.

Pursuant to the terms of perpetual bonds of Indian Bank, Bank of Baroda (erstwhile Vijaya Bank) and Canara Bank (erstwhile Syndicate Bank) subscribed to by the Company, the said banks have exercised call option during the financial year 2020-21 and these bonds have been redeemed on March 30, 2021, upon completion of 5 years from the date of allotment.

The Company sold 1,22,71,211 equity shares of Indian Energy Exchange Limited in the open market through retail trading. The price of the share was prevailing multiple times of its purchase price and the Company has recorded net gain of ₹248.69 crore. Subsequent to the de-recognition of the investments on account of actual sale of the equity shares, the Company has transferred the cumulative gain or loss on such shares within equity during the period.

The Company has also been allotted various securities of its borrower companies or their promoters, pursuant to implementation of restructuring plan or under IBC. Details of investments are appearing in Note no. 10 of Notes to Accounts of the standalone financial statements.

8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has four lines of ODA (Official Development Assistance) credit with KfW, Germany, three of them have been fully drawn as on March 31, 2021. KfW-I and KfW-II ODA loans are of EUR 70 million each (approx. ₹454.02 crore and ₹480.97 crore respectively) and KfW-III is of EUR 100 million (approx. ₹753.73 crore). In fiscal 2019, REC had entered into a fourth loan agreement with KfW for financial assistance of USD 228 million. As on March 31, 2021, total amount of USD 168.85 million has been drawn under this facility.

Apart from the above, REC has two lines of ODA credit with JICA, Japan. Both of them have also been fully drawn. Under JICA-I & II ODA loans, cumulative amounts of JPY 16,949.38 million (approx. ₹820.12 crore) and JPY 11,809.48 million (approx. ₹640.64 crore) respectively have been drawn as on March 31, 2021.

9. PERFORMANCE & ACHIEVEMENTS OF GOVERNMENT PROGRAMMES DURING FINANCIAL YEAR 2020-21

9.1 Performance and achievement under 3 schemes of Government of India i.e., DDUGJY, PMDP-2015 for J&K and SAUBHAGYA, during financial year 2020-21.

- a. **Sanction:** During the financial year 2020-21, an amount of ₹480 crore has been sanctioned under DDUGJY to Union Territories of Jammu & Kashmir and Ladakh.
- b. **Fund release:** The subsidy of Government of India is channelized through REC and the matching contribution is infused by the respective State Government or implementing agencies, through loan at their own. Government of India subsidy of ₹4,940.62 crore has been released to States during the financial year 2020-21.
- c. **Physical Progress of creation of infrastructure:** During the financial year 2020-21, the following works have been completed under the 3 schemes of Government of India i.e., DDUGJY, PMDP-2015 for J&K and SAUBHAGYA:
 - (i) Metering of distribution transformers (nos.): 61,994 nos.
 - (ii) Feeder separation (including 11 kV lines) cKm: 30,668 cKm
 - (iii) Metering of 11 kV feeders (nos.): 1,360 nos.
 - (iv) Commissioning of sub-stations (including augmentation) (nos.): 570 nos.

In addition, 2,385 ckm 33 kV lines were installed, 54,964 ckm of LT lines were installed, 66,017 nos. of distribution transformers were commissioned and 15,20,550 nos. of consumer meters were installed.

- d. **Progress of electrification of households:** During the financial year 2020-21, electrification of 4.93 lakh households was achieved under SAUBHAGYA.

9.2 Cumulative Performance upto March 31, 2021

- a. **Sanction and release:** An amount of ₹1,40,695 crore has been sanctioned and Government of India grant of ₹86,845.65 crore has been disbursed to the implementing agencies cumulatively up to March 31, 2021, under the 3 schemes of Government of India viz. DDUGJY, PMDP-2015 for J&K and SAUBHAGYA.

b. Physical progress of creation of infrastructure: The following works have been completed cumulatively upto March 31, 2021 under the above-mentioned Government programmes since inception:

- i) Metering of distribution transformers (nos.): 2,34,193 nos.
- ii) Feeder separation (including 11 kV lines) cKm: 7,88,978 cKm
- iii) Metering of 11 kV feeders: 14,021 nos.
- iv) Commissioning of sub-stations (including augmentation) (nos.): 7,098 nos.

In addition, 37,415 ckm 33 kV lines were installed, 12,99,767 cKm of LT lines were installed, 16,24,170 nos. of distribution transformers were commissioned and 1,54,54,967 nos. of consumer meters were installed.

c. Progress of electrification of households: With the efforts of States and project implementing agencies, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019.

Further, on the request of 7 States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. In respect of the same, 18.85 lakh households have been electrified, out of which 4.93 lakh households were electrified during financial year 2020-21.

10. STANDARDIZATION, QUALITY CONTROL & MONITORING

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

In line with the Quality Control Mechanism of Government programmes, REC Quality Monitors (RQM) have been appointed for carrying out field and material inspections for ensuring proper quality of materials and works during implementation of such schemes. During the financial year 2020-21, RQMs have undertaken field inspection of 21,547 villages, substations & feeders and material inspection of 358 nos. at manufacturer premises, for ensuring quality of works.

REC has developed an online quality portal for digitization of quality inspections of National and REC Quality Monitors. REC has also developed mobile app "SAKSHYA", for uploading observations of RQM agencies and compliances by discoms and programme implementing agencies.

11. RISK MANAGEMENT

The Company has a Comprehensive Risk Management Policy, which covers Credit Risk, Operational Risk, Liquidity Risk and Market Risk.

11.1 Risk Management Committee

The Company is having a Risk Management Committee (RMC) of its Directors in place, for monitoring the integrated risks of the Company. The main function of the RMC is to monitor various risks and also to suggest action for mitigation of risks arising in the operation and other related matters of the Company. Further, as required under RBI norms, the Company has appointed a Chief Risk Officer (CRO).

The Company has identified its various risks and has taken appropriate steps to mitigate them. Brief description of the risks is given below:-

(i) Credit Risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. To mitigate the same, the Company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis REC loan book is categorized as high, moderate or low, depending upon the asset classification based on the ECL methodology.

(ii) Operational Risk

Operational risk arises from inadequate or failed internal processes, people and systems or external events. The Company has implemented a comprehensive Risk Register through which all the operational risks are measured and categorised as high, moderate or low. Further, the operational risks of the Company are studied in all functional areas such as Business, Compliance, Finance, Human Resource, Cyber Security, Legal, Operational and Strategic.

(iii) **Liquidity Risk**

Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the Company. Liquidity risk involves the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and to meet obligations when required.

(iv) **Market Risk**

Market risk of the Company is defined as the risk to Company's earnings and capital due to changes in the market dynamics such as interest rate or prices of securities, foreign exchange fluctuations.

11.2 ALCO Committee

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

ALCO monitors risks related to interest rates, liquidity and currency rates. Brief description of the risks is given below:

- (i) **Interest Rate Risk:** Interest rate risk is the potential loss arising from fluctuations in market interest rates. In order to mitigate the interest rate risk, your Company periodically reviews its lending rates and the weighted average cost of borrowing based on prevailing market rates.
- (ii) **Liquidity Risk:** Liquidity risk is the risk of potential inability to meet liabilities as they become due. The Company faces liquidity risks, which could require it to raise funds or liquidate assets on unfavourable terms. The Company manages liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations.
Your Company has been able to mitigate negative impact on its liquidity position due to outbreak of Covid-19 pandemic and consequent scheme of moratorium of loans by RBI till August 31, 2020, through its strong market credibility and reach in the market in arranging funds through various sources of borrowings i.e., institutional bonds, ECBs and bank loans etc.
- (iii) **Foreign Currency Risk:** Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. The Company manages foreign currency risk associated with exchange rate and interest rate through various derivative instruments.

12. PREFERRED CUSTOMER POLICY

As a part of the Company's business promotion strategy, a 'Preferred Customer Policy' was formulated in year 2008, with the basic purpose of offering enhanced level of services to the customers and to have a long-term mutually beneficial relationship with them. The policy lays down the eligibility criterion, which takes into account various factors such as amount of loan outstanding, duration of loan relationship, repayment track record of the borrower etc., for determining preferred customers and sponsoring them for capacity building, domestic or international seminars and training programmes organized by various external agencies, as well as REC's in-house training institute at Hyderabad.

13. INFORMATION TECHNOLOGY INITIATIVES

Your Company has taken several initiatives on the Information Technology front. It has revamped its e-Business ERP to the latest version and migrated ERP hardware to private cloud environment at REC Datacenter. The new ERP supports GST and latest accounting standards (Ind-AS) and has advanced features to facilitate further automation of business processes. The Company also has E-office system with automated workflow and electronic document management features, which has improved the efficiency and transparency of operations and also created lesser need for use of paper.

The Company has completely revamped its organization wide MPLS VPN network infrastructure facility with latest network and security devices, enhanced bandwidth and high availability features. A secured VPN network has facilitated users to connect to REC network from remote locations to access critical applications for seamless operations. The VC systems of REC have been revamped to facilitate arranging of meetings / discussions across all offices of the Company. The VC facility is also used for meetings with MoP and other Ministries of the Government of India; and for Board and Committee meetings of the Company and its subsidiaries.

The Primary Data Centre (PDC) and Disaster Recovery Centre (DRC) of REC are ISO/IEC 27001:2013 certified and also comply with National Cyber Security Policy of Government of India. REC has also implemented Data Leakage & Prevention (DLP) system at DC and DRC for preventing sharing of confidential and critical information outside the corporate network. REC has also implemented IT security directives of RBI's Master Direction of IT Framework for NBFCs.

REC has deployed a number of in-house developed systems as part of IT initiatives towards achieving better E-governance. Towards green initiative and paperless environment, centralized scanning solution has been implemented in the Company's Corporate Office. REC also facilitates and promotes the IT initiatives of the Government of India within the Company, like MyGov, e-Governance, DPE guidelines on digital mode of payments etc.

14. REC INSTITUTE OF POWER MANAGEMENT AND TRAINING (RECIPMT).

REC Institute of Power Management and Training (RECIPMT) is a premier power sector training institute established in 1979 under the aegis of REC Limited at Hyderabad, Telangana, to cater to the training and development needs of engineers and managers of power sector organizations. During the last four decades, RECIPMT has organized 2,573 training programmes and trained 56,113 engineers/managers from power utilities, like generation, transmission & distribution companies, electricity departments, rural electric cooperatives, electricity regulatory commissions etc.

RECIPMT is also a partner training institute with Ministry of External Affairs (MEA), Government of India for organizing training programmes for the executives of international power sector organizations. Uptil now, RECIPMT has organized 102 such training programmes and trained 1,683 executives from 98 countries. The duration of such training programmes varies from 4 to 12 weeks.

14.1 National Training Program (NTP) sponsored by MoP, GoI under DDUGJY

RECIPMT is the nodal agency for coordination and implementation of National Training Program for C&D category employees of power distribution companies under DDUGJY sponsored by MoP. In spite of ongoing Covid-19 pandemic all over India, RECIPMT has successfully signed 34 Memorandum of Agreements with discoms and their training institutes and completed training for 25,869 participants, in a total of 1,128 training batches across the country during the financial year 2020-21. It is pertinent to mention that 1,035 training batches were organized by discoms, whereas 93 training batches were organized by RECIPMT support on the request of discoms.

14.2 REC Sponsored Programmes

In order to encourage training activities and bring in awareness among the executives of power utilities during the Covid-19 pandemic situation, the following online training programmes were conducted free of cost by RECIPMT during the financial year 2020-21, with all India participation:

a. REC sponsored 3-day Training Programmes on Electrical Safety

Safety being the major concern of power utilities in the country, REC sponsored 50 training programmes on "Electrical Safety". Under the same, RECIPMT trained a total of 1,271 participants from different utilities during the financial year 2020-21. The participation in the programmes was from MSEDCL, APCPDCL, MPPaKVVCL, PSPCL, MSPGCL, Sikkim PDD, CESS Sircilla, KSEBL, BSPTCL, GETRI, OPTCL, TSECL, HPTI and GRIDCO engineers.

b. REC sponsored 1-Day Webinars on Sustainability of Power Utilities

RECIPMT organized 60 batches of 1-day webinars on "Sustainability of Power Utilities" covering subjects such as Electricity Act amendments, tariff reforms, real time markets and renewable integration. Under the same, RECIPMT trained 1,238 participants of power sector companies i.e., from gencos, transcos and discoms.

Major utilities which participated were JKPDD, HPPCL, PTCUL, MeECL, MSEDCL, NLCIL, TSSPDCL, MPPoKVVCL, PSPCL, MSPGCL, Sikkim PDD, CESS Sircilla, KSEBL, BSPTCL, GETRI, OPTCL, TSECL, HPTI and GRIDCO.

c. REC sponsored awareness webinars

REC also conducted webinars on "Safety Aspects and Energy Management System", in which 44 power sector executives participated; and on "Roof Top Solar Systems", in which 22 executives participated.

14.3 Open calendar programmes for power utilities

Due to Covid-19 pandemic situation, the trainings were announced in virtual or online mode in the form of webinars, as soon as the Government of India allowed training activities. In spite of Covid-19 severity, RECIPMT successfully organized 6 training programmes as webinars on different topics such as solar power generation, disaster management, distribution transformers, labour laws, O&M of sub-stations and smart meters. A total of 103 participants took part in these webinars.

14.4 REC executives (in-house) training programmes

RECIPMT organized 4 in-house training programmes for executives of REC, on topics such as leadership and communication skills, loan documentation and Government e-Marketplace (GeM) portal. Under the same, 131 REC executives were trained during the year.

14.5 Total Training Programmes organized during the financial year 2020-21

During the financial year 2020-21, RECIPMT conducted an aggregate of 1,250 training programmes, which were attended by 28,678 participants, with achievement of 82,420 training man-days in total. This included 1,128 National Training Programmes attended by 25,869 participants, achieving 76,956 man-days of training, 112 REC-sponsored training programmes for power utilities attended by 2,575 participants, achieving 5,099 man-days of training and 10 other training programmes with 234 participants, achieving 365 man-days of training.

15. ISO 9001:2015 QUALITY ASSURANCE CERTIFICATION

The Company has implemented Quality Management Systems as per ISO 9001:2015 standards in six major divisions of Corporate Office and 18 Regional and State Offices across the country for processing of claims.

16. HUMAN RESOURCES MANAGEMENT

To infuse fresh professionals in the existing manpower pool of the Company, 9 executives were inducted in the Company during the financial year 2020-21, through campus recruitment. The total manpower of the Company as on March 31, 2021 stood at 428 employees, which included 366 executives and 62 non-executives.

16.1 Reservation in Employment

The Directives issued by the Government of India regarding reservations for SC/ST/OBC etc. in appointment/promotion to various posts were complied with. The group wise details of SC, ST and OBC employees out of the total strength as on March 31, 2021 were as under:

Group	Number of Employees							
	Total		SC		ST		OBC	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
A	366	385	40	43	16	17	72	70
B	22	36	3	5	-	-	1	2
C	40	47	15	16	-	1	3	3
Total	428	468	58	64	16	18	76	75

16.2 Training & Human Resource Development

As a critical tool to up-grade skill sets of the employees as well as to ensure high levels of productivity, Training & Human Resource Development continued to receive priority during the financial year 2020-21. Due to the ongoing Covid-19 pandemic, employees were encouraged to take-up online training programmes. Various programmes on managing lifestyle during the pandemic were organized. All possible opportunities and support were provided to employees to improve their performance and productivity. Training was also provided to enhance and upgrade their professional knowledge, as also to sensitize employees about the socio-economic environment in which the Company operates. Further, trainings aimed at helping employees in their spiritual growth and attitudinal development, were also imparted.

In order to equip the employees professionally, 179 employees attended various training programmes and workshops. Together, these interventions enabled the Company to achieve 329 training man-days. Due to the Covid-19 pandemic, no executive was deputed for a foreign training.

16.3 Employee Welfare

To provide improved health care facilities to the employees and their dependent family members, services of part-time doctors were engaged for providing on-site medical consultation. The Company has also been funding sports and recreation events, as well as equipment for use by employees for their well-being.

Sports Activities

During the financial year 2020-21, REC hosted an Inter-CPSU Carrom Tournament at Dehradun and also sponsored participation of its employees in various inter-CPSU sports tournaments in table tennis, badminton, volley ball, chess etc., organized by power sector CPSUs under the aegis of Power Sports Control Board (PSCB). Employees were encouraged to participate in quizzes, paper presentations and simulation competitions conducted by various organizations.



Vaccination camp organized for employees of power sector CPSEs and their family members

16.4 Representation of Women Employees

As on March 31, 2021, the Company had 70 permanent women employees, which represents 16.36% of the total work force. There is no discrimination of employees on the basis of gender. A Women's Cell has been in operation in the Company to look after welfare and all-round development of the women employees. REC also celebrated International Women's Day on March 8, 2021.

16.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2020-21. There was no loss of man-days on account of industrial unrest. Regular interactions were held with REC Employees Union and REC Officers Association on issues of employee welfare. This has helped in building an atmosphere of trust and cooperation, resulting in a motivated workforce and continued improvement in the business performance.

16.6 Grievance Redressal

In accordance with the guidelines issued by the Government of India, the Company has constituted a Grievance Redressal Committee to redress the grievances of its employees.

Further, your Company also has a Public Grievance Redressal system in place, for dealing with the grievances of the public at large. The Company has appointed a senior official as the Chairman, Public Grievance in this regard, to ensure prompt redressal of grievances within the stipulated time frame.

17. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

REC's Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives are aimed to fund and support socially beneficial projects as a guiding principle, giving priority to issues of foremost concern in the national development agenda and to reach a wide spectrum of beneficiaries, with a view to empower economically and socially backward communities. CSR initiatives have been carried out by REC in the fields of sanitation and hygiene facilities, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, in order to facilitate inclusive social development.



'School Aapke Dwar' is a unique CSR initiative of REC to provide education to children of migrant workers living around Gurugram, Haryana, through an innovative mobile school bus

The Company's 'Corporate Social Responsibility & Sustainability Policy' is aligned with the provisions of the Companies Act, 2013 and rules made thereunder. The Company undertakes its CSR activities through 'REC Foundation', a society registered under the Societies Registration Act, 1860.

For the financial year 2020-21, the Board approved a CSR budget of ₹144.32 crore, in line with the applicable provisions of the Companies Act, 2013 and Rules made thereunder. Against the same, the Company spent a total amount of ₹147.77 crore during the year towards various CSR projects. This included a contribution of ₹50 crore towards the PM CARES Fund, ₹6.93 crore towards providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, healthcare workers and poor persons and ₹0.72 crore towards providing cold chain equipment to store Covid-19 vaccines in West Bengal, Nagaland and Dadra & Nagar Haveli.

DPE has issued guidelines to CPSEs to spend 60% of CSR budget on thematic areas of health & nutrition for the year 2020-21, preferably in aspirational districts. The Company increased its efforts in a big way to support welfare work in the above thematic areas, across different aspirational districts. The Company is committed to CSR projects aimed at improving health services and reducing malnutrition in Gajapati (Odisha), Mamit (Mizoram), Kiphire (Nagaland), Muzaffarpur (Bihar), Udham Singh Nagar (Uttarakhand), Chandel (Manipur) and West Sikkim (Sikkim) districts.

The detailed Annual Report on CSR activities for the financial year 2020-21, including particulars of impact assessment(s) carried out in respect of various CSR projects, is forming part of this Annual Report. Further, the CSR & Sustainability Policy of the Company is available at <https://www.recindia.nic.in/our-csr-initiatives>.

18. VIGILANCE ACTIVITIES

REC constantly endeavors to optimize probity and integrity among employees and to promote transparency, fairness and accountability in all operational areas. REC's Vigilance division mainly aims at 'Preventive Vigilance' by reviewing the policies, rotation and transfers of employees holding sensitive posts, review of audit reports, review of projects, tenders and contracts awarded, inspections of regional offices, review of Annual Property Returns (APRs), etc.

In this regard, the following major activities have been carried out:

- In compliance with the instructions of CVC/MoP, the matter of rotational transfers from the identified sensitive posts is constantly being pursued.
- Sending prescribed periodical statistical returns to CVC and MoP on time.
- Regular review of audit reports i.e. Internal, Statutory and C&AG Audit Reports.
- Review of projects, tenders and contracts awarded. Wherever deviations were observed, the matter was taken up with the concerned divisions, which led to strengthening of appraisal system and guidelines.
- Field inspections of regional offices and scrutiny of APRs.
- Review of selection process of legal consultant and lender's legal counsel.
- Review of one case of resource mobilization.
- Field inspections of REC financed projects.
- Thrust on leveraging of technology was continued, with the result that information relating to loans, schemes, tenders, third party bills etc. are online.
- Vigilance Monitoring System has been developed for timely detection and reducing the occurrence of lapses, which covers various functionalities of the organization, like procurement & contracts, bill tracking, loans, assets and employee payments (medical and travel).
- It was ensured that information and policies like tenders, requisite forms, status of loan applications and third-party payments, Fair Practices Code, Prevention of Fraud Policy, CSR Guidelines, Whistle Blower Policy etc. are available on REC's website.

As per the instructions of Ministry of Power, almost all tenders above ₹2 lakh were processed through E-procurement mode. E-reverse auction is also in process, in cases where estimated value of procurement and quoted prices exceed certain parameters.

As on March 31, 2021, no disciplinary case was pending in REC.

Observance of Vigilance Awareness Week

REC observed Vigilance Awareness Week from October 27, 2020 to November 2, 2020. During this week, REC administered Integrity Pledge and conducted competitions like mask designing with slogan writing, online quiz, essay writing, poem recitation and painting for its employees and their family members. REC also organized a half-day workshop/webinar on "Contracts Management" for its employees on October 28, 2020. Apart from this, vigilance awareness activities were also organized at various regional offices and subsidiaries of REC.

Further, Action Taken Report on the activities undertaken at REC during the observance of Vigilance Awareness Week, 2020 was sent to CVC in the prescribed format.

Moreover, REC continued its endeavor to groom young school children into vigilant citizens through “Integrity Clubs”, that are now present in 32 schools across India, covering 1600+ students.

19. IMPLEMENTATION OF OFFICIAL LANGUAGE

In order to promote the use of Hindi in official work, continuous efforts are made by the Company, in terms of the Annual Programme issued by the Department of Official Language, Ministry of Home Affairs, Government of India.

To encourage the use of Hindi amongst employees of the Company, ‘Hindi Month’ was organized at Corporate Office during September 1, 2020 to September 30, 2020, wherein various competitions like *Hindi Kavita Lekhan*, *Hindi Yatra-Vrittant Lekhan*, *Hindi Nibandh Lekhan*, *General Knowledge Quiz*, *Hindi Cinema Quiz*, *Sports Quiz* were organized. The participation of employees in all such events and competitions was encouraging. Prizes were awarded to winners in different categories, to motivate the employees to increase the use of Hindi in their day-to-day work. ‘Hindi Fortnight’ was also organized in various regional offices and State offices of the Company, including at RECIPMT, to provide hands-on exposure to participants in discharge of their official work in Hindi.



Dr. Sumeet Jerath, IAS, Secretary (Official Language) (extreme right) addressing REC officials during Rajbhasha Goshthi

The Committee of Parliament on Official Language successfully conducted inspection of New Delhi, Mumbai and Bhubaneswar offices of REC on October 3, 2020, January 6, 2021 and January 11, 2021 respectively. These inspections have inculcated a spirit of awareness among the employees for enhanced adoption of Hindi in their work.

A *Rajbhasha Goshthi* was organized on January 21, 2021 at New Delhi, where Secretary (Official Language) motivated the senior officials of the Company through his address ‘*Rajbhasha Hindi ke Prabhavi Karyanwayan mein Barah Pra ki Bhumika*’ and also reviewed the use of Hindi in official work of the Company.

An online training workshop on *Kanthasth* (translation memory) was organized on March 1, 2021. An inter-PSU *Hindi Ashu Bhashan* competition was also organized on March 12, 2021 by regional office Jaipur, under the aegis of its TOLIC (PSUs) at Jaipur. Your Company has been publishing Hindi journal ‘*Urjayan*’ containing interesting and useful articles, as well as literary writings of the employees. In order to motivate write ups, articles, poems etc. in Hindi for the journal, the Company has adopted a policy to award prizes and incentives.

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

20.1 Conservation of Energy

Your Company does not own any manufacturing facility, hence there are no significant particulars relating to conservation of energy and technology absorption.

The registered office of the Company is located in SCOPE Complex at New Delhi, where all civil, electrical installation and maintenance is carried out by SCOPE (Standing Conference of Public Enterprises). During the financial year 2020-21, SCOPE has saved around 15.48 lakh units of energy, by effective monitoring, controlling and scheduling the operation of AC chilling units and elevators, use of other energy efficient equipment such as 100kW and 10kW solar power plant at terrace and by use of movement/occupancy sensor as well as maintaining power factor nearest to unity. This resulted in financial saving of around ₹1.89 crore.

REC has recently started functioning from its new office building at Gurugram, Haryana, which houses the Corporate Office. The building is conceived to be a GRIHA-5 Star rated Net Zero building with unique features. In order to make the building Net Zero, a 964kWp solar plant has been installed at the rooftop, supported by solar pergola structure, to cater to the load requirement. Further, highly efficient solar panels (efficiency >21%) have been installed to produce 16.7 lakh units of electricity in the first year. In order to conserve energy, the building is designed and constructed by using energy efficient façade and radiant cooling slabs, to lower about 30% building HVAC load requirement.

20.2 Foreign Exchange Earnings & Outgo

During the financial year 2020-21, the Company had no foreign exchange earnings. Further, foreign exchange outflow aggregating to ₹12,158.78 crore was made during the year, on account of interest, principal repayment, finance charges and other expenses.

21. SUBSIDIARY COMPANIES

During the financial year 2020-21, REC had two wholly owned subsidiaries viz., REC Power Distribution Company Limited (later renamed as REC Power Development and Consultancy Limited w.e.f. July 16, 2021) ("RECPDCL") [CIN: U40101DL2007GOI165779] and REC Transmission Projects Company Limited (RECTPCL) [CIN: U40101DL2007GOI157558]. Pursuant to a Scheme of Arrangement for Amalgamation of RECTPCL (transferor company) with RECPDCL (transferee company) under Section 230-232 of the Companies Act, 2013 approved by the Ministry of Corporate Affairs (MCA) vide Order dated February 5, 2021, RECTPCL has been amalgamated into RECPDCL with the Appointed Date of April 1, 2020. The amalgamation came into effect from February 6, 2021.

The amalgamation was aimed to merge the said two companies into one single entity, in order to achieve better synergies in operations, greater access to different market segments and to reap the benefits of higher capital base and pooled resources. Pursuant to the amalgamation, all assets & liabilities of RECTPCL stand transferred into RECPDCL. Further, pursuant to the amalgamation, RECPDCL has allotted 35,500 fully paid equity shares of ₹10/- each to the Company, in lieu of 50,000 fully paid equity shares of ₹10/- each held by REC in the erstwhile RECTPCL. Therefore, as on March 31, 2021, REC holds a total of 85,500 fully paid up equity shares of ₹10/- each in RECPDCL.

RECPDCL is engaged in the businesses of project implementation and consultancy services in power sector viz. implementation of distribution system strengthening works, implementation of grid/off-grid solar (PV) projects, installation of smart meters, preparation of detailed project reports, third party inspections, pre-dispatch material inspections and acting as project management consultant / project management agency under some projects of State-funded schemes such as DDUGJY, IPDS etc.

Further, pursuant to the amalgamation, RECPDCL also acts as "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECPDCL incorporates a project specific Special Purpose Vehicle (SPV) as its wholly owned subsidiary, which also becomes the subsidiary of REC. After selection of the successful bidder in accordance with the TBCB Guidelines, such subsidiaries are transferred by RECPDCL to the successful bidder, along with all assets and liabilities.

During the financial year 2020-21, RECPDCL transferred 1 project specific SPV namely Ramgarh New Transmission Limited [CIN: U40300DL2020GOI365214] to the selected bidder, i.e., Power Grid Corporation of India Limited. As on March 31, 2021, RECPDCL had the following project specific SPVs for various inter-state / intra-state transmission projects:-

- (1) Dinchang Transmission Limited* [CIN: U40300DL2015GOI288066]
- (2) Chandil Transmission Limited [CIN: U40108DL2018GOI330905]
- (3) Koderma Transmission Limited [CIN: U40300DL2018GOI331192]
- (4) Dumka Transmission Limited [CIN: U40300DL2018GOI331490]
- (5) Mandar Transmission Limited [CIN: U40101DL2018GOI331526]
- (6) Kallam Transmission Limited [CIN: U40106DL2020GOI364104]
- (7) Gadag Transmission Limited [CIN: U40100DL2020GOI364213]
- (8) Fatehgarh Bhadla Transco Limited# [CIN: U40108DL2020GOI364227]
- (9) Rajgarh Transmission Limited [CIN: U40106DL2020GOI364436]
- (10) Bidar Transmission Limited [CIN: U40106DL2020GOI364498]
- (11) Sikar New Transmission Limited# [CIN: U40106DL2020GOI364672]
- (12) MP Power Transmission Package-I Limited [CIN: U40108DL2020GOI367417]
- (13) MP Power Transmission Package-II Limited [CIN: U40100DL2020GOI368275]

* The said company has been dissolved and its name has been struck-off the register of companies w.e.f August 17, 2021

Transferred to Power Grid Corporation of India Limited on June 4, 2021

During the financial year 2020-21, RECPDCL recorded an income of ₹184.69 crore, as compared to income of ₹222.18 crore in the previous financial year. The Profit After Tax for the financial year 2020-21 was ₹25.62 crore, as against ₹66.91 crore in the previous financial year. Further, the Net Worth of RECPDCL as on March 31, 2021 was ₹297.99 crore, as against Net Worth of ₹280.80 crore as on March 31, 2020.

22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited and Power Finance Corporation Limited, has formed a Joint Venture Company i.e., Energy Efficiency Services Limited (EESL) [CIN: U40200DL2009PLC196789] on December 10, 2009. EESL is a super energy service company (ESCO) and acts as a resource center for capacity building for state discoms, Energy Regulatory Commissions, State Development Authorities, upcoming ESCOs, financial institutions etc. REC has contributed ₹218.10 crore (22.18%) towards the paid-up equity share capital of EESL upto March 31, 2021.

EESL is formed to create and sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, MNRE, Government of India. EESL is also leading the market-related activities of the National Mission for Enhanced Energy Efficiency, one of the 8 national missions under National Action Plan on Climate Change (NAPCC).

Based on the provisional financial statements of EESL for the financial year 2020-21, its turnover for the year was ₹1,471.85 crore (on standalone basis). Further, the Profit Before Tax and Profit After Tax for the financial year 2020-21 were ₹43.96 crore and ₹32.87 crore respectively.

23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Rules made thereunder and Indian Accounting Standards, the Company has prepared the Consolidated Ind-AS Financial Statements for the financial year 2020-21, that include its wholly owned subsidiary company i.e., RECPDCL (Audited) and joint venture company i.e., EESL (Un-audited), which shall also be laid before the ensuing 52nd Annual General Meeting along with the Standalone Financial Statements of the Company.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of subsidiaries/ associates and joint ventures in Form AOC-1, forms part of this Annual Report. The financial statements of Special Purpose Vehicle (SPV) companies, which are wholly owned subsidiaries of RECPDCL, are not consolidated with the financial statements of REC, since the investment / interest in such companies is held for sale and therefore, interest in such SPV companies is accounted for as per Ind-AS 105.

The Audited Ind-AS Financial Statements including the Consolidated Ind-AS Financial Statements and Audited Accounts of subsidiaries of the Company are available on the website of the Company i.e., www.recindia.nic.in. Further, these documents would be kept open for inspection through electronic mode by any member or any trustee for debenture holders. The Company would also make available copy thereof through e-mail upon specific request by any member of the Company.

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

As per the provisions of the Companies Act, 2013, the Board of Directors of the Company has designated the Chairman and Managing Director (CMD), Director (Finance), Director (Technical) and Company Secretary as Key Managerial Personnel (KMPs) of the Company. The role of CEO is being performed by CMD and the role of CFO is performed by Director (Finance) of the Company.

The Ministry of Power, vide Order no. 46/2/2019-RE [247264] dated November 5, 2020, had appointed Shri Sanjay Malhotra, IAS (DIN 00992744) as Chairman and Managing Director of the Company, with effect from the date on which he assumes the charge of the post. Shri Sanjay Malhotra took over the charge as Chairman and Managing Director of the Company on November 9, 2020.

Prior to the joining of Shri Sanjay Malhotra, Shri Sanjeev Kumar Gupta (DIN 03464342), Director (Technical) was holding additional charge as Chairman and Managing Director of the Company during the period June 1, 2020 to November 8, 2020 pursuant to Orders of the Ministry of Power dated June 12, 2020, September 10, 2020 and November 24, 2020 respectively.

The Ministry of Power vide Order no. 46/9/2011-RE [228164] dated April 21, 2020, had also appointed Shri Ajoy Choudhury (DIN 06629871) as Director (Finance) of the Company with effect from June 1, 2020. Shri Ajoy Choudhury was formerly Executive Director (Finance) in the Company.

The Ministry of Power, vide Order no. 46/8/2015-RE [227696] dated November 5, 2020, had appointed Shri Tanmay Kumar, IAS (DIN 02574098), Joint Secretary, Ministry of Power as Government Nominee Director on the Board of REC with immediate effect and until further orders, vice Shri Mritunjay Kumar Narayan, IAS (DIN 03426753), Joint Secretary, who was earlier nominated on the Board of Directors of REC as Government Nominee Director.

During the financial year 2020-21, Shri Ajeet Kumar Agarwal (DIN 02231613), Director (Finance) who was also holding the additional charge of Chairman and Managing Director of REC upto May 31, 2020, superannuated from the services of the Company and ceased to be a Director since June 1, 2020. The Board places on record appreciation for the esteemed contribution made by Shri Ajeet Kumar Agarwal and Shri Mritunjay Kumar Narayan, during their tenure as Directors of the Company.

The Company Secretary & Compliance Officer of the Company is Shri J.S. Amitabh.

After the completion of tenure or cessation of office of all erstwhile Independent Directors of the Company, including Woman Independent Director during the financial year 2019-20, the composition of the Board and some Committees thereof, was not in conformity with the provisions of the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs, 2010 for the year. The Company has already requested the Ministry of Power, Government of India, i.e., the appointing authority, to expedite the appointment of the requisite number of Independent Directors, including Woman Independent Director on the Board of the Company, to enable compliance with the applicable statutory provisions.

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Praveen Kumar Singh (DIN 03548218), Nominee Director of PFC shall retire by rotation at the ensuing 52nd Annual General Meeting of the Company and being eligible, offers himself for re-appointment till the date of his superannuation from the holding company or until further orders, whichever is earlier. The Board of Directors recommends his re-appointment. Brief resume and other particulars of Shri Praveen Kumar Singh are annexed to the Notice of AGM.

25. EVALUATION OF BOARD OF DIRECTORS / INDEPENDENT DIRECTORS

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

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

Accordingly, being a Government company, REC is, *inter-alia*, exempted in terms of the above notifications, as the evaluation of performance of all members of the Board of the Company is being done by the administrative ministry i.e., the Ministry of Power and/or by the Department of Public Enterprises (DPE). During the financial year 2020-21, the performance evaluation of Non-Executive Directors of the Company was carried out by the administrative ministry, as per its internal guidelines.

Further, your Company also enters into Memorandum of Understanding (MoU) with its holding company, PFC, under the framework prescribed in MoU Guidelines issued by the DPE. The MoU demarcates key performance parameters for the Company finalized in consultation with the Ministry of Power, Government of India and the performance of the Company is evaluated vis-à-vis the MoU parameters.

26. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- (ii) such accounting policies have been selected and applied consistently (except for the adoption of newly effective Indian Accounting Standards as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) internal financial controls have been laid to be followed by the Company and such internal financial controls were adequate and operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. MoU RATING AND AWARDS

The performance of the Company, in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for the financial year 2018-19 was rated as 'Excellent' and the MoU rating for the financial year 2019-20 is awaited.

During the financial year 2020-21, REC has won various awards and recognitions, including:

- Best Organization for Women Empowerment at Women Achievers Awards 2020 by Exchange4Media
- 10th PSE Excellence Award 2019 in Corporate Governance (as runner-up in Maharatna & Navratna category)
- SKOCH Award for Response to Covid
- Mahatma Award for CSR Excellence 2020
- National PSU Excellence Awards for CSR, IT, Environment and HR
- CSR Shining Star Award for Women Empowerment

REC's Corporate Communication team is recognized as one of the Top 30 Corporate Communication Teams in India, by Reputation Today.

28. 'THINK GREEN, GO GREEN' INITIATIVE

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report etc. through electronic means to its members at their registered email addresses. As a responsible corporate citizen, the Company has actively supported the implementation of 'Green Initiative' of the Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notices and Annual Reports to shareholders, whose email ids are registered. The intimation of dividend (interim/final) is also being sent electronically to such shareholders.

Further, pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility to all members to enable them to cast their votes electronically in respect of resolutions set forth in the Notice of Annual General Meeting (AGM). The Company will also be conducting the AGM this year through video conferencing / other audio-visual means. Members can refer to the detailed instructions for e-voting and electronic participation in the AGM, as provided in the Notice of AGM.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail addresses with the Registrar and Share Transfer Agent (R&TA) of the Company or their respective Depository Participant (DP) and take part in the green initiative.

29. OBSERVANCE OF SWACHHTA PAKHWADA

REC observed *Swachhta Pakhwada* during May 16, 2020 to May 31, 2020 and organized various activities under the same. The Company hosted a campaign on social media, creating awareness about sanitization of office premises and homes. The Company also used its twitter handle to disseminate the message of *Swachhta Pakhwada*. A dedicated section was created on the website of the Company, containing information regarding initiatives taken by REC for sanitization of office premises.

Various regional offices of REC carried out distribution of '*Swachhta*' kits to the needy containing handwash, gloves, face mask and dusters etc. REC Chennai office distributed such kits to around 350 families in slum areas near Mylapore, Chennai. REC Jaipur office also distributed such kits to the needy in slum areas in and around Jaipur. Further, other offices of REC carried out similar activities in their nearby areas and helped in spreading the message of cleanliness in different parts of the country.

30. RIGHT TO INFORMATION ACT, 2005

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

The status of RTI applications and appeals received during the financial year 2020-21 was as under:

Sl. no.	Particulars	Nos. of RTI
1.	Applications received	252
2.	Applications disposed of	246
3.	Applications disposed of subsequently (but within the statutory timelines)	6
4.	First appeals received by Appellate Authority, REC	15
5.	First appeals disposed of by Appellate Authority, REC	15
6.	Second appeals received from Central Information Commission	3
7.	Second appeals disposed of by Central Information Commission	3

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

The Guidelines for MSMEs, as defined in the purchase procedure, are being followed in the Company. As an endeavor to foster the Government's ambitious initiatives for the promotion of MSME sector and in order to surpass the prescribed public procurement norms, revised with effect from November 2018, REC has already made it mandatory to procure 100% of certain common use goods and services valuing upto ₹10 lakh from MSME vendors and also to allow price preference of upto 50% to MSEs, out of which 20% is reserved for SC, ST and women entrepreneurs. Further, REC is already registered at GeM (Government e-Marketplace), *Sambandh* and *Samadhan* portals and all offices of REC are effectively using the same.

During the financial year 2020-21, total procurement made by the Company was ₹11.65 crore, out of which MSME procurement amounted to ₹8.24 crore (71%), procurement from SC/ST amounted to ₹0.56 crore (7%) and procurement from women entrepreneurs amounted to ₹0.21 crore (2.5%).

REC not only achieved but exceeded its targets set by the Government of India for procurement from GeM portal and for procurement from MSMEs (achieved 71% against the target of 25%). Further, there was no complaint against REC on the Government of India's MSME Samadhan portal during the year, regarding delay in payments or any other grievance by MSME vendors.

REC has made it compulsory for all its Pan-India offices to have 100% procurement of common goods and services through GeM portal only. Further, in order to make this endeavor successful, REC has also conducted a comprehensive GeM procurement training programme, having specially featured sessions of faculty from GeM. The same was attended and praised overwhelmingly by all the participants.

REC is also registered on TReDS (Trade Receivables Discounting System) portal and is poised to let its presence felt on this forum for bill discounting by MSME vendors. Further, REC has also conducted its Annual Vendor Development Programme (VDP) through online session due to Covid-19 pandemic, which was attended by various vendors. REC's Public Procurement Policy for MSMEs is included in all the tenders duly published on the website of the Company and on the CPPP (Central Public Procurement Portal). The same is also being critically examined and monitored on quarterly and annual basis by the Independent External Monitor (IEM) appointed by CVC. The IEM has appreciated the efforts and achievements of REC for various compliances and found that all procurement activities are in order.

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

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

During the financial year 2020-21, the Company did not receive any complaint of sexual harassment.

33. ANNUAL RETURN

The Annual Return of the Company is available on <https://www.recindia.nic.in/annual-returns>.

34. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of Related Party Transactions required to be disclosed in Form AOC-2 for the financial year 2020-21 were 'Nil'.

35. AUDITORS

Statutory Auditors

M/s S.K. Mittal & Co., Chartered Accountants, New Delhi (Firm Registration No.: 001135N) and M/s O.P. Bagla & Co. LLP, Chartered Accountants, New Delhi (Firm Registration No.: 000018N/N500091) were appointed as Statutory Auditors of your Company for the financial year 2020-21 by the Comptroller & Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2021.

Further, the appointment of the Statutory Auditors for the financial year 2021-22 is yet to be made by the Comptroller & Auditor General (C&AG) of India. Approval of the Members of the Company will be obtained in ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Statutory Auditors for the financial year 2021-22, as may be appointed by C&AG.

Secretarial Auditors

M/s Hemant Singh & Associates, Company Secretaries (Certificate of Practice No. 6370), New Delhi, were appointed as Secretarial Auditors for carrying out Secretarial Audit of the Company for the financial year 2020-21. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2020-21 and the same is annexed to this Report.

35.1 Management's Comments on the Auditors' Report

The Statutory Auditors have audited the standalone and consolidated financial statements of the Company for financial year 2020-21 and have given their reports without any qualification, reservation, adverse remark or disclaimer. The Auditors' Report(s) are forming part of this Annual Report.

The Secretarial Auditors of the Company have given an unqualified report for the financial year 2020-21. However, they have certain observations relating to composition of the Board and its Committees. The management's reply to the observations of the Secretarial Auditors is as under:

Observation of Secretarial Auditors	Management's Reply
1. The Company did not have requisite number of Independent Directors on the Board including a woman director as required under section 149 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	REC is a Government Company and as per the provisions of Article 91 of Articles of Association of the Company, the power to appoint Directors on the Board of the Company vests with the President of India, acting through the administrative ministry, i.e., the Ministry of Power, Government of India.
2. The composition, chairmanship and quorum of meetings of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee were not in compliance with section 177 & 178 of the Companies Act, 2013 read with regulation 18, 19 & 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to non-availability of any Independent Director on the Board of REC.	After the completion of tenure, resignation or cessation of office of all erstwhile Independent Directors of REC including Woman Independent Director in the financial year 2019-20, there are no Independent Directors and Woman Independent Director on the Board at present.
3. The composition of Corporate Social Responsibility Committee was not in compliance with section 135(1) of the Companies Act, 2013 due to non-availability of any Independent Director on the Board of REC.	Accordingly, the composition of REC's Board, including composition of some Committees thereof, which require presence of Independent Directors, was not in conformity with the applicable statutory provisions. Further, separate meeting of Independent Directors could also not be held for the same reason.
4. The Company did not comply with regulation 25(3) & (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to appointment of Independent Directors within the stipulated time & holding of at least one meeting of Independent Directors during the financial year.	The Company has requested the Ministry of Power for appointing requisite number of Independent Directors, including Woman Independent Director, on the Board of the Company. The request of REC is under consideration of the Ministry of Power. Once, the requisite number of Independent and Woman Directors are appointed by the Ministry of Power, the Company will comply with all the applicable statutory provisions.

36. COMMENTS OF C&AG OF INDIA

The Comptroller & Auditor General (C&AG) of India, vide letter(s) dated July 30, 2021 has given 'Nil' comments on the Audited Financial Statements of the Company for the year ended March 31, 2021 under Section 143(6)(a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2020-21 have been placed along with the report of Statutory Auditors of the Company in this Annual Report.

37. DEBENTURE TRUSTEES

In compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a list containing the details of Debenture Trustees appointed by the Company for different series of its bonds and debentures issued from time to time, is annexed to this Report.

38. STATUTORY DISCLOSURES

- There was no change in the nature of business of the Company during the financial year 2020-21.
- The Company has not accepted any public deposits during the financial year 2020-21 and the Board of Directors of the Company has passed requisite resolution in this regard, in compliance of RBI Guidelines.

- c) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.
- d) The Company maintains an adequate system of Internal Control, including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For details, please refer to the 'Management Discussion and Analysis Report' annexed to this report.
- e) Information on composition, terms of reference and number of meetings of the Board and its Committees held during the year, establishment of Vigil Mechanism/Whistle Blower Policy and web-links for familiarization/training policy of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, Policy for determining Material Subsidiaries, Compensation to Key Managerial Personnel, sitting fees to Directors and details regarding IEPF etc. have been provided in the 'Report on Corporate Governance', prepared in compliance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, which forms part of this Annual Report.
- f) Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given, securities provided or investment made by a company engaged in the business of financing of companies or of providing infrastructural facilities in the ordinary course of its business are not applicable to the Company, hence no disclosure is required to be made. Further, the details of investments are given at Note no. 10 of the Notes to Accounts of the Standalone Financial Statements.
- g) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder relating to managerial remuneration, are not applicable to Government companies, therefore no disclosure is required to be made.
- h) There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year i.e., March 31, 2021 and the date of this report.
- i) The Company has not issued any stock options to the Directors or any employee of the Company.
- j) The details related to vigilance cases, replies to audit objections and RTI matters etc., as applicable, are duly incorporated in this report, as required vide OM dated January 24, 2018 of the Ministry of Parliamentary Affairs, Government of India.
- k) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under the Companies (Cost Records and Audit) Rules, 2014 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, cost accounts and records are not required to be maintained by the Company.
- l) During the year under review, the statutory auditors / secretarial auditors have not reported to the Audit Committee, any instances of fraud committed against the Company by its officers or employees.
- m) The Company, within its ambit, is compliant with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.
- n) No new Independent Directors were appointed on the Board of Directors of the Company during the financial year 2020-21, therefore no disclosure is required to be made under Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014.
- o) The Company has adequate internal financial controls with reference to the Financial Statements.
- p) As on March 31, 2021, there was no application made or proceeding pending against REC, for initiation of Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016. Further, details of difference between amount of valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions, are not applicable.
- q) The Objects Clause of Memorandum of Association (MoA) of the Company was last amended in year 2009. Since then, the power sector scenario in the country has undergone a paradigm change and newer business opportunities are emerging. Further, as per the provisions of the Companies Act, 2013, the Objects Clause of MoA is to be bifurcated into two categories viz. (i) Objects for which the Company is established and (ii) Matters considered necessary in furtherance thereof. Therefore, in order to align the Objects Clause of MoA with the requirement of the Companies Act, 2013 and with a view to enable the Company to tap emerging business opportunities in the power sector and explore potential in new areas of business, a proposal for alteration in the Objects Clause of MoA is submitted for approval of the shareholders as a Special Resolution, details of which are appearing in the Notice of the AGM.

39. NEW OFFICE BUILDING AT GURUGRAM

REC has recently started functioning from its new office building at Gurugram, Haryana, which now houses its Corporate Office. It is a state-of-the-art Net Zero building with a 964kWp Solar PV plant at the rooftop supported by pergola structure and several unique features such as fair finish white concrete surfaces, raised flooring, radiant cooling for slabs to reduce power consumption of air conditioning, Integrated Building Management System (IBMS), automated sensor-controlled lighting, bio-climatic glass façade with motorized blinds and an auditorium.



REC's new state-of-the-art Corporate office building in Gurugram, Haryana

The building is constructed by contractor JMC Project (India) Limited under supervision of project management consultant Telecommunications Consultants India Limited (a Government of India enterprise) and M/s CWA, New York as project architect.

40. INTEGRATED REPORT

An 'Integrated Report' of the Company as per SEBI Circular dated February 6, 2017 for the financial year 2020-21, is prepared and annexed to this Report.

41. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines on Corporate Governance for CPSEs, 2010 and other applicable statutory provisions is annexed to this report as under:

Particulars	Annexure
Management Discussion & Analysis Report	I
Report on Corporate Governance	II
Business Responsibility Report	III
Integrated Report	IV
Secretarial Audit Report	V
Auditors' Certificate on Corporate Governance	VI
Annual Report on CSR Activities	VII
Details of Debenture Trustees appointed for different series of Bonds	VIII

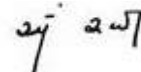
42. ACKNOWLEDGEMENTS

The Directors thank the Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, NITI Aayog, Department of Investment and Public Asset Management, Department of Public Enterprises, Reserve Bank of India, Securities & Exchange Board of India and the Comptroller & Auditor General of India, for their co-operation, support and guidance in effective management of the Company's affairs and resources. The Directors also thank Power Finance Corporation Limited, the holding company, for continued support.

The Directors whole heartedly thank all shareholders, investors, lenders and bond holders of the Company, for their goodwill and support. The Directors extend their gratitude towards all customers and borrowers, including State Governments, State Electricity Boards, State power utilities and independent power producers for reposing their trust and association with the Company.

The Directors are grateful to the Statutory Auditors, Secretarial Auditors and other professionals associated with the Company, for their continuous value addition. Last but not the least, the Directors appreciate all employees of the Company, for working tirelessly despite the pandemic, towards the success of the Company.

For and on behalf of the Board of Directors



Sanjay Malhotra
Chairman and Managing Director
(DIN: 00992744)

Place : New Delhi

Date : August 27, 2021

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management of the Company is pleased to present its report on the business environment & industry scenario, industry risks and opportunities and Company's performance during the financial year 2020-21.

BUSINESS ENVIRONMENT

Global Business Environment

The Covid-19 pandemic delivered a significant blow to the economic activities worldwide, unleashing an employment crisis, widening inequalities and pushing 131 million additional people into poverty. As per IMF's Report of April 2021, after an estimated contraction of -3.3% in 2020, the global economy is projected to grow at 6% in 2021, thereafter likely to moderate to 4.4% in 2022 and expected to moderate to 3.3% over the medium term. Economic activity has been hit by reduced personal interactions, owing both to official restrictions and private decisions, uncertainty about the post-pandemic economic landscape and policies, lesser investments, disruptions to education resulting in slower human capital accumulation, concerns about the viability of global value chains and slowdown in international trade and tourism. However, the unprecedented policy response to the pandemic has brought several reliefs. Therefore, the slowdown caused by Covid-19 is likely to leave smaller scars than the global financial crisis of 2008.

Global trade in goods and services contracted by an estimated 7.6% in 2020, slightly smaller contraction than the global financial crisis. While international travel remains at a fraction of its pre-pandemic level, global merchandise trade has been recovering since mid-2020, on the back of strong demand for electric and electronic goods, pharmaceuticals and personal protective equipment. The recovery in merchandise trade has been led by China and other East Asian economies, which were relatively successful in containing the spread of the virus and which experienced a faster-than-expected recovery in economic activities. Advanced economies faced a sharp resurgence of Covid-19 in the second half of 2020, thereby cutting short the economic rebound taking place. The expected recovery in 2021 and beyond will depend heavily on the evolution of the pandemic, its waves and the effectiveness of vaccination drives.

The United States was able to avert economic disaster in 2020, due to a significant fiscal and monetary policy response. A K-shaped recovery is underway, where industries and households most vulnerable to the pandemic, still need assistance to prevent long-term economic scarring. The goods industry is doing well, since the pandemic saw a surge in goods consumption by 3.9%. Many households purchased time-saving goods and gadgets, to improve their work-from-home experience. Meanwhile consumption of services fell by 7.3% in 2020. Many parts of the service-industry are still hit by demand and supply shock. The trajectory for recovery is dependent on a supportive policy environment. A likely change in the level of technological know-how among firms and households could make way for a productivity burst. The US economy is expected to recover and grow to 5.9% in 2021 and 4.3% in 2022, as per KPMG global economic outlook, March 2021.

In China, there was a rapid but uneven economic recovery, with consumer services trailing industrial production. The revival in 2020 was mainly driven by manufacturing and exports. The Chinese economy is expected to grow at 8.8% in 2021 and 5.4% in 2022 as per KPMG global economic outlook, March 2021. Compared to that, the Japanese economy is expected to recover and grow by 2.3% in 2021 and 2.1% in 2022.

The pandemic took its toll on the Indian economy as well. In first quarter of fiscal 2021, when the first wave of pandemic was at its peak, the Indian economy contracted by 24.4% year-on-year, after which the contraction started to ease. Due to vigorous efforts to revive the economy and with gradual relaxation of lockdowns, India had pulled out of a technical recession by Q3 of fiscal 2021 and in Q4, the Indian economy grew by 1.6% over the same period of last year. For the full fiscal 2021, the National Statistical Office (NSO) has estimated that the Indian economy contracted by 7.3%.

The IMF estimates India's GDP to grow 9.5% in financial year 2021-22, the highest among emerging and advanced economies, followed by expected growth of 8.5% in financial year 2022-23. Large-scale privatization process, coupled with the target of fiscal deficit of 6.8% for financial year 2021-22, is expected to provide headway for incremental expenditures on healthcare and capital creation, enhancing the focus on sustainable economic development. However, key factors that would drive this upturn include normal monsoons, success in containment of Covid-19 pandemic and discretionary spending staying unaffected by cost pressures, particularly those stemming from high prices of petrol and diesel.

Electricity demand across the world is expected to increase by 4.5% in 2021, supported by picking up of economic activity and rapid growth of major emerging economies. A transition to a lower carbon energy system is likely to lead to fundamental restructuring of the global energy system, with more diversity in energy mix, greater consumer choice, localized energy markets and increasing levels of integration and competition. These changes reinforce the fact that global energy systems are transitioning towards lower carbons.

Indian Business Environment

India is likely to emerge as the world's fastest-growing major economy, with the IMF holding its growth forecasts at 8.5% for financial year 2022-23. The Economic Survey 2020-21 has also drawn attention to the V-shaped economic growth, a testament to the burgeoning Indian economy and its intrinsic strength.

During fiscal 2021 and beyond, RBI has brought in a slew of measures to mitigate the adverse impact of pandemic conditions. RBI announced regulatory measures such as moratorium on term loan instalments, deferment of interest on working capital facilities, easing of working capital financing, extension of resolution timelines for stressed assets and asset classification standstill by excluding the moratorium by lending institutions. RBI has also introduced Long Term Repo Operations (LTROs) and Targeted Long-Term Repo Operations (TLTROs), to augment system as well as sector-specific liquidity and to alleviate stress. Special refinance facilities were provided to select all-India financial institutions, while a Special Liquidity Facility for Mutual Funds (SLF-MF) was introduced to ease redemption pressures. Further, Cash Reserve Ratio (CRR) of all banks was reduced by 100 basis points to 3% for a period of one year ending on March 26, 2021. In the aftermath of the second wave seen in April 2021 and realizing the need to further augment the health infrastructure of the country, RBI gave leeway to banks to borrow ₹50,000 crore at repo rate, for onward lending to health care spending by hospitals, manufacturers and individuals.

The power sector in the country witnessed limited disruption due to Covid-19, as power is an essential service. Majority of States reported uptick in the demand, showing clear signs of recovery in the economy. The uptick was caused primarily due to early rise in mercury along with spurt in commercial and industrial activities, showing return to pre-Covid levels of power consumption. Renewables came into a bright spot with increase in their relative share in the generation mix.

In March 2021, power consumption in the country grew 24.35% to 123.05 billion units (BU), over the corresponding month a year ago. Power consumption in March 2020 was recorded at 98.95 BU. In the complete financial year 2020-21 vis-à-vis financial year 2019-20, electricity consumption in the country had contracted by 0.8%. This was mainly due to lower demand from the industrial and commercial sector consequent to lockdowns.

The Government of India's focus on attaining 'Power For All' has accelerated the capacity addition in the country. India's rank jumped to 22nd position in 2020 on World Bank's Ease of Doing Business - "Getting Electricity" rankings, as compared to 137th position in 2014. Further, in the financial year 2020-21, electricity production in India reached 1,234 BU.

INDUSTRY STRUCTURE AND DEVELOPMENT

Industry Overview

India is the third largest producer and second largest consumer of electricity in the world. The country's power sector is one of the most diversified, with power generation from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power and non-conventional sources such as wind, solar and agricultural & domestic waste. The total installed capacity of power stations in India as of March 2021 stood at 382 GW.

The Government is aiming to achieve significant capacity addition in renewable energy (including from solar and from wind) to reach 450 GW of renewable capacity by 2030. The Government is also preparing a 'rent-a-roof' policy, for supporting its target of generating 40 GW power through solar rooftop projects by 2022.

Industry Structure

Generation

The installed power generating capacity in the country as on March 31, 2021 was 382 GW, which included 103,869 MW (27%) in the State sector, 97,507 MW (26%) in the Central sector and 180,774 MW (47%) in the Private sector. The Plant Load Factor (PLF) in financial year 2020-21 for thermal power plants across the country was 61.78% for Central, 44.68% for State and 54.27% for Private sector plants. In terms of generation capacity by type, the installed thermal capacity was 2,34,728 MW (61.42%), installed hydro capacity (Renewable) was 46,209 MW (12.09%) and installed capacity in renewable energy (RES-MNRE) was 94,434 MW (24.7%). The nuclear capacity during the year 2020-21 stood at 6,780 MW (1.8%). RES-MNRE (Renewable Energy Sources) include small hydro projects, biomass gasifiers, biomass power, urban & industrial waste power, solar energy and wind energy.

The conventional power generation in the country declined from 1250.78 BU as on March 31, 2020 to 1234.44 BU as on March 31, 2021, registering a decline of 1.31%. The fall was mainly due to lower output from conventional sources (thermal, hydro and nuclear), which account for around 90% of the total power generation. The lower output from conventional sources was partly offset by higher generation from renewable sources, which witnessed a 5.8% increase. There was also a sharp fall in electricity demand from the industrial and commercial sectors in the period from March to May 2020, consequent to nationwide lockdown and disruption in supply of inputs, raw materials and labour shortages.

Renewable Energy

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world. As of March 31, 2021, the total installed capacity for renewables was 94.43 GW. This included 40.09 GW of solar capacity, 39.24 GW of wind capacity, 10.31 GW of bio power and 4.79 GW of small hydro capacity. Further projects with total 49.7 GW capacity are at various stages of implementation and projects of 25.91 GW capacity are under various stages of bidding.

The installed generation capacity in renewables has gained pace over the past few years, posting a CAGR of 17.33% between financial years 2016-2020. The Government is having ambitious targets to achieve 450 GW of renewable energy capacity by 2030. In November 2020, the Government announced production-linked incentive (PLI) scheme worth ₹4,500 crore for manufacturing high-efficiency solar PV modules over a period of five years. In order to give further impetus to domestic manufacturing, the Government also agreed to impose basic custom duty on import of solar PV cells and solar PV modules with effect from April 1, 2022.

Transmission and Distribution

Transmission

Transmission sector works as a foundation stone holding the development of power generation and power distribution segments. An important element in the power delivery value chain, transmission facilitates evacuation of power from generating stations and its delivery to the load centres. For efficient dispersal of power to deficit regions, it is required to strengthen the transmission system network, enhance inter-state power transmission system and augment the National Grid. An extensive network of transmission lines has been developed over the years, for evacuating power produced by different generating stations and distributing the same to the consumers. The nominal Extra High Voltage lines in vogue are ± 800 kV HVDC & 765 kV, 400 kV, 230/220 kV, 110 kV and 66 kV AC lines.

The country's power transmission sector has witnessed unprecedented growth in the past five years. The private sector is expected to play an important role in achieving the country's grid expansion targets, as competitive bidding gains momentum at both inter-state and intra-state levels. Several grid-expansion programmes such as the Green Energy Corridor and cross-border links are underway to expand the physical grid infrastructure. Further, transmission utilities, at the Central and State level, are expected to invest significantly in new technologies to make grids more reliable, resilient, secure and smart. The sector is also expected to immensely benefit from major policy reforms including the Electricity Act amendments and Tariff Policy amendments.

During the financial year 2020-21, a total of 16,462 cKm (circuit kilometers) transmission lines were added, as compared to about 11,664 cKm during the previous financial year. Asset monetization has been the key focus area in power transmission. Power Grid Corporation of India Limited is sponsoring a transmission InvIT with assets worth about ₹7,000 crore. Focusing on asset monetization to create a capital pool for more projects, is one of the primary objectives of the Government for the transmission sector.

Distribution

Distribution is the most important link in the entire power sector value chain, as it interfaces between utilities and consumers. Historically, power distribution has been the domain of Government-owned utilities, and is actually in the realm of 28 State Governments, with the private sector playing only a limited part. The sector has been reeling under losses, making it crucial for the policy makers to devise various measures to make the State discoms and utilities viable.

To reduce "non-technical losses," which include electricity theft, meter tampering and non-payment by customers, the Government has taken strong reform initiatives such as revision in tariff, National Electricity Fund (NEF), Ujwal DISCOM Assurance Yojana (UDAY), installation of smart meters etc., which have started to show positive results. Further, the Government has also launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) to provide electricity connections to un-electrified households in rural and urban areas.

The Central Government had announced a liquidity infusion scheme as part of *Atmanirbhar Bharat* on May 13, 2020, in the backdrop of Covid-19 pandemic in the country. Under this scheme, REC and PFC have extended special long-term transitional loans at concessional rates to discoms, against their receivables from State Governments in the form of electricity dues and subsidy not disbursed, to enable them to clear their outstanding dues as existed on June 30, 2020 towards central public sector undertakings, generation and transmission companies, independent power producers and renewable energy generators. REC has sanctioned liquidity infusion loans of ₹60,191 crore and disbursed an amount of ₹39,116 crore to various discoms under this scheme, during the financial year 2020-21.

Power Sector Policy Environment

The Union Budget for financial year 2021-22 has introduced a slew of reforms and initiatives for the power sector. An amount of ₹22,000 crore has been allocated for power and renewable energy and 15% concessional tax rate has been decided for new power generation companies. States and Union Territories have been urged to replace conventional energy meters with prepaid smart meters in three years. Thermal plants have also been advised to shut operations if they don't meet emission norms. Further, large solar power capacity would be set up alongside rail tracks and on lands owned by Railways, as the Government aims to achieve

electrification of 27,000 km of railway tracks. Solar power plants will be developed on barren farmlands, to give a boost to the sector. In addition to the above, five new smart cities would be set up via PPP model.

In the past, the Government of India has taken significant policy measures to restructure the power sector and to improve the transmission, sub-transmission and distribution network. Starting from the changes brought in by the Electricity Act of 2003, the legal framework governing power sector has witnessed notification of National Electricity Policy, National Tariff Policy, Renewable Energy Policy, National Hydro Policy and Mega Power Policy, reflecting the Government's efforts to bring competitiveness and efficiency in the sector. Significant steps are being taken to enhance energy security in the country by fostering domestic production, through the most significant upstream reform of India's Hydrocarbon Exploration and Licensing Policy (HELP) and building up dedicated oil emergency stocks in the form of a strategic petroleum reserve.

Through Energy Research, Development & Deployment (RD&D), the Government is working to attract global companies to produce solar PV, lithium batteries, solar charging infrastructure and other advanced technologies in India. It can be a strong enabler of India's energy policy goals as well as national priorities such as "Make in India". The Government is also strengthening its innovation efforts in a broad range of energy technology areas, including cooling solutions, E-mobility, smart grids and advanced bio-fuels.

Over the last few years, Indian power sector has undergone a significant transformation, that has redefined the industry outlook through path-breaking policy initiatives like UDAY, Power For All, UJALA, among others. While discom reforms have achieved limited financial success, recent policy changes like payment security mechanism, power-cut penalization, proposed amendments in Electricity Act etc., would go a long way in bringing efficiency into the sector. India has already kick-started the privatization of its power distribution companies in union territories. Going forward, similar privatization drive may take place for State transmission companies, to free-up Government capital and to allow parity with industry efficiency. This would usher in competition, forcing discoms to improve their performance standards and adopt a more consumer-centric approach.

Apart from the above, the *Atmanirbhar Bharat* initiative of the Government puts India firmly on the path of accelerated growth, making it a compelling investment opportunity for foreign capital. A huge amount of this foreign capital is expected to flow into Indian infrastructure sector including through InvITs and REITs.

Rural Electrification Policy

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

National Solar Mission

The National Solar Mission (NSM) was launched in January 2010 as a major initiative of the Government of India involving States, R&D institutions and industries to promote solar energy, while addressing energy security and the challenges of climate change of the country. Thus, it constitutes a major contribution by India to the global effort to meet the challenges of climate change. The Mission is one of the several initiatives that are part of the National Action Plan on Climate Change (NAPCC).

The objective of the Mission is to establish India as a global leader in solar energy, by creating the policy conditions for its large-scale diffusion across the country as quickly as possible, abatement of carbon emissions and creation of direct and indirect employment opportunities for both skilled and unskilled persons. The Mission has a target of deployment of 100 GW grid connected solar capacity by 2022.

Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM)

PM-KUSUM scheme is one of the largest initiatives in the world to provide clean energy to more than 3.5 million farmers, by solarizing agriculture pumps. The Cabinet Committee on Economic Affairs had approved PM-KUSUM scheme in its meeting held on February 19, 2019. The scheme aims to install grid connected ground mounted solar power plants (upto 2 MW) aggregating to a total capacity of 10 GW, install 20 lakh standalone solar pumps and solarize 15 lakh grid connected agricultural pumps. Subsequently, the scheme was expanded in financial year 2020-21, to add solar capacity of 30.80 GW by 2022.

National Wind-Solar Hybrid Policy

The Ministry of New & Renewable Energy (MNRE) issued National Wind-Solar Hybrid Policy on May 14, 2018. The main objective of the policy is to provide a framework for promotion of large grid connected wind-solar PV hybrid systems for optimal and efficient utilization of wind and solar resources, transmission infrastructure and land. The policy also aims to encourage new technologies, methods and way-outs involving combined operation of wind and solar PV plants.

Wind-solar PV hybrid systems would help in reducing the variability in renewable power generation and achieving better grid stability. A wind-solar plant will be recognized as hybrid, if the rated power capacity of one resource is at least 25% of the rated power capacity of the other resource. The Central Electricity Authority (CEA) and Central Electricity Regulatory Commission (CERC) shall formulate

necessary standards and regulations including metering methodology and standards, forecasting and scheduling regulations, grant of connectivity and sharing of transmission lines etc. for wind-solar hybrid systems.

Deendayal Upadhyaya Gram Jyoti Yojana

The Ministry of Power, vide OM dated December 3, 2014, had launched “Deendayal Upadhyaya Gram Jyoti Yojana” (DDUGJY), an integrated scheme covering all aspects of rural power distribution. The scheme has an approved outlay of ₹43,033 crore, including budgetary support of ₹33,453 crore from the Government of India. Under the scheme, 60% of the project cost (85% for special category States) is provided as grant by Government of India and additional grant up to 15% (5% for special category States) on achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e., RGGVY) have been subsumed in DDUGJY. Your Company is the nodal agency for implementation of DDUGJY scheme.

DDUGJY facilitates towards achievement of ‘24x7 Power For All’ in the rural areas of India, through the following project components:

- Separation of agriculture and non-agriculture feeders facilitating continuous quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers;
- Strengthening and augmentation of sub-transmission & distribution infrastructure;
- Micro-grid and off-grid distribution network;
- Metering of distribution transformers/feeders/consumers; and
- Rural Electrification component (including the erstwhile RE projects).

On August 15, 2015, the Hon’ble Prime Minister had announced that all remaining 18,452 Un-Electrified (UE) villages in the country would be electrified within 1,000 days, with the help of the States. The work was taken up on a Mission mode and as on April 28, 2018, all census inhabited villages in the country stand electrified.

Further, major achievements upto March 31, 2021 include metering of 2,34,193 nos. of distribution transformers, feeder separation (including 11 kV lines) of 7,88,978 cKm, metering of 14,021 nos. of 11 kV feeders and commissioning of 7,098 nos. of sub-stations (including augmentation).

SAUBHAGYA - Pradhan Mantri Sahaj Bijli Har Ghar Yojana

With the success of village electrification, emphasis was further given to household electrification in every village and district of the country. Towards this purpose, the Government of India launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) on September 25, 2017, with a total cost of ₹16,320 crore (including gross budgetary support of ₹12,320 crore). The scheme aimed at achieving universal household electrification, which requires creation of electricity access through last mile connectivity. Wherever grid connectivity is technically not feasible and financially unviable, electrification is resorted through solar-based off-grid systems. REC is designated as the nodal agency for operationalization of SAUBHAGYA scheme.

The SAUBHAGYA scheme aims at providing:

- Last mile connectivity and electricity connection to all un-electrified households in rural areas;
- Last mile connectivity and electricity connection to all remaining economically poor un-electrified households in urban areas. Non-poor urban households are excluded from this scheme;
- Solar Photo-Voltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective.

Under the scheme, ₹14,109 crore (including grant of ₹9,093 crore) has been sanctioned by the Ministry of Power to 26 States and Union Territories, against which ₹8,736.90 crore (including grant of ₹5,393.59 crore) has been released till March 31, 2021. It is noteworthy that 2.82 crore households have been electrified under SAUBHAGYA, DDUGJY and State Government schemes till March 31, 2021.

Ujwal DISCOM Assurance Yojana

In financial year 2015-16, the Government of India announced “Ujwal DISCOM Assurance Yojana” (UDAY) which aims at financial turnaround and revival of power distribution companies (discoms). UDAY scheme empowers discoms with the opportunity to break even at the end of their respective MoU periods through following initiatives:

- Improving operational efficiencies of discoms;
- Reduction of cost of power;
- Reduction in interest cost of discoms; and
- Enforcing financial discipline on discoms through alignment with State finances.

The programme has already witnessed significant traction from various State Governments and discoms, as 32 State / Union Territories are now part of the UDAY fold. The scheme is showing encouraging results, as liabilities of discoms are being taken over by the State Governments, thus cleaning the balance sheets of discoms and enabling them to restart the capital expenditure cycle.

National Electricity Fund

National Electricity Fund (NEF) is an interest subsidy scheme of the Government of India, to provide interest subsidy on interest paid for loans availed by State power utilities / distribution companies, both in public and private sector, to improve the infrastructure in Distribution sector. The scheme has a provision of ₹8,466 crore (against interest subsidy and other incidental expenses), to be provided over 14 years against interest paid on loan disbursements amounting to ₹23,973 crore, for distribution schemes sanctioned during two financial years viz. 2012-13 and 2013-14. The scheme is reform-linked and interest subsidy of 3% to 7% is payable to the discoms, on achievement of reform-based parameters outlined in NEF Guidelines. REC is the nodal agency for operationalization of NEF scheme and till March 31, 2021, interest subsidy of ₹448.70 crore has been released under the scheme.

Integrated Power Development Scheme

The Government of India has approved the "Integrated Power Development Scheme" (IPDS scheme) with an outlay of ₹65,424 crore, vide Office Memorandum dated December 3, 2014, for improvement in sub-distribution and distribution networks of urban areas, comprising (i) strengthening of sub-transmission and distribution networks (ii) metering of Distribution Transformers / Feeders / Consumers and (iii) IT enablement of distribution sector and strengthening of distribution network for completion of the targets laid down under R-APDRP (Restructured Accelerated Power Development and Reforms Programme) for the XII and XIII plans by carrying forward the approved outlay for R-APDRP to IPDS programme as a separate component. For this purpose, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS. The financing pattern of the scheme is similar to that of DDUGJY scheme.

Unnat Jyoti by Affordable LEDs for All

Unnat Jyoti by Affordable LEDs for All (UJALA) is a scheme launched by the Government in May 2015 for replacement of 77 crore incandescent lamps with LED (Light-Emitting Diode) bulbs, in order to promote energy efficiency in the country. Under the said scheme, Energy Efficiency Services Limited (EESL), a joint venture of your Company and three other power sector PSUs, provides LED bulbs to domestic consumers at a low cost. LEDs have a relatively longer life and are highly energy efficient as compared to incandescent bulbs and CFLs (compact fluorescent lamps), thus saving both energy and costs in the medium term. Nearly 37 crore LED bulbs, 72 lakh tubelights and 23.5 lakh energy efficient fans have so far been distributed by the Government, a move that resulted in savings of over ₹19,087 crore per year in the electricity bills of consumers, leading to reduction of over 386 lakh tonnes of carbon dioxide per annum.

Further, under the Street Lighting National Program (SLNP), EESL replaces conventional streetlights with smart and energy efficient LED streetlights across India, at its own costs, without any need for municipalities to invest. The consequent reduction in energy and maintenance cost of the municipality is used to repay EESL over a period of time. Till date, EESL has installed over 1.19 crore LED streetlights in urban local bodies and Gram Panchayats across India. This has resulted in estimated energy savings of 7.99 billion kWh per year with avoided peak demand of 1,332 MW, GHG emission reduction of 5.51 million tonnes CO₂ per year and estimated annual monetary savings of ₹5,631 crore in electricity bills of municipalities.

EESL is also implementing LED Street lighting projects in Gram Panchayats on the same service model as the SLNP for municipalities, with the objective to promote the use of efficient lighting in rural areas. So far, EESL has installed 26 lakh LED streetlights in rural areas of Andhra Pradesh, Jharkhand, Goa and Telangana.

Transparency and online Apps

Transparency has been given a key focus in all major power-sector reform initiatives taken in the recent past. The Ministry of Power has launched various mobile apps and websites, to empower the stakeholders to track the working and performance of the Ministry and the various reform initiatives taken by it. These include the 'UDAY App', which gives updates on the progress of UDAY scheme, 'UJALA App', which provides updates on the LED bulb distribution, 'Vidyut Pravah App', which gives real-time information on electricity price and availability, 'TARANG App', which monitors the progress of transmission system in India and 'Urja Mitra App', which enables the citizens to access real time and historic outage information of discoms.

In addition to the above policies and initiatives, the Government of India has taken various other steps for improving the power sector scenario, such as National Electricity Policy 2021, Draft Electricity Amendment Act, National Mission for Enhanced Energy Efficiency, Pumped Hydro Storage Policy, Energy Conservation Building Code, National E-Mobility Programme etc. The Government has readied a raft of power sector reforms, including implementing the direct benefit transfer (DBT) scheme in the electricity sector for better targeting of subsidies, promoting retail competition and instilling financial discipline at state-owned discoms. These initiatives, coupled with the Government's efforts towards promoting transparency, would redefine the power sector by making it an attractive investment destination in the near future.

OPPORTUNITIES AND STRENGTHS

REC has contributed successfully to the development of power infrastructure in the country, right from its inception in 1969. Starting with energization of pump-set irrigation systems in the initial years, to becoming a major financial institution of power sector in the current times, REC has come a long way.

While Covid-19 pandemic has presented several challenges for the business and industry as a whole, it has also presented unparalleled opportunities for improvement in the power sector. These include proposed amendments in the Electricity Act, draft Electricity Rights of Consumer Rules, real time market regulations and privatization of distribution and retail segment of Union Territories followed by State discoms. These reforms would infuse much needed transparency, accountability and efficacy in the distribution segment of the power sector value chain.

Ambitious transitioning towards renewable energy sources is lined up, as also towards hydrogen-based energy and smart metering. At the same time, there is a need to focus on traditional areas of the energy sector, such as discom revival and stressed assets. The foremost focus on discom viability has been recognized as a critical unfinished agenda. The outcome and reform-linked financial package of more than ₹3 lakh crore for discom infrastructure upgrade is a forward-looking plan spanning over five years. This will assist the development of distribution infrastructure, feeder separation and installation of smart meters. Industry looks forward to details of the nature of this package and how it supplements other Central and State schemes. The proposal to let consumers choose their electricity supplier would unleash competition and help improve efficiency, as will the Government's intent to increase private sector participation in the distribution sector.

Monetization of transmission assets through the InvIT model is a promising move that would help in adding transmission capacity to match the rapid pace of electricity generation and increasing demand. Expanding capitalization of SECI and IREDA, which are lighthouse organizations for the power sector, would also provide boost to the renewable energy segment. The proposal to make dividend payments to REIT and InvIT investors exempt from TDS and setting up a Development Financial Institution are welcome measures to encourage and facilitate investments in the power sector, besides other infrastructure.

The Government had allocated ₹111 lakh crore to the National Infrastructure Pipeline for financial years 2019-25, out of which energy sector accounts for 24%. The total capex projected for the infrastructure sectors during financial years 2019-25 is a massive ₹102 trillion, out of which outlay for conventional power and renewable energy projects is ₹11.8 billion and ₹9.3 billion respectively. While the private sector is expected to take a lead in the renewable energy investments, the investments in conventional and atomic energy would largely come from the public sector. The challenge would be to extend investment opportunities to distribution, because without a large-scale overhaul of distribution infrastructure and improvement of the finances of discoms, growing generation capacity shall be redundant and riddled with costly disputes down the line.

Expanding domestic manufacturing is necessary to support the growth of renewables. Duties on solar inverters and solar lanterns would help, provided that existing projects are protected from adverse impact. The phased local manufacturing plan for solar cells and panels would help minimize dependence on imports for solar cells and modules in the long run, and contribute towards *Atmanirbhar Bharat*. The production-linked incentive scheme for battery manufacturing would also enhance the ecosystem for storage manufacturing in the country, with positive implications for renewable energy and E-mobility sectors. Additionally, the National Hydrogen Mission would help in achieving a sustainable, futuristic energy mix and support energy storage. According to a study, the cumulative electric vehicle sales in all vehicle segments would jump to over 100 million units by financial year 2030.

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

THREATS, RISKS AND CONCERNS

REC's performance and growth of its business are dependent on the performance of the overall Indian economy. The loss caused to GDP due to the nationwide lockdown and resultant decline in economic activities also resulted in a shortfall in demand. The world is still dealing with new waves and variants of Covid-19 pandemic, which pose fresh challenges to all geographies and sectors. The power sector also faced problems like disruption of project execution schedules, delays caused due to movement of migrant workers, pressure on finances and liquidity crunch.

The socio-economic impact of Covid-19 also affected the energy markets during 2020. Negative electricity demand, lower utilization of coal-fired capacity and growing financial stress in the distribution and generation segments affected the performance of the power sector, including renewables.

Entering the power generation business requires a heavy initial investment. Further, there are bottlenecks like fuel linkages, payment security and retail distribution. Despite there being enough room for many players, shortage of inputs and regulatory hurdles has dissuaded new entrants. Trading of solar power is one segment that has not picked up yet, due to aggressive tariffs. However, this may also be an opportunity in future from the perspective of stronger payment security mechanism. Efficiency improvement

measures in the sector especially through IT enablement, promotion of renewable technologies and energy efficiency solutions are expected to provide business opportunities in the coming future to various stakeholders.

Equity constraint of promoters in private sector projects also leads to delay in project implementation and consequent cost and time overruns. The failure of borrowers in meeting their debt related obligations adversely impacts the Company's profits, thereby creating stressed assets and impacting the ability of the Company to mobilize low-cost funds. The Indian capital market is evolving continuously, as there is a shift in the pattern of power sector financing. In case borrowers start directly accessing the market, the same may affect the Company's business.

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

On the other hand, the Government is taking several initiatives to put the power sector on revival path. Last few years have witnessed considerable reforms including 24x7 Power For All, DDUGJY, SAUBHAGYA, UDAY, IPDS, implementation of Outage Management System, 11 kV Rural Feeder Monitoring Scheme, development of National Power Portal, announcement of package under *Atmanirbhar Bharat* and resolution of stressed assets in the sector. Such initiatives, along with raising of resources at a low cost and ensuring their deployment in avenues offering the best returns, would be the key factor for sustainable growth and profitability of the Company.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

REC is a leading Non-Banking Financial Company categorized as Infrastructure Finance Company by the Reserve Bank of India, servicing the financing needs of entire power sector value chain. REC's principal products are interest-bearing loans to State utilities and private-sector borrowers. The Company does not have any separate reportable segment.

During the financial year 2020-21, the Company sanctioned total loan assistance of ₹1,54,820.87 crore towards various power sector projects/schemes. The same included ₹39,613.53 crore towards Generation projects, ₹17,171.34 crore towards Renewable Energy projects, ₹19,492.75 crore towards T&D projects, ₹60,191.36 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹4,750.00 crore towards other loans including short-term and medium-term loans. Further, outstanding dues of ₹13,601.89 crore, on which moratorium was extended pursuant to RBI directive and Board approved moratorium policy, are also included in the above sanctions.

During the financial year 2020-21, the Company disbursed a total sum of ₹92,987.49 crore, which included ₹25,929.76 crore towards Generation projects, ₹3,265.13 crore towards Renewable Energy projects, ₹19,301.22 crore towards T&D projects, ₹39,115.50 crore towards liquidity infusion scheme of the Government of India under *Atmanirbhar Bharat* and ₹3,900.79 crore towards other loans including short-term and medium-term loans, besides ₹1,475.09 crore of counter-part funding under DDUGJY, DDUGJY-DDG and SAUBHAGYA schemes of the Government of India. Further, the Company also disbursed total subsidy of ₹4,940.62 crore from the Government of India, i.e., ₹4,527.01 crore under DDUGJY, ₹25.49 crore under DDUGJY-DDG and ₹388.12 crore under the SAUBHAGYA scheme.

OUTLOOK

The power sector outlook for the year 2021 looks bright despite the situation caused by Covid-19 pandemic. Electricity generation is projected to grow by 5% to 7% in financial year 2021-22 as against financial year 2020-21. The sector is currently on the path to recovery, with a steady improvement in power demand and resumption of economic activities. The reforms announced in year 2020, such as privatization of discoms in the Union Territories and the special liquidity infusion scheme of ₹90,000 crore for distribution utilities, have increased the focus on consumer rights and set the stage for a better structured power sector.

The share of renewable energy is constantly on the rise in the country's total energy mix. The Union Power Ministry's directive to all discoms to purchase at least 21% of their total energy requirements from renewable energy sources by 2021-22 augurs well for the sector, which came across as more resilient during the lockdown last year.

The projects that suffered delay in commissioning or disruption in supply chain during 2020 are likely to observe development or completion in 2021. Privatization of discoms, along with other corrective measures, is expected to bring in greater operational efficiency and improved financial performance along with quality customer care for power consumers. The Production Linked Scheme announced in 2020 is also a welcome measure. In the long run, a well-rounded and robust power delivery system, that is scalable, market-based and engaging the private sector stakeholders, would create a triple-win model benefitting the discoms, franchisees and customers. This will also aid the Government of India's efforts to provide access to reliable and clean power for all.

Even as the electricity demand increases in financial year 2021-22, ICRA's credit outlook for the generation and distribution segments of thermal energy sector continues to remain negative. However, the transmission segment's credit outlook remains positive, because of timely payment realization and increasing share of renewables in the energy basket.

Power generation and consumption is expected to improve in financial year 2021-22, with higher levels of economic activity being anticipated, amid optimism for the vaccination programme. At the same time, uncertainty pertaining to effective control of the pandemic and likelihood of prolonged restrictions across regions, pose a risk to the sustainability in economic revival and also to power demand.

AWARDS & ACCOLADES

The Company has won various awards and recognitions during the financial year 2020-21, including Best Organization for Women Empowerment at Women Achievers Awards 2020 by Exchange4Media, 10th PSE Excellence Award for Corporate Governance (as runner-up in Maharatna & Navratna category), SKOCH Award for Response to Covid, Mahatma Award for CSR Excellence 2020, National PSU Excellence Awards in CSR, IT, Environment & HR categories and CSR Shining Star Award for Women Empowerment. REC's corporate communication team is recognized as one of the Top 30 Corporate Communication Teams in India by Reputation Today.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

FINANCIAL & OPERATIONAL PERFORMANCE

The Company gives utmost priority to the timely realization of its dues towards principal, interest etc. The amount due for recovery including interest for Standard Assets (Stage I & II) during the financial year 2020-21 was ₹71,680.23 crore (including ₹13,601.89 crore as per Covid-19 moratorium policy), as compared to ₹62,340.60 crore during the previous financial year. The Company recovered a total sum of ₹71,424.90 crore towards Standard Assets (Stage I & II) during the financial year 2020-21, as against ₹61,945.04 crore during the previous financial year. The Company achieved recovery rate of 99.64% for the financial year 2020-21.

The overdues from defaulting borrowers pertaining to Standard Assets (Stage I & II) as on March 31, 2021 were ₹1,112.46 crore. Further an amount of ₹330.50 crore has been recovered during the financial year 2020-21 from Credit Impaired Assets (Stage III), as compared to ₹614.69 crore recovered during financial year 2019-20. Your Company's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2021, the Gross Credit Impaired Assets (Stage III) were ₹18,256.93 crore, i.e., 4.84% of Gross Loan Assets; and Net Credit Impaired Assets (Stage III) were ₹6,465.61 crore, i.e., 1.71% of the Loan Assets.

The operating income of REC on a standalone basis was ₹35,387.89 crore during the financial year 2020-21, as against ₹29,765.21 crore in the last financial year. The Profit Before Tax for the financial year 2020-21 was ₹10,756.13 crore, as against ₹6,983.29 crore in the last financial year. Net Profit and Total Comprehensive Income for the financial year 2020-21 were ₹8,361.78 crore and ₹8,818.30 crore respectively, as compared to ₹4,886.16 crore and ₹4,336.37 crore in the last financial year. Further, REC's Net Worth as on March 31, 2021 stood at ₹43,426.37 crore, which was 23.80% higher than its Net Worth of ₹35,076.56 crore as on March 31, 2020.

KEY FINANCIAL RATIOS

The details of changes in key financial ratios applicable and specific to the Company, are given herein below:-

Particulars	FY 2020-21	FY 2019-20
Interest Coverage ratio (times)	1.50	1.37
Debt Equity ratio (times)	7.40	7.94
Operating Profit Margin (%)	30.33	23.25
Net Profit Margin (%)	23.61	16.38
Gross Credit Impaired Assets (Stage-III) (%)	4.84	6.59
Net Credit Impaired Assets (Stage-III) (%)	1.71	3.32

The Company's operating profit for the financial year 2020-21 increased to ₹10,733.58 crore, as against ₹6,919.37 crore in the financial year 2019-20. The operating profit margin increased from 23.25% in financial year 2019-20 to 30.33% in financial year 2020-21. The net profit margin also increased from 16.38% in financial year 2019-20 to 23.61% in financial year 2020-21. The increase in operating profit and net profit margins was primarily contributed by favourable movement of foreign currency against the Indian Rupee.

Gross Credit Impaired Assets of the Company decreased from 6.59% in financial year 2019-20 to 4.84% in financial year 2020-21, due to resolution/restructuring of credit impaired assets and their resultant upgrade to standard assets. Net Credit Impaired Assets of the Company also decreased from 3.32% in financial year 2019-20 to 1.71% in financial year 2020-21, due to reduction in Gross NPA and increase in provision coverage ratio of credit impaired assets.

The Company's Return on Net Worth increased from 14.09% in financial year 2019-20 to 21.30% in financial year 2020-21, primarily due to increase in the profits of the Company, as stated above.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on March 31, 2021, total manpower of the Company was 428 employees, which included 366 executives and 62 non-executives.

Employee training and development continued to receive key focus, even during the times of pandemic. During the financial year 2020-21, 179 employees of the Company attended various training programmes, workshops etc. for upgradation of their professional skills, achieving 329 training man-days.

The industrial relations scenario continued to be on a cordial and harmonious note. During the financial year 2020-21, there was no loss of man-days on account of industrial unrest. Regular interactions were held with the employees through online as well as in-person modes, which helped in building an atmosphere of trust and cooperation and therefore, a motivated workforce.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

REC's Corporate Social Responsibility and Sustainable Development initiatives are pursued with a key focus on addressing community, societal and environmental concerns. The Company undertakes its CSR activities through 'REC Foundation', a society registered under the Societies Registration Act, 1860.

During the financial year 2020-21, the Company sanctioned a total amount of ₹154.47 crore towards various CSR initiatives in the fields of health care (including for old age and persons with disabilities), safe drinking water and sanitation facilities, skill development program, education, environmental sustainability, rural development program etc. The implementation of CSR projects is done in project mode with baseline survey, specific project time frame, identified milestones, periodic monitoring and impact assessment.

The disbursement towards CSR projects is linked with the achievement of pre-defined milestones and deliverables. During the financial year 2020-21, the Company disbursed a total amount of ₹147.77 crore towards various CSR projects, as against the Board-approved CSR budget of ₹144.32 crore. This included a contribution of ₹50 crore towards PM CARES Fund.

STRATEGY

On the generation front, various new business opportunities are lined up before the sector, such as powering upcoming renewable energy projects (solar, wind, small hydro, biomass), investment in large hydro projects, investment in solar roof top projects and solar parks, investment in KUSUM projects (grid connected solar power plants), renovation & modernization of existing thermal power plants, replacement of old power plants and installation of pollution control equipment such as FGD (Flue-Gas Desulfurization) etc. REC is also looking to finance dedicated upstream infrastructure for efficient supply of coal to the thermal power stations. The Company has already commenced financing operations for development of coal mines.

The transmission & distribution scenario in the country is also gearing up for more robustness to cater to the 24x7 demand for power by consumers, thus requiring new investment in network addition and augmentation, underground cabling, smart meters/equipment, AMI / AMR infrastructure and smart grid. Investment would also be needed for creation of dedicated Green Corridors and new network under the Tariff Based Competitive Bidding (TBCB) route. At the consumer end, more latent demand for power will be created, given the success of the Government's SAUBHAGYA scheme covering universal household electrification.

In order to capture the upcoming business opportunities and maximize returns for its stakeholders, REC is building close professional partnerships with national and international financial institutions, multilateral development organizations, including KfW, JICA, World Bank, IFC, Asian Development Bank, SDF etc. This would enable the Company to raise resources at competitive rates and also to align with international best practices. In the upcoming years, REC will remain at the forefront of power sector development in the country and beyond.

As a part of its business strategy, REC has sanctioned loan towards the 600 MW hydroelectric project of Kholongchhu Hydro Energy Limited in Bhutan. REC is also looking to diversify into newer emerging fields at an appropriate time, not just as a funding partner, but also through its subsidiaries and joint ventures. REC is closely following the market's ongoing and upcoming changes and would take apt decisions, in due course, to maximize the value for its stakeholders.

RISK MANAGEMENT FRAMEWORK

The Company has a comprehensive Risk Management Policy approved by the Board, covering credit risk, operational risk, liquidity risk and market risk of the organization. The Company also has a Risk Management Committee (RMC) in place. The main functions of RMC are to identify and monitor various risks of the organization and to suggest actions for mitigation of the same. Further, the Company has also appointed a Chief Risk Officer (CRO), as required under the RBI norms.

The Company has identified its various risks including credit risk, operational risk, liquidity risk and market risk; and has taken appropriate steps to mitigate them.

Credit risk is an inherent risk of the financing industry. It involves risk of loss arising from the diminution in credit quality of the borrower and the risk of the borrower defaulting on contractual repayments under a loan or an advance. Operational risk, on the other hand, arises from inadequate or failed internal processes, people and systems or external events. Liquidity risk is the risk of potential inability to meet the liabilities as they become due; and involves the inability of the Company to fund increase in assets, manage unplanned changes in the funding sources and to meet obligations when required. Market risk of the Company is defined as the risk to the Company's earnings and capital due to changes in the market interest rate or prices of securities, foreign exchange as well as volatilities of changes. It comprises of interest rate risk, foreign currency risk etc.

In order to mitigate such risks, the Company has laid down systematic risk management procedures. The Company follows institutional and project appraisal process, which includes detailed appraisal methodology, identification of risks and suitable structuring and credit-risk mitigation measures. The operational risks are measured and categorized as 'High', 'Moderate' or 'Low' risk categories, through a comprehensive Risk Register covering all functional areas, namely business, compliance, finance, human resource, information technology, legal, operational and strategy. The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. Further, to mitigate market risk, the Company has an Asset Liability Management Committee (ALCO) of its CMD, Directors and senior officials, which meets regularly. The Company also has an asset liability management policy and hedging policy.

Cautionary note

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

REPORT ON CORPORATE GOVERNANCE

Corporate Governance implies fairness, transparency and accountability in the business activities of an organization, when best management practices are applied, while complying with the law in true letter and spirit. Well governed organizations adhere to ethical standards for effective management and create long term value for all stakeholders. Sustainability and social responsibility also go hand in hand with good governance. It is because of this integrity followed in all spheres of management, that well governed organizations stand the test of time and achieve business excellence.

REC, a Navratna company under the aegis of Ministry of Power, Government of India, is in the service of its diverse stakeholders since 1969. In 52 years of its existence, REC has remained committed to maximize value for all its stakeholders, be it investors, shareholders, bondholders, suppliers, customers, communities, policy makers, employees and the Government of India. The Company adopts and adheres to the best practices in Corporate Governance in its day-to-day operations. REC meets all mandatory requirements on Corporate Governance which are in its ambit, as prescribed under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises ("DPE Guidelines on Corporate Governance") and Secretarial Standards issued by the Institute of Company Secretaries of India ("Secretarial Standards"). REC also meets most of the non-mandatory requirements.

REC has been regularly conferred with various awards and recognitions in the field of Corporate Governance. During the financial year 2020-21, REC won the **10th PSE Excellence Award for Corporate Governance** from the Indian Chamber of Commerce (ICC), as runner-up in *Maharatna & Navratna* category.

The PSE Excellence Awards have been instituted by ICC to recognize excellence in public sector undertakings; and are conferred based on detailed evaluation by an independent jury through a rigorous and transparent process.

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



REC won the 10th PSE Excellence Award for Corporate Governance in FY 2020-21

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance at REC is managing the business in an ethical and responsible manner geared to sustainable value creation for stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe. The Company has a strong legacy of fair, transparent and ethical governance practices. The cardinal principles of independence, accountability, responsibility, transparency, credibility, sustainability and fair and timely disclosures etc., serve as the means for implementing the Company's philosophy of Corporate Governance in true letter and spirit. The Company's systems, policies and frameworks are regularly reviewed and upgraded to meet the challenges of a dynamic business environment.

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

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

The above principles help in achieving the following objectives:

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

2. BOARD OF DIRECTORS

The Board of Directors of REC comprises of eminent persons having requisite qualifications, experience and expertise, to manage the business of the Company in an efficient and effective manner. All Directors provide strategic vision and direction to the business and operations. The Board oversees fulfilment of corporate objectives by providing leadership and guidance.

REC's Board is headed by an Executive Chairman and Managing Director. The Company also has Functional Directors and Non-Executive Directors (i.e., Nominee Director of the Ministry of Power, Government of India and Nominee Director of Power Finance Corporation Limited). The Company also had Part-time Non-official Independent Directors, including Woman Independent Director, during financial year 2019-20. However, after the completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director in the financial year 2019-20, there are no Independent Directors including Woman Independent Director on the Board at present.

During the financial year 2020-21, the composition of REC's Board was not in conformity with the provisions of the Companies Act, 2013, SEBI LODR Regulations and DPE Guidelines on Corporate Governance, due to absence of Independent Directors including Woman Independent Director, as stated above. The composition of some Committees of the Board, which require presence of Independent Directors, was also not in conformity with the applicable statutory provisions.

Being a Government company within the meaning of Section 2(45) of the Companies Act, 2013, the power to appoint Directors on the Board of REC vests with the President of India acting through the administrative ministry i.e., the Ministry of Power, Government of India (MoP). REC has been regularly writing to the MoP to appoint requisite number of Independent Directors including at least one Woman Independent Director on its Board, to enable compliance with the applicable statutory provisions of the Companies Act, 2013, SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The matter is being followed-up and the Independent Directors, including Woman Independent Director, are likely to be appointed shortly.

(a) Composition of Board

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen. The details of composition of the Board as on March 31, 2021, including changes therein that took place during the financial year 2020-21 and details of Directorships and Committee positions held by the Directors in other companies, are given below:

Sl. no.	Name of the Director	DIN	Position in the Company	No. of other Directorships in Indian public limited companies	Directorships held in other listed entities, category of Directorship	No. of Committee positions held in other companies	
						Chairperson	Member
Whole-time Directors (Executive Directors)							
1	Shri Sanjay Malhotra	00992744	Chairman and Managing Director (appointed w.e.f. November 9, 2020)	1	-	-	-
2	Shri Sanjeev Kumar Gupta	03464342	Director (Technical) (held additional charge as CMD, REC during June 1, 2020 to November 8, 2020)	1	-	-	-
3	Shri Ajoy Choudhury	06629871	Director (Finance) (appointed w.e.f. June 1, 2020)	1	-	-	-
Part-time Directors (Non-Executive Directors)							
4	Shri Tanmay Kumar	02574098	Government Nominee Director (appointed w.e.f. November 5, 2020)	3	Power Finance Corporation Limited (Nominee Director) SJVN Limited (Nominee Director) NHPC Limited (Nominee Director)	Nil	1
5	Shri Praveen Kumar Singh	03548218	Nominee Director of Power Finance Corporation Limited	7	Power Finance Corporation Limited (Whole-time Director)	Nil	2

Changes in the composition of the Board of Directors

- The Ministry of Power, vide Order no. 46/2/2019-RE [247264] dated November 5, 2020, had appointed Shri Sanjay Malhotra, IAS, as Chairman and Managing Director of the Company with effect from the date on which he assumes the charge of the post. Shri Sanjay Malhotra took over the charge as Chairman and Managing Director of the Company on November 9, 2020.
- Prior to the joining of Shri Sanjay Malhotra, Shri Sanjeev Kumar Gupta, Director (Technical) was holding additional charge as Chairman and Managing Director of the Company during the period June 1, 2020 to November 8, 2020, pursuant to Orders of Ministry of Power dated June 12, 2020, September 10, 2020 and November 24, 2020.
- The Ministry of Power vide Order no. 46/9/2011-RE [228164] dated April 21, 2020, had appointed Shri Ajoy Choudhury as Director (Finance) of the Company with effect from June 1, 2020. Prior to the said date, Shri Ajoy Choudhury was serving as Executive Director (Finance) in the Company.
- The Ministry of Power, vide Order no. 46/8/2015-RE [227696] dated November 5, 2020, had appointed Shri Tanmay Kumar, IAS, Joint Secretary, Ministry of Power as Government Nominee Director on the Board of REC with immediate effect and until further orders, vice Shri Mritunjay Kumar Narayan, IAS (DIN 03426753), Joint Secretary, who was earlier nominated on the Board of REC as Government Nominee Director.
- During the financial year 2020-21, Shri Ajeet Kumar Agarwal (DIN 02231613), Director (Finance) who was also holding additional charge of Chairman and Managing Director of REC upto May 31, 2020, superannuated from the services of the Company on May 31, 2020.
- In line with Regulation 26 of SEBI LODR Regulations, for reckoning the number of Committee Memberships, the chairpersonship / membership in Audit Committee and Stakeholders Relationship Committee in Indian public limited companies (other than REC) have been taken into consideration. None of the Directors is a member of more than 10 (ten) such committees nor a Chairperson of more than 5 (five) such committees.

(b) Other provisions as to Board and its Committees

(i) Details of Board meetings held during the financial year 2020-21.

The Company follows a methodized process of collective decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors, in order to ensure the presence of all members in the meetings of Board and Committees thereof. All agenda and explanatory notes for the meetings are circulated well in advance, through electronic or physical mode as preferred by the respective Director. Price sensitive information is circulated separately before the meeting, by complying with applicable statutory provisions. Sometimes, resolutions are passed by circulation, which are confirmed in the next Board meeting. In the event of addressing any urgent business need, meetings are sometimes called at a shorter notice by following the due procedure. Utmost efforts are made to comply with minimum notice and agenda period in such cases.

The inclusion of any matter in the agenda for Board / Committee meetings is decided by the Chairman and Managing Director of the Company. All agenda notes contain relevant information including draft resolution(s); and are approved in advance as per internal process. During the meetings, concerned officials from senior management are also called to make presentation or provide additional inputs, if required. The meetings of the Board and Committees are generally held at the registered office of the Company at New Delhi, during office hours. The Company, within its ambit, also complies with Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), in respect of meetings of Board and Shareholders.

During the financial year 2020-21, the Board of Directors of REC met 10 (ten) times, on the following dates:

Q1	Q2	Q3	Q4
May 21, 2020	August 7, 2020	November 6, 2020	January 13, 2021
June 17, 2020	September 15, 2020	December 23, 2020	February 4, 2021
-	-	-	March 10, 2021
-	-	-	March 17, 2021

The minimum and maximum gap between any two Board meetings was 7 (seven) days and 52 (fifty-two) days, respectively.

(ii) Information placed before the Board of Directors

The Board has complete access to all the information available within the Company. The quantum and quality of information supplied to the Board goes well beyond the minimum requirements stipulated under Schedule II of SEBI LODR Regulations. The information provided to the Board includes, *inter-alia*, the following:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds.
4. Proposals for sanction of financial assistance.
5. Quarterly, half yearly and annual financial results and Board's Report.
6. All related party transactions.
7. Minutes of meetings of Audit Committee and other Committees of the Board.
8. Minutes of Board meetings of subsidiary companies.
9. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
10. Show cause, demand, prosecution notices and penalty notices which are materially important, if any.
11. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
12. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company, if any.
13. Issue which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company, if any.
14. Details of any joint venture or collaboration agreement.
15. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
16. Significant labour problems, if any and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc., if any.
17. Investments, formation of subsidiaries and joint ventures, strategic alliances etc.
18. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
19. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
20. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc., if applicable.
21. Quarterly report on loans sanctioned.
22. Quarterly report on deployment of short-term surplus funds.
23. Quarterly report on borrowings and redemption.
24. Quarterly report on compliance of various applicable laws.
25. Quarterly report on Reconciliation of Share Capital Audit, Corporate Governance Report and status of Investor Grievances.
26. Half yearly report on long term investments.
27. Half yearly report on compliance of Whistle Blower Policy of the Company.
28. Half yearly report on compliance of Fair Practices Code.
29. Periodic reports under Delegation of Powers of the Company.
30. Action Taken Report on earlier deliberations/decisions/suggestions of the Board.
31. Any other information required to be presented to the Board for information or approval.

(iii) Details of Directors' attendance (physical presence or through video conferencing) at Board Meetings and Annual General Meeting (AGM) held during the financial year 2020-21.

Sl. no.	Name of the Director	Date of meeting and attendance thereat										Total number of meetings			Attendance at 51 st AGM held on 25-Sep-20 through VCO/AVM
		21-May-20	17-Jun-20	7-Aug-20	15-Sep-20	6-Nov-20	23-Dec-20	13-Jan-21	4-Feb-21	10-Mar-21	17-Mar-21	Held during tenure of Director	Attended by the Director	Percentage of attendance	
1	Shri Sanjay Malhotra Chairman and Managing Director (w.e.f. November 9, 2020)	N.A.	N.A.	N.A.	N.A.	N.A.	○	○	○	○	○	5	5	100	N.A.
2	Shri Sanjeev Kumar Gupta Director (Technical) (held additional charge as CMD during June 1, 2020 to November 8, 2020)	○	○	○	○	○	○	○	○	○	○	10	10	100	○
3	Shri Ajoy Choudhury Director (Finance) (w.e.f. June 1, 2020)	N.A.	○	○	○	○	○	○	○	○	○	9	9	100	○
4	Shri Tannay Kumar Government Nominee Director (w.e.f. November 5, 2020)	N.A.	N.A.	N.A.	N.A.	○	○	○	○	○	○	6	6	100	N.A.
5	Shri Praveen Kumar Singh Nominee Director of PFC	○	○	○	○	○	○	○	○	○	○	10	10	100	○
6	Shri Ajeet Kumar Agarwal {Superannuated as CMD and Director (Finance) on May 31, 2020}	○	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100	N.A.
7	Shri Mritunjay Kumar Narayan (Government Nominee Director upto November 5, 2020)	○	○	○	○	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4	4	100	○
		○	Present in person	Present through Video Conferencing	N.A.	Not Applicable									

(iv) Retirement by rotation at the ensuing 52nd AGM

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Praveen Kumar Singh, Nominee Director of PFC, shall retire by rotation at the ensuing 52nd Annual General Meeting (AGM) of the Company. Being eligible, he offers himself for re-appointment, till the date of his superannuation from the holding company or until further orders, whichever is earlier. The brief resume of Shri Praveen Kumar Singh, including his expertise in various functional areas and other relevant information, is appearing in the Notice of AGM forming part of this Annual Report.

(v) Inter-se relationship between Directors

There is no *inter-se* relationship between the Directors of the Company.

(vi) Shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors hold any shares or convertible instruments in the Company, except Shri Praveen Kumar Singh, who holds 40 equity shares of ₹10/- each of the Company.

(vii) Separate meeting of Independent Directors

Since there were no Independent Directors on the Board of the Company, no separate meeting of Independent Directors could take place during the financial year 2020-21.

(viii) Key skills, expertise, competencies and attributes of the Board

The Board of REC comprises of well-qualified Directors, who bring in required skills, competence and expertise in running the Company and make effective contributions to the Board and its Committees. The Board members are committed to ensure that REC is in compliance with the highest standards of Corporate Governance. Considering the nuances of the business of REC and the power sector scenario on the whole, the Board has identified the following key skills, expertise, competencies and attributes to enable it to function effectively:

Parameters of Directors' qualifications

Financial Management	Planning, organizing, directing and controlling the financial activities which include mobilization and utilization of funds, financial accounting and management control systems, financial planning, liquidity & fund management, working capital management, treasury & forex management, tax planning and liaising with financial institutions, etc.
Power Sector domain expertise	A significant background in technology and in-depth insight into the various elements of power generation, transmission & distribution, renewable energy sector and the challenges/aspects/nuances of power sector in India and abroad, knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Project appraisal	Systematic and comprehensive review of the technical parameters, social impact, economic, environmental, financial and other such aspects of a project, to determine if it meets its objectives.
Corporate Planning & Strategy	Management activities that are used to set priorities, focus energy and resources, strengthen operations and ensure that employees and other stakeholders are working towards common goals by establishing agreement on intended outcomes/results; and assess and adjust the organization's direction in response to a changing environment.
Risk Management	Forecasting and evaluation of operational risk, credit risk, market risk, interest rate risk, liquidity risk, foreign currency risk and other financial risks, together with the identification of procedures to avoid or minimize their impact. Identifying any potential threats that may occur during the investment/financing process and mitigation of the same.
Leadership	Extended leadership experience for establishing a clear vision, providing guidance, knowledge and methods to realize that vision, involving setting and achieving organizational goals and taking actions for achievement of such goals.
Board practices and Governance	Service on a public listed company or holding responsible positions in Central/State Government departments, banks or reputed institutes of learning. The Company Board to develop insights about maintaining board and management accountability, protecting interests of the shareholders and observing appropriate governance practices.
Business Development	Experience in developing strategies to increase business and market share, build brand awareness and enhance corporate reputation by creating long-term value for borrowers/investors, markets and all other stakeholders.

In the table set out below, the specific areas of expertise of individual Board members as on March 31, 2021 have been highlighted. However, the absence of a mark against a member's name, does not necessarily mean that the said member does not possess the corresponding skill or expertise:

Name of the Director	Key qualifications of the Board							
	Area of expertise							
	Financial Management	Power sector domain expertise	Project appraisal	Corporate Planning & Strategy	Risk Management	Leadership	Board practices & Governance	Business Development
Shri Sanjay Malhotra	✓	✓	✓	✓	✓	✓	✓	✓
Shri Sanjeev Kumar Gupta	-	✓	✓	✓	✓	✓	✓	✓
Shri Ajoy Choudhury	✓	✓	-	✓	✓	✓	✓	✓
Shri Tanmay Kumar	✓	✓	✓	✓	✓	✓	✓	✓
Shri Praveen Kumar Singh	✓	✓	✓	✓	✓	✓	✓	✓

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors functions either as full Board, or through various Committees constituted to oversee specific areas of business operations and Corporate Governance. Each Committee is guided by its terms of reference approved by the Board, which define its composition, scope and powers. The Committees meet regularly and as required; and focus on their assigned areas to make informed decisions within the authority delegated to them.

As on March 31, 2021, the Board had the following Committees: -

1. Audit Committee
2. Nomination & Remuneration Committee
3. Stakeholders Relationship Committee
4. Risk Management Committee
5. Corporate Social Responsibility Committee
6. Loan Committee*
7. Executive Committee*
8. Sub-Committee for Review of Lending Rates for Term Loans/Short Term Loans*
9. Committee for Investment/Deployment of Surplus Funds
10. Asset Liability Management Committee
11. IT Strategy Committee

* The said committees have been subsequently dissolved w.e.f. May 28, 2021

The minutes of meetings of all Committees are placed before the Board, for information and noting in terms of Article 105 of the Articles of Association of the Company and applicable statutory requirements. Details of terms of reference of each Committee, its meetings etc., are appearing in the subsequent paras.

3.1 Audit Committee

The Company has constituted an Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The Audit Committee carries out the role as per its terms of reference and reviews the information prescribed under the applicable statutory provisions.

The terms of reference of the Audit Committee are as under:

- a) To comply with the requirements in accordance with Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;
- b) To comply with the requirements relating to Audit Committee as envisaged in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time;
- c) To comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, as notified by the DPE, as amended from time to time; and
- d) To comply with any other applicable provisions, as amended from time to time, relating to the Audit Committee.

During the financial year 2020-21, the Audit Committee met 5 (five) times. The composition of Audit Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat					Total number of meetings		
			17-Jun-20	7-Aug-20	6-Nov-20	23-Dec-20	4-Feb-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Tanmay Kumar Government Nominee Director	Chairperson (w.e.f November 6, 2020)	N.A.	N.A.	⦿	⦿	⦿	3	3	100
2	Shri Mritunjay Kumar Narayan Government Nominee Director	(Chairperson during June 12, 2020 to November 5, 2020)	⦿	⦿	N.A.	N.A.	N.A.	2	2	100
3	Shri Sanjeev Kumar Gupta Director (Technical)	Member	⦿	⦿	⦿	⦿	⦿	5	5	100
4	Shri Praveen Kumar Singh Nominee Director of PFC	Member	⦿	⦿	⦿	⦿	⦿	5	5	100



Present in person

N.A.

Not Applicable

The quorum of meetings of Audit Committee is two members or one third of the total number of members, whichever is greater. Further, Director (Finance), Head of the Internal Audit function and representatives of Statutory Auditors of the Company are also invited to the meetings of Audit Committee. The Company Secretary acts as the Secretary to the Committee.

The maximum gap between any two meetings of the Audit Committee was not more than one hundred and twenty days, except for the meeting held on June 17, 2020 which was held after a gap of 134 days from the previous meeting, in accordance with the extended time gap permitted by SEBI vide its circular dated March 19, 2020, in light of the Covid-19 pandemic.

The Chairperson of the Audit Committee possesses accounting and financial management expertise and all other members of the Audit Committee are financially literate. Further, the then Chairperson of the Audit Committee was present at the last Annual General Meeting of the Company held on September 25, 2020, to answer shareholders' queries.

It is pertinent to mention that after completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director of the Company in the financial year 2019-20, there was an absence of Independent Directors on the Board to re-constitute the Audit Committee in conformity with the applicable statutory provisions. Therefore, the Company has constituted its Audit Committee with Non-Executive Directors, to the extent possible. The Audit Committee would be re-constituted again, upon appointment of requisite number of Independent Directors on the Board of REC.

3.2 Nomination & Remuneration Committee

REC being a Central Public Sector Enterprise, as per the Articles of Association of the Company, the appointment, tenure and remuneration of Chairman and Managing Director, Whole-time Directors and other Directors are decided by the President of India and communicated by the administrative ministry i.e., the Ministry of Power, Government of India.

The remuneration of Functional Directors and Employees of the Company is fixed as per extant guidelines issued by the Department of Public Enterprises (DPE) from time to time. The Part-time Non-official Directors including Independent Directors are paid sitting fees for attending the meetings of Board and Committees thereof, as decided by the Board from time to time. The amount of sitting fees paid is well within the limits prescribed under the Companies Act, 2013. The sitting fee payable to Nominee Director of Power Finance Corporation Limited (PFC) for attending meetings of the Board and Committees thereof, is paid to PFC. Further, the Government Nominee Director is not entitled to any remuneration or sitting fee from the Company, as per the norms of the Government of India.

The Company had constituted a Nomination & Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The terms of reference of the Nomination & Remuneration Committee, to the extent applicable to REC, are as under:

- To comply with the requirements in accordance with Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;
- To comply with the requirements relating to Nomination and Remuneration Committee as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; and
- To comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 including to decide the quantum of annual bonus, variable pay and policy for ESOP scheme, pension scheme, etc. within the prescribed limits across Whole-time Directors, executive and non-unionized supervisors, as notified by the DPE and as amended from time to time.

The quorum for meetings of Nomination & Remuneration Committee is two members, including the Chairperson of the Committee. Further, Director (Finance), Director (Technical) and Executive Director (HR) / Chief General Manager (HR) of the Company are standing invitees to the meetings of Nomination & Remuneration Committee. The Company Secretary acts as the Secretary to the Committee.

It is pertinent to mention that after completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director of the Company in the financial year 2019-20, there was an absence of Independent Directors on the Board to re-constitute the Nomination & Remuneration Committee in conformity with the applicable statutory provisions. The Nomination & Remuneration Committee would be re-constituted, upon appointment of requisite number of Independent Directors on the Board of REC.

During the financial year 2020-21, no meeting of Nomination & Remuneration Committee was held.

The Ministry of Corporate Affairs (MCA) vide notification dated June 5, 2015, had exempted Government companies from the requirement related to formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of Directors and policy relating to remuneration of Directors.

Further, MCA vide notification dated July 5, 2017, had prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, as prescribed in Schedule IV of the Companies Act, 2013, are also not applicable to Government companies. During the financial year 2020-21, the performance evaluation of Non-Executive Directors of the Company was carried out by the administrative ministry as per its internal guidelines.

Details regarding remuneration paid to Key Managerial Personnel (KMPs) of the Company during the financial year 2020-21 are given below:

(Amount in ₹)

Sl. no.	Name & Designation	Salary & Allowances	Performance Linked Incentive	Perquisites	Other Benefits included in Form 16	Leave En-cashment	CPF Contribution	Pension Fund Contribution	Total
1	Shri Sanjay Malhotra Chairman & Managing Director (appointed w.e.f. November 9, 2020)	10,90,800	-	-	15,400	87,450	-	-	11,93,650
2	Shri Sanjeev Kumar Gupta Director (Technical) (held additional charge as CMD during June 1, 2020 to November 8, 2020)	46,53,819	22,09,652	9,85,670	42,939	-	4,05,443	2,85,097	85,82,620
3	Shri Ajoy Choudhury Director (Finance) (appointed w.e.f June 1, 2020)	39,96,810	14,35,450	1,72,109	45,609	10,73,509	3,22,133	2,16,112	72,61,732
4	Shri Ajeet Kumar Agarwal (superannuated as CMD and Director (Finance) on May 31, 2020)	7,15,873	16,71,215	9,48,806	-	33,77,037	66,342	58,050	68,37,323
5	Shri J.S. Amitabh Executive Director & Company Secretary	45,07,165	13,44,914	77,742	30,713	-	3,61,701	2,52,166	65,74,401

Notes:

- The remuneration of Shri Sanjay Malhotra, who joined the Company as Chairman and Managing Director w.e.f. November 9, 2020, has been reported from the said date.
- Shri Ajoy Choudhury's remuneration shown above is for the period June 1, 2020 to March 31, 2021. Prior to that he was serving as Executive Director (Finance) in the Company and was paid a remuneration of ₹8,86,637 and employer's contribution to provident fund amounting to ₹62,690 for the period from April 1, 2020 to May 31, 2020.
- Performance Linked Incentive is paid in line with the guidelines issued in this regard by DPE.
- Other benefits included in Form 16 exclude the reimbursement(s) towards uniform, entertainment, electricity, water and attendant charges and exempt medical expenses/reimbursement.
- In the financial year 2020-21, pension contribution was deposited in NPS account. Hence, the Employer Pension Contribution is part of salary u/s 17(1) of the Income Tax Act, 1961 in Form 16.
- Total remuneration includes allowances exempt u/s 10 of the Income Tax Act, 1961 and excludes employer's contribution into REC Gratuity Fund, based on actuarial valuation.
- The Company has not given any stock options. Further, the appointment of Directors and terms of appointment including remuneration, notice period, severance fees etc., if any, are decided by the President of India.

Remuneration of Non-Executive Directors

The Non-Executive Directors are paid sitting fees of ₹40,000/- for attending each meeting of the Board of Directors and ₹30,000/- for attending each meeting of the Committee(s) thereof, which is well within the limits prescribed under the Companies Act, 2013 and Rules made thereunder.

During the financial year 2020-21, the details of remuneration paid to Non-Executive Directors towards sitting fees (excluding GST), were as under: -

(Amount in ₹)

Sl. no.	Name of Non-Executive Director	Sitting fees		Total
		Board meetings	Committee meetings	
1	Shri Tanmay Kumar Government Nominee Director (w.e.f. November 5, 2020)	-	-	-
2	Shri Mritunjay Kumar Narayan Government Nominee Director (upto November 5, 2020)	-	-	-
3	Shri Praveen Kumar Singh Nominee Director of PFC	4,00,000	5,40,000	9,40,000
	Total	4,00,000	5,40,000	9,40,000

Notes:

- The Government Nominee Director(s) are not entitled to any remuneration or sitting fees from the Company, as per the norms of the Government of India.
- Shri Praveen Kumar Singh is a Whole-time Director in Power Finance Corporation Limited (PFC). The sitting fee payable to the Nominee Director of PFC, for attending the meetings of Board of Directors and Committees of REC, is paid to PFC.

Apart from the above, the Non-Executive Directors do not have any material pecuniary relationship or transaction with the Company, except to the extent of payment / reimbursement towards air tickets, hotel accommodation, hiring of vehicle, out-of-pocket expenses, local conveyance etc., if applicable, in respect of attending meetings of the Board or Committees thereof.

3.3 Stakeholders Relationship Committee

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

During the financial year 2020-21, the Stakeholders Relationship Committee met 4 (four) times to review the status of requests, complaints or grievances of various security holders. The composition of Stakeholders Relationship Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat				Total number of meetings		
			17-Jun-20	7-Aug-20	6-Nov-20	4-Feb-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Praveen Kumar Singh Nominee Director of PFC	Chairperson (w.e.f. June 12, 2020)	⊙	⊙	⊙	⊙	4	4	100
2	Shri Sanjeev Kumar Gupta Director (Technical)	Member	⊙	⊙	⊙	⊙	4	4	100
3	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. June 12, 2020)	⊙	⊙	⊙	⊙	4	4	100



Present in person

The quorum for meetings of Stakeholders Relationship Committee is two members including the Chairperson of the Committee. Further, representatives of the Registrar & Transfer Agents appointed by the Company for various securities including shares, debentures, bonds etc., are Standing Invitees to the meetings of the Stakeholders Relationship Committee. Shri J.S. Amitabh, Executive Director & Company Secretary, acts as the Secretary to the Committee. He is also the Compliance Officer of the Company in terms of SEBI LODR Regulations. The Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on September 25, 2020.

It is pertinent to mention that after completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director of the Company in the financial year 2019-20, there was an absence of Independent Directors on the Board to re-constitute the Stakeholders Relationship Committee in conformity with the applicable statutory provisions. Therefore, the Company has constituted its Stakeholders Relationship Committee with Non-Executive Directors, to the extent possible. The Stakeholders Relationship Committee would be re-constituted, upon appointment of requisite number of Independent Directors on the Board of REC.

Status of Shareholders/Investors Grievances

To promptly redress the grievances or complaints of shareholders and investors, the Company has established a three-tier mechanism i.e., Support Service from respective Registrars, in-house Investor Cell and direct supervision by the Stakeholders Relationship Committee, which has resulted in timely resolution of all the grievances.

Securities and Exchange Board of India (SEBI) has a web-based complaints redressal system namely SCORES (SEBI Complaints Redressal System), through which investors can lodge a complaint against a company for their grievances. The status of every complaint can be viewed online and if required, the investor can send reminder for the complaints. Also, through this system, the investors are able to check the status of the complaints, such as with whom the complaint is pending, upon whom the responsibility has been fixed and for how much time the complaint is pending. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge a complaint in physical form.

The Company attends to all investor grievances, complaints and requests promptly and on expeditious basis, to the satisfaction of the investors. A quarterly update on the status of investor grievances is filed with the Stock Exchanges and also placed before the Board. The status of shareholders / investors grievances and requests received pursuant to Regulation 13(3) of SEBI LODR Regulations for the financial year 2020-21, was as under:

Particulars	Equity Shares	Listed debt securities	Total
Pending as on April 1, 2020	0	2	2
Received during the financial year	2,304	1,118	3,422
Disposed of during the financial year	2,304	1,120	3,424
Remaining unresolved as on March 31, 2021	0	0	0

3.4 Risk Management Committee

The Risk Management Committee has been constituted in line with the provisions of Regulation 21 of SEBI LODR Regulations, to manage the integrated risk of the organization. The terms of reference of Risk Management Committee are as under:

- To manage the integrated risk;
- To identify various risks likely to arise, evaluate overall risks faced by the Company including liquidity risk, monitor and review the risk management plan, policies and practices followed by the Company from time to time;
- To oversee the mitigation of various risks and to perform all other risk management functions, which shall also cover cyber security; and
- To perform any other function, as may be required for compliance of applicable statutory provisions issued by RBI, SEBI, MCA and/or any other agencies, from time to time.

During the financial year 2020-21, the Risk Management Committee met 2 (two) times. The composition of Risk Management Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat		Total number of meetings		
			1-Oct-20	31-Mar-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Praveen Kumar Singh <i>Nominee Director of PFC</i>	Chairperson (w.e.f. March 31, 2021)	N.A.	⊗	1	1	100
2	Shri Sanjeev Kumar Gupta <i>Director (Technical)</i>	Member (Elected as Chairperson for the meeting held on October 1, 2020)	⊗	⊗	2	2	100
3	Shri Ajoy Choudhury <i>Director (Finance)</i>	Member (w.e.f. June 1, 2020)	⊗	⊗	2	2	100



Present in person

N.A.

Not Applicable

Note: Shri Ajeet Kumar Agarwal was Chairperson of Risk Management Committee upto May 31, 2020. However, no meeting of Risk Management Committee was held during that tenure.

The quorum for meetings of Risk Management Committee is two members, including the Chairperson of the Committee. Further, Executive Director (Finance-Resources), Executive Director (Private Sector Project Management), Executive Director (State Operations) and Chief General Manager (Asset Liability Management) Division are standing invitees to the meetings of the Risk Management Committee. The Company has appointed a Chief Risk Officer (CRO) as prescribed by RBI, who acts as the convener to the Risk Management Committee.

At present, there is an absence of requisite number of Independent Directors on the Board of REC, to re-constitute the Risk Management Committee in conformity with the applicable statutory provisions. The Risk Management Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of REC.

3.5 Corporate Social Responsibility Committee

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

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To monitor the Corporate Social Responsibility Policy of the Company from time to time;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- To recommend / review CSR projects / programs / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;
- To institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken by the Company;
- To assist the Board of Directors to formulate strategies on CSR initiatives of the Company;
- To approve the content of annual report on CSR activities as per performa given in the Rules, *inter-alia* covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;
- To periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
- To comply with the other requirements on Corporate Social Responsibility Policy, as amended from time to time.

During the financial year 2020-21, the CSR Committee met 8 (eight) times. The composition of CSR Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat								Total number of meetings		
			21-May-20	7-Aug-20	15-Sep-20	6-Nov-20	23-Dec-20	13-Jan-21	4-Feb-21	10-Mar-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Sanjeev Kumar Gupta Director (Technical)	Chairperson (w.e.f. June 12, 2020, prior to which he was Member)									8	8	100
2	Shri Ajeet Kumar Agarwal CMD & Director (Finance)	(Chairperson upto May 31, 2020)		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100
3	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. June 12, 2020)	N.A.								7	7	100
4	Shri Praveen Kumar Singh Nominee Director of PFC	Member									8	8	100



Present in person

N.A.

Not Applicable

The quorum for meetings of CSR Committee is two members, including the Chairperson of the Committee. The Company Secretary acts as the Secretary to the Committee.

It is pertinent to mention that after completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director of the Company in the financial year 2019-20, there was an absence of Independent Directors on the Board to re-constitute the CSR Committee in conformity with the applicable statutory provisions. Therefore, the Company has constituted its CSR Committee with Non-Executive Directors, to the extent possible. The CSR Committee would be re-constituted, upon appointment of requisite number of Independent Directors on the Board of REC.

The Corporate Social Responsibility & Sustainability Policy of the Company is available at <https://www.recindia.nic.in/our-csr-initiatives>.

3.6 Loan Committee

The Loan Committee of the Directors was constituted for sanction of financial assistance, subject to the following limits:

Type of entity	Limit for individual scheme / project	Overall ceiling in a financial year
Central/State Government power utilities or Central/State PSUs	Rupee Term Loan of upto ₹500 crore	₹30,000 crore
	Special Long-Term Transition Loans of above ₹500 crore to discoms under Covid-19	
	Special Loans of above ₹500 crore under the UDAY scheme	
	Special Long-Term Transition Loans of above ₹500 crore to discoms in exemption of UDAY Limit	
Private Sector power utilities	Revolving bill payment facilities of above ₹500 crore to discoms/gedcos	
	Upto ₹500 crore	₹10,000 crore

During the financial year 2020-21, the Loan Committee met 11 (eleven) times. The composition of Loan Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat											Total number of meetings		
			21-May-20	25-Jun-20	3-Jul-20	10-Jul-20	17-Jul-20	11-Sep-20	25-Sep-20	27-Oct-20	23-Dec-20	13-Jan-21	4-Feb-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Sanjay Malhotra Chairman and Managing Director	Chairperson (w.e.f. November 9, 2020)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.				3	3	100
2	Shri Sanjeev Kumar Gupta Director (Technical)	Member (Chairperson during June 1, 2020 to November 8, 2020)												11	11	100
3	Shri Ajeet Kumar Agarwal CMD & Director (Finance)	(Chairperson upto May 31, 2020)		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100
4	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. June 1, 2020)	N.A.											10	10	100
5	Shri Tanmay Kumar Government Nominee Director	Member (w.e.f. November 6, 2020)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.				3	3	100
6	Shri Mritunjay Kumar Narayan Government Nominee Director	(Member upto November 5, 2020)									N.A.	N.A.	N.A.	8	8	100



Present in person

N.A.

Not Applicable

The quorum for meetings of Loan Committee is three members, including Chairman and Managing Director and Government Nominee Director. The Company Secretary acts as Secretary to the Committee.

In order to expedite the decision-making without diluting the due diligence and level of approval, the Board of Directors dissolved the Loan Committee w.e.f. May 28, 2021 and delegated its powers to the Chairman and Managing Director in concurrence with Director (Technical) and Director (Finance).

3.7 Executive Committee

The Executive Committee of the Directors was constituted for sanction of financial assistance, subject to the following limits:

Type of entity	Limit for individual scheme / project	Overall ceiling in a financial year
Central / State Government power utilities or Central / State PSUs	Rupee Term Loan of upto ₹150 crore	₹25,000 crore
Private sector power utilities	Rupee Term Loan of upto ₹100 crore	₹6,000 crore

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During the financial year 2020-21, the Executive Committee met 7 (seven) times. The composition of Executive Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat							Total number of meetings		
			21-May-20	29-Jun-20	9-Sep-20	14-Oct-20	3-Feb-21	19-Mar-21	24-Mar-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Sanjay Malhotra Chairman and Managing Director	Chairperson (w.e.f. November 9, 2020)	N.A.	N.A.	N.A.	N.A.	⊗	⊗	⊗	3	3	100
2	Shri Sanjeev Kumar Gupta Director (Technical)	Member (Chairperson during June 1, 2020 to November 8, 2020)	⊗	⊗	⊗	⊗	⊗	⊗	⊗	7	7	100
3	Shri Ajeet Kumar Agarwal CMD & Director (Finance)	(Chairperson upto May 31, 2020)	⊗	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100
4	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. June 1, 2020)	N.A.	⊗	⊗	⊗	⊗	⊗	⊗	6	6	100

⊗ Present in person N.A. Not Applicable

The quorum for meetings of Executive Committee is two members, including the Chairman and Managing Director. The Company Secretary acts as Secretary to the Committee.

In order to expedite the decision-making without diluting the due diligence and level of approval, the Board of Directors dissolved the Executive Committee w.e.f. May 28, 2021 and delegated its powers to the Chairman and Managing Director in concurrence with Director (Technical) and Director (Finance).

3.8 Sub-Committee for Review of Lending Rates for Term Loans / Short Term Loans

The Sub-Committee of Directors for Review of Lending Rates for Term Loans / Short Term Loans was constituted for review of various lending rates for the term loans and short term loans given by the Company.

During the financial year 2020-21, the aforesaid Sub-Committee met 9 (nine) times. The composition of the Sub-Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat									Total number of meetings		
			20-May-20	27-Jul-20	26-Aug-20	1-Sep-20	9-Oct-20	4-Jan-21	3-Feb-21	8-Mar-21	31-Mar-21	Held during tenure of Director	Attended by the Director	Percentage of attendance
1	Shri Sanjay Malhotra Chairman and Managing Director	Chairperson (w.e.f. November 9, 2020)	N.A.	N.A.	N.A.	N.A.	N.A.	⊗	⊗	⊗	⊗	4	4	100
2	Shri Sanjeev Kumar Gupta Director (Technical)	Member (Chairperson during June 1, 2020 to November 8, 2020)	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	9	9	100
3	Shri Ajeet Kumar Agarwal CMD & Director (Finance)	(Chairperson upto May 31, 2020)	⊗	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100
4	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. Jun 1, 2020)	N.A.	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	8	8	100

⊗ Present in person N.A. Not Applicable

The quorum for meetings of the aforesaid Sub-Committee is two members, including the Chairman and Managing Director. The Company Secretary acts as Secretary to the Committee.

In order to expedite the decision-making without diluting the due diligence and level of approval, the Board of Directors dissolved the aforesaid Sub-Committee w.e.f. May 28, 2021 and delegated its powers to the Chairman and Managing Director in concurrence with Director (Technical) and Director (Finance).

3.9 Committee for Investment / Deployment of Surplus Funds

The Committee for Investment / Deployment of Surplus Funds has been constituted for the purpose of approving investment / deployment of short-term surplus funds of ₹1000 crore and above in single instance in Certificate of Deposits or ₹2000 crore and above in Mutual Funds and Fixed Deposits at any time. Meetings of this Committee are held for deciding the investment / deployment of short-term surplus funds, as and when required. The said Committee is headed by the Chairman and Managing Director; and its members are Director (Technical) and Director (Finance).

The quorum for meetings of the said Committee is two members, including the Chairman and Managing Director. However, no meeting of the said Committee was held during the financial year 2020-21.

3.10 Asset Liability Management Committee (ALCO)

In pursuance to RBI guidelines on Asset Liability Management (ALM) System for NBFCs, the Company has constituted an Asset Liability Management Committee (ALCO), headed by the Chairman and Managing Director and members including Director (Finance), Director (Technical) and Executive Directors or Chief General Managers from the finance and operating divisions of the Company.

ALCO monitors risks related to liquidity, interest rates and currency rates with the help of ALM support group, which provides various reports on liquidity gap analysis, interest rate sensitivity analysis and foreign currency movements etc. ALCO meets every quarter to review the position of above risks.

During the financial year 2020-21, the ALCO met 4 (four) times. The composition of ALCO as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Name of the Director / Designation of Member	Position in the Committee	Date of meeting and attendance thereat				Total number of meetings		
			29-Jun-20	30-Sep-20	31-Dec-20	26-Mar-21	Held during tenure of Director/ Member	Attended by the Director/ Member	Percentage of attendance
1	Shri Sanjay Malhotra Chairman & Managing Director	Chairperson (w.e.f. November 9, 2020)	N.A.	N.A.			2	2	100
2	Shri Sanjeev Kumar Gupta Director (Technical)	Member (Chairperson during June 1, 2020 to November 8, 2020)					4	4	100
3	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. June 1, 2020)					4	4	100
4	Executive Director (Resources)	Member					4	4	100
5	Executive Director / Chief General Manager (Private / State Operations)	Member					4	4	100
6	Chief General Manager (ALM)	Member					4	4	100



Present in person



Present through video conferencing

N.A.

Not Applicable

The quorum for meetings of ALCO is three members, including the Chairman and Managing Director and the Director (Finance). The Chief General Manager (ALM) acts as the convenor of ALCO. Other senior officials of the Company are also invited to meetings of ALCO, as per requirement.

The Chairman and Managing Director may authorize a Whole-time Director to chair the meeting of ALCO in his absence. The Chairman and Managing Director may also authorize a backup executive for each of the members and convenor of ALCO, in case of need.

3.11 IT Strategy Committee

In compliance with the Reserve Bank of India's Master Direction for NBFCs, the Board of Directors of REC has constituted an IT Strategy Committee for implementation of IT Framework in REC. The role of IT Strategy Committee includes monitoring the methods to determine the IT resources needed to achieve strategic goals, to provide high-level direction for sourcing and use of IT resources and to approve the IT strategy and policy documents of the Company.

The composition of IT Strategy Committee includes an Independent Director, Chief Information Officer (CIO) & Chief Information Security Officer (CISO), Chief Technology Officer (CTO), IT Member of the Security Council and ISMS Officer, and external technical expert. However, as there are no Independent Directors on the Board at present, the IT Strategy Committee would be re-constituted again, upon appointment of Independent Director(s) in REC.

During the financial year 2020-21, the IT Strategy Committee met 2 (two) times. The composition of the IT Strategy Committee as on March 31, 2021 and details of attendance at its meetings held during the financial year 2020-21, were as under:

Sl. no.	Designation of Member	Position in the Committee	Date of meeting and attendance thereat		Total number of meetings		
			6-Aug-20	26-Feb-21	Held during tenure of Member	Attended by the Member	Percentage of attendance
1	Executive Director (IT) Chief Information Officer	Chairperson			2	2	100
2	Chief General Manager (IT) Chief Technology Officer	Member			2	2	100
3	Senior General Manager (IT) ISMS Officer	Member/Convener			2	2	100
4	External Technical Expert	Member			2	2	100

 Present in person
  Present through video conferencing

4. OTHER COMMITTEES

In addition to the Committees of Directors constituted by the Board from time to time, some additional Committees have also been constituted by the Board to look into specific matters, as detailed below.

4.1 Bond Committee

The Bond Committee of Directors is constituted by the Board of Directors for overseeing the matters relating to Public Issue of REC Taxable Secured Redeemable Non-Convertible Bonds.

As on March 31, 2021, the composition of Bond Committee comprised of the Chairman and Managing Director as Chairperson; and Director (Technical) and Director (Finance) as members. The quorum for the meetings of the said Committee is two members, including the Chairman and Managing Director. However, no meeting of the said Committee was held during the year under review.

4.2 Share Transfer Committee

The Share Transfer Committee considers requests for transmission, transposition, splitting and consolidation of shares exceeding 500 Equity Shares per individual in each case under the physical segment and for issue of duplicate share certificates. As on March 31, 2021, the Share Transfer Committee comprised of senior officials of the Company, namely, Shri J.S. Amitabh (Executive Director & Company Secretary) and Shri Daljeet Singh Khatri (Chief General Manager - Finance), as members. Further, the Share Transfer Committee met once during the year under review i.e., on December 11, 2020.

5. SUBSIDIARY COMPANIES

During the financial year 2020-21, REC had two wholly owned subsidiaries viz., REC Power Distribution Company Limited (which was later renamed as REC Power Development and Consultancy Limited (RECPDCL) w.e.f. July 16, 2021) and REC Transmission Projects Company Limited (RECTPCL). The Board of Directors of REC had approved amalgamation of the said two companies into one single entity, in order to achieve better synergies in operations, greater access to different market segments and to reap the benefits of higher capital base and pooled resources. Accordingly, a Scheme of Arrangement for Amalgamation of RECTPCL (transferor company) with RECPDCL (transferee company) under Section 230-232 of the Companies Act, 2013 was approved by the Ministry of Corporate Affairs (MCA) vide Order dated February 5, 2021, with Appointed Date of April 1, 2020. The amalgamation came into effect from February 6, 2021.

Pursuant to the amalgamation, RECPDCL also acts as "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECPDCL incorporates project specific Special Purpose Vehicles (SPVs) as its wholly owned subsidiaries. After selection of the successful bidder in accordance with the TBCB Guidelines, such subsidiaries are transferred by RECPDCL to the successful bidder, along with all assets and liabilities. In terms of the above, RECPDCL has transferred 1 (one) project specific SPV to the selected bidder during the financial year 2020-21, details of which are appearing in the Board's Report forming part of this Annual Report. Further, RECPDCL had the following project specific SPVs / wholly owned subsidiaries as on March 31, 2021 (also wholly owned subsidiaries of REC, pursuant to Section 2(87) of the Companies Act, 2013):

- (1) Dinchang Transmission Limited*
- (2) Chandil Transmission Limited

- (3) Koderma Transmission Limited
- (4) Dumka Transmission Limited
- (5) Mandar Transmission Limited
- (6) Kallam Transmission Limited
- (7) Gadag Transmission Limited
- (8) Fatehgarh Bhadla Transco Limited#
- (9) Rajgarh Transmission Limited
- (10) Bidar Transmission Limited
- (11) Sikar New Transmission Limited#
- (12) MP Power Transmission Package-I Limited
- (13) MP Power Transmission Package-II Limited

*The said company is under process of strike off of name from the register of companies

Transferred to Power Grid Corporation of India Limited on June 4, 2021

Details of the above companies are appearing in the Board's Report forming part of this Annual Report.

The Company does not have any "material subsidiary" as defined under the SEBI LODR Regulations. Further, the Company has devised a Policy on Materiality of Subsidiaries as required under the said Regulations. The said policy is available at <https://www.recindia.nic.in/uploads/files/cs-policy-determining-material-subsidiaries-dt230719.pdf>.

The minutes of Board meetings of all subsidiary companies are placed before the Board of Directors of the Company for information. The financial statements of unlisted subsidiary companies, in particular the investments made by unlisted subsidiary companies, were reviewed by the Audit Committee of REC. The audited financial statements and related information of RECPDCL is available on the website of the Company at www.recindia.nic.in.

6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGMs) of the Company are given below:-

AGM no.	Financial year	Date	Time	Venue	Whether any Special Resolution passed
49 th	2017-18	September 25, 2018	11:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi -110010.	Yes
50 th	2018-19	August 29, 2019	11:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi -110010.	Yes
51 st	2019-20	September 25, 2020	11:00 A.M.	Through Video Conferencing / Other Audio-Visual Means	Yes

During the financial year 2020-21, no postal ballot process was conducted and no special resolution was passed through postal ballot. Further, no special resolution is proposed to be passed through postal ballot process upto the ensuing AGM.

Pursuant to the General Circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and SEBI Circular dated May 12, 2020, which have been extended upto December 31, 2021 by the MCA vide General Circular dated January 13, 2021 and by SEBI vide Circular dated January 15, 2021, the 52nd Annual General Meeting of REC is being held through Video Conferencing / Other Audio-Visual Means. The Company will provide facility to shareholders to attend the said AGM electronically and also enable shareholders to exercise their right to vote through electronic means, on items proposed to be passed at the said AGM. Details regarding participation in the said AGM and other relevant information are appearing in the Notice of the 52nd AGM of the Company, forming part of this Annual Report.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

Since financial year 2010-11, REC has been effecting electronic delivery of documents such as Notice of AGM, Annual Report etc., to those shareholders whose email ids are registered with the respective Depository Participants (DPs) or Registrar & Share Transfer Agent (R&TA). The intimation of Dividend (interim or final) is also being sent electronically to those shareholders, whose email IDs are registered.

In line with the circulars issued by MCA and SEBI, Notice of the 52nd AGM of the Company along with Annual Report for the financial year 2020-21, would be sent by e-mail to all those members, whose e-mail IDs are registered with the Company.

The Company has published advertisements in newspapers, to encourage the shareholders holding shares in physical and

electronic form to register or update their email IDs, for receiving Annual Report of the Company for financial year 2020-21. Further, the Company has also sent SMSes to the shareholders whose mobile numbers were registered with the concerned Depository, for updation of e-mail IDs. Despite the above efforts, those shareholders who have still not registered or updated their e-mail IDs, may follow the process mentioned in the Notice of 52nd AGM, for registration of e-mail ID and procuring the User ID and Password for e-voting at the ensuing AGM.

Apart from the above, the meetings of Board and Committees of the Company are actively held through video conferencing. The agenda and notes for such meetings are also being sent to the Directors through electronic means under a secured platform, to enable paperless access to agenda papers.

8. SECRETARIAL AUDIT

M/s Hemant Singh & Associates, Company Secretaries, Delhi have conducted the Secretarial Audit of the Company for the financial year 2020-21 and have submitted their report to the Company. A copy of the Secretarial Audit Report is annexed in this Annual Report for information of the stakeholders. Further, observations of the Secretarial Auditor and Management's Reply thereto, are appearing in the Board's Report forming part of this Annual Report.

9. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, as per provisions of SEBI LODR Regulations, which is available at <https://www.recindia.nic.in/uploads/files/RPTPolicyREC-230821.pdf>.

In line with the said Policy, all related party transactions are approved by the Audit Committee and / or the Board of Directors or Shareholders, as the case may be. The transactions with related parties are included in the Notes to Accounts as per the applicable provisions of the Companies Act, 2013. A status report on Related Party Transactions is put up for information of the Audit Committee and the Board of Directors on a quarterly basis. For the financial year 2020-21, the particulars of Related Party Transactions required to be disclosed in Form AOC-2, were 'Nil'.

10. DISCLOSURES

1. The Company has complied with all requirements of SEBI LODR Regulations, the Companies Act, 2013 and rules made thereunder, applicable Secretarial Standards and DPE Guidelines on Corporate Governance, as amended from time to time, except for the appointment of requisite number of Independent Directors including Woman Independent Director on the Board for the financial year 2020-21. Further, due to non-appointment of Independent Directors, the composition of some Committees of the Board was also not in line with the statutory requirements. The Company has already requested the Ministry of Power, Government of India, i.e., the appointing authority, to expedite the appointment of requisite number of Independent Directors including Woman Independent Director on the Board of the Company, to enable compliance with the applicable statutory provisions.

There were no instances of non-compliance on any matter related to the Capital Markets during the last three years. However, after the completion of tenure or cessation of office of all erstwhile Independent Directors including Woman Independent Director in the financial year 2019-20, there are no Independent Directors including Woman Independent Director on the Board at present. Further, due to non-compliance with provisions of SEBI LODR Regulations regarding appointment of Independent Directors and composition of the Board and some Committees thereof, NSE and BSE have imposed a total fine of ₹95,93,400/- including GST (₹47,96,700/- each including GST) on REC, for the quarters ended on March 31, 2020, June 30, 2020, September 30, 2020, December 31, 2020 and March 31, 2021. The Company has requested / is requesting the stock exchanges to waive off the said fines, as the power to appoint Directors in the Company vests with the President of India acting through the administrative ministry i.e., Ministry of Power and the matter is beyond the control of the Company. It is pertinent to mention, that BSE has already waived off the fine imposed on the Company pertaining to the quarters ended September 2020 and December 2020. The Company is following up with the Stock Exchanges for waiving off the balance fine(s) as well.

2. As required under statutory provisions, all returns, reports and disclosures were filed with the stock exchanges and other authorities within the stipulated time.
3. The Company has complied with the requirements of Regulation 17 to 27 of SEBI LODR Regulations relating to Board, Committees and Corporate Governance, as amended from time to time; and maintaining and updating the website of the Company as required under Regulation 46 of SEBI LODR Regulations, except where the Company did not have requisite number of Independent Directors including Woman Independent Director and composition of some Committees of the Board, as detailed in point no. 1 above.

The Company has also complied with the disclosure requirements under Corporate Governance Report as per Part C of Schedule V of the SEBI LODR Regulations.

Further, in compliance of Regulation 46 of SEBI LODR Regulations, the Company has *inter-alia*, disclosed the relevant information on its website (www.recindia.nic.in), such as details of the Company's business, composition of various Committees of the Board of Directors, Code of Business Conduct and Ethics for Board Members and Senior Management etc.

Details of establishment of Vigil Mechanism / Whistle Blower Policy, criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party Transactions, Policy for determining material subsidiaries, details of familiarization programme imparted to Independent Directors and Policy for determination of materiality of events for disclosure to the stock exchanges etc. are also available on REC's website at www.recindia.nic.in/policies.

4. The Company has a Board-approved Risk Management Policy, which covers Hedging Policy that provides a framework for the management of foreign currency exchange risk, involving exchange rate movements among currencies that may adversely impact the value of foreign currency denominated assets, liabilities and off-balance sheet arrangements. Appropriate disclosures regarding the foreign currency risks are made in the Notes to Accounts, forming part of the Audited Financial Statements and the same are being managed through various derivative instruments such as swaps, options, forwards etc. The nature of business of the Company is not such, as may give rise to any commodity price risk.
5. To indemnify the Directors and Officers, the Company has obtained a 'Director's and Officer's (D&O) Liability Insurance Policy', which comprehensively covers the liabilities that may arise against Directors and Officers of the Company. The insurance policy covers the Board of Directors of REC including Independent Directors, Company Secretary, other Key Managerial Personnel and all Manager and above level Officials of the Company.
6. The Company has not entered into any material, financial or commercial transactions with the Director(s) or the Management or their relatives or the companies and firms etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
7. All members of senior management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g., dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.) and there was no such instance of conflict for financial year 2020-21.
8. There were no materially significant transactions with related parties i.e., Promoters, Directors or Management, conflicting with the Company's interest. Further, there were no Independent Directors of the Company during financial year 2020-21, hence details of their shareholding was not applicable.
9. The Company has laid down the procedure to inform the Board about risk assessment and mitigation. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework. Further, a Risk Management Committee of the Board is also in place.
10. The Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity and Cash Flow Statement for the financial year 2020-21 have been prepared as per the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"), as amended, and other accounting principles generally accepted in India.
11. The Company affirms that a Vigil Mechanism / Whistle Blower Policy is in place and no person has been denied access to the Competent Authority.
12. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the disclosure regarding complaints under the said Act during the financial year 2020-21, is as under:

Sl. no.	Particulars	Number of complaints
1.	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed of during the financial year	Nil
3.	Number of complaints pending as on the end of the financial year	Nil

13. The Company has adopted all mandatory items (except for having requisite number of Independent Directors including Woman Independent Director on the Board and constitution of some Committees which require presence of Independent Directors); and the Company has also adopted some of the non-mandatory items on Corporate Governance, as prescribed under SEBI LODR Regulations, status of which is as under:
 - a) The Board: The Company is headed by an Executive Chairman;
 - b) Shareholder Rights: The Company is making all relevant information available to the shareholders / investors in a timely manner, to enable them to be sufficiently informed of the major decisions of the Company;
 - c) Audit Qualifications: There are no audit qualifications pertaining to financial year 2020-21 and it is always Company's endeavor to maintain unqualified financial statements;
 - d) Reporting of Internal Auditor: The Head of Internal Audit function of the Company directly reports to the Audit Committee and is invited to the meetings of the Audit Committee.

REC being a Government Company, the role of CEO is performed by the Chairman and Managing Director and the role of CFO is performed by the Director (Finance) of the Company.

14. During the financial year 2020-21, the Company has not received any Presidential Directives. In the last three years, the Company has received one Presidential Directive in financial year 2018-19, in respect of implementation of pay revision of Board-level and below Board-level Executives effective from January 1, 2017, which has been implemented by the Company.
15. The Company has not incurred any expenditure which is not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.
16. The administrative and office expenses for the financial year 2020-21 have decreased to ₹106.71 crore as compared to ₹131.70 crore during the previous financial year, mainly due to lower travelling and conveyance expenses by ₹5.69 crore and reduction in other miscellaneous expenses due to Covid pandemic. There is a minor variation in other expenditures in line with normal increase/decrease in business activities of the Company. Administrative and office expenses as a percentage of total expenses for the financial year 2020-21 were 0.43% (previous year 0.58%) and as a percentage of financial expenses for the financial year 2020-21 were 0.56% (previous year 0.69%).
17. Pursuant to the DPE Guidelines on Corporate Governance, quarterly compliance report is being submitted to the Ministry of Power, through DPE, within the stipulated time. The details of submission of the compliance report to DPE during the financial year 2020-21 were as under:

Report for Quarter ended	Date of submission of Report
June 30, 2020	July 9, 2020
September 30, 2020	October 12, 2020
December 31, 2020	January 12, 2021
March 31, 2021	April 12, 2021

Further, the Report containing Annual Score (consolidated score of four quarters) was submitted to DPE on April 29, 2021, within the prescribed timeline.

The Company has also submitted to the Stock Exchanges, quarterly compliance reports on Corporate Governance under Regulation 27(2)(a) of SEBI LODR Regulations, for all the quarters of financial year 2020-21 within the stipulated time.

18. There are no audit qualifications by the Statutory Auditors in their report pertaining to financial year 2020-21. Further, the Company has informed the Stock Exchanges that the Statutory Auditors have furnished Audit Report on Standalone and Consolidated Financial Results with unmodified opinion, in line with the provision of the SEBI LODR Regulations.
19. As per the requirement of DPE Guidelines on Corporate Governance, the Company has framed a Policy for Training of Board Members. Based on their requirement, the Board members attend various seminars, conferences and training programmes etc. from time to time.
On their appointment, the Board members are provided with necessary documents, reports and internal policies, to enable them to familiarize with the Company's procedures and practices. Further, presentations are also made at the Board meetings about business and performance of the Company. The details of familiarization programmes for Independent Directors are available at <https://www.recindia.nic.in/uploads/files/Familiarization-programme290621.pdf>.
20. The Company has not issued any Stock Options / ESOPs during the financial year 2020-21.
21. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI LODR Regulations was not applicable during the year under review. Further, there was no variation in use of issue proceeds of private placement of bonds in the financial year 2020-21.
22. The domestic debt instruments of REC continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA, credit rating agencies throughout the financial year 2020-21. The Company also enjoys international credit rating of "Baa3" and "BBB-" from international credit rating agencies Moody's and FITCH, respectively, throughout the financial year 2020-21. There was no revision in the ratings assigned to REC during the financial year 2020-21.
23. On an annual basis, the Company obtains from each Director the details of Board and Committee positions occupied by them in other companies and changes therein, if any. Further, M/s Hemant Singh & Associates, Practicing Company Secretaries, have provided a certificate confirming that none of the Directors on the Board of the Company is debarred or disqualified from being appointed or continuing as Director of the Company by SEBI, Ministry of Corporate Affairs or any other statutory authority. Copy of the said certificate is placed at **Annexure-A** to this report.
24. To oversee specific operational areas, the Board of Directors of the Company has constituted various Board-level Committees and delegated certain functions to these Committees. The respective Committee(s) focus on their assigned areas and make informed decisions and wherever required, make recommendations for further consideration of the Board of Directors. During the financial year 2020-21, there was no instance where the Board of Directors did not accept the recommendation given by any Board-level Committee of the Company.

11. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring the compliance with applicable laws and related statutory and procedural compliances. The Board of Directors of the Company periodically reviews the status of statutory, policy and related procedural compliances in order to ensure proper compliances of all laws applicable to the Company.

12. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Company has a "Code of Business Conduct and Ethics for Board Members and Senior Management", which is applicable to all Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The said Code is aligned with the Company's mission / vision and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

The Code is available at https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf. Based on the affirmations received from all Board members and Senior Management Personnel, a declaration by the Chairman and Managing Director of the Company regarding compliance of said Code is as under:

Declaration under SEBI LODR Regulations and DPE Guidelines on Corporate Governance

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2021.

Place: New Delhi
Date: July 22, 2021

Sd/-
Sanjay Malhotra
Chairman and Managing Director
DIN: 00992744

13. CODE OF CONDUCT FOR REGULATING, MONITORING AND REPORTING TRADING BY DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES AND FOR FAIR DISCLOSURE

The Company has a "Code of Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure", framed with an aim that the Designated Persons and their immediate relatives, as defined in the said Code, do not derive any benefit or assist others to derive any benefit from the access to and possession of Unpublished Price Sensitive Information (UPSI) about the Company which is not in the public domain and thus constitutes insider information. The Company Secretary has been appointed as the Compliance Officer of the Company; and is responsible for adherence of the said Code. The said Code is posted on the Company's website at <https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf>.

The said Code sets up policies and procedures to prevent leakage of UPSI and to institute adequate mechanism of Internal Controls to preserve confidentiality of the sensitive information. Further, it also prescribes the practices, procedures and norms to be followed for fair disclosure of UPSI and to prescribe legitimate purposes, subject to which the UPSI can be shared with any stakeholders or business partner of REC. The Code lays down the procedures to be followed and disclosures to be made while dealing in the equity shares/securities of the Company and the consequences of non-compliance.

In line with the requirement of the said Code, whenever some UPSI is submitted to the Board for consideration and approval including consideration of quarterly results, the trading window is closed and notice of such closure of trading window is issued to the designated employees and concerned persons well in advance. Further, proper announcements are also made on the website of the Company as well as to Stock Exchanges where the shares of the Company are listed, restraining them and their dependent family members from dealing in listed securities of the Company, when the trading window is closed.

14. POLICY FOR PREVENTION OF FRAUD

A policy for Prevention of Fraud has been framed in REC to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud, which covers the following:

- To ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs.
- To provide a clear guidance to employees and others dealing with REC forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity.
- To provide timeline and details to Nodal Officer for reporting fraud once detected or suspected.
- To conduct investigations into fraudulent activities.
- To provide assurances that any and all suspected fraudulent activity(ies) will be fully investigated.

The said Policy is available at <https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf>.

15. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy in place, in accordance with the provisions of the Companies Act, 2013 read with Rules made thereunder, SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The Whistle Blower Policy enables the Directors / employees of REC and/or its subsidiaries to raise concerns regarding any alleged malpractice or wrong doing, which could affect the business or reputation of the Company. The complaints can be made to the Competent Authority in the manner prescribed under the Policy. In addition to the above, REC has also adopted Whistle Blower Policy (PIDPI Resolution) issued by the Central Vigilance Commission vide Office Order dated May 17, 2004; and the same is incorporated in the "Vigilance Hand Book" of the Company. The Whistle Blower Policy of REC is available at https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf.

A declaration by the Chairman and Managing Director of the Company, that no person has been denied access to the Competent Authority under the Whistle Blower Policy during the financial year 2020-21 and necessary system has been put in place to provide protection to the complainant, wherever required, is as under:

Annual Affirmation in terms of Whistle Blower Policy of the Company

During the financial year 2020-21, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Place: New Delhi
Date: July 27, 2021

Sd/-
Sanjay Malhotra
Chairman and Managing Director
DIN: 00992744

16. TOTAL FEES PAID TO AUDITORS

Details of the total fees for all services paid by REC and its subsidiaries, on a consolidated basis, to the Statutory Auditors of REC and all entities in the network firm / network entity of which the Statutory Auditors are a part, are as under:

(₹ in crore)

Sl. no.	Particulars	FY 2020-21	FY 2019-20
A.	Fee paid to Statutory Auditor:		
(i)	As Auditor	0.66	0.44
(ii)	For Taxation matters*	0.25	0.11
(iii)	For Company Law matters (includes limited review fees)	0.26	0.35
(iv)	For other services:	-	-
	(a) Certification of MTN Offer Document/Comfort Letter	0.10	0.40
	(b) Other Certifications	0.04	0.04
(v)	For reimbursement of expenses	-	0.04
	Sub-total	1.31	1.38
B.	Non-recoverable tax credit in respect of fees paid to auditors	0.12	0.14
	Total	1.43	1.52

* includes ₹0.12 crore (previous year Nil) of fees for taxation matters pertaining to earlier years

17. MEANS OF COMMUNICATION

The Company recognizes the rights of shareholders / investors and communication of relevant information as key elements of the overall Corporate Governance framework of the Company; and therefore emphasizes on continuous, efficient and relevant communication with shareholders, investors and other stakeholders.

A dedicated Investor Relations Cell has been set up in the Company for interaction with the analysts, for providing timely information and to hold analyst meetings, in order to keep the investors updated about the matters related to the Company and to develop an appropriate feedback system that directs the information flow and communication between the management and investors.

The Company communicates with its shareholders and investors through its Annual Reports, General Meetings, disclosures on Stock Exchanges and on the Company's website. The Company also communicates with its institutional investors through analyst briefing / individual discussions and also by participation in investor conferences from time to time. Analysts and investor meets are organized for the members of the Board to interact with the investor community. Further, press meets with representatives of media are also held from time to time. Financial results are discussed with investors by way of conference calls held after the close of quarter. Transcripts of analyst meets are also uploaded on the website of the Company.

All important information pertaining to the Company is also mentioned in the Annual Report of the Company, which is circulated to the members and also uploaded on the Company's website. Shareholder related information, announcements and latest updates about the Company can be accessed on REC's website at www.recindia.nic.in, which, *inter-alia*, include the following:

- Corporate disclosures made from time to time to the Stock Exchanges
- Quarterly / Half-yearly / Annual Financial Results
- Corporate Governance Report
- Quarterly Shareholding Pattern
- Transcripts of conference calls/analyst meets
- Official news releases, presentations made to institutional investors or to the analysts.

The extracts of quarterly, half-yearly and annual financial results of the Company are communicated to the stock exchanges and published in financial and national newspapers like The Economic Times (English & Hindi), Mint (English), Hindustan (Hindi) etc. These results and all other announcements are also made available on REC's website at www.recindia.nic.in.

The Company makes press releases and corporate presentations from time to time, which are uploaded on the website at www.recindia.nic.in. The Company also has an active presence on social media.

18. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI LODR Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by the Chairman and Managing Director and Director (Finance) of the Company, was placed before the Board in its meeting held on May 28, 2021, along with the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2021. A copy of the said certificate is enclosed at **Annexure-B** to this report.

19. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting for the financial year 2020-21

The Annual General Meeting of the Shareholders will be held through video conferencing / other audio visual means on the following day, date and time:-

Day, Date	Time
Friday, September 24, 2021	11:00 A.M.

Details regarding participation in the said meeting and other relevant information are appearing in the Notice of the 52nd Annual General Meeting of the Company forming part of this Annual Report.

ii. Financial Calendar for financial year 2021-22 vis-à-vis financial year 2020-21

Financial Year	Financial year 2020-21		Financial year 2021-22	
Accounting Period	April 1, 2020 to March 31, 2021		April 1, 2021 to March 31, 2022	
Announcement of Financial Results	1 st Quarter	August 7, 2020	1 st Quarter	Announcement within 45 days from the end of quarter
	2 nd Quarter	November 6, 2020	2 nd Quarter	
	3 rd Quarter	February 4, 2021	3 rd Quarter	
	4 th Quarter & Annual Financial Results	May 28, 2021	4 th Quarter & Annual Financial Results	Announcement within 60 days from the end of the financial year
Annual General Meeting	September 24, 2021		August/September, 2022	

iii. Dividend

(a) Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in compliance of Regulation 43A of the SEBI LODR Regulations, which, *inter-alia*, specifies the external and internal factors including financial parameters, that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend. The policy is available at https://www.recindia.nic.in/uploads/files/Dividend_Distribution_Policy.pdf.

(b) Dividend for the financial year 2020-21

In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time, the

Company has paid an Interim Dividend of ₹6/- per equity share (on the face value of ₹10/- each) on December 3, 2020 and 2nd Interim Dividend of ₹5/- per equity share (on the face value of ₹10/- each) on March 30, 2021 for the financial year 2020-21. Further, the Board of Directors have also recommended a Final Dividend of ₹1.71 per equity share of ₹10/- each, which is subject to approval of the shareholders at the ensuing Annual General Meeting. If approved, the total dividend for the financial year 2020-21 would amount to ₹12.71 per equity share of ₹10/- each, representing 127.10% of the paid-up share capital of the Company, which is higher than the dividend of 110% paid for the last financial year, i.e., dividend of ₹11/- per equity share of ₹10/- each paid for the financial year 2019-20.

The Company has fixed Friday, September 17, 2021 as the 'Record Date', for determining the eligibility of members for the aforesaid Final Dividend, subject to approval of the shareholders at the ensuing AGM. If declared at the AGM, the Final Dividend would be paid to the shareholders on Thursday, October 21, 2021.

(c) Dividend history for the last five financial years

Financial year	Total paid-up capital (₹ in crore)	Total amount of dividend paid (₹ in crore)	Rate of dividend (%)	Date of payment	
				Interim Dividend	Final Dividend
2015-16	987.46	1,688.55	171.00	February 25, 2016	October 4, 2016
2016-17	1,974.92	1,905.79	*96.50	March 6, 2017	October 9, 2017
2017-18	1,974.92	1,807.05	91.50	February 27, 2018	October 15, 2018
2018-19	1,974.92	2,172.41	110.00	March 19, 2019	-
2019-20	1,974.92	2,172.41	110.00	February 24, 2020	-

Note: The percentage of dividend from financial year 2016-17 onwards is after adjustment, due to issue of Bonus Shares in the ratio of 1:1 by the Company in the said financial year.

(d) Unpaid/Unclaimed Dividend and Equity Shares transferred to Investor Education & Protection Fund

Dividend amounts transferred to IEPF

Pursuant to Section 124(5) of the Companies Act, 2013, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. During the financial year 2020-21, the following amounts became due for transfer to IEPF, after the same remained unpaid / unclaimed for a period of 7 years. The same were deposited as per details given below:

Financial year	Interim/Final Dividend	Amount (₹)	Date of Transfer
2012-13	Final Dividend	9,45,824	November 4, 2020
2013-14	Interim Dividend	2,459,893	April 24, 2021
	TOTAL	3,405,717	

Principal / interest relating to debt securities transferred to IEPF

During the financial year 2020-21, an amount of ₹2,36,39,166/- on account of principal and ₹16,53,457/- on account of interest thereon in respect of debt securities of the Company, was also transferred to the IEPF.

Equity Shares transferred to IEPF

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 [IEPF Rules], all shares in respect of which dividend has not been claimed for seven consecutive years, are required to be transferred by the Company to the Demat Account of the IEPF Authority. Accordingly, the Company has transferred 7,403 Equity Shares of ₹10/- each to the IEPF in November 2020. As on March 31, 2021, the number of equity shares held in Demat account of IEPF Authority were 1,16,567. Subsequently, 3,057 Equity Shares of ₹10/- each were also transferred to the IEPF in April 2021, in line with the statutory provisions.

The members who have a claim on the above dividends and/or shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a self-attested physical copy of the form, challan, Indemnity Bond and all other requisite documents enumerated in Form No. IEPF-5, in an envelope marked "Claim for refund from IEPF Authority", to the Company Secretary at the Registered Office of the Company. Claim forms complete in all aspects will be verified and on the basis of Company's verification report, refund will be released by the IEPF Authority in favor of claimants' Aadhaar linked bank account, through electronic transfer. No claims shall lie against the Company in respect of the dividends / shares so transferred to the IEPF Authority.

Nodal Officer

Pursuant to Rule 7(2A) of the IEPF Rules, the following persons are the Nodal Officers of the Company:

Nodal Officer	Shri J.S. Amitabh Executive Director & Company Secretary
Deputy Nodal Officer for Equity Shares	Shri M.L. Kumawat Senior General Manager (Finance) - CS
Deputy Nodal Officer for Debentures/Bonds	Shri Daljeet Singh Khatri Chief General Manager (Finance)

The Company has been issuing notices in the newspapers from time to time, in order to invite attention of shareholders to submit their claims towards the unpaid/unclaimed dividend. It is again advised to all shareholders to encash their warrants relating to dividend immediately or write to the R&TA of the Company for revalidation or issue of Demand Drafts in place of old warrants.

The Company has uploaded the details of unclaimed/unpaid amounts pertaining to Shareholders / Bondholders of the Company containing information like name, address, amount due to be transferred to IEPF and due date of transfer of amount to IEPF, on its website at www.recindia.nic.in. Further, the investor-wise details of amounts and shares, which have already been transferred by the Company to IEPF, are also available on REC's website i.e., www.recindia.nic.in.

iv. Listing of Equity Shares

Equity Shares of REC are listed on the following Stock Exchanges:

Name & Address of Stock Exchange	Telephone/Email ID/Website	Scrip Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, C-1, Block G Bandra Kurla Complex, Bandra (East), Mumbai-400 051.	Telephone: +91-22-2659 8100/8114 Fax: +91-22-2659 8120 E-mail ID: cmli@nse.co.in Website: www.nseindia.com	RECLTD
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400 001.	Telephone: +91-22-2272 1233/4 Fax: +91-22-2272 1919 E-mail ID: corp.comm@bseindia.com Website: www.bseindia.com	532955

Further, various debt securities of the Company are also listed on the Stock Exchanges, details of which are appearing in Annexure-VIII to the Board's Report.

v. International Securities Identification Number (ISIN)

ISIN of the Equity Shares of REC is INE020B01018. Further, details of ISIN of various debt securities issued by the Company are given at Annexure-VIII to the Board's Report.

vi. Registrar and Transfer Agent (R&TA)

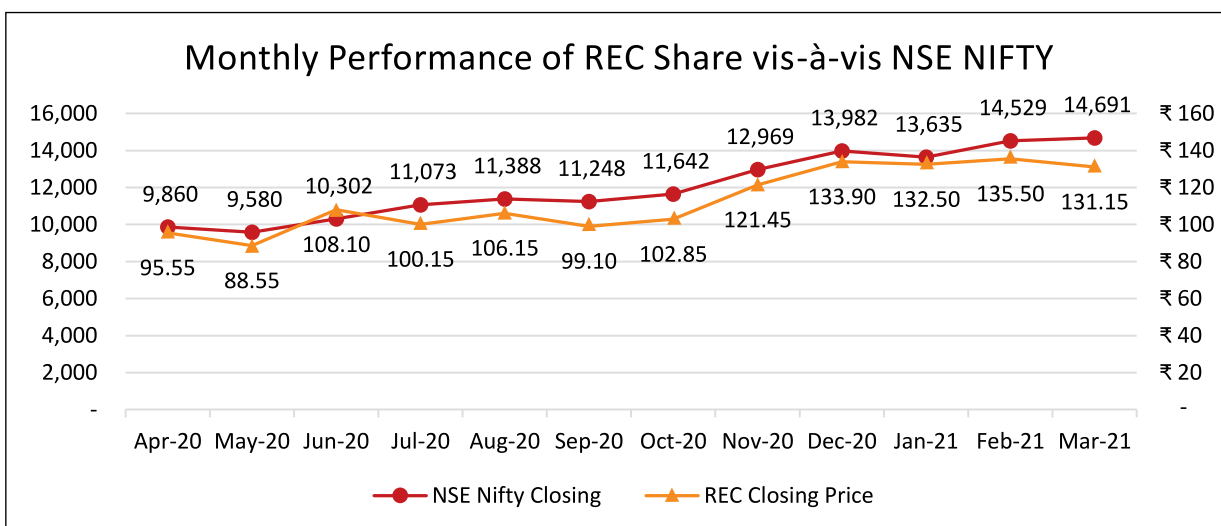
R&TA for Equity Shares	Address	KFin Technologies Private Limited Selenium Tower B, Plot 31&32 Gachibowli, Financial District Nanakramguda Hyderabad-500 032, India.
	Phone	1-800-309-4001 (toll-free)
	Email	einward.ris@kfintech.com , balaji.reddy@kfintech.com , raju.sv@kfintech.com
	Website	www.kfintech.com

R&TA for Listed Debt Securities	Address	KFin Technologies Private Limited Selenium Tower B, Plot 31&32 Gachibowli, Financial District, Nanakramguda Hyderabad-500 032, India.	Beetal Financial & Computer Services (P) Limited Beetal House, 3 rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir New Delhi-110062, India.
	Phone	1-800-309-4001	+91-11-2996 1281-83
	Email	einward.ris@kfintech.com , gopalakrishna.kvs@kfintech.com , investorcell@recl.in	recbonds2@gmail.com , beetalrta@gmail.com , investorcell@recl.in
	Website	www.kfintech.com	www.beetalfinancial.com

vii. Market Price Data for the financial year 2020-21

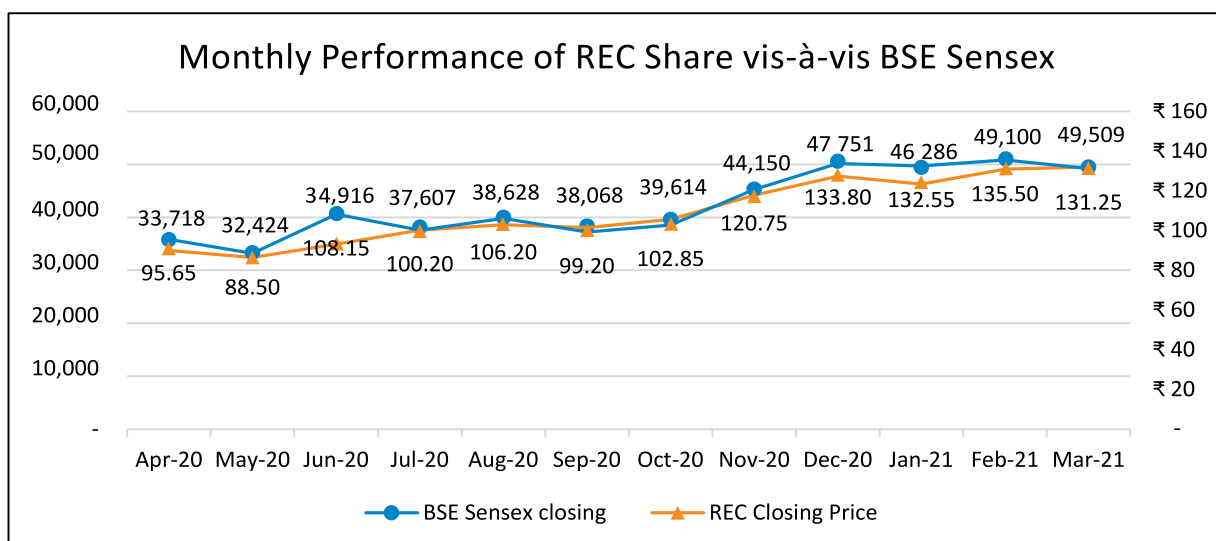
Monthly Performance of REC's Share vis-à-vis NSE NIFTY

Month	Monthly Performance of REC Share at NSE			Movement of NSE NIFTY		
	High (₹)	Low (₹)	Month close (₹)	High	Low	Month Close
Apr' 2020	99.00	84.50	95.55	9,889.05	8,055.80	9,859.90
May' 2020	104.80	83.65	88.55	9,598.85	8,806.75	9,580.30
Jun' 2020	117.40	89.80	108.10	10,553.15	9,544.35	10,302.10
Jul' 2020	112.40	98.50	100.15	11,341.40	10,299.60	11,073.45
Aug' 2020	116.50	99.35	106.15	11,794.25	10,882.25	11,387.50
Sep' 2020	113.90	95.00	99.10	11,618.10	10,790.20	11,247.55
Oct' 2020	105.45	91.80	102.85	12,025.45	11,347.05	11,642.40
Nov' 2020	123.60	102.20	121.45	13,145.85	11,557.40	12,968.95
Dec' 2020	143.50	119.00	133.90	14,024.85	12,962.80	13,981.75
Jan' 2021	148.40	131.25	132.50	14,753.55	13,596.75	13,634.60
Feb' 2021	157.00	131.30	135.50	15,431.75	13,661.75	14,529.15
Mar' 2021	155.45	127.80	131.15	15,336.30	14,264.40	14,690.70



Monthly Performance of REC's Share vis-à-vis BSE SENSEX

Month	Monthly Performance of REC Share at BSE			Movement of BSE SENSEX		
	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
Apr' 2020	98.90	84.60	95.65	33,887.25	27,500.79	33,717.62
May' 2020	104.70	83.70	88.50	32,845.48	29,968.45	32,424.10
Jun' 2020	118.00	89.70	108.15	35,706.55	32,348.10	34,915.80
Jul' 2020	112.40	98.70	100.20	38,617.03	34,927.20	37,606.89
Aug' 2020	116.50	97.85	106.20	40,010.17	36,911.23	38,628.29
Sep' 2020	113.80	95.05	99.20	39,359.51	36,495.98	38,067.93
Oct' 2020	105.45	91.90	102.85	41,048.05	38,410.20	39,614.07
Nov' 2020	123.50	102.20	120.75	44,825.37	39,334.92	44,149.72
Dec' 2020	143.50	119.05	133.80	47,896.97	44,118.10	47,751.33
Jan' 2021	148.20	131.25	132.55	50,184.01	46,160.46	46,285.77
Feb' 2021	156.85	131.65	135.50	52,516.76	46,433.65	49,099.99
Mar' 2021	155.35	127.90	131.25	51,821.84	48,236.35	49,509.15



viii. Share Transfer System

SEBI, through its Press Release dated December 3, 2018, has prescribed that with effect from April 1, 2019, requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in dematerialized form with a depository. Accordingly, all shareholders are requested to convert their shareholdings from physical form to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant.

The requests for transmission, transposition, splitting and consolidation under physical segment upto 500 equity shares per individual in each case, are processed by KFin Technologies Private Limited, i.e., the R&TA of the Company. For transmission, transposition, splitting and consolidation exceeding 500 equity shares per individual in each case under the physical segment and for issue of duplicate share certificates, a Share Transfer Committee of Senior Officials of the Company has been constituted.

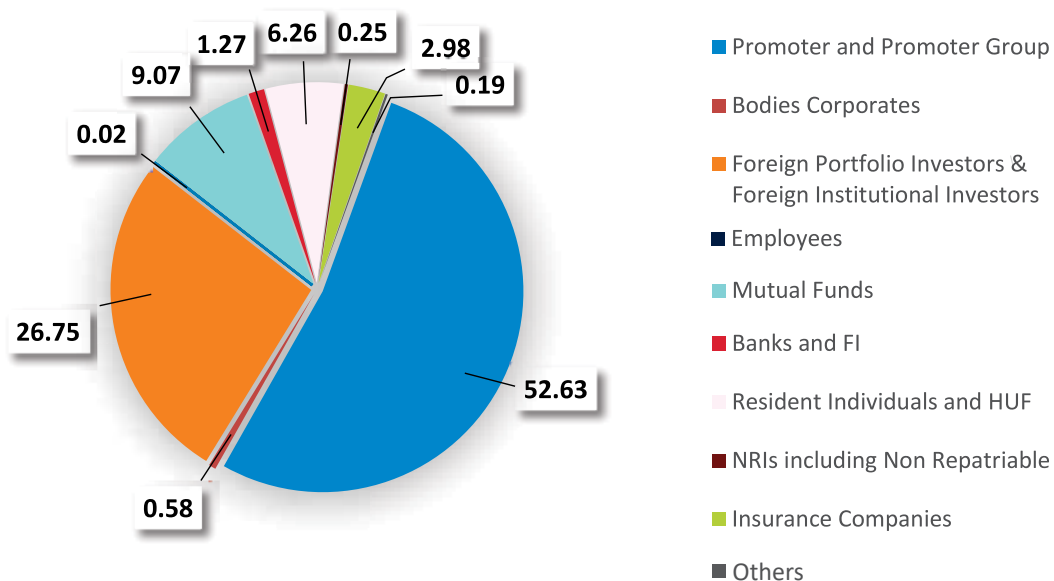
Pursuant to Regulation 40(9) & (10) of the SEBI LODR Regulations, Certificate from Practicing Company Secretary confirming due compliance of share transfer formalities by the Company, has been submitted to the Stock Exchanges on half-yearly basis within the stipulated time. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

ix. Shareholding Pattern / Distribution of Shareholding

(a) Shareholding Pattern on the basis of Ownership

Category of shareholder	As on March 31, 2021		As on March 31, 2020	
	Number of Equity Shares	Percentage of Total Equity Shares	Number of Equity Shares	Percentage of Total Equity Shares
Promoter and Promoter Group	1,03,94,95,247	52.63	1,03,94,95,247	52.63
Foreign Portfolio Investors & Foreign Institutional Investors	52,83,00,945	26.75	53,30,40,782	26.99
Mutual Funds	17,90,43,306	9.07	17,42,48,844	8.82
Resident Individuals	11,67,78,937	5.91	11,15,58,942	5.65
Insurance Companies	5,88,95,240	2.98	5,86,90,900	2.97
Bodies Corporates	1,13,61,284	0.58	1,88,95,069	0.96
Clearing Members	25,75,891	0.13	29,38,620	0.15
Banks	45,87,838	0.23	43,01,384	0.22
HUF	69,41,329	0.35	60,19,507	0.30
Trusts	9,49,715	0.05	27,26,714	0.14
Non Resident Indians	31,12,828	0.16	31,28,400	0.16
Indian Financial Institutions / QIB	2,04,85,544	1.04	1,62,00,637	0.82
Non Resident Indian-Non Repatriable	18,01,188	0.09	14,91,158	0.08
Employees	4,27,797	0.02	9,02,884	0.05
Others - IEPF and AIF	1,52,567	0.01	12,76,567	0.06
NBFC	8,344	Negligible	2,345	Negligible
TOTAL	1,97,49,18,000	100%	1,97,49,18,000	100%

Shareholding Pattern of REC as on March 31, 2021



(b) Distribution of Shareholding as on March 31, 2021

Number of Shares	Number of Shareholders	Percentage of Shareholders	Total Shares held	Percentage of Shareholding
1-5000	3,15,312	88.84	4,15,10,143	2.10
5001 -10000	21,025	5.92	1,66,35,182	0.84
10001-20000	9,931	2.80	1,48,30,732	0.75
20001-30000	2,920	0.82	74,82,305	0.38
30001-40000	1,315	0.37	47,34,492	0.24
40001-50000	955	0.27	45,04,293	0.23
50001-100000	1,732	0.49	1,24,55,607	0.63
100001 and above	1,750	0.49	1,87,27,65,246	94.83
TOTAL	3,54,940	100.00	1,97,49,18,000	100.00

x. Dematerialization of Shares & Liquidity

The shares of the Company are in compulsory dematerialized segment and available for trading under systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The correspondence details of the Depositories are as under:

Name & address of the Depository	Telephone/Email ID/Website
National Securities Depository Limited Trade World, 4 th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai-400013	Telephone: +91-22-2499 4200 Toll free Number: 1-800 222 990 E-mail ID: relations@nsdl.co.in , info@nsdl.co.in Website: www.nsdl.co.in
Central Depository Services (India) Limited Marathon Futurex, A-Wing, 25 th Floor, NM Joshi Marg Lower Parel, Mumbai-400013	Telephone: +91-22-2305 8640/24/39/42/63 Toll free Number: 1-800-225-533 E-mail ID: helpdesk@cdslindia.com , complaints@cdslindia.com Website: www.cdslindia.com

The details of number of shares held in dematerialized and physical form as on March 31, 2021 were as under:

Category	Number of Shareholders	Number of Shares held	Percentage of total shares issued
Physical	13,462	28,343	Negligible
NSDL (Demat)	1,89,982	1,92,20,90,907	97.33
CDSL (Demat)	1,51,496	5,27,98,750	2.67
Total	3,54,940	1,97,49,18,000	100.00

xi. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2020-21, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad, had issued Reconciliation of Share Capital Audit Report, after carrying out audits to reconcile the total admitted, issued and listed share capital of the Company with NSDL and CDSL, which were submitted by the Company to the Stock Exchanges within the stipulated time. The reports confirmed that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

xii. Details of Demat Suspense Account

The Company went for an Initial Public Offer (IPO) of 15,61,20,000 equity shares in February 2008, which comprised of fresh issue of 7,80,60,000 Equity Shares of ₹10/- each by the Company and an Offer for Sale of another equal number of Equity Shares by the President of India. Further, the Company went for a Follow-on Public Offer (FPO) of 17,17,32,000 Equity Shares in February 2010 which comprised of fresh issue of 12,87,99,000 Equity Shares by the Company and Offer for Sale of 4,29,33,000 Equity Shares by the President of India.

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI LODR Regulations, the details of Equity Shares of the Company in the Demat Suspense Account as on March 31, 2021 were:

Sl. no.	Particulars	April 1, 2020 to March 31, 2021	
		Number of cases	Number of shares involved
1	Aggregate number of shareholders and outstanding unclaimed shares in the Suspense Account as on April 1, 2020.	36	5,478
2	Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year.	Nil	Nil
3	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	4	490
4	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2021.	32	4,988

Notes:

1. The voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen till the time rightful owner of such shares claims the shares.
2. All the above cases are pertaining to IPO; there are no cases of unclaimed shares pertaining to the FPO.

xiii. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

No GDRs/ADRs/Warrants or any convertible instruments have been issued by the Company.

xiv. Annual Listing Fee to Stock Exchanges

The Company has paid the Annual Listing Fee for the financial year 2021-22 to National Stock Exchange of India Limited and BSE Limited, in relation to its listed securities.

xv. Annual Custodial Fee to Depositories

The Company has paid the Annual Custodial Fee for the financial year 2021-22 to National Securities Depository Limited and Central Depository Services (India) Limited.

xvi. Plant Locations

The Company is a public financial institution and it does not have any plant location(s).

However, apart from the Registered Office at New Delhi and Corporate Office at Gurugram, Haryana, the Company has various regional offices and State offices across the country and a Training Institute at Hyderabad viz. REC Institute of Power Management and Training (RECIPMT), details of which are appearing at the end of this Annual Report.

xvii. Corporate Identification Number (CIN)

The CIN of the Company is L40101DL1969GOI005095.

xviii. Address for Correspondence

The addresses and contact details for correspondence with the Company are:

Registered Office

REC Limited

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India

Tel: +91-11-4309 1500/1501, Fax: +91-11-2436 0644

Email: contactus@recl.in

Corporate Office

REC Limited

Plot no. I-4, Sector 29, Near IFFCO Chowk Metro Station, Gurugram, Haryana-122001, India

Tel: +91-124-444 1300

Email: contactus@recl.in

xix. Corporate Website

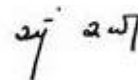
The corporate website of the Company is www.recindia.nic.in.

xx. Compliance Officer and Public Spokesperson

The name and contact details of Compliance Officer and Public Spokesperson of the Company are:

Shri J.S. Amitabh
Executive Director & Company Secretary
Tel: +91-124-444 1300
E-mail: complianceofficer@recl.in, jsamitabh@recl.in

For and on behalf of the Board of Directors



Sanjay Malhotra
Chairman and Managing Director
DIN: 00992744

Place : New Delhi
Date : August 5, 2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
REC Limited
Core 4, SCOPE Complex,
7, Lodi Road, New Delhi- 110003

We have examined the relevant registers, records, forms, returns maintained by the Company and the disclosures received from the Directors of **REC Limited** having **CIN: L40101DL1969GOI005095** and having its registered office at Core 4, SCOPE Complex, 7, Lodi Road, New Delhi -110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Director Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as on March 31, 2021, as stated below, have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. no.	Name of Director	Director Identification Number (DIN)	Date of Appointment
1.	Shri Sanjay Malhotra	00992744	November 9, 2020
2.	Shri Sanjeev Kumar Gupta	03464342	October 16, 2015
3.	Shri Ajoy Choudhury	06629871	June 1, 2020
4.	Shri Tanmay Kumar	02574098	November 5, 2020
5.	Shri Praveen Kumar Singh	03548218	June 18, 2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the same based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Hemant Singh & Associates
Company Secretaries

Hemant Kumar Singh
(Partner)
Membership No.: F6033
CP No : 6370
UDIN: F006033C000486854

Date : June 19, 2021
Place : New Delhi

CERTIFICATE

Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

May 27, 2021

This is to certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-
(Ajoy Choudhury)
Director (Finance)
DIN: 06629871

Sd/-
(Sanjay Malhotra)
Chairman and Managing Director
DIN: 00992744

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L40101DL1969GOI005095
2.	Name of the Company	REC Limited
3.	Registered address	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.
4.	Website	www.recindia.nic.in
5.	E-mail Id	complianceofficer@recil.in
6.	Financial year reported	FY 2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	REC is a Non-Banking Financial Company categorized as Infrastructure Finance Company by the Reserve Bank of India. The business activities of the Company fall under Group: 649; Class: 6492; Sub class: 64920 (Other Financial Service activities - Other Credit Granting) of the National Industrial Classification.
8.	Key products / services that the Company manufactures / provides (as in balance sheet)	REC is engaged in financing projects and schemes of the entire power sector value chain including generation (both conventional and renewable energy), transmission, distribution, rural electrification and activities having forward or backward linkage with power projects. REC's key products include rupee term loans, short-term and medium-term loans etc., for both public and private sector borrowers. In addition to that, REC also acts as the nodal agency or project implementing agency for various schemes and programmes of national importance of the Ministry of Power, Government of India, such as DDUGJY (Deendayal Upadhyaya Gram Jyoti Yojana), SAUBHAGYA (Pradhan Mantri Sahaj Bijli Har Ghar Yojana) and NEF (National Electricity Fund), to name a few. Further, REC also provides liquidity infusion to various discoms under <i>Atmanirbhar Bharat</i> .
9.	Total number of locations where business activity is undertaken by the Company (a) Number of international locations (b) Number of national locations	The registered office of REC is located at New Delhi and its corporate office is located at Gurugram, Haryana. Further, REC has 22 Regional Offices, State Offices and Sub-offices in India i.e., at Bengaluru, Bhopal, Bhubaneswar, Chennai, Dehradun, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Shimla, Thiruvananthapuram, Vadodara, Varanasi and Vijayawada and a training institute viz. REC Institute of Power Management and Training (RECIPMT) at Hyderabad. The Company does not have any international office, at present.
10.	Markets served by the Company local / state / national / international	REC serves the Indian markets and its business extends throughout the country. For resource mobilization purpose, the Company also taps international capital markets besides domestic markets. REC has also sanctioned loan towards 600 MW hydroelectric project of Kholongchhu Hydro Energy Limited in Bhutan.

Section B: Financial Details of the Company (as on March 31, 2021)

1.	Paid-up Capital	₹1,974.92 crore
2.	Total Turnover	₹35,387.89 crore
3.	Total Profit After Taxes	₹8,361.78 crore
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax	During the financial year 2020-21, REC had allocated CSR budget of ₹144.32 crore for the year (calculated @ 2% of the average net profits of the Company during the three immediately preceding financial years). Against the same, REC sanctioned an amount of ₹154.47 crore and disbursed an amount of ₹147.77 crore towards various CSR projects. The amount of disbursement is linked with the pre-defined milestones and deliverables of each CSR project, as per the terms of sanction.
5.	List of activities in which expenditure in 4 above has been incurred.	The major areas on which CSR expenditure has been incurred includes health care, sanitation, safe drinking water, education, vocational skills and livelihood enhancement, setting up old age homes and such other facilities for senior citizens, environmental sustainability and rural development projects, besides contribution to PM CARES Fund and amount spent towards Covid relief packages and cold chain storage for vaccines.

Section C: Other Details

1.	Does the Company have any subsidiary company / companies?	As on March 31, 2021, your Company had one wholly owned subsidiary namely REC Power Distribution Company Limited, later renamed as REC Power Development and Consultancy Limited (RECPDCL) w.e.f. July 16, 2021. During the financial year 2020-21, another wholly owned subsidiary of REC viz. REC Transmission Projects Company Limited (RECTPCL) had got amalgamated into RECPDCL, pursuant to a Scheme of Arrangement for Amalgamation under the Companies Act, 2013. Further, RECPDCL has various wholly owned subsidiaries (also wholly owned subsidiaries of REC), which are project-specific Special Purpose Vehicle (SPVs) incorporated for independent inter-state/intra-state transmission projects assigned by the Ministry of Power or State Governments from time to time. Such SPVs are later transferred to the successful bidders selected through tariff based competitive bidding process. Details of these SPVs are appearing in the Board's Report.
2.	Do the subsidiary company / companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	The wholly owned subsidiary viz. RECPDCL also participates in business responsibility initiatives of the Company, mainly by working towards enhancing the reach and quality of power in the country. Some of the initiatives in which RECPDCL is involved, include: Smart-metering: RECPDCL is constructing 33/11kV sub-stations and implementing advanced metering infrastructure etc. in Jammu & Kashmir and Chandigarh under Government programmes, including the Prime Minister's Development Package. Urja Mitra App: Towards more transparency and accountability for power consumers, RECPDCL is handling the 'Urja Mitra' App under the guidance of Ministry of Power, under which outage information is disseminated to power consumers across India through SMS, email or push notifications. 11 kV Rural Feeder Monitoring Scheme: RECPDCL acts as the nodal agency for implementation of 11 kV Rural Feeder Monitoring Scheme on behalf of the Ministry of Power, Government of India, for monitoring various parameters of power supply in rural areas of the country such as interruptions, supply hours etc., to capture accurate picture of power supply in rural areas and to ensure "24x7 Power For All". Monitoring of household electrification works: RECPDCL is monitoring the works under SAUBHAGYA scheme of the Government of India for 100% household electrification, by way of Pan-India deployment of <i>Gram Vidyut Abhiyantas</i>.
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities?	REC's business associates are also encouraged to participate in the business responsibility initiatives of the Company. REC requires its borrowers of conventional energy projects, to follow all applicable environmental norms, as a part of its loan disbursement conditions. On the other hand, REC promotes financing of various renewable energy projects including solar, wind, bio-fuel etc. REC also finances renovation and modernization of old thermal power plants and installation of pollution control equipment, with the overall objective of safeguarding the environment and reducing emission of harmful oxides and particulate matter. REC's joint venture company viz. Energy Efficiency Services Limited (EESL), is a pioneer in promoting energy efficient technologies. EESL's numerous schemes and programmes across the country are resulting in lesser consumption of electricity, as well as lesser CO₂ emissions. Further, under the Street Lighting National Program (SLNP), EESL replaces conventional streetlights with smart and energy efficient LED streetlights across India, at its own costs, without any need for municipalities to invest. The consequent reduction in energy and maintenance cost of the municipality is used to repay EESL over a period of time. Till date, EESL has installed over 1.19 crore LED streetlights in urban local bodies and <i>Gram Panchayats</i> across India. This has resulted in estimated energy savings of 7.99 billion kWh per year with avoided peak demand of 1,332 MW, GHG emission reduction of 5.51 million tonnes CO₂ per year and estimated annual monetary savings of ₹5,631 crore in electricity bills of municipalities. EESL is also implementing LED Street lighting projects in <i>Gram Panchayats</i> on the same service model as the SLNP for municipalities, with the objective to promote the use of efficient lighting in rural areas. So far, EESL has installed 26 lakh LED streetlights in rural areas of Andhra Pradesh, Jharkhand, Goa and Telangana.

Section D: BR Information**1. Details of Director responsible for BR / BR Head**

Sl. no.	Particulars	Details
1.	Name	Shri Sanjeev Kumar Gupta
2.	Designation	Director (Technical)
3.	DIN	03464342
4.	Telephone number	+91-124-271 5517
5.	E-mail id	skgupta@recl.in

2. Principle-wise (as per NVGs) BR Policy / policies

Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, provides that Top 1000 listed companies shall formulate a structured Business Responsibility Report based on the following nine principles, describing the initiatives taken by them from an environmental, social and governance perspective:-

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. [Ethics, Transparency & Accountability]
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. [Sustainability in Life-Cycle of Product]
Principle 3	Businesses should promote the well-being of all employees. [Employee Well-Being]
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. [Stakeholder Engagement]
Principle 5	Businesses should respect and promote human rights. [Promotion of Human Rights]
Principle 6	Businesses should respect, protect and make efforts to restore the environment. [Environmental Protection]
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. [Responsible Public Policy Advocacy]
Principle 8	Businesses should support inclusive growth and equitable development. [Inclusive Growth and Equitable Development]
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner. [Customer Value]

2(a) Details of compliance (Reply in Y/N)

Sl. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note: The relevant explanation/information/links are mentioned in the Annexure to this Report.

2(b)	If answer to the question at Sl. no. (a) against any principle, is 'No', please explain why.	Not applicable.
3.	Governance related to BR	
	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the performance of the Company.	On quarterly and annual basis.
	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. REC publishes its Business Responsibility Report as a part of its Annual Report. The hyperlink for viewing the same for financial year 2020-21 is https://www.recindia.nic.in/annual-report-2020-21 .

Section E: Principle-wise performance

Principle 1 - Ethics, Transparency & Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	REC's ethics, anti-bribery and governance framework extends to the Company, as well as to its subsidiaries and business associates. REC has a well-defined framework of various Board-approved Policies, Codes and Rules on ethics and governance, which include: 1. Policy for Prevention of Frauds, which sets forth obligation on part of every employee of the Company for prevention, detection and reporting of any act of fraud, bribery or corruption. 2. Vigil Mechanism for Directors and Employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. As an integral part of Vigil Mechanism, there is Whistle Blower Policy to empower the Directors and Employees of REC and/or its subsidiaries to detect and report any improper activity. 3. Code of Business Conduct & Ethics, which captures the behavioral and ethical standards to be followed by the Board members and senior management personnel of the Company. 4. Fair Practices Code, which sets out the fair and transparent practices to be followed by the Company in its lending operations. 5. REC Procurement Guidelines, which lay down the procedures to be followed for procurement of goods and services in a fair and transparent manner and also in compliance of CVC Guidelines. 6. Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, which prescribes adequate procedures and disclosures to be made before entering into related party transactions. 7. REC Conduct, Discipline and Appeal (CDA) Rules, which define code of conduct for all employees; and recognizes acts of bribery, corruption etc. as misconduct. 8. Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure, for prevention of insider trading. It applies to the Company's Directors, Designated Employees and their relatives, as well as Directors, Designated Employees and relatives of holding company, subsidiary companies, intermediaries and fiduciaries. 9. Prevention of Money Laundering and Know Your Customer Policy, which puts in place a control mechanism for detecting and reporting of suspicious transactions. All policies, codes, rules etc. on ethics, fairness and transparency are also followed by REC's subsidiaries and other stakeholders, as applicable. The Company's strong commitment to good governance is well-recognized at various forums. During the financial year 2020-21, REC won the '10th PSE Excellence Award for Corporate Governance' from the Indian Chamber of Commerce (ICC), as runner up in the Maharatna & Navratna category.
2	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	As on April 1, 2020, there were 11 vigilance complaints under process and during the financial year 2020-21, 2 more complaints were received. All 13 complaints were resolved during the financial year 2020-21. Further, 3 complaints received under the PIDPI category and under review as on April 1, 2020, were also resolved during the year.

Principle 2 - Sustainability in Life-Cycle of Product

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.	Being a NBFC categorized as Infrastructure Finance Company, the main products offered by REC include rupee term loans, short-term and medium-term loans etc., for borrowers in the entire power sector value chain. Further, as nodal agency for various schemes and programmes of the Government of India, REC also contributes towards the overall development of power sector in the country. For financing renewable energy projects, REC has a well-defined policy framework and competitive rates of interest. During the financial year 2020-21, REC sanctioned loans aggregating to ₹17,171.34 crore towards 40 renewable energy projects, with total generation capacity of 3,759 MW. REC is also the first Indian PSU to raise money from the international markets through Green Bonds listed on International Securities Market segment of London Stock Exchange in year 2017. The Green Bonds have a tenure of 10 years. The proceeds of Green Bonds are applied for financing or re-financing of eligible green projects as per the Climate Bond Standards. Under the liquidity infusion scheme of the Government of India as part of <i>Atmanirbhar Bharat</i>, REC has sanctioned loans of ₹60,191.36 crore and disbursed an amount of ₹39,115.50 crore to various discoms during the financial year 2020-21. These loans have helped the discoms in making payment to power generators and therefore improving the overall cash crunch faced by the power sector due to Covid-19 pandemic. REC is also the nodal agency for the universal household electrification programme of the Government, i.e., SAUBHAGYA scheme. During the financial year 2020-21, electrification of 4.93 lakh households was achieved, in addition to the households electrified in earlier years.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product. i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain? ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Considering the business activities of the Company, this question has limited applicability. As a NBFC, REC's resource use is limited to mainly electricity, office supplies and communication or IT equipment. REC has taken a number of initiatives for optimizing its resource use. The Company has recently inaugurated its new office building at Gurugram, Haryana, which is a GRIHA 5-star rated Net Zero building. The building has features like radiant cooling for slabs to reduce power consumption for air conditioning by 30%, Integrated Building Management System (IBMS), automated sensor controlled lighting, bio-climatic glass façade with motorized blinds and other latest technological features to save power consumption. The building also has a 964kWp solar plant to cater to its electricity requirement. Highly efficient solar panels (efficiency >21%) are installed to produce 16.7 lakh units of electricity in the first year. For minimizing paper consumption, REC uses 'E-office' system in all its offices across the country. REC has actively used remote working methods through secure IT systems and processes, especially after the onset of Covid-19 pandemic, for ensuring business continuity while taking health precautions for its employees. As an organization, the Company is conscious about its carbon footprint and takes necessary steps, wherever possible, to reduce the same.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.	Despite being less resource intensive and having limited procurements, REC ensures that all its material requirements are responsibly sourced. The Company promotes GeM portal (Government e-Marketplace) in all its procurements and also promotes sourcing from MSME vendors. All procurement and sourcing of material and services is done as per the procedure defined in REC's Procurement Guidelines.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	REC actively encourages procurement of goods and services from Micro, Small and Medium Enterprises (MSMEs), including those which are owned by SC/ST and women entrepreneurs. As per the Company's Procurement Guidelines, it is mandatory to procure 100% of certain common use goods and services valuing upto ₹10 lakh from MSME vendors and also to allow price preference of upto 50% to MSEs, out of which 20% is reserved for SC/ST and women entrepreneurs. REC also extends various relaxations to MSME units registered with the National Small Industries Corporation. REC is registered on the <i>Sambandh</i>, <i>Samadhaan</i> and TReDS (Trade Receivables Discounting System) portals of the Government to facilitate and promote MSMEs. REC also participates in Vendor Development Programmes organized by various industrial bodies and associations, from time to time.

5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also provide details thereof, in about 50 words or so.	The nature of business operations of the Company is such, that there is minimal use of resources and less generation of waste. However, the Company ensures responsible disposal of all its waste, including E-waste, which is disposed of through Government registered E-waste recyclers. Further, centralized scanning solution has been implemented in the Company, towards green initiative and paperless environment.

Principle 3 - Employee Well-Being

1.	Please indicate the total number of employees	As on March 31, 2021, the Company had total 428 employees.
2.	Please indicate the total number of employees hired on temporary/contractual/casual basis	During the financial year 2020-21, the Company has hired three employees on contract basis. The Company utilizes services of temporary staff through placement agencies, based on the organization's needs from time to time.
3.	Please indicate the number of permanent women employees	As on March 31, 2021, the Company had 70 permanent women employees, i.e., 16.36% of its permanent workforce.
4.	Please indicate the number of permanent employees with disabilities	As on March 31, 2021, the Company had 12 <i>Divyang</i> employees on its rolls, i.e., 2.80% of its permanent workforce.
5.	Do you have an employee association that is recognized by management?	Yes, REC has recognized a Union of its non-supervisory permanent employees and an Association of its executives.
6.	What percentage of your permanent employees is members of this recognized employee association?	Regular employees of the Company are members of either the Employee Union or the Executive Association of REC.
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company neither engages any form of child labour, forced labour, involuntary labour, nor does it adopt any discriminatory employment practices. During the financial year 2020-21, the Company did not receive any complaint relating to child labour, forced labour, involuntary labour or sexual harassment and no complaint was pending as on March 31, 2021. The Company has a proper framework for dealing with instances relating to sexual harassment. In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior woman official of the Company and includes representative from NGO as one of its members. Anti-sexual harassment stance of REC is also outlined in its Conduct, Discipline and Appeal Rules.
8.	What percentage of your undermentioned employees were given safety & skill upgradation training in last year?	In view of the Covid-19 pandemic, all employees were sensitized about covid-appropriate behavior and taking suitable precautions for themselves and their families. In addition to the above, 41.82% permanent employees, 65.71% permanent women employees and 50% permanent <i>Divyang</i> employees of the Company received technical skill up-gradation, spiritual, health and attitudinal training during the financial year 2020-21, which worked out to 329 training man-days in total. The Company has a training institute viz. REC Institute of Power Management & Training (RECIPMT) at Hyderabad, where various training programmes were conducted including orientation sessions for new employees, programmes conducted by various functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives.

Principle 4 - Stakeholder Engagement

1.	Has the company mapped its internal and external stakeholders? Yes/No.	Yes. The Company has mapped its internal and external stakeholders. Internal stakeholders include employees and staff of the Company; and external stakeholders include equity shareholders, bondholders, creditors, bankers, borrowers and customers from both public and private sector, Governmental bodies and Regulatory authorities including State Government(s), Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India etc.

2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes. REC has identified its disadvantaged, vulnerable and marginalized stakeholders. The Company takes active steps to ensure their best interests in all possible ways. On a national level, REC has contributed towards achieving village and household electrification in the country, with dedicated efforts of many years. As a part of its CSR initiatives, the Company has taken up several projects for development of aspirational districts and for supporting disadvantaged and marginalized sections of the society. In its procurements of goods and services, REC promotes MSMEs, including those owned by SC/ST and women entrepreneurs. REC also has welfare-oriented policies for its employees, especially those who are vulnerable, which provide an environment of nurturing and care. This includes equal opportunity policy, post-retirement medical benefits, rehabilitation in the event of death or disability etc. The Company makes efforts on a regular basis to reach out to those equity shareholders, who have unclaimed / unpaid dividends amounts and shares lying with the Company, so that such investors do not miss out on getting their rightful shares and dividend amounts.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	After contributing towards village electrification and household electrification under SAUBHAGYA, DDUGJY and other schemes in the past, REC has contributed towards electrification of 4.93 lakh households in the country during the financial year 2020-21. Under its CSR initiatives, the Company has taken up a number of projects to support economically and socially backward communities, which include: 1. Distribution of solar lanterns in poorly electrified areas, setting up LED based solar street lights and installation of solar PV system to reduce carbon footprint. 2. Supporting innovative mobile school for imparting education to the children of migrant workers. 3. Providing training to students from weaker sections preparing for competitive exams to get employment. 4. Strengthening schools by upgrading science laboratories, computer labs, libraries, establishment of digital class rooms for the children, conveyer belt system to improve the delivery efficiency of centralized kitchen for supply of mid-day meal etc. 5. Providing safe drinking water facilities in rural areas. 6. Setting up and upgradation of infrastructure and facilities in health care institutions, construction of radiotherapy unit, blood bank cum administrative block, distribution of assistive aids and appliances to persons with disabilities from weaker sections of societies. 7. Job-oriented skill development training for persons belonging to economically weaker sections of society. 8. Supporting studies, food, residence and other basic necessities for tribal children. 9. Construction of research and rehabilitation center for <i>Divyang</i> children. 10. Providing free seeds to farmers in drought-prone areas.

Principle 5 - Promotion of Human Rights

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention Against Corruption. Considering the nature of business of the Company, human rights cover only the Company and its subsidiary companies. To protect the human rights of employees, REC has adopted employee-oriented policies, in line with the general laws and regulations and sound ethical practices. The Company ensures diversity of workplace and upholds that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment and human well-being, including a safe natural environment.
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company did not receive any complaint in the area of human rights violations from any of its stakeholders.

Principle 6 - Environmental Protection

1.	Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	The Company encourages all its stakeholders to focus on environmental protection and sustainability. The Company's policy and guiding principles pertaining to environmental protection are applicable to all group companies and borrowers.
2.	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	In line with the Government's aim to achieve significant capacity addition in renewable energy, REC has been promoting competitive financing for renewable energy projects. The sanctions for renewable energy projects during the financial year 2020-21 were ₹17,171.34 crore, nearly one and a half times the sanctions made under renewable energy in last year. The Company's policies for renewable energy projects are reviewed from time to time, to meet the ever-evolving needs of this dynamic sector. Till date, REC has funded nearly 10 GW of renewable energy projects, to support the country's movement towards a greener future. REC was also the first Indian PSU to raise money from international markets through Green Bonds listed on International Securities Market segment of London Stock Exchange in year 2017. The Green Bonds have a tenure of 10 years and the proceeds of Green Bonds are applied for financing or re-financing of eligible green projects, as per the Climate Bond Standards. REC's financing norms for renewable energy projects can be accessed from the corporate website at https://www.recindia.nic.in/renewables.
3.	Does the Company identify and assess potential environmental risks? Y/N	REC is not a manufacturing company. However, as a part of its appraisal process for all the power projects it finances, REC identifies and assesses the potential environmental risks of the projects. Environmental issues, if any, are identified through due diligence, site visits and review of applicable compliances etc. REC is also financing installation of pollution control equipment in thermal power plants, in line with Government directives. This includes installation of Flue Gas Desulphurization (FGD), Selective Catalytic Reduction (SCR) and Electrostatic Precipitators (ESP), which contribute towards curbing of harmful emissions and particulate matter.
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also if yes, whether any environmental compliance report is filed?	REC has introduced various policies for competitive financing of clean energy projects across the country including solar, wind, biomass projects and E-mobility. During the financial year 2020-21, REC had sanctioned loan assistance of ₹17,171.34 crore to 40 Renewable Energy projects in total, with aggregate installed generation capacity of 3,759 MW. This included 20 solar photo-voltaic projects (2,902 MW), 4 wind energy projects (706 MW), 1 solar wind hybrid project (150 MW), 1 solar module and cell manufacturing project (2000 MWp), 3 solarization projects under Kusum scheme, 1 small hydro project (1 MW), 6 projects of repair and maintenance of hydel plants and 4 E-vehicle projects involving procurement of total 902 E-buses.
5.	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	REC has recently started functioning from its new office building at Gurugram, Haryana. The building is GRIHA 5-star rated Net Zero building having special features like fair finish white concrete surfaces, raised flooring, Integrated Building Management System (IBMS), automated sensor-controlled lighting, bio-climatic glass façade with motorized blinds and an auditorium. The building also has radiant cooling slabs to reduce power consumption for air conditioning by 30%. Further, the building roof also has a solar plant of 964kWp (supported by pergola structure), which will produce 16.7 lakh units of electricity in the first year. REC has also taken several initiatives under CSR, for installation and commissioning of solar PV system, LED based solar street lights, distribution of solar lanterns in poorly electrified areas to provide clean energy, establishment of virtual classroom operated by solar PV system in Government schools, awareness for utilization of naturally available nutrition and sustainable management of bio-resources etc.
6.	Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?	REC is not a manufacturing company. Hence, the given question has limited relevance. However, the Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company covers environmental concerns, as applicable, in the due diligence of the projects it finances.
7.	Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e., not resolved to satisfaction) as on end of financial year.	REC has not received any show cause or legal notice from the CPCB or any SPCB.

Principle 7 - Responsible Public Policy Advocacy

1.	Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.	Yes. REC is a member of various national trade chambers, associations etc., including the Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Central Board of Irrigation & Power (CBIP), World Energy Council (WEC), Standing Conference of Public Enterprises (SCOPE), Power HR Forum, India CFO Forum, Institute of Public Enterprises (IPE) and UN Global Compact. REC has also inked a pact with the International Solar Alliance (ISA). Further, REC is registered with the Government's E-Marketplace (GeM) portal. The Directors and Senior Officials of REC are involved from time to time in various committees / working groups constituted by the Ministry of Power, Government of India, for betterment of power sector.
2.	Have you advocated / lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas.	The Company actively participates in the overall development of power sector in the country, through its business and operations. The Company also contributes towards public good, by implementing various Government schemes and programmes. The Company has raised issues like clean technology, energy efficiency and renewable energy at suitable platforms from time to time. Further, the Company raises public awareness on matters relating to power sector through its social media handles.

Principle 8 - Inclusive Growth and Equitable Development

1.	Does the Company have specified programme / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	REC is committed to equitable development of all its employees from diverse groups and has implemented an equal opportunity policy. As a lender, REC offers loans at competitive terms for power projects in the North East. Further, in the Covid-19 pandemic, REC has also provided liquidity infusion to cash-strapped discoms in the country. Under its CSR initiatives, REC has supported various development projects in aspirational districts such as Gajapati in Odisha, Mamit in Mizoram, Kiphire in Nagaland, Muzaffarpur in Bihar, Udham Singh Nagar in Uttarakhand, Chandel in Manipur and West Sikkim in Sikkim, for improving health services and reducing malnutrition. REC has also contributed towards village and household electrification in the country, as implementation agency for Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) and other schemes of the Government of India.
2.	Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?	REC undertakes inclusive growth and equitable development measures on its own, or through its wholly owned subsidiaries. Further, REC's CSR initiatives are undertaken through 'REC Foundation', a registered society. REC Foundation implements the CSR projects through various specialized agencies, in line with the Company's CSR & Sustainability Policy.
3.	Have you done any impact assessment of your initiative?	After contributing towards village electrification and household electrification under SAUBHAGYA, DDUGJY and other schemes in the past, REC has contributed towards electrification of 4.93 lakh households in the country during the financial year 2020-21. Impact assessment of CSR initiatives is done as per the established procedure defined in the Company's CSR & Sustainability Policy, wherein progress and impact of CSR initiatives is monitored and evaluated. Relevant details in this regard are appearing in the Annual Report on CSR activities, forming part of this Annual Report.
4.	What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?	Community development projects are an integral part of various CSR initiatives undertaken by the Company from time to time. During the financial year 2020-21, REC has spent ₹28 crore (approx.) towards various community development initiatives, including: 1. Infrastructure development of Kedarnath town and surrounding areas in Uttarakhand. 2. Setting up LED based solar street lights in Pilibhit, Uttar Pradesh. 3. Construction of auditorium in Government school in Kannur, Kerala. 4. Infrastructure development of Pandit Ram Sumer Shukla Smriti Government Medical College in Udham Singh Nagar, Uttarakhand. 5. Strengthening cancer screening and basic cancer care services in 14 districts of Bihar. 6. Providing cold chain equipment for Covid vaccination programme in West Bengal, Nagaland and Dadra & Nagar Haveli. 7. Free distribution of seeds (kharif season) to poor farmers. 8. Enhancing indigenous food systems to improve nutrition and food security. 9. Generating sustainable livelihoods for over 3,000 households.

5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	The successful adoption of REC's community development programmes is monitored and reviewed, as per the established procedure defined under REC's CSR and Sustainability Policy. Further, REC actively engages with various stakeholders of its community development programmes including implementing agencies and beneficiaries; and obtains their feedback for further improvement in such programmes.

Principle 9 - Customer Value

1.	What percentage of customer complaints / consumer cases are pending as on the end of financial year.	All complaints received from shareholders/investors of the Company during financial year 2020-21, were satisfactorily resolved as on March 31, 2021. No complaint was received during the financial year 2020-21, under the Fair Practices Code of the Company. Further, there are 4 consumer cases pending with REC, out of which 1 case has been filed by investor and 3 cases have been filed by REC, which will be resolved in the best interest of REC.
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks	The Company is a NBFC offering financial products, hence it is ensured that adequate disclosures are displayed on the corporate website, loan agreements and other communications with the borrowers. The Company has also provided its borrowers direct access to the ERP portal, to facilitate them in getting information about the status of their loans and REC's schemes etc. on a real time basis.
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	REC, together with its subsidiary companies, is committed to the highest standards of ethical practices and moral business conduct within the framework of law. As at the end of financial year 2020-21, no case regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior was pending in REC. During the financial year 2014-15, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly owned subsidiary of REC, the Competition Commission of India (CCI) had ordered an investigation. CCI disposed the case in favor of RECPDCL, while observing that no contravention of the provisions of the Competition Act, 2002 was made out against RECPDCL and others. The matter was ordered to be closed in the year 2016-17.
4.	Did your Company carry out any consumer survey / consumer satisfaction trends?	REC believes in providing best services to its customers, by not only offering competitive financial products but also understanding their requirements and issues faced, if any, through regular interactions. The senior management ensures early resolution of the issues faced by the customers. The Company also conducts Customer Satisfaction Survey from time to time, through Administrative Staff College of India, Hyderabad. The overall Customer Satisfaction Index (CSI) score of the last survey conducted in 2019 was 93.04%, which is among the best in banking services, as per average American Customer Satisfaction Index (ACSI).

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

P1	Ethics, Transparency & Accountability														
	REC conducts its business activities with utmost importance to ethics, transparency and accountability. The various policies, codes and rules framed in this regard include:-														
	<table><tr><th>Name of the Policy</th><th>Weblink</th></tr><tr><td>Policy for Prevention of Fraud</td><td>https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf</td></tr><tr><td>Whistle Blower Policy</td><td>https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf</td></tr><tr><td>Code of Business Conduct and Ethics</td><td>https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf</td></tr><tr><td>Fair Practices Code</td><td>https://www.recindia.nic.in/uploads/files/Fair-Practices-Code.pdf</td></tr><tr><td>Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions</td><td>https://www.recindia.nic.in/uploads/files/RPTPolicyREC-230821.pdf</td></tr><tr><td>Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure</td><td>https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf</td></tr></table>	Name of the Policy	Weblink	Policy for Prevention of Fraud	https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf	Whistle Blower Policy	https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf	Code of Business Conduct and Ethics	https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf	Fair Practices Code	https://www.recindia.nic.in/uploads/files/Fair-Practices-Code.pdf	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	https://www.recindia.nic.in/uploads/files/RPTPolicyREC-230821.pdf	Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure	https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf
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	Whistle Blower Policy	https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf													
	Code of Business Conduct and Ethics	https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf													
	Fair Practices Code	https://www.recindia.nic.in/uploads/files/Fair-Practices-Code.pdf													
	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	https://www.recindia.nic.in/uploads/files/RPTPolicyREC-230821.pdf													
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In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible to the employees of the Company on Intranet.															
P2	Sustainability in Life-Cycle of Product														
	The Company is a NBFC offering financial products, which include loans to Renewable Energy projects for environmental sustainability. The Company's products & services are available at https://www.recindia.nic.in/financial-products . Further, the CSR & Sustainability Policy of the Company is available at https://www.recindia.nic.in/our-csr-initiatives .														
P3	Employee Well-Being														
	The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices. Such policies are normally approved by the Board of Directors and are accessible to the employees of the Company on the Intranet.														
P4	Stakeholder Engagement														
	The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable and marginalized. The Company works towards inclusive growth through its CSR & Sustainability Policy approved by the Board of Directors. The CSR & Sustainability Policy is available at https://www.recindia.nic.in/our-csr-initiatives .														
P5	Promotion of Human Rights														
	REC strives to safeguard and uphold human rights in all ways possible. The Company has a Code of Business Conduct & Ethics (Code) for its Board Members and Senior Management, which, <i>inter-alia</i> , casts moral imperative on the management members to keep in mind the safety and protection of human life and environment and also to avoid discrimination on any grounds. The Code is available at https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf .														
P6	Environmental Protection														
	As a financial institution in the power sector, REC has been increasingly supporting the development of renewable energy space. REC's financing norms for renewable energy are available at https://www.recindia.nic.in/renewables .														
P7	Responsible Public Policy Advocacy														
	REC plays an active and responsible role in matters concerning public and regulatory policy. Further, REC's interactions with public at large can be followed through its various social media handles.														
P8	Inclusive Growth and Equitable Development														
	REC has various policies to support inclusive growth and equitable development of all its stakeholders, including facilities extended to MSMEs under public procurement policy (https://www.recindia.nic.in/uploads/files/Public_Procurement_Policy.pdf), equal opportunity policy for its employees (available on REC intranet), attractive lending rates for green-energy projects (https://www.recindia.nic.in/renewables) and also CSR and Sustainability policy (https://www.recindia.nic.in/our-csr-initiatives).														
P9	Customer Value														
	REC has a Board-approved 'Fair Practices Code' in place, to ensure that fair and transparent practices are followed by the Company while dealing with customers in its lending operations. The Code is available at https://www.recindia.nic.in/uploads/files/Fair-Practices-Code.pdf .														
All policies & processes are reviewed from time to time by the Board of Directors/senior management.															

INTEGRATED REPORT

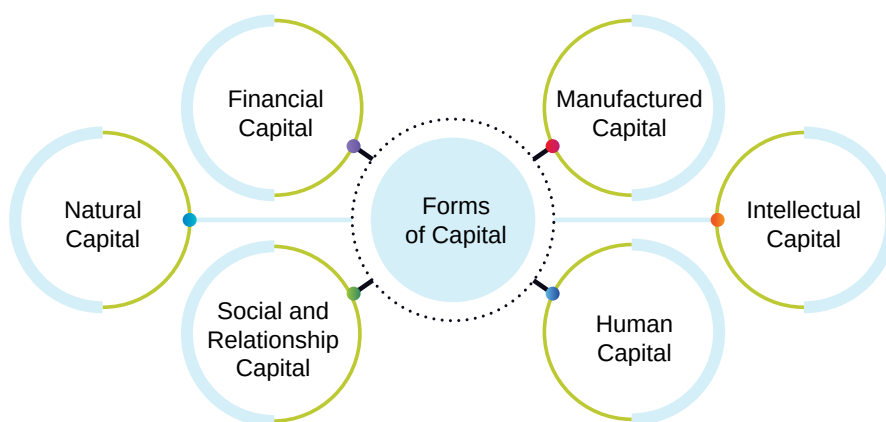
An Integrated Report is a concise communication about an organization's strategy, governance, performance and prospects, in the context of external environment leading to creation of value over short, medium and long term.

An Integrated Report aims to provide insight about the resources and relationships used and affected by an organization. It also seeks to explain how an organization creates value over time. The value is not created by or within the organization alone, rather it is directly or indirectly dependent on various factors which are influenced by the following:

- External Environment
- Relationship with stakeholders
- Various resources

An Integrated Report enhances transparency and accountability, which are essential in building trust and resilience, by disclosing how key stakeholders' legitimate non-financial needs and interests are understood, taken into account and responded to through decisions, actions and performance, as well as ongoing communication. It is a holistic view of value created by an entity beyond the financial capital, contributing to the economic, social and environmental system. Its true purpose is to link sustainability to business strategy and help the company and its stakeholders identify the non-financial priority areas.

REC has prepared this report voluntarily on the International Integrated Reporting Council (IIRC) framework, relying on business disclosures through six capitals that guide businesses in long term decision making and planning. The Integrated Report consists of the following capitals:



Financial Capital

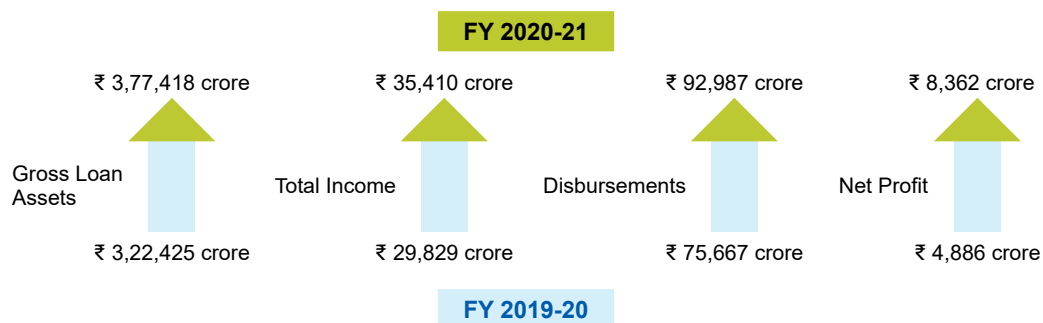


Financial Capital refers to the pool of funds available for use for asset creation and conducting related operations. This also covers funds generated through operations, financing and investing activities. Financial Capital plays the most crucial role in any organization. It is reflected in the financial performance of the Company through the years.

Financial Capital covers Key Performance Indicators like Turnover, Revenue, Profit After Tax amongst others. REC, through its financial capital, has been able to create value by enabling sustainable and consistent financial returns to providers of financial capital. The key performance indicators of REC are as follows:

The disbursements for the financial year 2020-21 rose to ₹92,987 crore, as against ₹75,667 crore in the previous financial year. The total income of REC on standalone basis was ₹35,410 crore during the financial year 2020-21, as against ₹29,829 crore in the last financial year. Net Profit for the financial year 2020-21 rose to ₹8,362 crore, as against ₹4,886 crore in the previous financial year.

With sustained trend of improving asset quality, the Net Credit-Impaired Assets (Stage III) have reduced to 1.71% of the Loan Assets as on March 31, 2021, as against 3.32% as on March 31, 2020. The Provision Coverage Ratio of the Company has also improved to 64.59% as on March 31, 2021, as against 49.65% as on March 31, 2020. The Capital Adequacy Ratio of the Company has also improved sequentially to 19.72% as on March 31, 2021, which will aid the future growth of the Company. Gross Loan Asset Book of REC as on March 31, 2021 rose to ₹3,77,418 crore, as compared to ₹3,22,425 crore as on March 31, 2020.



REC, through its financial capital, is increasing the value for its stakeholders and has played a key role in contributing to the development of power sector. Further, REC has also been diligent in paying taxes to the Government, thus promoting overall growth and development of the country.

The deployment of capital is adequately represented in Financial Capital, which also enhances the Human Capital and Social and Relationship Capital.

Manufactured Capital



Manufactured capital is broadly seen as physical objects that are often created by an organization for sale or retained for its own use, including objects that are available to an organization for use in production of goods, buildings, infrastructure and equipment etc. REC, being a Non-Banking Financial Company does not own any manufacturing facility and is engaged in financing power projects and schemes. The major material requirements comprise of electricity, office supplies, communication & IT related equipment. In order to improve and maintain efficiency, REC invests in upgrading IT systems, infrastructure and physical assets etc.

REC has its state-of-the-art Corporate Office at Gurugram, which promotes a collaborative workspace using advanced systems and technology. The Company equips all its employees suitably with IT devices, smart gadgets, VPN connections etc., to empower them to work remotely, efficiently and seamlessly, to ensure business continuity even in the times of pandemic. Further, to cater to the needs of its stakeholders in an efficient manner, REC is having various regional and state offices across the country.

Manufactured Capital helps REC in tapping Human Capital, as also the Intellectual Capital.

Intellectual Capital



Intellectual Capital refers to the intangible assets that strengthen the company's financials. These assets include the expertise of employees, organizational processes, and sum of knowledge contained within the organization and brand reputation.

REC acts as the nodal agency or project management / implementing agency for various schemes and programmes of national importance of the Ministry of Power, Government of India and works in close coordination with State Governments, State Electricity Boards, State power utilities, private sector borrowers etc. The Company, through its subsidiary, REC Power Development and Consultancy Limited (formerly known as REC Power Distribution Company Limited) ("RECPDCL") has developed the 'Urja Mitra' App under the guidance of Ministry of Power, for dissemination of outage information to power consumers across India. Further, RECPDCL is the nodal agency for implementation of 11 kV Rural Feeder Monitoring Scheme, on behalf of the Ministry of Power, for monitoring various parameters of power supply in rural areas, thereby contributing to the development of power sector.

Intellectual Capital is directly linked to Human Resources and is the core of REC's strategy. REC has a premier training institute i.e. REC Institute of Power Management and Training (RECIPMT) at Hyderabad, to cater to the development and training needs of engineers and managers of power sector organizations. In spite of the ongoing pandemic, RECIPMT has successfully imparted 82,420 man-days of training in the financial year 2020-21.

REC has developed core competencies required for its line of business and keeps enhancing the same by providing adequate trainings and skills.

Human Capital



Human Capital refers to the skills, knowledge, competencies and attributes possessed by the employees that help the organization to achieve its goals, grow, develop and remain innovative. It covers in itself hiring and onboarding of talented workforce from reputed institutes across the country, nurturing their talents, development of their skills, performance management and employee well-being and safety.

REC has professionally qualified, experienced and skilled workforce along with congenial culture and supportive environment, which not only motivates its human capital but also retains them. The Company has robust human resource system leading to effective management of human resources thereby enhancing productivity.

REC aims at sharpening business acumen and skills required for better employee performance and also provides all possible opportunities and support to the employees including “*Divyang* Employees” to improve their performance and productivity. REC follows the best management practices and has adopted many employee welfare-oriented policies in line with general laws, regulations and sound ethical practices.

REC focuses on holistic work-life balance, which endeavors to provide an environment of care & nurturing of the employees. The employees also participate in various sports tournaments, cultural, literary events and quiz which promote their overall development. REC promotes the overall development of its employees through facilities like gymnasium etc. at its state-of-the-art office building at Gurugram, Haryana. REC has built an atmosphere of trust and cooperation amongst its employees, resulting in a motivated workforce and continued improvement in business performance.

As a testament to the healthy culture that it begets at its workplace, REC Limited has bagged the ‘Best Organization for Women Empowerment’ award by Exchange4Media at the Women Achievers Summit and Awards 2020. REC Limited continues to lead by example by empowering their women employees through their initiatives, support structures, spreading awareness on gender parity and promoting a fruitful work environment which makes it conducive for its employees to grow as professionals and as individuals.

Further, towards ensuring safety of employees and promoting their better health during this pandemic, apart from conducting regular sanitization drives in office premises, vaccination camps were organized in collaboration with Apollo Hospitals for employees of various Power Sector CPSEs and their family members.

REC believes that Human Capital is the most important asset of the organization.

Social and Relationship Capital



Social and Relationship capital refers to the resources and values created by the relationship between an organization and its stakeholders. These relationships include ties with the community, government, customers and supply chain partners. REC aims to bring positive change in the lives of the people and the society at large. The Company consistently strives towards meeting the expectations of the society so as to help in achieving a real and lasting reduction of social and economic disparities, as well as protecting the environment.

The Company is also following the guidelines/directions issued by the Government of India from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC etc. categories in recruitment.

For the financial year 2020-21, CSR budget of REC was ₹144.32 crore (calculated @ 2% of the average net profits of the Company during the three immediately preceding financial years). Against the same, REC disbursed an amount of ₹147.77 crore towards various CSR projects.

The same included contribution of ₹50 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund, ₹6.93 crore for providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, health workers and poor persons and ₹0.72 crore for providing cold chain equipment to store Covid-19 vaccines in West Bengal, Nagaland and Dadra & Nagar Haveli during the financial year 2020-21.

REC Foundation, the CSR arm of REC Limited, had partnered with TajSATS (a joint venture of IHCL and SATS Limited), to distribute specially-made nutritious meal packets for medical staff in Safdarjung Hospital, New Delhi and provided 300 food packets everyday as a gesture of gratitude to the frontline healthcare warriors of New Delhi. Further, REC in collaboration with various district authorities, NGOs and electricity distribution companies has also provided cooked meals and ration to the needy across the nation.

during Covid-19 lockdown. Further, various regional offices across the country carried out distribution of Swachhta Kits to the needy, during observance of *Swachhta Pakhwada* during financial year 2020-21.

REC adopts numerous measures for the disadvantaged, vulnerable and marginalized stakeholders and thereby promotes the Social Capital.

REC Limited, through its CSR arm, REC Foundation has distributed aids and appliances through Artificial Limbs Manufacturing Corporation of India (ALIMCO) in different locations across the country. The aids and appliances included tri-cycle, folding wheel chair, baisakhi, walking stick, hearing machine, smart cane, cellphone, braille kit etc.

REC Limited was also conferred the 'CSR Shining Star Award' for its endeavors in the field of "Women Empowerment". Over the years, REC Limited, through its CSR arm "REC Foundation" has led by example in helping to uplift and improve the welfare of the citizens. It has actively and extensively provided aid in the fields of sanitation, hygiene, societal development and education.

Natural Capital



Natural Capital refers to the renewable and non-renewable environment resources such as water, land, energy on which an organization depends to operate. REC always endeavors to protect environment by minimizing consumption of natural resources and also by minimizing wastage of the same.

In order to conserve energy, REC's new office building at Gurugram is designed and constructed by using energy efficient façade and radiant cooling slabs to lower about 30% building HVAC load requirement. Further to make the building Net Zero, a 964kWp solar plant has been installed at the rooftop, supported by solar pergola structure, to cater to REC's electricity requirement.

The Company, under its CSR initiatives, undertakes various projects ensuring environmental sustainability through distribution of solar lanterns in poorly electrified areas, installation of solar PV plant in the campus of various educational institutions and hospitals, setting up LED based solar street lights in rural areas to reduce carbon emissions etc.

REC is addressing the global environmental issues by laying a greater thrust on the financing of Green Energy projects such as Solar, Wind, Biomass, Co-generation, Small Hydro projects etc. REC offers concessional interest rates for financing such projects, thereby facilitating lesser dependence of the country on fossil fuels. REC is also financing Solar Module & Cell Manufacturing Unit, E-vehicles along with charging infrastructure, a clean technology which is expected to come up in a big way in the near future.

REC raised Green Bond of USD 450 million in July 2017, for a tenor of ten years, the proceeds have been utilized to finance Solar projects, Wind projects and Renewable Purchase Obligations including refinancing of eligible projects as defined in the Green Bond framework of REC, contributing to positive environmental impact and also strengthening India's energy security by reducing fossil fuel dependency.

REC has been working on 'E-office' system in all its offices across the country, thereby empowering its employees to work with lesser carbon footprint. Further, efforts are made to reduce paper consumption by digitalizing processes, wherever possible. REC continues to encourage its employees to use remote working methods, following the Covid-19 pandemic. REC has adopted various environment friendly practices like promoting use of glass bottles & glass tumblers for meetings, replacing plastic folders with card board folders, use of steel cutlery instead of plastic items etc. Various measures for saving electricity are also adopted. The Company also minimizes its electronic waste and ensures responsible disposal of the same through recyclers registered with Government / Pollution Control Board.

FORM NO.MR-3
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR
ENDED ON MARCH 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
REC LIMITED
Core 4, SCOPE Complex, 7,
Lodi Road, New Delhi -110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **REC LIMITED (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the representation made by the Management and considering the relaxation granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – (Not applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – (Not applicable to the Company during the Audit Period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client with respect to issue of securities;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – (Not applicable to the Company during the Audit Period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – (Not applicable to the Company during the Audit Period).

The Company is a Non- Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC) with the Reserve Bank of India (RBI) and the Company is engaged in the business of providing finance for power sector. As confirmed and certified by the management, following laws are specifically applicable to the Company based on the Sectors / Businesses:

- Reserve Bank of India Act, 1934 and rules, regulations and directions issued by RBI, from time to time.
- Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises.

We have also examined compliance with the applicable clauses/regulations of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned below:

- The Company did not have requisite number of Independent Directors on the Board including a woman director as required under section 149 of the Companies Act, 2013 read with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
- The composition, chairmanship and quorum of meetings of Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee were not in compliance with section 177 & 178 of the Companies Act, 2013 read with regulation 18, 19 & 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to non-availability of any Independent Director on the Board of REC.*
- The composition of Corporate Social Responsibility Committee was not in compliance with section 135(1) of the Companies Act, 2013 due to non-availability of any Independent Director on the Board of REC.*
- The Company did not comply with regulation 25(3) & (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to appointment of Independent Directors within the stipulated time & holding of at least one meeting of Independent Directors during the financial year.*

Being a Government Company, in terms of Article 91 of Articles of Association of the Company, all Directors on the Board of REC are appointed by President of India acting through Ministry of Power. During the year under review, there was no Independent Director on the Board of the Company, due to which the above observations were reported.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors but the company did not have any Independent Director on the Board during the period under review as stated above. The changes, if any, in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board meetings. Agenda and detailed notes on agenda were sent at least seven days in advance (except for meetings conducted at shorter notice after complying with the necessary provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board and/or Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or respective Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the following specific activities took place in the Company having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

- The Company has raised long term/short term funds by issue of different debt instruments for financing various projects as listed below:

Sl. No.	Type of Debt Instruments	Amount (₹ in crore)
1.	Capital Gain Bonds	5,312
2.	Institutional Bonds / Subordinate Debt	48,660
3.	Term Loans from Banks / FIs / NSSF	21,053
4.	Foreign Currency Borrowings & FCNR (B) Loan	20,669
5.	Short Term Loans from Banks	3,550
Total Funds Raised during the period		99,244

2. During the year, the Ministry of Corporate Affairs vide its order dated February 5, 2021 accorded its approval to the Scheme of Amalgamation of two wholly-owned subsidiaries of REC, namely, REC Transmission Projects Company Limited (RECTPCL) ("Transferor Company") with REC Power Distribution Company Limited (RECPDCL) ("Transferee Company") with appointed date as April 1, 2020.

**For Hemant Singh & Associates
Company Secretaries**

**Hemant Kumar Singh
(Partner)
Membership No: F6033
COP No: 6370
UDIN: F006033C000675273**

Date : July 23, 2021

Place : Delhi

Informatory Notes:

1. This report is to be read with Annexure A, which forms an integral part of this report.
2. Due to restricted movement amid Covid-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company.

Annexure-A

The Members

REC LIMITED

**Core 4, SCOPE Complex, 7,
Lodi Road, New Delhi -110003**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Hemant Singh & Associates
Company Secretaries**

**Hemant Kumar Singh
(Partner)
Membership No: F6033
COP No: 6370
UDIN: F006033C000675273**

Date : July 23, 2021

Place : Delhi

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

**The Members,
REC Limited
New Delhi.**

We have examined the compliance of conditions of Corporate Governance by REC Limited ("the Company") for the financial year ended March 31, 2021, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) executed with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Finance, Government of India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that as on March 31, 2021, the Company was in compliance with the requirement of Corporate Governance as stipulated in Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010, except appointment of requisite number of Independent Directors on the Board including woman director, the composition of Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee and holding of at least one meeting of Independent Directors during the financial year. Further, REC being a Government Company, all the Directors are appointed by President of India, acting through administrative ministry, i.e. Ministry of Power and this is beyond the control of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name - S. Murthy
Designation: Partner
Membership Number: 072290
UDIN: 21072290AAAADR5822

Name - Atul Aggarwal
Designation: Partner
Membership Number: 092656
UDIN: 21092656AAAADX5676

Date : August 5, 2021
Place : New Delhi

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR policy of the Company:

The Company has its 'Corporate Social Responsibility & Sustainability Policy', in consonance with Section 135 of the Companies Act, 2013 and rules made thereunder.

The Company endeavors to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the activities, in a focused manner to the extent possible.

The Company selects CSR projects from a vast range of available options, priority would be accorded to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country in the given focus area(s) and environment sustainability. In line with the above, the Company ensures carrying out CSR projects/ programmes in line with activities prescribed under Schedule VII of the said Act.

In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company made during the three immediately preceding financial years shall be spent in pursuance of Corporate Social Responsibility Policy.

A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which at least one Director shall be an Independent Director. Role & Responsibilities of the Corporate Social Responsibility Committee shall *inter-alia* include, formulating and recommending to the Board the activities to be undertaken by the Company in areas or subjects specified in Schedule VII, monitor corporate responsibility policy, and recommend the amount of expenditure to be incurred, periodically submit the reports to the Board of Directors.

REC Limited undertakes its CSR activities through 'REC Foundation', a registered society. The foundation is governed by Governing Body wherein officials of REC Limited are nominated.

CSR Projects:

- i. Upgradation of various health care facilities, procurement & commissioning of medical equipment, distribution of aids & assistive devices to person with special abilities, upgradation of blood banks, construction of sewage treatment plant & water treatment plant, cancer screening & cancer care services for early detection & cure, providing safe drinking water, setting up electric crematorium, providing food/ ration to poor people, providing cold chain equipment to store Covid-19 vaccines, etc.
- ii. Development of infrastructure facilities in various schools/ educational institutions, providing education equipment/ items, upgradation of classrooms into smart classrooms, rendering innovative education through mobile school bus to children of migrant laborers', inculcating research & aptitude among youngsters, upbringing vulnerable children by providing education, food and other basic necessities, enhancing skills among youngsters by providing skill development training to earn their livelihood, etc.
- iii. Enhancing skills of adolescent/ homemaker women by providing training on sewing, beautician, manufacturing sanitary napkin and supporting them to become entrepreneurs, construction of shelter home with wellness facility for the care of the elderly, educating adolescent/young girls about menstrual hygiene, leadership, life skills, gender & rights issues, providing self-defense training, health counseling, etc.
- iv. Erection of rooftop/ floating solar photovoltaic panels on various educational institutions, commissioning of LED based solar street lighting systems, etc.
- v. Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund to deal with pandemic caused by Covid-19.



Provided Eri-Silk production training in Khweng village, Meghalaya

- vi. Distribution of free seeds in Kharif & Rabi season to farmers in draught prone area, farmer-centric integrated watershed development for improving rural livelihoods, educating community by creating awareness about ultimate utilization of naturally available nutrition, food and energy, infrastructure development of rural areas by construction of check dams, culvert, community hall, deepening of wells, construction of indoor stadium, etc.
- vii. REC undertakes projects in the thematic area, healthcare services and nutrition, preferably in aspirational districts, namely, Gajapati in Odisha, Mamit in Mizoram, Kiphire in Nagaland, Muzaffarpur in Bihar, Udham Singh Nagar in Uttarakhand, Chandel in Manipur and West Sikkim in Sikkim.



First labour room in Mamit district hospital certified by LaQshya standard in the State of Mizoram

2. Composition of the CSR Committee:

In line with the Companies Act 2013, the Company has constituted CSR committee of Directors. The composition of the same is as under:

Sl. no.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Sanjeev Kumar Gupta Director (Technical)	Chairperson (w.e.f. 12 th June 2020, prior to which he was Member)	8	8
2	Shri Ajeet Kumar Agarwal CMD & Director (Finance)	Chairperson (upto 31 st May 2020)	1	1
3	Shri Ajoy Choudhury Director (Finance)	Member (w.e.f. 12 th June 2020)	7	7
4	Shri Praveen Kumar Singh Nominee Director of PFC	Member	8	8

3. Web-links detailing composition of CSR Committee, CSR Policy and CSR projects approved by the Board:

<https://www.recindia.nic.in/our-csr-initiatives>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:

The Impact assessment was carried out as per CSR Amendment Rules effective from 22 January 2021, of those projects which have completed one year. M/s KPMG carried out the Impact assessment study. The tables below provide name of projects, key findings of the impact of the projects.

Sl. no.	Project details	Key findings of the impact of the project
1.	₹1.75 crore for providing job oriented skill development training to 533 nos. of youth belonging to vulnerable & marginalized community at various locations in India, implemented by Apparel Training and Design Centre	Out of total candidates trained in 8 skill development courses, the placement rate was 89.86%. Post placement, candidates were tracked for three months. Significant improvement in the socio-economic indicators was noted among the beneficiaries.
2.	₹4.80 crore for setting up of 1600 nos. LED based solar street lights in three districts of Madhya Pradesh, implemented by Energy Efficient Services Limited.	Commissioned 1600 lights in 425 villages across 03 districts of M.P. Annual reduction in CO ₂ emissions due to the intervention is around 73.4 tons approximately. Maintenance of lights for 05 years to ensure sustainability of the project.
3.	₹2.27 crore for setting up of 420 nos. LED based solar street lights and 145 nos. solar high mast lights at various locations in Uttar Pradesh, implemented by Energy Efficiency Services Limited.	Commissioned 420 solar street lights and 145 solar high mast lights. Annual reduction in CO ₂ emissions due to the intervention is around 15.8 tons approximately. Maintenance of lights for 05 years to ensure sustainability of the project.

Sl. no.	Project details	Key findings of the impact of the project
4.	₹9.89 crore for installation & commissioning of 2 MWp rooftop solar PV system on campus of IIT Madras, implemented by IIT Madras.	Commissioned 2MWp solar PV panels on hostels and academic blocks on the campus. Annual reduction in CO ₂ emissions due to the intervention is around 3,150 tons approximately, thereby reducing carbon footprint on the campus. Reduction in total electricity consumption by 8.7% and reduction in electricity demand by 1 MVA.
5.	₹3.47 crore for installation & commissioning of 279 kWp rooftop solar PV system and 2200 nos. LED lights on campus of IISc, Bangalore, implemented by Indian Institute of Science, Bangalore.	Commissioned 279 kWp solar PV panel and 2200 nos. lights on the campus. Annual reduction in CO ₂ emissions due to the intervention is around 604 ton approximately, thereby reducing carbon footprint on the campus.
6.	₹2.58 crore providing job oriented skill development training to 1000 nos. of youth belonging to vulnerable & marginalized community at various locations in India, implemented by Indo-German Institute of Advanced Technology.	Out of total candidates trained in 8 skill development courses, the placement rate was 74%. Post placement, candidates were tracked for three to six months. Average salary across all courses was around ₹9,691 per month.
7.	₹2.34 crore for distribution/ supply of fortified milk to students studying in 33 Government schools in Latehar, Jharkhand, implemented by NDDB Foundation for Nutrition.	Significant improvement on indicators such as height, vision etc. Number of children having severely low BMI reduced by 3.3% after the intervention. Anemic population was reduced to 56%. The program was further adopted by Govt. of Jharkhand under "PM Giftmilk scheme".
8.	₹10.63 crore for amplifying the message of Swachh Bharat Mission and women empowerment via communication intervention "Main Kuch Bhi Kar Sakti Hoon", implemented by Population Foundation of India.	Produced and broadcasted 26 episodes with an outreach of 9.8 million viewership. 82.3% of viewers were aware of ill effects of open defecation on health as compared to 65.3% of non-viewers. Episodes are uploaded on various social media platform, to use periodically to generate awareness on the issue.
9.	₹1.84 crore for installation & commissioning of 5kWp each in 16 residential schools, under administrative control of SC/ST Dept., Govt. of Odisha in 9 districts, implemented by RECPDCL.	Commissioned 5kWp solar panels at 16 schools across 9 districts. Annual reduction in CO ₂ emissions due to the intervention is around 305.84 tons approximately. The intervention has helped in ensuring that students have regular and continued supply of electricity which would support their educational outcome.
10.	₹2.49 crore for installation & commissioning of 508 kWp in President's Estate, Rashtrapati Bhawan, New Delhi, implemented by RECPDCL.	Commissioned 508 kWp solar panels at 5 buildings in President's Estate. Annual reduction in CO ₂ emissions due to the intervention is around 348.32 tons approximately. The plant is expected to generate approx. 0.95 million units of green energy.
11.	₹1.24 crore for improving learning outcomes in primary education to 3000 children through project based learning in Azamgarh, Uttar Pradesh, implemented by Research and Extension Association for Conservation Horticulture and Agro-forestry.	The project had reached 3000 school children through establishment of 75 learning centers. There has been change in perception and attitude towards education and project based learning, among the teachers, principals, parents, community leaders and the students. The project trained and built capacity of 75 women from the local community on teaching pedagogy and project based learning.
12.	₹1.00 crore for providing 2665 nos. aids and appliances to specially abled persons belonging to economically weaker section across various locations in India, implemented by Shree Bhagwan Mahaveer Viklang Sahayata Samiti.	The beneficiaries were satisfied with the aids received and the intervention helped them restore their dignity. The project has helped the beneficiaries in regaining the self-esteem, confidence and becoming productive members of the society.
13.	₹1.53 crore for setting up solar micro grids for 1400 households in Odisha and Jharkhand, implemented by The Energy and Resources Institute.	Commissioned 140 solar micro grids to provide clean and affordable lighting to 1400 households. Annual reduction in CO ₂ emissions due to the intervention is around 6476.24 tons approximately.

Sl. no.	Project details	Key findings of the impact of the project
14.	₹3.03 crore for raising young innovators in 30 government institutions through conceptual research experience in Telangana and Andhra Pradesh, implemented by T-Hub Foundation.	Engaged 1800 students and 150 teachers from Govt. institutions in rural areas on solution-oriented thinking, innovation, entrepreneurship and renewable energy. 24 research papers were developed through advanced mentoring, 6 projects were shortlisted for developing prototype at T-Hub Foundation.

The table below provides the ratings for 14 projects on different parameters namely (i) Relevance, (ii) Effectiveness, (iii) Efficiency, (iv) Impact and (v) Sustainability. Last column provides summation of all parameters. **Weighted Scores were then used to develop a 6-point scale:**

85-100%	→ Extremely satisfactory
70-84%	→ Satisfactory
55-69%	→ Moderately satisfactory
40-54%	→ Marginally satisfactory
20-39%	→ Dissatisfactory
< 20%	→ Extremely dissatisfactory

OECD Parameters*	Relevance	Effectiveness	Efficiency	Impact	Sustainability	Total
ATDC	S	ES	ES	ES	ES	ES
EESL-MP	S	ES	ES	mS	mS	S
EESL-UP	MS	ES	ES	mS	ES	S
IGIAT	ES	ES	ES	ES	S	ES
IISc	MS	ES	ES	S	ES	ES
IIT Madras	MS	ES	ES	S	ES	ES
NDDB	S	ES	ES	ES	ES	ES
PFI	ES	ES	ES	ES	ES	ES
REACHA	ES	ES	ES	ES	mS	ES
RECPDCL- Odisha	MS	ES	ES	mS	ES	S
RECPDCL- RB	MS	ES	ES	mS	ES	S
SBMVSS	MS	ES	ES	ES	ES	ES
TERI	MS	ES	ES	mS	ES	S
T-Hub	ES	ES	ES	S	mS	ES

*ES: Extremely Satisfactory; S: Satisfactory; MS: Moderately Satisfactory; mS: Marginally Satisfactory

The detailed impact assessment report is available at <https://www.recindia.nic.in/our-csr-initiatives>.



Established 1250 litres per minute Oxygen Generation Plant at Dalvi Hospital, Pune to fight Covid-19 pandemic



Provided Mobile Health Clinic Vans & emergency ambulance for 12 villages of Manipur

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year:

Sl. no.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	Nil	Nil

- 6. Average net profit of the Company as per Section 135(5) :** ₹7,215.78 crore
- 7.** (a) Two percent of average net profit of the company as per section 135(5): ₹144.32 crore
- (b) Surplus arising out of the CSR projects, programmes, or activities of the previous financial years: Nil
- (c) Amount required to be set-off for the financial year: Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c): ₹144.32 crore
- 8. a. CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (₹ in crore)	Amount Unspent (₹ in crore)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
144.32	Nil	NA	Nil	NA	NA

- b. Details of CSR amount spent against ongoing projects for the financial year Nil
- c. Details of CSR amount spent against other than ongoing projects for the financial year ₹143.24 crore
(Annexure A)
- d. Amount spent in Administrative Overheads ₹4.53 crore
- e. Amount spent on Impact Assessment Nil
- f. Total amount Financial Year (8b+8c+8d+8e) ₹147.77 crore
- g. Excess amount for set-off

Sl. no.	Particular	Amount (₹ in crore)
(i)	Two percent of average net profit of the company as per section 135(5)	144.32
(ii)	Total amount spent for the Financial Year	147.77
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.45
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	3.45

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in crore)	Amount spent in the reporting Financial Year (₹ in crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. (₹ in crore)			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount (₹ in crore)	Date of transfer	

Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. no.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (₹ in crore)	(7) Amount spent on the project in the reporting Financial Year (₹ in crore)	(8) Cumulative amount spent at the end of reporting Financial Year (₹ in crore)	(9) Status of the project Completed / Ongoing

Not Applicable

10. In case of creation or acquisition of capital asset, the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

- Date of creation of asset: NA
- Amount of CSR spent for creation or acquisition of capital asset: NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

The Company has fully spent its CSR Budget for the Financial Year 2020-21.

Sd/-
(Ajoy Choudhury)
Director (Finance)
DIN: 06629871

Sd/-
(Sanjeev Kumar Gupta)
Director (Technical) and
Chairperson of CSR Committee
DIN: 03464342

Details of CSR amount spent against other than ongoing projects for the financial year 2020-21

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
1	Construction of Building in SVNIRTAR to establish the Institute as a 'Centre of Excellence for Deformity Correction	Health	NA	Odisha	Cuttack	3.80	No	Swami Vivekanand National Institute of Rehabilitation Training and Research	
2	Distribution of aids & assistive devices to approximate to 8000-9000 number of persons with disabilities' in various states of India	Health	NA	Across India		0.77	No	Artificial Limbs Manufacturing Corporation of India	
3	Providing better health facilities to leprosy affected and other poor people by constructing and equipping operation theatre and maternity block in The Leprosy Mission hospitals	Health	NA	Chhattisgarh, Uttar Pradesh and Tamil Nadu	Champa, Faizabad, and Vadathorasalur	1.22	No	The Leprosy Mission Trust India	
4	Supply and fitment of Cochlear Implants to children with hearing impairments at various locations in India	Health	NA	Across India		1.26	No	Ali Yavar Jung National Institute of Speech and Hearing Disabilities	
5	Construction of blood bank cum administrative block and upgradation of blood bank equipment	Health	NA	Andhra Pradesh	Ananthapuram	0.66	No	Indian Red Cross Society, Andhra Pradesh	
6	Construction of radiotherapy unit in Virat Hospice, run under Brahmishi Mission Samiti, to support to the terminally ill cancer patients	Health	NA	Madhya Pradesh	Jabalpur	1.00	No	Brahmrishi Mission Samiti	
7	Adopting a slum for ensuring cleanliness of the slum-drinking water, sanitation, toilets, IEC campaigning, etc. under Swachhta Action Plan	Health	NA	Across India		0.23	Yes	REC	
8	Training for manufacturing affordable sanitary napkin and awareness generation on menstrual hygiene amongst rural girls/ adolescents/ women.	Health	NA	Haryana	Palwal	0.04	No	Society for Promotion of Youth & Masses	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
9	Improvement of health services and renovation & construction in Primary Health Centre, Primary Sub Health Centre, Community Health Centre and District hospital	Health	NA	Mizoram	Mamit	0.52	No	Deputy Commissioner, Mamit	
10	Improvement of health services in Primary Health Centre, Community Health Centre and District hospital	Health	NA	Manipur	Chandel	0.48	No	Deputy Commissioner, Chandel	
11	Solar powered solutions in the areas of education, healthcare, portable and smart model anganwadis	Health	NA	Bihar	Muzaffarpur	0.21	No	Selco Foundation	
12	Construction of Sewage Treatment Plant in Advanced Centre for Treatment, Research and Education in Cancer (ACTREC), Tata Memorial Centre	Health	NA	Maharashtra	Navi Mumbai	2.57	No	Tata Memorial Centre	
13	Installation of 200 nos. of Reverse Osmosis water treatment plant with 500 liters overhead storage tank and 1 HP electrical pump in 200 nos. of Anganwadi Kendra/ primary schools	Health	NA	Bihar	Purnea	0.40	No	Society for Advancement of Villagers Empowerment and Rehabilitation of All	
14	Providing REC-Zodawn Mobile Health Clinics Van and emergency ambulance for 12 villages	Health	NA	Manipur	Churachandpur	0.66	No	Deputy Commissioner, Churachandpur	
15	Strengthening cancer screening and basic cancer care services in 14 districts	Health	NA	Bihar	14 districts	0.09	No	Tata Memorial Cancer Hospital	
16	Installation of 20 nos. of water ATM machines at the various iconic sites in India	Health	NA	Uttar Pradesh	Prayagraj	0.19	No	Bisnoli Sarvodaya Gramodyog Sewa Sansthan	
17	Water, Sanitation & Hygiene for all service in urban and rural areas to Scheduled caste communities and primary schools	Health	NA	Andhra Pradesh	Prakasam, Guntur, Krishna & Chittoor	0.59	No	Society for Integrated Development in Urban & Rural areas	
18	Procurement of 3 nos. of hearse van for carrying corpses	Health	NA	National Capital Territory of Delhi		0.04	No	Shaheed Bhagat Singh Sewa Dal	
19	Installation of 5 water ATM machines at various iconic places in Punjab	Health	NA	Punjab	-	0.58	No	Bisnoli Sarvodaya Gramodyog Sewa Sansthan	
20	Procurement and installation of roller conveyor system to improve the operational efficiency of the centralized kitchen for the supply of mid-day meal program	Health	NA	Dadra and Nagar Haveli.	Silvassa	0.62	No	U.T. Administration of Dadra and Nagar Haveli	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
21	Installation of 100 nos. of hand pumps & excavation of pond	Health	NA	Bihar	Bagaha and Chhiwantaha	0.36	No	Paryavaran Care Society	
22	Setting up of electric crematorium	Health	NA	Uttar Pradesh	Ghaziabad	0.39	No	District Magistrate, Ghaziabad	
23	Infrastructure development of Pandit Ram Sumer Shukla Smriti Govt. Medical College, Rudrapur	Health	NA	Uttarakhand	Rudrapur, Udhham Singh Nagar	10.91	No	District Magistrate, Udhham Singh Nagar	
24	Providing food to migrant labourers/ family members engaged at construction/ sub stations, poor people, daily wage labourers etc. due to lockdown in view of the outbreak of pandemic corona virus Covid-19	Health	NA	Across India		6.93	Yes	REC	
25	Procurement of Cold Chain Equipment (CCE) for storing Covid-19 vaccinations	Health	NA	Dadra & Nagar Haveli, Nagaland and West Bengal	-	0.73	Yes	REC	
26	Construction of Kitchen, dining hall & store room and installation of RO plant in 12 nos. of Govt high schools	Health	NA	Andhra Pradesh	Kadapa	1.34	No	District Collector, Kadapa	
27	Infrastructure development in SSMI school	Education	NA	Delhi	New Delhi	1.65	No	Swami Sivananda Memorial Institute of Fine Arts & Crafts	
28	Establishment of REC integrity clubs in 25 schools	Education	NA	Across India		0.05	Yes	REC	
29	Providing holistic education & rehabilitation services for children with visual impairment by providing teaching aids, infrastructural development etc.	Education	NA	Delhi	New Delhi	0.29	No	National Association for the Blind	
30	Raising young innovators through the conceptual research experience to 1800 students and 150 teachers	Education	NA	Uttar Pradesh	-	0.81	No	IIT Kanpur	
31	Transforming school education by providing projectors, water facilities, furniture, white boards & markers, infrastructure support in schools & hostels, improvement of science laboratories etc.	Education	NA	Manipur	Chandel	0.74	No	Deputy Commissioner, Chandel	
32	Construction of kitchen cum dining hall in Govt. Higher Secondary School	Education	NA	Kerala	Kannur	0.81	No	District Panchayat, Kannur	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
33	Transforming school education by providing equipment, teachers' training, increasing female literacy, providing drinking water in Govt. schools, etc.	Education	NA	Mizoram	Mamit	0.07	No	Deputy Commissioner, Mamit	
34	Job oriented skill development training to 1100 unemployed youths	Education	NA	Across India		1.03	No	The Apparel Training & Design Centre	
35	Construction of high school building (G+1) in Jagarmunda, providing 18 nos. of power inverter in PHCs, CHCs, and district hospital, providing Haematology analyser-CBS with reagent at district hospital and procurement of 05 nos. of shredder machine in CHC & district hospital	Education	NA	Chhattisgarh	Sukma	0.52	No	District Collector, Sukma	
36	Construction of boys hostel (second floor) for tribal children and providing support for studies, food and other basic necessities to 150 residential girls	Education	NA	Madhya Pradesh and West Bengal	Dewas and 24 Pargana	0.57	No	Parivaar Education Society	
37	Setting up Research & Rehabilitation Center (third floor), boundary wall with gate and playground at Research and Rehabilitation Centre for specially abled children	Education	NA	Himachal Pradesh	Bilaspur	1.20	No	Chetna Himachal Pradesh	
38	Providing coaching to 10,000 candidates for appearing in competitive exams in 05 districts	Education	NA	Haryana	Ambala, Jhajjar, Jind, Kaithal & Yamuna Nagar	0.48	No	Haryana CSR Advisory Academy	
39	An innovative mobile school for imparting education to 462 nos. of deprived children belonging to migrant labourers residing in various slums	Education	NA	Haryana	Gurugram	0.19	No	All India Citizens Alliance for progress & Development	
40	Providing job oriented skill development training to 1000 nos. unemployed youths	Education	NA	Uttar Pradesh	Mirzapur	0.62	No	Matrix Society for Social Service	
41	Setting up of training Centers and providing job-oriented skill development training to 1800 nos. unemployed youths	Education	NA	Manipur, Bihar and Uttarakhand	Chandel, Muzaffarpur and Udham Singh Nagar	0.78	No	Tata Community Initiative Trust	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
42	Strengthening of Science and computer laboratories & refurbishment of infrastructure in 07 nos. for Government schools, conversion of 60 nos. of class rooms into Digital class rooms and installation of 43 nos. RO system in Govt schools	Education	NA	Telangana	Secunderabad, Hyderabad	0.84	No	District Collector, Hyderabad	
43	Providing skill development training and distribution of equipment kit for self-employment to 500 nos. of women	Education	NA	Maharashtra	Aurangabad	0.29	No	Rajureshwar Ganesh Bahudeshiya Sevabhavi Sanstha	
44	Improving quality of education through Demonstration Vans and Smart Teaching	Education	NA	Himachal Pradesh	Chamba	0.40	No	Deputy Commissioner, Chamba	
45	Job Oriented Skill Development Training Programme	Education	NA	Eastern & Central India including Bihar, Odisha, Jharkhand etc.	-	0.51	No	National Skill Development Fund/ National Skill Development Corporation	
46	Assistance for the care and education of violence affected children in Jammu & Kashmir	Education	NA	Jammu & Kashmir	Kupwara	0.47	No	National Foundation for Communal Harmony	
47	Job oriented skill development training (residential) to 1650 unemployed youths	Education	NA	Karnataka, Tamil Nadu, Kerala, Andhra Pradesh, Rajasthan and Uttar Pradesh	-	0.87	No	National Scheduled Castes Finance & Development Corporation	
48	Job oriented skill development training to 1300 unemployed youths	Education	NA	Uttarakhand	Pithoragarh	0.44	No	Mahila Ashram Muwani	
49	Job oriented skill development training to 880 women	Education	NA	Punjab and Uttar Pradesh	Gurdaspur and Ghaziabad	0.28	No	Bisnoli Sarvodaya Gramodyog Sewa Sansthan	
50	Job oriented skill development training (residential) program to 1000 unemployed youths	Education	NA	Across India		1.18	No	Central Institute of Plastic Engineering & Technology	
51	Job oriented skill development training (residential) to 500 unemployed youths	Education	NA	Uttar Pradesh, Haryana, Bihar, Uttarakhand	-	0.73	No	International Computer Institute	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District				
52	Establishment of Virtual Classrooms (VCR) at Government high schools to improve the quality of education	Education	NA	Karnataka	Uttara Kannada, Tumakuru, Chikmagalur, Kodagu, Chamarajanagara, Udupi, Mandya, Bellary, Bagalkote, Vijayapura	0.29	No	Karnataka State Council for Science & Technology	
53	Providing support for studies, food and other basic necessities to 300 tribal children	Education	NA	Odisha	Bhubaneswar	0.23	No	Kalinga Institute of Social Sciences	
54	Conservation & sustainable management of bio resources	Environment	NA	Andhra Pradesh	-	0.09	No	Andhra Pradesh State Biodiversity Board	
55	Installation of 1 MWp SPV system at various locations at campus of Madurai Kamaraj University	Environment	NA	Tamil Nadu	Madurai	2.02	No	Madurai Kamaraj University	
56	Installation of 2 MWp SPV system at various locations on campus of Acharya Nagarjuna University	Environment	NA	Andhra Pradesh	Guntur	6.61	No	New & Renewable Energy Development Corporation of Andhra Pradesh	
57	Setting up 500 nos. of LED based solar street lights in 84 villages	Environment	NA	Uttar Pradesh	Pilibhit	0.59	No	District Magistrate, Pilibhit	
58	Distribution of 1.5 lakh Solar Lanterns in poorly electrified areas	Environment	NA	Andhra Pradesh, Telangana and Odisha	-	0.40	No	Solar Energy Corporation of India	
59	Replacement of the non-functional old structure and install 135 KWp off-grid solar plant (with battery) at various locations on the campus of the Barefoot College, Tilonia.	Environment	NA	Rajasthan	Campus of the Barefoot College, Tilonia (SWRC)	0.66	No	Social Work and Research Centre	
60	Installation of 2 MW SPV system in at various locations at campus of IIM, Tiruchirappalli	Environment	NA	Tamil Nadu	Tiruchirappalli	3.49	No	Indian Institute of Management, Tiruchirappalli	
61	Establishment of Roof-Top SPV Plant, providing insulation to rabbit conductor & Establishment of E-learning centers in 10 residential Government Schools	Environment	NA	Karnataka	-	3.26	No	Karnataka Residential Educational Institutions Society	
62	Installation of 283 KWp solar PV system on roof top of Shaheed Udham Singh Panjab University, Constituent College	Environment	NA	Punjab	Shaheed Udham Singh Panjab University, Constituent College, Ferozepur	0.49	No	Shaheed Udham Singh Panjab University, Ferozepur	
63	Construction of shelter home with wellness facility (60 seaters) for the care of the elderly	Old age	NA	Ladakh	Leh	0.65	No	Helpage India	
64	Contribution to PM CARES Fund	PM CARES	NA	Across India		50.00	No	Government of India	

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in crore)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name of agency	
65	Farmer-Centric Integrated Watershed Management for Improving Rural Livelihood	Rural Development	NA	Andhra Pradesh and Telangana	Mahboobnagar and Anantapur	2.93	No	International Crop Research Institute for the semi-arid Tropics	
66	Development of rural areas by deepening of wells, renovation & construction of check dams and organizing medical camps	Rural Development	NA	Rajasthan	Udaipur, Banswara and Pratapgarh	0.22	No	Rajasthan Varvasi Kalayan Parishad	
67	Community development awareness program for ultimate utilization of the naturally available nutrition, food and energy around the communities	Rural Development	NA	Meghalaya and Nagaland	-	5.02	No	North East Slow Food & Agrobiodiversity Society	
68	Rural Development Works like construction of marriage/ community hall, PCC Road, Conduits, Primary Health Centre, Yatri Shed, providing sanitation facility, installation of LED Lights, RO Plants etc.	Rural Development	NA	Bihar	Bhojpur	0.24	No	NHPC	
69	Construction of admin offices & hospital below the Saraswati plaza, infrastructural development in between Saraswati Edge & temple street and restoration & developmental work of various kund in Kedarnath town and surrounding areas	Rural Development	NA	Uttarakhand	Kedarnath	9.41	No	Shri Kedarnath Uthhan Charitable Trust	
70	Distribution of seeds to 5000 farmers residing in draught prone area of Aurangabad District	Rural Development	NA	Maharashtra	Aurangabad	0.11	No	Vishwasindhu Bhahudeshiya Seva Bhavi Sanstha	
71	Distribution of seeds to 10000 farmers residing in draught prone area of Aurangabad District	Rural Development	NA	Maharashtra	Aurangabad	4.10	No	Vishwasindhu Bhahudeshiya Seva Bhavi Sanstha	
	Total disbursement					143.24			
72	Administrative overhead					4.53			
	Total CSR spent during the year 2020-21					147.77			

ANNEXURE-VIII TO BOARD'S REPORT
DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR DIFFERENT BOND SERIES AS ON MARCH 31, 2021
IN TERMS OF REGULATION 53 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series No.	Secured/ Unsecured	Redemption Date	Coupon Rate	Listed at NSE BSE	Registrar & Transfer Agent
1	IDBI Trusteeship Services Limited Asian Building, Ground Floor 17 R, Kamani Marg Ballard Estate Mumbai-400001	Contact Person: Mr. Aditya Kapil Phone: +91-22-4080 7066 Fax No: +91-22-6631 1776 E-mail: adityakapil@idbitrustee.com, response@idbitrustee.com Website: www.idbitrustee.com	INE020B08427	94	Unsecured	9-Jun-2025	8.75%	Yes No	Beetal Financial & Computer Services (P) Limited Beetal House, 3 rd floor 99 Madangir, Behind LSC Opp. Dada Harsukhdas Mandir New Delhi-110062 Contact Person: Mr. Sanjay Rastogi Phone: +91-11-2996 1281-83 Email: recbonds2@gmail.com, beetalra@gmail.com Website: www.beetalfinancial.com KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfinetech.com, gopalakrishna.kvs@kfinetech.com Website: www.kfinetech.com Beetal Financial & Computer Services (P) Limited Beetal House, 3 rd floor 99 Madangir, Behind LSC Opp. Dada Harsukhdas Mandir New Delhi-110062 Contact Person: Mr. Sanjay Rastogi Phone: +91-11-2996 1281-83 Email: recbonds2@gmail.com, beetalra@gmail.com Website: www.beetalfinancial.com KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfinetech.com, gopalakrishna.kvs@kfinetech.com Website: www.kfinetech.com
			INE020B08443	95-II	Unsecured	14-Jul-2025	8.75%	Yes No	
			INE020B08567	100	Unsecured	15-Jul-2021	9.63%	Yes No	
			INE020B08591	101-III	Unsecured	10-Aug-2021	9.48%	Yes No	
			INE020B08641	105	Unsecured	11-Nov-2021	9.75%	Yes No	
			INE020B08740	107	Unsecured	15-Jun-2022	9.35%	Yes No	
			INE020B08807	111-II	Unsecured	19-Nov-2022	9.02%	Yes Yes	
			INE020B08831	114	Unsecured	12-Apr-2023	8.82%	Yes Yes	
			INE020B08849	115	Unsecured	31-May-2023	8.06%	Yes Yes	
			INE020B071W2	123-I	Secured	17-Jul-2021	9.40%	Yes Yes	
			INE020B071Z5	123-III-10yrs	Secured	23-Aug-2024	9.34%	Yes Yes	
			INE020B08872	127	Unsecured	4-Dec-2021	8.44%	Yes Yes	
			INE020B08880	128	Unsecured	21-Dec-2024	8.57%	Yes Yes	
			INE020B08898	129	Unsecured	23-Jan-2025	8.23%	Yes Yes	
			INE020B08906	130	Unsecured	6-Feb-2025	8.27%	Yes Yes	
2	Vistra ITCL (India) Limited The IL&FS Financial Centre G Block, Plot C-22 BKC, Bandra Mumbai-400051	Contact Person: Mr. Sanjay Dodhi Phone: +91-22-2659 3644 Fax: +91-22-2653 3297 E-mail: sanjay.dodhi@ilsindia.com, shalesh.kokate@ilsindia.com Website: www.vistraitcl.com	INE020B08708	Infra Bonds Series-II (2011-12)	Unsecured	15-Feb-2022	8.95%	Yes No	Beetal Financial & Computer Services (P) Limited Beetal House, 3 rd floor 99 Madangir, Behind LSC Opp. Dada Harsukhdas Mandir New Delhi-110062 Contact Person: Mr. Sanjay Rastogi Phone: +91-11-2996 1281-83 Email: recbonds2@gmail.com, beetalra@gmail.com Website: www.beetalfinancial.com KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfinetech.com, gopalakrishna.kvs@kfinetech.com Website: www.kfinetech.com
			INE020B08716	Infra Bonds Series-II (2011-12)	Unsecured	15-Feb-2022	8.95%	Yes No	
			INE020B08724	Infra Bonds Series-II (2011-12)	Unsecured	15-Feb-2027	9.15%	Yes No	
			INE020B08732	Infra Bonds Series-II (2011-12)	Unsecured	15-Feb-2027	9.15%	Yes No	
			INE020B07GG9	2011-12 Public Issue Tranche-1	Secured	28-Mar-2022	7.93%	No Yes	
			INE020B07GH7	2011-12 Public Issue Tranche-1	Secured	28-Mar-2022	8.13%	No Yes	
						29-Mar-2027	8.12%	No Yes	
						29-Mar-2027	8.32%	No Yes	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series No.	Secured/ Unsecured	Redemption Date	Coupon Rate	Listed at		Registrar & Transfer Agent
								NSE	BSE	
3	SBICAP Trustee Company Limited 6 th Floor, Apeejay House 3, Dinshaw Wacha Road Churchgate Mumbai-400020	Contact Person: Mr. Ajit Joshi Phone: +91-22-4302 5566 Fax: +91-22-2204 0465 E-mail: corporate@sbicaptrustee.com, investor.cell@sbicaptrustee.com Website: www.sbicaptrustee.com	INE020B07KU2	54EC Series XII (2018-19)	Secured	30-Apr-2023	5.75%	No	No	KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.rs@kfintech.com, gopalakrishna.kvs@kfintech.com Website: www.kfintech.com
			INE020B07KV0	54EC Series XII (2018-19)	Secured	31-May-2023	5.75%	No	No	
			INE020B07KW8	54EC Series XII (2018-19)	Secured	30-Jun-2023	5.75%	No	No	
			INE020B07KX6	54EC Series XII (2018-19)	Secured	31-Jul-2023	5.75%	No	No	
			INE020B07KY4	54EC Series XII (2018-19)	Secured	31-Aug-2023	5.75%	No	No	
			INE020B07KZ1	54EC Series XII (2018-19)	Secured	30-Sep-2023	5.75%	No	No	
			INE020B07LA2	54EC Series XII (2018-19)	Secured	31-Oct-2023	5.75%	No	No	
			INE020B07LB0	54EC Series XII (2018-19)	Secured	30-Nov-2023	5.75%	No	No	
			INE020B07LC8	54EC Series XII (2018-19)	Secured	31-Dec-2023	5.75%	No	No	
			INE020B07LD6	54EC Series XII (2018-19)	Secured	31-Jan-2024	5.75%	No	No	
			INE020B07LE4	54EC Series XII (2018-19)	Secured	28-Feb-2024	5.75%	No	No	
			INE020B07LF1	54EC Series XII (2018-19)	Secured	31-Mar-2024	5.75%	No	No	
			INE020B07LG9	54EC Series XIII (2019-20)	Secured	30-Apr-2024	5.75%	No	No	
			INE020B07LH7	54EC Series XIII (2019-20)	Secured	31-May-2024	5.75%	No	No	
			INE020B07LI5	54EC Series XIII (2019-20)	Secured	30-Jun-2024	5.75%	No	No	
			INE020B07LJ3	54EC Series XIII (2019-20)	Secured	31-Jul-2024	5.75%	No	No	
			INE020B07LK1	54EC Series XIII (2019-20)	Secured	31-Aug-2024	5.75%	No	No	
			INE020B07LL9	54EC Series XIII (2019-20)	Secured	30-Sep-2024	5.75%	No	No	
			INE020B07LM7	54EC Series XIII (2019-20)	Secured	31-Oct-2024	5.75%	No	No	
			INE020B07LN5	54EC Series XIII (2019-20)	Secured	30-Nov-2024	5.75%	No	No	
			INE020B07LO3	54EC Series XIII (2019-20)	Secured	31-Dec-2024	5.75%	No	No	
			INE020B07LP0	54EC Series XIII (2019-20)	Secured	31-Jan-2025	5.75%	No	No	
			INE020B07LQ8	54EC Series XIII (2019-20)	Secured	28-Feb-2025	5.75%	No	No	
			INE020B07LR6	54EC Series XIII (2019-20)	Secured	31-Mar-2025	5.75%	No	No	
			INE020B07LS4	54EC Series XIV (2020-21)	Secured	30-Apr-2025	5.75%	No	No	
			INE020B07LT2	54EC Series XIV (2020-21)	Secured	31-May-2025	5.75%	No	No	
			INE020B07LU0	54EC Series XIV (2020-21)	Secured	30-Jun-2025	5.75%	No	No	
			INE020B07LV8	54EC Series XIV (2020-21)	Secured	31-Jul-2025	5.75%	No	No	
			INE020B07LW6	54EC Series XIV (2020-21)	Secured	31-Aug-2025	5.00%	No	No	
			INE020B07LX4	54EC Series XIV (2020-21)	Secured	30-Sep-2025	5.00%	No	No	
			INE020B07LY2	54EC Series XIV (2020-21)	Secured	31-Oct-2025	5.00%	No	No	
			INE020B07LZ9	54EC Series XIV (2020-21)	Secured	30-Nov-2025	5.00%	No	No	
			INE020B07MA0	54EC Series XIV (2020-21)	Secured	31-Dec-2025	5.00%	No	No	
			INE020B07MB8	54EC Series XIV (2020-21)	Secured	31-Jan-2026	5.00%	No	No	
			INE020B07MC6	54EC Series XIV (2020-21)	Secured	28-Feb-2026	5.00%	No	No	
			INE020B07MD4	54EC Series XIV (2020-21)	Secured	31-Mar-2026	5.00%	No	No	
			INE020B07GU0	2012-13 Private Placement	Secured	21-Nov-2022	7.21%	Yes	Yes	
			INE020B07GV8	2012-13 Private Placement	Secured	22-Nov-2027	7.38%	Yes	Yes	
			INE020B07GW6	2012-13 Public Issue Tranche-1	Secured	19-Dec-2022	7.22%	Yes	Yes	
							7.72%	Yes	Yes	
			INE020B07GX4	2012-13 Public Issue Tranche-1	Secured	20-Dec-2027	7.38%	Yes	Yes	
							7.88%	Yes	Yes	
			INE020B07GY2	2012-13 Public Issue Tranche-2	Secured	27-Mar-2023	6.88%	Yes	Yes	
							7.38%	Yes	Yes	
			INE020B07GZ9	2012-13 Public Issue Tranche-2	Secured	27-Mar-2028	7.04%	Yes	Yes	
							7.54%	Yes	Yes	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series No.	Secured/ Unsecured	Redemption Date	Coupon Rate	Listed at		Registrar & Transfer Agent
								NSE	BSE	
		Contact Person: Mr. Harish Shetty Phone: +91-22-4302 5576, +91-22-2204 0465 Email: corporate@sbicaprtrustee.com, investorcell@sbicaprtrustee.com Website: www.sbicaprtrustee.com	INE020B07HM5	2013-14 Private Placement-1	Secured	29-Aug-2023	8.01%	Yes	Yes	KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.is@kfintech.com, gopalakrishna.kvs@kfintech.com Website: www.kfintech.com
			INE020B07HN3	2013-14 Private Placement-1	Secured	29-Aug-2028	8.46%	Yes	Yes	
			INE020B07HO1	2013-14 Public issue Tranche-1	Secured	25-Sep-2023	8.01%	Yes	Yes	
			INE020B07HR4	2013-14 Public issue Tranche-1	Secured	25-Sep-2023	8.26%	Yes	Yes	
			INE020B07HP8	2013-14 Public issue Tranche-1	Secured	25-Sep-2028	8.46%	Yes	Yes	
			INE020B07HS2	2013-14 Public issue Tranche-1	Secured	25-Sep-2028	8.71%	Yes	Yes	
			INE020B07HQ6	2013-14 Public issue Tranche-1	Secured	26-Sep-2033	8.37%	Yes	Yes	
			INE020B07HT0	2013-14 Public issue Tranche-1	Secured	26-Sep-2033	8.62%	Yes	Yes	
			INE020B07HU8	2013-14 Private Placement-2	Secured	11-Oct-2023	8.18%	Yes	Yes	
			INE020B07HV6	2013-14 Private Placement-2	Secured	11-Oct-2028	8.54%	Yes	Yes	
			INE020B07IC4	2013-14 Public issue Tranche-2	Secured	22-Mar-2024	8.19%	Yes	Yes	
			INE020B07IF7	2013-14 Public issue Tranche-2	Secured	22-Mar-2024	8.44%	Yes	Yes	
			INE020B07ID2	2013-14 Public issue Tranche-2	Secured	23-Mar-2029	8.63%	Yes	Yes	
			INE020B07IG5	2013-14 Public issue Tranche-2	Secured	23-Mar-2029	8.88%	Yes	Yes	
			INE020B07IE0	2013-14 Public issue Tranche-2	Secured	24-Mar-2034	8.61%	Yes	Yes	
			INE020B07IH3	2013-14 Public issue Tranche-2	Secured	24-Mar-2034	8.86%	Yes	Yes	
			INE020B07J07	2015-16 Private Placement	Secured	23-Jul-2025	7.17%	Yes	Yes	
			INE020B07JP4	2015-16 Public issue Tranche-1	Secured	5-Nov-2025	6.89%	No	Yes	
			INE020B07JQ2	2015-16 Public issue Tranche-1	Secured	5-Nov-2025	7.14%	No	Yes	
			INE020B07JR0	2015-16 Public issue Tranche-1	Secured	5-Nov-2030	7.09%	No	Yes	
			INE020B07JS8	2015-16 Public issue Tranche-1	Secured	5-Nov-2030	7.34%	No	Yes	
			INE020B07JT6	2015-16 Public issue Tranche-1	Secured	5-Nov-2035	7.18%	No	Yes	
			INE020B07JU4	2015-16 Public issue Tranche-1	Secured	5-Nov-2035	7.43%	No	Yes	
			INE020B08930	133	Unsecured	10-Apr-2025	8.30%	Yes	Yes	
			INE020B08963	136	Unsecured	7-Oct-2025	8.11%	Yes	Yes	
			INE020B08997	139	Unsecured	21-Oct-2021	7.24%	Yes	Yes	
			INE020B08AA3	140	Unsecured	7-Nov-2026	7.52%	Yes	Yes	
			INE020B08AB1	141	Unsecured	9-Dec-2021	7.14%	Yes	Yes	
			INE020B08AC9	142	Unsecured	30-Dec-2026	7.54%	Yes	Yes	
			INE020B08AF2	145	Unsecured	28-Feb-2022	7.46%	Yes	Yes	
			INE020B08AH8	147	Unsecured	12-Mar-2027	7.95%	Yes	Yes	
			INE020B08AK2	150	Unsecured	7-Sep-2022	7.03%	Yes	Yes	
			INE020B08AM8	152	Unsecured	17-Oct-2022	7.09%	Yes	Yes	
			INE020B08AO4	154	Unsecured	21-May-2021	7.18%	Yes	Yes	
			INE020B08AP1	155	Unsecured	30-Nov-2022	7.45%	Yes	Yes	
			INE020B08AQ9	156	Unsecured	10-Dec-2027	7.70%	Yes	Yes	
			INE020B08AR7	157	Unsecured	17-Apr-2021	7.60%	Yes	Yes	
			INE020B08AT3	159	Unsecured	23-Feb-2023	7.99%	Yes	Yes	
			INE020B08AW7	161-B	Unsecured	15-Jun-2021	7.73%	Yes	Yes	
			INE020B08AX5	GOI-I	Unsecured	21-Mar-2028	8.09%	Yes	Yes	
			INE020B08AY3	GOI-II	Unsecured	24-Mar-2028	8.01%	Yes	Yes	
			INE020B08AZ0	GOI-III	Unsecured	27-Mar-2028	8.06%	Yes	Yes	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series No.	Secured/ Unsecured	Redemption Date	Coupon Rate	Listed at		Registrar & Transfer Agent
								NSE	BSE	
4	Beacon Trusteeship Limited 4C & D, Siddhivayak Chambers Gandhi Nagar Opp. MIG Cricket Club Bandra (East) Mumbai-400051	Contact Person: Mr. Vitthal Naawandhar Phone: +91-22-2655 8759 E-mail: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in	INE020B08BA1	162	Unsecured	9-Aug-2028	8.55%	Yes	Yes	KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakranguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfinetech.com, gopalakrishna.kvs@kfinetech.com Website: www.kfinetech.com
			INE020B08BB9	163	Unsecured	25-Aug-2028	8.63%	Yes	Yes	
			INE020B08BD5	165	Unsecured	21-Jan-2022	8.83%	Yes	Yes	
			INE020B08BF0	167	Unsecured	22-Mar-2022	8.45%	Yes	Yes	
			INE020B08BG8	168	Unsecured	29-Nov-2028	8.56%	Yes	Yes	
			INE020B08BH6	169	Unsecured	7-Dec-2028	8.37%	Yes	Yes	
			INE020B08BM6	173	Unsecured	13-Mar-2022	8.35%	Yes	Yes	
			INE020B08BN4	174	Unsecured	18-Jun-2021	8.15%	Yes	Yes	
			INE020B08BP9	175	Unsecured	28-Mar-2029	8.97%	Yes	Yes	
			INE020B08BQ7	176	Unsecured	16-Apr-2029	8.85%	Yes	Yes	
			INE020B08BR5	177	Unsecured	20-Dec-2021	8.50%	Yes	Yes	
			INE020B08BS3	178	Unsecured	14-May-2029	8.80%	Yes	Yes	
			INE020B08BT1	179	Unsecured	10-Jun-2022	8.15%	Yes	Yes	
			INE020B08BV7	180-A	Unsecured	25-Jun-2024	8.10%	Yes	Yes	
			INE020B08BU9	180-B	Unsecured	25-Jun-2029	8.30%	Yes	Yes	
			INE020B08BW5	182	Unsecured	22-Aug-2034	8.18%	Yes	Yes	
			INE020B08BX3	183	Unsecured	16-Sep-2034	8.29%	Yes	Yes	
			INE020B08DD1	184-A (Partly paid up)	Unsecured	26-Sep-2029	8.25%	Yes	Yes	
			INE020B08CA9	184-B (B)	Unsecured	26-Sep-2021	7.55%	Yes	Yes	
			INE020B08CB7	184-B (C)	Unsecured	26-Sep-2022	7.55%	Yes	Yes	
			INE020B08CC5	184-B (D)	Unsecured	26-Sep-2023	7.55%	Yes	Yes	
			INE020B08CD3	185	Unsecured	13-Dec-2022	7.09%	Yes	Yes	
			INE020B08CE1	186-A	Unsecured	30-Jun-2022	6.90%	Yes	Yes	
			INE020B08CF8	186-B	Unsecured	26-Nov-2024	7.40%	Yes	Yes	
			INE020B08CG6	187	Unsecured	31-Dec-2022	7.24%	Yes	Yes	
			INE020B08CH4	188-A	Unsecured	31-Mar-2023	7.12%	Yes	Yes	
			INE020B08CI2	188-B	Unsecured	31-Mar-2030	7.89%	Yes	Yes	
			INE020B08CJ0	189	Unsecured	31-Mar-2030	7.92%	Yes	Yes	
			INE020B08CK8	190-A	Unsecured	20-Mar-2025	6.88%	Yes	Yes	
			INE020B08CL6	190-B	Unsecured	31-Dec-2021	6.32%	Yes	Yes	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series No.	Secured/ Unsecured	Redemption Date	Coupon Rate	Listed at		Registrar & Transfer Agent
								NSE	BSE	
1	Beacon Trusteeship Limited 4C & D, Siddhivihar Chambers Gandhi Nagar Opp. MIG Cricket Club Bandra (East) Mumbai-400051	Contact Person: Mr. Vitthal Naawandhar Phone: +91-22-2655 8759 E-mail: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in	INE020B08CN2	191-A	Unsecured	30-Jun-2023	6.80%	Yes	Yes	KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.rs@kfintech.com, gopalakrishna.kvs@kfintech.com Website: www.kfintech.com
			INE020B08CM4	191-B	Unsecured	30-Sep-2024	6.99%	Yes	Yes	
			INE020B08CP7	192	Unsecured	28-Feb-2030	7.50%	Yes	Yes	
			INE020B08CQ5	193	Unsecured	31-Dec-2021	6.99%	Yes	Yes	
			INE020B08CT9	195	Unsecured	22-Apr-2023	6.92%	Yes	Yes	
			INE020B08CU7	197	Unsecured	11-May-2030	7.55%	Yes	Yes	
			INE020B08CV5	198A	Unsecured	21-Mar-2022	6.60%	Yes	Yes	
			INE020B08CW3	198B	Unsecured	21-May-2030	7.79%	Yes	Yes	
			INE020B08CX1	199	Unsecured	15-Jun-2030	7.96%	Yes	Yes	
			INE020B08CY9	200 PP-MLD	Unsecured	30-Jun-2023	5.36%	Yes	Yes	
			INE020B08CZ6	201A	Unsecured	31-Mar-2025	5.90%	Yes	Yes	
			INE020B08DA7	201B	Unsecured	31-Mar-2031	6.90%	Yes	Yes	
			INE020B08DB5	202A	Unsecured	30-Sep-2030	7.25%	Yes	Yes	
			INE020B08DC3	202B	Unsecured	30-Sep-2023	5.69%	Yes	Yes	
			INE020B08DE9	203A	Unsecured	20-Dec-2030	6.80%	Yes	Yes	
			INE020B08DF6	203B	Unsecured	20-Dec-2025	5.85%	Yes	Yes	
			INE020B08DG4	204A	Unsecured	31-Jan-2031	6.90%	Yes	Yes	
			INE020B08DH2	204B	Unsecured	31-Dec-2025	5.81%	Yes	Yes	
			INE020B08DJ8	205A	Unsecured	31-Jan-2024	4.99%	Yes	Yes	
			INE020B08DK6	205B	Unsecured	31-Jan-2026	5.94%	Yes	Yes	
2	Beacon Trusteeship Limited 4C & D, Siddhivihar Chambers Gandhi Nagar Opp. MIG Cricket Club Bandra (East) Mumbai-400051	Contact Person: Mr. Vitthal Naawandhar Phone: +91-22-2655 8759 E-mail: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in	INE020B08DL4	206-PDI	Unsecured	Not Applicable	7.97%	Yes	Yes	KFin Technologies Private Limited Selenium Tower B Plot Nos. 31 & 32 Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Mr. Gopala Krishna Phone: 1-800-309-4001 Email: einward.rs@kfintech.com, gopalakrishna.kvs@kfintech.com Website: www.kfintech.com
			INE020B08DM2	207	Unsecured	31-Jan-2036	7.02%	Yes	Yes	
			INE020B08DO8	208	Unsecured	15-Mar-2036	7.40%	Yes	Yes	
			INE020B08DP5	209	Unsecured	20-Mar-2024	5.79%	Yes	Yes	
			INE020B08BC7	GOI-IV	Unsecured	28-Sep-2028	8.70%	Yes	Yes	
			INE020B08BE3	GOI-V	Unsecured	15-Nov-2028	8.54%	Yes	Yes	
			INE020B08BJ2	GOI-VI	Unsecured	22-Jan-2029	8.80%	Yes	Yes	
			INE020B08BL8	GOI-VII	Unsecured	8-Mar-2029	8.60%	Yes	Yes	
			INE020B08BO2	GOI-VIII	Unsecured	25-Mar-2029	8.30%	Yes	Yes	
			INE020B08CO0	GOI-IX	Unsecured	2-Mar-2030	7.14%	Yes	Yes	
			INE020B08CR3	GOI-X	Unsecured	26-Mar-2030	8.25%	Yes	Yes	
			INE020B08CS1	GOI-XI	Unsecured	31-Mar-2030	7.20%	Yes	Yes	
			INE020B08DI0	GOI-XII	Unsecured	7-Jan-2031	6.45%	Yes	Yes	
			INE020B08DN0	GOI-XIII	Unsecured	28-Jan-2031	6.63%	Yes	Yes	
			INE020B08DQ3	GOI-XIV	Unsecured	26-Mar-2031	6.50%	Yes	Yes	

BALANCE SHEET AS AT 31ST MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
ASSETS				
(1)	Financial Assets			
(a)	Cash and cash equivalents	6	1,140.49	1,678.03
(b)	Bank balances other than (a) above	7	1,929.06	2,021.96
(c)	Derivative financial instruments	8	2,311.22	3,318.85
(d)	Loans	9	365,261.49	312,083.50
(e)	Investments	10	1,909.77	2,313.21
(f)	Other financial assets	11	24,399.21	22,081.59
	Total - Financial Assets (1)		396,951.24	343,497.14
(2)	Non-Financial Assets			
(a)	Current tax assets (net)	12	160.07	392.66
(b)	Deferred tax assets (net)	13	2,437.71	2,034.32
(c)	Investment Property	14	0.01	0.01
(d)	Property, Plant & Equipment	15	260.12	153.00
(e)	Capital Work-in-Progress	15	335.67	287.62
(f)	Intangible Assets Under Development	15	0.77	0.77
(g)	Other Intangible Assets	15	6.10	8.80
(h)	Other non-financial assets	16	81.50	113.27
	Total - Non-Financial Assets (2)		3,281.95	2,990.45
	Total ASSETS (1+2)		400,233.19	346,487.59
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	Financial Liabilities			
(a)	Derivative financial instruments	8	846.31	1,325.73
(b)	Debt Securities	17	237,328.06	219,977.22
(c)	Borrowings (other than debt securities)	18	85,507.36	61,543.61
(d)	Subordinated Liabilities	19	6,946.89	4,819.65
(e)	Other financial liabilities	20	25,943.11	23,562.70
	Total - Financial Liabilities (1)		356,571.73	311,228.91
(2)	Non-Financial Liabilities			
(a)	Current tax liabilities (net)	21	10.62	-
(b)	Provisions	22	103.96	106.51
(c)	Other non-financial liabilities	23	120.51	75.61
	Total - Non-Financial Liabilities (2)		235.09	182.12
(3)	EQUITY			
(a)	Equity Share Capital	24	1,974.92	1,974.92
(b)	Instruments Entirely Equity In Nature	25	558.40	-
(c)	Other equity	26	40,893.05	33,101.64
	Total - Equity (3)		43,426.37	35,076.56
	Total - LIABILITIES AND EQUITY (1+2+3)		400,233.19	346,487.59
Company Overview and Significant Accounting Policies		1 to 5		

Accompanying Notes to Financial Statements

1 to 63

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

S. Murthy
Partner
M.No. : 072290

Atul Aggarwal
Partner
M.No. : 092656

Place : New Delhi
Date : 28th May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31-03-2021	Year ended 31-03-2020
	Revenue from Operations			
(i)	Interest Income	27	34,683.78	29,663.07
(ii)	Dividend Income	28	36.40	89.04
(iii)	Fees and Commission Income	29	95.38	38.95
(iv)	Net translation/ transaction exchange gain		-	-
(iv)	Net gain/ (loss) on fair value changes	34	572.33	(25.85)
I.	Total Revenue from Operations (i to iv)		35,387.89	29,765.21
II.	Other Income	30	22.55	63.92
III.	Total Income (I+II)		35,410.44	29,829.13
	Expenses			
(i)	Finance Costs	31	21,489.08	18,997.05
(ii)	Net translation/ transaction exchange loss	32	330.26	2,357.90
(iii)	Fees and commission Expense	33	9.95	25.44
(iv)	Impairment on financial instruments	35	2,419.62	889.56
(v)	Employee Benefits Expenses	36	144.84	175.79
(vi)	Depreciation and amortization	37	9.53	10.00
(vii)	Corporate Social Responsibility Expenses	38	144.32	258.40
(viii)	Other Expenses	39	106.71	131.70
IV.	Total Expenses (i to viii)		24,654.31	22,845.84
V.	Profit before Tax (III-IV)		10,756.13	6,983.29
VI.	Tax Expense	40		
(i)	Current tax		2,906.90	1,615.87
(ii)	Deferred Tax		(512.55)	481.26
	Total Tax Expense (i+ii)		2,394.35	2,097.13
VII.	Profit for the year		8,361.78	4,886.16
	Other comprehensive Income/(Loss)			
(i)	Items that will not be reclassified to profit or loss			
(a)	Re-measurement gains/(losses) on defined benefit plans		(14.26)	(2.87)
(b)	Changes in Fair Value of FVOCI Equity Instruments		166.53	(129.20)
(c)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		3.59	0.72
	- Changes in Fair Value of FVOCI Equity Instruments		(6.01)	12.39
	Sub-Total (i)		149.85	(118.96)
(ii)	Items that will be reclassified to profit or loss			
(a)	Effective Portion of Cash Flow Hedges		80.81	(302.12)
(b)	Cost of hedging reserve		329.00	(273.61)
(c)	Income tax relating to these items			
	- Effective Portion of Cash Flow Hedges		(20.34)	76.04
	- Cost of hedging reserve		(82.80)	68.86
	Sub-Total (ii)		306.67	(430.83)
VIII.	Other comprehensive Income/(Loss) for the year (i+ii)		456.52	(549.79)
IX.	Total comprehensive Income for the year (VII+VIII)		8,818.30	4,336.37
X.	Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)	41		
(1)	For continuing operations		42.34	24.74
(2)	For continuing and discontinued operations		42.34	24.74
	Company Overview and Significant Accounting Policies	1 to 5		

Accompanying Notes to Financial Statements

1 to 63

For and on behalf of the Board

J.S. Amitabh
ED & Company SecretaryAjoy Choudhury
Director (Finance)
DIN - 06629871Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135NFor O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091S. Murthy
Partner
M.No. : 072290Atul Aggarwal
Partner
M.No. : 092656Place : New Delhi
Date : 28th May 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A Equity share capital		(₹ in Crores)										
Particulars		As at 31-03-2021	As at 31-03-2020									
Opening Balance		1,974.92	1,974.92									
Changes in equity share capital during the year		-	-									
Closing Balance		1,974.92	1,974.92									
Refer note 24 for detail												
B Instruments entirely equity in nature		(₹ in Crores)										
Particulars		As at 31-03-2021	As at 31-03-2020									
Opening Balance		-	-									
Changes in instruments entirely equity in nature during the year		558.40	-									
Closing Balance		558.40	-									
Refer note 24 for detail												
C Other Equity		(₹ in Crores)										
Particulars									FVOCI- Equity Instru- ments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
Reserves & Surplus												
Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(vii) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Debt Redemption Reserve	Securities Premium Account	Foreign Currency Monetary Translation Difference Account	General Reserve	Impair- ment Reserve	Retained Earnings				
Balance as at 31 st March 2019	15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	5,177.40	-	4,899.39	136.88	-	-	32,328.02
Profit for the year								4,886.16				4,886.16
Re-measurement of Defined Benefit Plans (net of taxes)								(2.15)				(2.15)
Recognition through Other Comprehensive Income (net of taxes)								-	(116.81)	(226.08)	(204.75)	(947.64)
Total Comprehensive Income	-	-	-	-	-	-	-	4,884.01	(116.81)	(226.08)	(204.75)	4,336.37
Other adjustments												
Transferred to/(from) Retained Earnings	1,522.32	336.52	978.00	49.15		-	793.29	(3,679.28)				
Transferred to General Reserve		(378.41)		(1,367.28)		1,745.69			86.19			-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)								(86.19)				-
Foreign Currency Translation gain/ (loss) on long term monetary items during the year												-
Amortisation during the year												
Total- Other adjustments	1,522.32	(41.89)	978.00	(1,318.13)	-							(1,630.51)
Dividends												
Dividend Distribution Tax												
Total- Transaction with owners												
Balance as at 31 st March 2020	16,659.10	2,992.83	2,131.00	-	2,236.54	6,923.09	793.29	3,408.74	106.26	(226.08)	(204.75)	33,101.64
Profit for the year								8,361.78				8,361.78
Re-measurement of Defined Benefit Plans (net of taxes)								(10.67)				
Recognition through Other Comprehensive Income (net of taxes)									160.52	60.47	246.20	467.19
Total Comprehensive Income	-	-	-	-	-	-	-	8,351.11	160.52	60.47	246.20	8,818.30
Other adjustments												
Transferred to/(from) Retained Earnings	2,563.13	288.13	1,673.00	-		981.10	-	(5,505.36)				-
Transferred to General Reserve		(1,152.55)				1,945.84	(793.29)					
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)								242.71	(242.71)			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the year												
Amortisation during the year												
Issue expenses on Perpetual Debt Instruments (net of taxes)												
Total- Other adjustments	2,563.13	(864.42)	1,673.00	-	-	2,926.94	(793.29)	(5,263.35)	(242.71)	-	-	708.57
Dividends								(2,172.41)				(2,172.41)
Total- Transaction with owners				-	-	9,850.03	-	(2,172.41)	-	-	-	(2,172.41)
Balance as at 31 st March 2021	19,222.23	2,128.41	3,804.00	-	2,236.54	(573.16)	9,850.03	4,325.09	24.07	(165.61)	41.45	40,893.05

Refer Note No. 26.1 for details regarding drawdown/ transfers from Reserves and Note No. 26.8 for transfer from Impairment Reserve

Accompanying Notes to Financial Statements 1 to 63

In terms of our Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

S. Murthy
Partner
M.No.: 072290

Place : New Delhi
Date : 28th May 2021

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	10,756.13		6,983.29	
Adjustments for:				
1. Loss on derecognition of Property, Plant and Equipment (net)	4.03		1.69	
2. Depreciation & Amortization	9.53		10.00	
3. Impairment losses on Financial Instruments	2,419.62		889.56	
4. Adjustments towards Effective Interest Rate in respect of Loans	32.61		53.02	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	152.19		62.31	
6. Fair Value Changes in Derivatives	(545.92)		47.72	
7. Fair Value Changes in FVTPL Instruments	(2.43)		(6.40)	
8. Interest on Commercial Paper	35.32		463.66	
9. Interest Accrued on Zero Coupon Bonds	81.78		105.29	
10. Loss/ (Gain) on Exchange Rate fluctuation	526.71		2,342.27	
11. Provision made for Interest on Advance Income Tax	22.71		-	
Operating profit before Changes in Operating Assets & Liabilities	13,492.28		10,952.41	
Inflow / (Outflow) on account of :				
1. Loan Assets	(56,522.42)		(41,664.59)	
2. Derivatives	711.20		(407.70)	
3. Other Operating Assets	(1,706.71)		(5,372.97)	
4. Operating Liabilities	3,187.83		5,776.56	
Cash flow from Operations	(40,837.82)		(30,716.29)	
1. Income Tax Paid (including TDS)	(2,694.33)		(1,748.64)	
2. Income Tax refund	11.73		16.67	
Net Cash Flow from Operating Activities		(43,520.42)		(32,448.26)
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.16		0.11	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(73.18)		(97.09)	
3. Investment in Intangible Assets (including intangible assets under development & Capital Advances)	(0.90)		(2.75)	
4. Finance Costs Capitalised	(22.04)		(15.79)	
5. Investment in Equity Shares of Joint Venture (EESL)	-		(71.60)	
6. Sale of Equity Shares of Indian Energy Exchange Limited	249.92		4.23	
7. Redemption/ (Investment) in Debt Securities (net)	1,357.65		47.16	
8. Redemption/ (Investment) in Government Securities (net)	(647.78)		-	
Net Cash Flow from Investing Activities		863.83		(135.73)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021 (CONTD.)

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
C. Cash Flow from Financing Activities				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	15,499.66		21,280.39	
2. Issue/ (Redemption) of Commercial Paper (net)	(2,925.00)		(5,270.30)	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks / FIs (net)	26,275.47		7,899.65	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	2,884.39		12,617.57	
5. Raising/ (Redemption) of Subordinated Liabilities (net)	1,999.50		-	
6. Issue of Perpetual Debt Instruments entirely equity in nature	558.40		-	
7. Issue Expenses on Perpetual Debt Instruments entirely equity in nature	(0.94)		-	
8. Payment of Dividend on Equity Shares	(2,172.41)		(2,172.41)	
9. Payment of Corporate Dividend Tax	-		(435.78)	
10. Repayment towards Lease Liability	(0.02)		(0.04)	
11. Repayment towards Lease Liability Interest amount				
Net Cash flow from Financing Activities		42,119.05		33,919.08
Net Increase/Decrease in Cash & Cash Equivalents		(537.54)		1,335.09
Cash & Cash Equivalents as at the beginning of the year		1,678.03		342.94
Cash & Cash Equivalents as at the end of the year		1,140.49		1,678.03

During the year, the Company has received Dividend of ₹ 36.40 crores (previous year ₹ 89.04 crores). Further, during the year, the Company has paid an amount of ₹ 147.78 crores (previous year ₹ 258.40 crores) towards Corporate Social Responsibility.

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

Particulars	As at 31-03-2021	As at 31-03-2020
- Cash in Hand (including postage & imprest)	0.12	0.06
- Balances with Banks	237.93	1,173.41
- Short-term Deposits with Scheduled Banks	902.44	504.56
Total Cash & Cash Equivalents	1,140.49	1,678.03

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021 (CONTD.)**Reconciliation of liabilities arising from financing activities**

(₹ in Crores)

Particulars	Opening Balance	Cash Flows during the year (net)	Movement in Interest Accrued *	Other Adjustments		Closing Balance
				Exchange Differences	EIR Adjustments	
Year ended 31-03-2021						
Rupee Debt Securities	195,022.98	15,499.66	657.68	-	87.34	211,267.66
Commercial Paper	2,889.68	(2,925.00)	-	-	35.32	-
Rupee Term Loans/ WCDL	32,978.45	26,275.47	27.44	-	-	59,281.36
Foreign Currency Debt Securities & other Borrowings	50,629.65	2,884.39	16.81	(1,392.24)	147.74	52,286.35
Subordinated Liabilities	4,819.65	1,999.50	128.90	-	(1.16)	6,946.89
Total	286,340.41	43,734.02	830.83	(1,392.24)	269.24	329,782.26
Year ended 31-03-2020						
Rupee Debt Securities	172,971.40	21,280.39	729.47	-	41.72	195,022.98
Commercial Paper	7,696.32	(5,270.30)	-	-	463.66	2,889.68
Rupee Term Loans/ WCDL	24,884.25	7,899.65	194.55	-	-	32,978.45
Foreign Currency Debt Securities & other Borrowings	33,950.25	12,617.57	73.78	3,930.12	57.93	50,629.65
Subordinated Liabilities	4,818.76	-	0.61	-	0.28	4,819.65
Total	244,320.98	36,527.31	998.41	3,930.12	563.59	286,340.41

* Movement in Interest Accrued has been considered in 'Operating Liabilities' as Cash Flow from Operating Activities.

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

For and on behalf of the Board

J.S. Amitabh
ED & Company SecretaryAjoy Choudhury
Director (Finance)
DIN - 06629871Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
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Firm Reg. No.: 001135NFor O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091S. Murthy
Partner
M.No. : 072290Atul Aggarwal
Partner
M.No. : 092656Place : New Delhi
Date : 28th May 2021

NOTES TO ACCOUNTS

1. Company Overview

REC Limited ("REC" or the "Company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The books of accounts and financial statements are maintained at Plot no. I-4, Sector-29, Gurugram, Haryana, in addition to the registered office of the Company. The Company has offices spread across the country, mainly in the State Capitals and one training center at Hyderabad.

The Company is a Government Company engaged in extending financial assistance across the power sector value chain and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI).

REC is a leading public Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges.

2. Statement of Compliance and Basis of Preparation

These Standalone Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the period ended 31st March 2021 were authorized and approved for issue by the Board of Directors on 28th May 2021.

These standalone financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines.

3. Significant Accounting Policies

The significant accounting policies applied in preparation of the financial statements are as given below:

3.1 Basis of Preparation and Measurement

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the financial statements.

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company.

3.2 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Unless otherwise specified, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) delayed and 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, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recovery under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings is appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

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Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head interest income.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

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

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

Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Company in the year of receipt.

3.3 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.5 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the financial statements before 1 April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.6 Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the company.

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Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.7 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Land also includes land treated as a Right of Use asset under lease agreement earlier classified as finance lease and is amortised over the lease term.

Other Tangible assets

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

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

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

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3.8 Investment property

Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation and useful lives)

The Company only has land as an investment property, which is not depreciated.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.9 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

Amortized cost

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

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Financial assets at FVTPL

Financial assets at FVTPL include financial assets that either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Company may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All host contracts which are in nature of a financial liability and separated from embedded derivative are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

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All derivative financial instruments designated under hedge accounting are recognised initially at fair value and reported subsequently at fair value at each reporting date. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

At the inception of each hedging relationship, the Company formally designates and documents the hedge relationship, in accordance with the Company's risk management objective and strategies. The documentation includes identification of the hedged item, hedging instrument, the nature of risk(s) being hedged, the hedge ratio and how the hedging relationship meets the hedging effectiveness requirements.

3.10 Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

Loss Given Default (LGD) - LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Exposure at Default (EAD) - EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Financial assets other than Loans

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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3.12 Dividend and Other Payments to holders of Instruments classified as Equity

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders and the Board of Directors respectively. Liability for the payments to the holders of instruments classified as equity are recognized in the period when such payments are authorized for payment by the Company.

3.13 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.14 Prepaid Expenses

A prepaid expense up to Rs. ₹ 1,00,000/- is recognized as expense upon initial recognition.

3.15 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Company towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

The Company has an obligation towards gratuity, Post Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit

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plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.17 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.18 Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by

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using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Company; are available for immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such non-current assets are measured at lower of carrying amount or fair value less selling costs.

Non-current assets held for sale are presented separately from other assets in the Balance Sheet and are not depreciated or amortised while they are classified as held for sale.

4. Implementation of New/ Modified Standards

During the year, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. The Company has analysed the impact of these amendments which is not material to the Company, except for the amendment to **Ind AS 107 and Ind AS 109 with respect to Interest rate benchmark reform**. It aims to modify some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform. Further details on Interest Rate Benchmark Reform and its impact on the Company are available in the financial statements.

5. Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. Further, the Company Management has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income tax Act, 1961 and thus, the special reserve created and maintained is not capable of being reversed. Hence, the company does not create any deferred tax liability on the said reserve.

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Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Non recognition of Interest Income on Credit Impaired Loans - Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Significant estimates

Impact of Covid-19 Outbreak - The Company has considered the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on effectiveness of its hedges. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19. The extent to which the Covid-19 pandemic will impact the Company will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Company to contain its spread or mitigate its impact.

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

NOTES TO ACCOUNTS

6 Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
- Cash in Hand (including postage & imprest)	0.12	0.06
- Balances with Banks		
- in current accounts	237.93	1,173.41
- deposits with original maturity less than 3 months*	902.44	504.56
Total (Cash & Cash Equivalents)	1,140.49	1,678.03

* includes High Quality Liquid Assets (HQLAs) of ₹ 262.00 crores (previous year Nil) maintained as per RBI Circular dated November 4th, 2019. (Refer Note 47.2.4)

7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
- Earmarked Balances with Banks		
- For unpaid dividends		
- For Govt. funds for onward disbursement as grant	5.79	4.75
	1,065.84	1,616.49
- Earmarked Term Deposits		
- Deposits in Compliance of Court Order		
- Term Deposit held as Margin Money against Bank Guarantee	0.56	0.53
	0.25	-
- Balances with banks not available for use pending allotment of securities	856.62	400.19
Total (Other Bank Balances)	1,929.06	2,021.96
- Term Deposits held as margin money against Bank Guarantee for more than 12 months	0.25	-

7.1 There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31st March 2021 (Previous year Nil).

NOTES TO ACCOUNTS

8 Derivative Financial Instruments

The Company enters into derivatives for hedging foreign exchange risks and interest rate risks. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Refer Note 47 for Risk Management Disclosures in respect of the derivatives.

Part I

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency Derivatives						
- Spot and forwards	-	-	-	565.39	27.62	-
- Currency swaps	2,854.54	43.07	121.08	3,094.32	432.94	-
- Others						
- Call Spread	4,263.27	271.36	-	6,068.56	504.12	-
- Seagull Options	20,482.08	1,657.19	43.25	22,321.22	2,212.46	-
Sub-total (i)	27,599.89	1,971.62	164.33	32,049.49	3,177.14	-
(ii) Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	25,035.68	339.60	403.65	29,056.52	141.71	586.06
Sub-total (ii)	25,035.68	339.60	403.65	29,056.52	141.71	586.06
(iii) Other derivatives						
- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
Total - Derivative Financial Instruments (i + ii + iii)	57,182.57	2,311.22	846.31	65,453.01	3,318.85	1,325.73

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars	As at 31-03-21			As at 31-03-20		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Cash Flow Hedging						
- Currency Derivatives						
- Currency Swaps	2,756.43	23.86	121.08	8,638.68	2.32	303.14
- Others						
- Call Spread	1,837.62	77.74	-	1,884.65	97.16	-
- Seagull Options	20,482.08	1,657.19	43.25	11,348.70	1,662.20	-
- Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	13,055.84	-	318.18	9,498.62	5.24	134.45
Sub-total (i)	38,131.97	1,758.79	482.51	31,370.65	1,766.92	437.59
(ii) Undesignated Derivatives						
	19,050.60	552.43	363.80	34,082.36	1,551.93	888.14
Total - Derivative Financial Instruments (i+ii)	57,182.57	2,311.22	846.31	65,453.01	3,318.85	1,325.73

Derivative financial instruments are measured at fair value at each reporting date. The changes in the fair value of derivatives designated as hedging instruments in effective cash flow hedges are recognised in OCI. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

NOTES TO ACCOUNTS

9 Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A) Loans				
(i) Term Loans	377,041.98	378,090.36	321,526.76	323,177.53
(ii) Working Capital Loans	376.17	377.24	897.92	902.01
Total (A) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (A) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(B) Security Details				
(i) Secured by tangible assets	256,744.52	257,329.46	244,034.67	245,113.22
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/ Govt. Guarantees	101,071.53	101,456.48	58,166.76	58,684.29
(iv) Unsecured	19,602.10	19,681.67	20,223.25	20,282.03
Total (B) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (B) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(C)(I) Loans in India				
(i) Public Sector	338,810.31	339,877.44	284,644.05	286,210.40
(ii) Private Sector	38,607.84	38,590.16	37,780.63	37,869.14
Total (C)(I) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (C)(I) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(C)(II) Loans outside India	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
Total (C)(II) - Net Loans	-	-	-	-
Total (C)(I) and (C)(II)	364,212.04	365,261.49	310,428.64	312,083.50

9.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Net Loans	365,261.49	312,083.50
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(504.10)	(1,351.75)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(635.00)	(382.63)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	13,206.11	11,996.04
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	89.65	79.52
Gross Loans	377,418.15	322,424.68

NOTES TO ACCOUNTS

9.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	11,996.04	11,497.93
Add: Impairment loss allowance provided during the year (Refer Note 35)	2,362.62	876.52
Less: Allowance utilised towards write-off of loans	(1,152.55)	(378.41)
Closing Balance	13,206.11	11,996.04

9.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has written off loans amounting to ₹ 1,152.55 crores (Previous year ₹ 378.41 crores). The details of write-offs for the current year are as below:

(i) During the current year

- Pursuant to the restructuring executed on 4th June, 2020, in respect of Essar Power Transmission Corporation Ltd, the Company has written off an amount of ₹ 65.25 crores after appropriating the recoveries of ₹ 979.56 crores (Term Loan of ₹ 830.00 crores and Optionally convertible debentures of ₹ 149.56 crores).
- Pursuant to the Resolution Plan approved under IBC proceedings executed on 21st September, 2020 in respect of Facor Power Ltd, the Company has written-off an amount of ₹181.86 crores after appropriating the recoveries of ₹ 329.12 crores (Cash ₹ 102.27 crores, Non-convertible debentures of ₹ 199.72 crores and amount recoverable of ₹ 27.13 crores).
- Pursuant to the restructuring executed on 4th December, 2020 in respect of R.K.M PowerGen Private Ltd, the Company has written-off an amount of ₹905.44 crores after appropriating the recoveries of ₹ 1,396.55 crores (Term Loan of ₹ 1,396.55 crores and Optionally convertible debentures Nil).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Refer Note No. 10).

(ii) During the previous year

- Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26th July, 2019 in respect of Lanco Teesta Hydro Power Ltd, the Company has written off the loan amount of ₹112.67 crore (net of recoveries of ₹124.12 crore) and equity investment of ₹102 crore (10.20 crore equity shares of ₹10 each) upon extinguishment of such equity shares as per the Order.
- Pursuant to the One Time Settlement arrangement executed on 23rd December 2019 in respect of Rattan India Power Ltd, the Company has written-off an amount of ₹265.74 crores after appropriating the recoveries of ₹ 478.09 crores (Cash ₹ 405.90 crore, Equity Shares ₹ 17.59 crore, Redeemable Preference Shares ₹22.18 crore and Optionally convertible cumulative Redeemable Preference Shares ₹32.42 crore).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Refer Note No. 10).

9.4 The Company obtains balance confirmation from the borrowers for the balances standing as on the Balance Sheet date. The summary of the balance confirmations received from the borrowers is as under:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	%	Amount	%	Amount
Gross Loan Book		377,418.15		322,424.68
Loan Assets for which balance confirmations have been received from borrowers	92%	348,293.80	88%	285,183.96
Loan Assets for which balance confirmations are yet to be received from borrowers	8%	29,124.35	12%	37,240.72
of which,				
<i>Loans secured by tangible assets</i>	71%	20,597.00	67%	25,015.01
<i>Loans covered by Government Guarantee/ Loans to Government</i>	10%	2,848.13	21%	7,685.39
<i>Unsecured loans</i>	19%	5,679.22	12%	4,540.32

NOTES TO ACCOUNTS

10. Investments

(₹ in Crores)

Particulars	Amortised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7)
As at 31 st March, 2021							
Govt. Securities	649.08	-	-	-	649.08	-	649.08
Debt Securities	376.62	-	143.06	-	519.68	-	519.68
Equity Instruments	-	430.13	23.60	-	453.73	218.20	671.93
Preference Shares	26.09	-	42.99	-	69.08	-	69.08
Others	-	-	-	-	-	-	-
Total - Gross (A)	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Total - Gross (B)	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Total Investments	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
As at 31 st March, 2020							
Govt. Securities	-	-	-	-	-	-	-
Debt Securities	-	-	1,500.62	-	1,500.62	-	1,500.62
Equity Instruments	-	507.43	12.50	-	519.93	218.20	738.13
Preference Shares	22.93	-	45.41	-	68.34	-	68.34
Others	-	6.12	-	-	6.12	-	6.12
Total - Gross (A)	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
Investments outside India	-	-	-	-	-	-	-
Investments in India	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
Total - Gross (B)	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
Total Investments	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	22.93	513.55	1,558.53	-	2,095.01	218.20	2,313.21

10.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
Government Securities					
- 5.77% GSEC 2030	Amortised Cost	5,000,000	49.95	-	-
- 7.17% GSEC 2028	Amortised Cost	5,000,000	54.64	-	-
- 7.27% GSEC 2026	Amortised Cost	5,000,000	55.98	-	-
- 5.22% GSEC 2025	Amortised Cost	5,000,000	50.99	-	-
- 7.29% Karnataka SDL 2039	Amortised Cost	10,000,000	100.97	-	-
- 7.24% Karnataka SDL 2037	Amortised Cost	5,000,000	50.30	-	-
- 6.95% Tamil Nadu SDL 2031	Amortised Cost	2,500,000	25.02	-	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
- 6.48% Karnataka SDL 2031	Amortised Cost	4,000,000	41.26	-	-
- 6.85% Rajasthan SDL 2031	Amortised Cost	3,000,000	29.95	-	-
- 6.60% Himachal Pradesh SDL 2030	Amortised Cost	5,000,000	51.28	-	-
- 6.60% Uttar Pradesh SDL 2030	Amortised Cost	2,000,000	19.74	-	-
- 8.44% Jharkhand SDL 2029	Amortised Cost	3,000,000	32.53	-	-
- 8.35% Kerala SDL 2029	Amortised Cost	1,000,000	10.86	-	-
- 8.60% Gujarat SDL 2028	Amortised Cost	2,000,000	22.70	-	-
- 8.57% Rajasthan SDL 2028	Amortised Cost	1,000,000	11.02	-	-
- 6.20% Rajasthan SDL 2027	Amortised Cost	2,000,000	20.36	-	-
- 7.20% Maharashtra SDL 2027	Amortised Cost	2,000,000	21.53	-	-
Sub-total - Government Securities			649.08		-
Debt Securities					
- 7.05% Bonds of Mahanagar Telephone Nigam Limited	Amortised Cost	850	88.18	-	-
- 6.65% Bonds of Food Corporation of India	Amortised Cost	200	20.62	-	-
- 7.19% Bonds of THDC India Limited	Amortised Cost	250	26.33	-	-
- 8.69% Bonds of Damodar Valley Corporation	Amortised Cost	200	21.88	-	-
- 7.30% Bonds of Power Grid Corporation of India Limited	Amortised Cost	200	22.65	-	-
- 5.78% Bonds of Chennai Petroleum Corporation Limited	Amortised Cost	150	15.63	-	-
- 6.11% Bonds of Bharat Petroleum Corporation Limited	Amortised Cost	100	10.52	-	-
- 7.30% Bonds of NMDC Limited	Amortised Cost	200	21.71	-	-
- 11.15% Perpetual Bonds of Indian Bank	Fair value through profit or loss	-	-	5,000	500.31
- 11.25% Perpetual Bonds of Bank of Baroda	Fair value through profit or loss	-	-	5,000	500.00
- 11.25% Perpetual Bonds of Syndicate Bank	Fair value through profit or loss	-	-	5,000	500.31
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	228,525,079	99.33	-	-
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	100,612,911	43.73	-	-
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	18,635,162	-	-	-
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	25,291,783	149.10	-	-
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	213,803,170	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	6,303,032	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	10,474,150	-	-	-
Sub-total - Debt Securities			519.68		1,500.62

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
Equity Instruments					
- NHPC Ltd.	Fair value through other comprehensive income	175,302,206	428.61	175,302,206	349.73
- Indian Energy Exchange Ltd.	Fair value through other comprehensive income	-	-	12,271,211	157.01
- HUDCO Ltd.	Fair value through other comprehensive income	347,429	1.52	347,429	0.69
- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	16,000,000	-	16,000,000	-
- Rattan India Power Ltd.	Fair value through profit or loss	92,568,105	23.60	92,568,105	12.50
- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	181,790,667	-	-	-
Sub-total - Equity Instruments			453.73		519.93
Subsidiaries (Refer note 10.2)					
- REC Power Distribution Company Ltd.	Others (At Cost)	85,500	0.10	50,000	0.05
- REC Transmission Projects Company Ltd.	Others (At Cost)	-	-	50,000	0.05
Sub-total - Subsidiaries			0.10		0.10
Joint Ventures					
- Energy Efficiency Services Ltd.	Others (At Cost)	218,100,000	218.10	218,100,000	218.10
Sub-total - Joint Ventures			218.10		218.10
Preference Shares (PS)					
- Redeemable PS of Rattan India Power Ltd.	Amortised cost	28,720,978	26.09	28,720,978	22.93
- Optionally Convertible PS of Rattan India Power Ltd.	Fair value through profit or loss	43,303,616	42.99	43,303,616	45.41
Sub-total - Preference Shares			69.08		68.34
Others					
- Units of 'Small is Beautiful' Venture Capital Fund	Fair value through other comprehensive income	6,152,200	-	6,152,200	6.12
Sub-total - Others		6,152,200	-		6.12
Total Investments			1,909.77		2,313.21

Refer note 51.1 for valuation technique of the investments shown at fair value

10.2 Details of Investment in Subsidiaries and Joint Ventures:

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31-03-2021	31-03-2020
Subsidiaries :			
REC Power Distribution Company Ltd.	India	100.00%	100.00%
REC Transmission Projects Company Ltd.	India	-	100.00%
Joint Ventures :			
Energy Efficiency Services Ltd.	India	22.18%	22.18%

The investments in subsidiaries and joint ventures are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

NOTES TO ACCOUNTS

During the year, the Ministry of Corporate Affairs vide its order dated February 5, 2021 has accorded its approval to the scheme of amalgamation of REC Transmission Projects Company Limited (RECTPCL) ("Transferor Company") with REC Power Distribution Company Limited (RECPDCL) ("Transferee Company") with appointed date as April 1, 2020. Pursuant to such scheme, RECPDCL has allotted 35,500 fully paid-up equity shares of Rs. 10 each to the Company against 50,000 fully paid equity shares of Rs. 10 each of RECTPCL.

10.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has received the following Investments:

(i) During the current year:

- Pursuant to the restructuring in respect of Essar Power Transmission Corporation Ltd, the company has been allotted 22,85,25,079 no. of optionally convertible debentures (3%) Series- A, 10,06,12,911 no. of optionally convertible debentures (3%) Series- B and 1,86,35,162 no. of optionally convertible debentures (0%) Series- C.
- Pursuant to the One Time Settlement arrangement executed on 21st September 2020 in respect of Facor Power Ltd, the Company has been allotted 2,52,91,783 no. of zero coupon non-convertible debentures of Ferro Alloys Corporation Limited.
- Pursuant to the restructuring in respect of R.K.M PowerGen Private Ltd, the company has been allotted 21,38,03,170 no. of optionally convertible debentures (0.01%) Series- A, 63,03,032 no. of optionally convertible debentures (0.01%) Series- B and 1,04,74,150 no. of optionally convertible debentures (0.01%) Series- Ai.

Refer note 9.3 for further details.

(ii) During the previous year:

- Pursuant to the One Time Settlement arrangement executed on 23rd December 2019 in respect of RattanIndia Power Ltd, the Company has been allotted 9,25,68,105 no. of equity shares, 2,87,20,978 no. of redeemable preference shares and 4,33,03,616 no. of optionally convertible cumulative redeemable preference shares. Refer note 9.3 for further details.

10.4 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's main operation is to provide financial assistance to power sector. Thus, in order to isolate Standalone Statement of Profit & Loss from price fluctuations of these instruments, management believes that this provides a more meaningful presentation, rather than classifying them at FVTPL (Fair Value through Profit & Loss).

Details of FVOCI investments derecognised during the year

(₹ in Crores)

Name of the company	FY 2020-21			FY 2019-20		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition
Indian Energy Exchange Limited	12,271,211	249.92	248.69	228,789	4.23	4.21
Lanco Teesta Hydro Power Limited	-	-	-	102,000,000	-	(102.00)

During the year, the Company has sold 1,22,71,211 equity shares of Indian Energy Exchange Limited considering the market scenario for a consideration of ₹ 249.92 crores through stock exchange. The shares have thus been derecognised and the cumulative gain (net of tax) on such sale has been transferred from other comprehensive income to retained earnings.

11. Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Loans to Employees (Refer Note No. 11.1)	39.94	34.61
(B) Advances to Employees	0.41	0.30
(C) Loans & Advances to Subsidiaries	4.16	3.99
(D) Security Deposits	1.23	1.29

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(E) Recoverable from Govt. of India		
- Towards GoI Fully Serviced Bonds (Refer Note No. 20.5)	24,314.48	21,931.30
(F) Other amounts recoverable	127.03	140.95
Less: Impairment Loss allowance (Refer Note No. 11.2)	(88.04)	(30.85)
Other Amounts Recoverable (Net)	38.99	110.10
Total (A to F)	24,399.21	22,081.59

11.1 Details of Loans to Employees

The Company has categorised all loans to employees at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Secured Loans		
- To employees Other than Key Managerial Personnel	7.39	7.29
Sub-total (A)	7.39	7.29
(B) Unsecured Loans		
- To Key Managerial Personnel	0.28	0.33
- To Others	32.27	26.99
Sub-total (B)	32.55	27.32
Total (A+B)	39.94	34.61

The figures above include interest accrued on such loans amounting to ₹ 8.16 crores (Previous year ₹ 6.59 crores).

11.2 Movement of impairment loss allowance on other amounts recoverable

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening balance	30.85	26.69
Add: Created during the year	59.29	5.78
Less: Reversed/ Adjusted during the year	(2.10)	(1.62)
Closing balance	88.04	30.85

12 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Advance Income-tax & TDS	227.47	1,811.17
Provision for Income Tax	(72.35)	(1,552.27)
Sub-Total	155.12	258.90
Tax Deposited on income tax demands under contest	5.20	201.05
Provision for income tax for demand under contest	(0.25)	(67.29)
Sub-Total	4.95	133.76
Current tax assets (Net)	160.07	392.66

13. Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Deferred Tax Assets (Net)	2,437.71	2,034.32

NOTES TO ACCOUNTS

13.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,275.92	467.33			2,743.25
Provision for Earned Leave	4.01	0.52			4.53
Provision for Medical Leave	5.51	(0.25)			5.26
Fair Valuation of Investments	10.00	(0.42)	(6.01)		3.57
Fair Valuation of Derivatives	439.65	(308.70)	(103.14)		27.81
Total Deferred Tax Assets	2,735.09	158.48	(109.15)	-	2,784.42
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	1.80	0.32			2.12
Unamortised Foreign Currency Exchange Fluctuations	448.95	(295.69)			153.26
Financial assets and liabilities measured at amortised cost	237.45	(46.13)			191.33
Others	12.57	(12.57)			-
Total Deferred Tax Liabilities	700.77	(354.07)	-	-	346.71
Total Deferred Tax Assets (Net)	2,034.32	512.55	(109.15)	-	2,437.71

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,966.72	(690.80)			2,275.92
Provision for Earned Leave	4.02	(0.01)			4.01
Provision for Medical Leave	7.57	-2.06			5.51
FVOCI Investments	(0.78)	(1.61)	12.39		10.00
Fair Valuation of Derivatives	(12.04)	306.79	144.90		439.65
Total Deferred Tax Assets	2,965.49	(387.69)	157.29	-	2,735.09
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	3.05	(1.25)			1.80
Unamortised Foreign Currency Exchange Fluctuations	267.26	181.69			448.95
Financial assets and liabilities measured at amortised cost	336.89	(99.44)			237.45
Others	-	12.57			12.57
Total Deferred Tax Liabilities	607.20	93.57	-	-	700.77
Total Deferred Tax Assets (Net)	2,358.29	(481.26)	157.29	-	2,034.32

14 Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
As at 31st March 2021	0.01	-	-	0.01
As at 31st March 2020	0.01	-	-	0.01

NOTES TO ACCOUNTS

14.1 The company has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

14.2 Fair value of investment property:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Carrying Value	0.01	0.01
Fair Value	0.90	0.61

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

15 Property, Plant & Equipment and Intangible Assets

(₹ in Crores)

Particulars	Property, Plant & Equipment								Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
	Freehold Land	Right-of-Use Land	Buildings	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value											
As at 31.03.2019	110.39	1.59	31.74	10.65	19.92	18.50	0.40	193.19	196.94	1.59	17.25
Additions	-	-	-	1.80	2.53	3.21	-	7.54	74.89	-	3.57
Borrowings Cost Capitalised									15.79		
Disposals	-	-	-	0.83	2.20	1.74	-	4.77	-	0.82	7.20
As at 31.03.2020	110.39	1.59	31.74	11.62	20.25	19.97	0.40	195.96	287.62	0.77	13.62
Additions	-	-	98.66	9.65	4.71	5.10	-	118.12	131.70	-	0.02
Borrowings Cost Capitalised								-	22.04		
Disposals/ Adjustments	-	-	-	0.72	3.28	7.97	-	11.97	105.69	-	-
As at 31.03.2021	110.39	1.59	130.40	20.55	21.68	17.10	0.40	302.11	335.67	0.77	13.64
Accumulated depreciation/ amortisation											
As at 31.03.2019	-	0.31	8.58	6.32	13.37	10.33	0.30	39.21	-	-	8.74
Charge for the year	-	0.01	0.48	0.68	2.90	2.63	0.02	6.72	-	-	3.28
Adjustment for disposals	-	-	-	0.34	1.89	0.74	-	2.97	-	-	7.20
As at 31.03.2020	-	0.32	9.06	6.66	14.38	12.22	0.32	42.96	-	-	4.82
Charge for the year	-	0.03	0.75	0.94	2.69	2.38	0.02	6.81	-	-	2.72
Adjustment for disposals	-	-	-	0.20	2.60	4.98	-	7.78	-	-	-
As at 31.03.2021	-	0.35	9.81	7.40	14.47	9.62	0.34	41.99	-	-	7.54
Net block as at 31.03.2020	110.39	1.27	22.68	4.96	5.87	7.75	0.08	153.00	287.62	0.77	8.80
Net block as at 31.03.2021	110.39	1.24	120.59	13.15	7.21	7.48	0.06	260.12	335.67	0.77	6.10

15.1 As on 31st March 2021, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Land	Building	Land	Building
Gross Carrying Value	-	4.59	68.31	4.59
Net Carrying Value	-	2.07	68.31	2.14

NOTES TO ACCOUNTS

15.2 As on 31st March 2021, certain Property, Plant & Equipment has been pledged as security against secured borrowings of the Company as per the details below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Gross Carrying Value	3.30	3.45
Net Carrying Value	2.31	2.41

15.3 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

15.4 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings of 8% (previous year 8.04%) for the Company in terms of Ind AS 23 'Borrowing Costs'. In line with the applicable accounting guidance, the Company has not capitalised the borrowings costs for the period during which the construction work has been suspended owing to Covid-19 disruptions.

15.5 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

15.6 With a view to monetise its idle assets, the Company has decided to sell certain residential building units with carrying value Rs. 0.10 crores included under Property, Plant and Equipment, for which further actions have been taken to dispose off, subsequent to 31st March 2021. Accordingly, the assets will be classified as "Non-Current Assets Held for Sale" post the date of initiation of such actions as required under Ind-AS 105. The process is expected to be completed during the year 2021-22 through e-auction process.

16. Other non-financial assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Unsecured, considered good		
(A) Capital Advances	8.84	50.38
(B) Other Advances	3.34	5.12
(C) Balances with Govt. Authorities	47.47	44.37
(D) Pre-Spent Corporate Social Responsibility (CSR) Expenses	3.45	-
(E) Prepaid Expenses	4.29	0.17
(F) Deferred Employee Cost	14.09	13.21
(G) Other Assets	0.02	0.02
Total (A to G)	81.50	113.27

17 Debt Securities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(A) Secured Long-Term Debt Securities				
(i) Institutional Bonds	3,470.00	3,679.52	3,470.00	3,679.51
(ii) 54EC Capital Gain Tax Exemption Bonds	17,264.97	17,901.65	21,976.14	22,781.73
(iii) Tax Free Bonds	12,648.41	13,090.89	12,648.41	13,088.03
(iv) Bond Application Money	856.62	854.71	400.19	399.41
Sub-total (A)	34,240.00	35,526.77	38,494.74	39,948.68

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(B) Unsecured Long-Term Debt Securities				
(i) Institutional Bonds	169,868.60	175,719.53	148,662.20	153,685.20
(ii) Infrastructure Bonds	11.07	21.36	16.46	25.19
(iii) Zero Coupon Bonds	-	-	1,364.85	1,363.91
(iv) Foreign Currency Bonds	26,461.71	26,060.40	22,615.78	22,064.56
Sub-total (B)	196,341.38	201,801.29	172,659.29	177,138.86
(C) Unsecured Short-Term Debt Securities				
(i) Commercial Paper	-	-	2,925.00	2,889.68
Sub-total (C)	-	-	2,925.00	2,889.68
Total - Debt Securities (A+B+C)	230,581.38	237,328.06	214,079.03	219,977.22
Debt Securities issued in/ outside India				
(i) Debt Securities in India	204,119.67	211,267.66	191,463.25	197,912.66
(ii) Debt Securities outside India	26,461.71	26,060.40	22,615.78	22,064.56
Total - Debt Securities	230,581.38	237,328.06	214,079.03	219,977.22

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

17.1 Details of Secured Long-Term Debt Securities - Refer Note 18.5 for details of the security

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,063.91	1,955.00	2,063.95
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.61	1,515.00	1,615.56
Total - Institutional Bonds	3,470.00	3,679.52	3,470.00	3,679.51

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26	4,455.48	4,550.70	-	-
Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25	6,157.72	6,415.55	5,759.14	5,907.48
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,935.40	6,651.77	6,934.10
Series XI (2017-18) - 5.25% Redeemed at par during financial year 2020-21	-	-	9,565.23	9,940.15
Total - 54EC Capital Gain Tax Exemption Bonds	17,264.97	17,901.65	21,976.14	22,781.73

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Tranche 1	700.00	703.19	700.00	713.90
Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
Series 2015-16 Series 5A	300.00	317.75	300.00	306.98

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
7.17% Redeemable at par on 23.07.2025				
Series 2013-14 Tranche 2	1,059.40	1,131.05	1,059.40	1,085.44
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
Series 2013-14 Series 4A & 4B	150.00	161.92	150.00	155.69
Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
Series 2013-14 Tranche 1	3,440.60	3,530.70	3,440.60	3,524.85
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
Series 2013-14 Series 3A & 3B	1,350.00	1,358.55	1,350.00	1,415.07
Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
Series 2012-13 Tranche 2	131.06	138.66	131.06	133.92
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
Series 2012-13 Tranche 1	2,017.35	2,041.10	2,017.35	2,063.35
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				
Series 2012-13 Series 2A & 2B	500.00	531.26	500.00	513.01
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
Series 2011-12	3,000.00	3,176.71	3,000.00	3,175.82
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
Total - Tax Free Bonds	12,648.41	13,090.89	12,648.41	13,088.03

(iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	856.62	854.71	400.19	399.41
5% Redeemable at par after 5 years from the deemed date of allotment				
Total - Bond Application Money	856.62	854.71	400.19	399.41

NOTES TO ACCOUNTS

17.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
208 Series - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,627.67	-	-
207 Series - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,644.40	-	-
183rd Series - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.23	3,028.00	3,163.54
182nd Series - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.66	5,063.00	5,315.09
201B Series - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,360.02	-	-
204A Series - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.31	-	-
203A Series - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,142.50	-	-
202A Series - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,649.96	-	-
198B Series - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.70	-	-
197th Series - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.76	-	-
189th Series - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.85	3,054.90	3,054.80
188B Series - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.08	1,100.00	1,100.07
192nd Series - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,395.75	2,382.00	2,393.16
184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	580.40	604.76	290.20	302.31
180-B Series - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,166.39	2,070.90	2,163.58
178th Series - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,168.79	1,097.00	1,167.75
176th Series - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.65	1,600.70	1,735.59
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.52	2,554.00	2,621.29
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.45	2,552.40	2,626.01
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.99	2,500.00	2,628.20
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.36	2,500.00	2,637.55
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,612.72	3,533.00	3,614.64
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.44	2,745.00	2,745.34
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.87	3,000.00	3,056.26
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.65	2,100.00	2,152.27
205-B Series - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,024.68	-	-
204B Series - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,116.78	-	-
203B Series - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,844.16	-	-
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.10	2,585.00	2,671.22
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.61
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.05
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.28	2,396.00	2,452.91
201A Series - 5.90% Redeemable at par on 31.03.2025	900.00	935.50	-	-
190A Series - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,513.83	2,500.00	2,523.03
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.22	2,285.00	2,304.14
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.14	2,325.00	2,493.00
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.52	1,925.00	2,063.40
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.67	2,250.00	2,418.53
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.78	1,500.00	1,537.86
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.18	1,100.00	1,107.13
180-A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,072.68	1,018.00	1,070.52
209 Series - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.62	-	-
205-A Series - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,157.04	-	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
202B Series - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,556.56	-	-
184-B Series STRPP-D - 7.55% Redeemable at par on 26.09.2023**	300.00	311.54	300.00	311.55
200 Series PP-MLD - 5.36% Redeemable at par on 30.06.2023*	500.00	518.94	-	-
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.06	1,100.00	1,106.95
195th Series - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.21	-	-
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.94	4,300.00	4,666.58
188A Series - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.17	1,400.00	1,400.13
159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.57	950.00	957.40
187th Series - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.24	2,090.00	2,129.37
185th Series - 7.09% Redeemable at par on 13.12.2022	2,769.00	2,826.46	2,769.00	2,827.04
155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.74	1,912.00	1,959.12
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.50	2,211.20	2,283.64
152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.18	1,225.00	1,264.12
184-B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	300.00	311.56	300.00	311.56
150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.38	2,670.00	2,775.25
186A Series - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.63	2,500.00	2,559.27
107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.56	2,378.20	2,554.46
179th Series - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.70	1,000.00	1,065.61
167th Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.65	2,571.80	2,577.54
198A Series - 6.60% Redeemable at par on 21.03.2022	2,596.00	2,600.39	-	-
173th Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	2,500.00	2,510.23
132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.81	700.00	750.72
145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.85	625.00	628.97
165th Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.16	2,171.00	2,207.50
193th Series - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,121.46	1,115.00	1,118.70
190B Series - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,502.64	2,489.40	2,511.05
177th Series - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.16	1,245.00	1,274.50
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.03	1,020.00	1,038.00
127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.92	1,550.00	1,664.78
105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.73	3,922.20	4,070.07
139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.17	2,500.00	2,575.10
184-B Series STRPP-B - 7.55% Redeemable at par on 26.09.2021**	300.00	311.58	300.00	311.57
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.42	3,171.80	3,364.34
100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,603.01
174th Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.23	2,720.00	2,894.03
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	849.11	800.00	849.01
154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	637.16	600.00	637.04
157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.66	1,055.00	1,131.47
158th Series - 7.70% Redeemed at par on 15.03.2021	-	-	2,465.00	2,473.46
98th Series - 9.18% Redeemed at par on 15.03.2021	-	-	3,000.00	3,012.79
153rd Series - 6.99% Redeemed at par on 31.12.2020	-	-	2,850.00	2,899.77
97th Series - 8.80% Redeemed at par on 30.11.2020	-	-	2,120.50	2,183.61
96th Series - 8.80% Redeemed at par on 26.10.2020	-	-	1,150.00	1,193.96

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
184-B Series STRPP-A - 7.55% Redeemed at par on 26.09.2020**	-	-	300.00	311.63
149th Series - 6.87% Redeemed at par on 24.09.2020	-	-	2,485.00	2,573.44
135th Series - 8.36% Redeemed at par on 22.09.2020	-	-	2,750.00	2,817.12
144th Series - 7.13% Redeemed at par on 21.09.2020	-	-	835.00	840.30
172nd Series - 8.57% Redeemed at par on 20.08.2020	-	-	1,790.00	1,884.21
134th Series - 8.37% Redeemed at par on 14.08.2020	-	-	2,675.00	2,740.31
143rd Series - 6.83% Redeemed at par on 29.06.2020	-	-	1,275.00	1,289.46
148th Series - 7.42% Redeemed at par on 17.06.2020	-	-	1,200.00	1,203.61
Total - Institutional Bonds	169,868.60	175,719.53	148,662.20	153,685.20

* PP-MLD- Principal Protected Market Linked Debentures

** STRPP- Separately Transferable Redeemable Principal Parts

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	11.07	21.36	11.07	19.80
Series-I (2010-11) - Redeemed at par	-	-	5.39	5.39
Total - Infrastructure Bonds	11.07	21.36	16.46	25.19

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2021	As at 31.03.2020	Redemption Details
8.95% Cumulative	5.73	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	1.38	
9.15% Cumulative	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	
Total	11.07	11.07	

Amounts have been shown at face value

(iii) Zero Coupon Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value *	Amortised Cost	Face Value *	Amortised Cost
ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemed at par on 03.02.2021)	-	-	250.29	250.14
ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemed at par on 15.12.2020)	-	-	1,114.56	1,113.77
Total - Zero Coupon Bonds	-	-	1,364.85	1,363.91

* represents the face value net of unamortised discount on issue of Zero Coupon Bonds

NOTES TO ACCOUNTS

(iv) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028	2,205.14	2,007.20	2,261.58	2,035.23
3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,307.71	2,956.72	3,392.37	2,982.46
2.25% US \$500 Mn Bonds - Redeemable at par on 01.09.2026	3,675.24	3,672.19	-	-
3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024	3,675.24	3,703.43	3,769.30	3,795.87
3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024	4,777.81	4,784.36	4,900.08	4,900.27
5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023	5,145.33	5,209.90	5,277.01	5,329.61
4.75% US \$500 Mn Bonds - Redeemable at par on 19.05.2023	3,675.24	3,726.60	-	-
3.068% US \$400 Mn Bonds - Redeemed at par on 18.12.2020	-	-	3,015.44	3,021.12
Total - Foreign Currency Bonds	26,461.71	26,060.40	22,615.78	22,064.56

Global Medium Term Note (GMTN) Programme

The Company has a Global Medium Term Note (GMTN) Programme of USD 7 Billion which is listed on SGX-ST (Singapore Stock Exchange - Securities Trading), LSE-ISM (London Stock Exchange – International Securities Market), Global Securities Market (GSM) of the India INX (India International Exchange) and NSE IFSC (NSE International Exchange). The summary of funds raised under the GMTN Programme is as below:

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
Funds raised during the year under GMTN Programme	USD 1 Billion	USD 1 Billion
Cumulative amount raised under GMTN Programme	USD 4 Billion	USD 3 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 3.6 Billion	USD 3 Billion

17.3 Details of Unsecured Short-Term Debt Securities

(i) Commercial Paper

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	-	-	2,925.00	2,889.68

Details of Commercial Paper outstanding:

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
63 rd Series - 7.90% Repaid on 19.06.2020	-	-	675.00	664.69
64 th Series - 5.48% Repaid on 15.06.2020	-	-	2,250.00	2,224.99
Total	-	-	2,925.00	2,889.68

NOTES TO ACCOUNTS

18 Borrowings (Other than Debt Securities)

The Company has categorised all borrowings (other than debt securities) at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A) Unsecured Long-Term Borrowings				
(i) Term Loans from Banks	29,938.58	29,953.76	18,899.78	18,900.72
(ii) Term Loans from Financial Institutions	5,800.00	5,800.00	1,000.00	1,000.00
(iii) Foreign Currency Borrowings	21,024.72	20,890.94	21,762.71	21,579.29
(iv) FCNR (B) Loans	-	-	1,017.71	1,020.89
(v) Term Loans from Govt. of India	10,000.00	10,325.12	10,000.00	10,326.81
(vi) Lease Liability	0.05	0.05	0.07	0.07
Sub-total (A)	66,763.35	66,969.87	52,680.27	52,827.78
(B) Unsecured Short-Term Borrowings				
(i) FCNR (B) Loans	5,329.10	5,335.01	5,955.49	5,964.91
(ii) Short Term Loans/ Loans repayable on demand from Banks	10,186.52	10,201.99	2,749.86	2,750.92
(iii) Loans repayable on demand from Holding Company	3,000.00	3,000.49	-	-
Sub-total (B)	18,515.62	18,537.49	8,705.35	8,715.83
Total - Borrowings (other than Debt Securities) (A to B)	85,278.97	85,507.36	61,385.62	61,543.61
Borrowings (other than Debt Securities) in/ outside India				
(i) Borrowings in India	64,254.25	64,616.42	39,622.91	39,964.32
(ii) Borrowings outside India	21,024.72	20,890.94	21,762.71	21,579.29
Total - Borrowings (other than Debt Securities)	85,278.97	85,507.36	61,385.62	61,543.61

Please refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

18.1 Details of Unsecured Long-term Borrowings

(i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Bank of Baroda	2,000.00	2,000.36	2,500.00	2,500.52
₹ 958.50 Crores repayable on 12.12.2021 and ₹ 1041.50 Crores repayable on 12.12.2022.				
- HDFC Bank	4,650.00	4,664.47	2,000.00	2,000.42
₹ 1000 Crores repayable on 24.02.2022 and ₹ 650 Crores repayable on 30.09.2022, ₹ 1500 Crores repayable on 19.06.2023, ₹ 300 Crores repayable on 29.09.2023, ₹ 350 Crores repayable on 11.10.2023, ₹ 350 Crores repayable on 05.11.2023 and ₹ 500 Crores repayable on 15.01.2024.				
- Punjab National Bank	4,396.84	4,396.84	2,399.87	2,399.87
₹ 1,999.98 Crores repayable in 3 annual instalments, first instalment due on 15.09.2021, ₹ 399.87 Crores repayable in 8 semi-annual instalments, first instalment due on 01.10.2021 and ₹ 1,996.99 Crores repayable in 3 annual instalments, first instalment due on 27.08.2023.				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- State Bank of India	10,839.90	10,839.90	7,299.92	7,299.92
₹ 1,839.97 Crores repayable in 4 annual instalments, first instalment due on 05.09.2021, ₹ 3,999.93 Crores repayable in 2 annual instalments, first instalment due on 15.10.2021 and ₹ 5,000 Crores repayable in 7 semi-annual instalments, first instalment due on 14.07.2022.				
- Union Bank of India	3,399.34	3,399.34	2,199.99	2,199.99
₹ 1,499.70 Crores repayable in 6 semi-annual instalments, first instalment due on 25.06.2022 and ₹ 1,899.64 Crores repayable in 6 semi-annual instalments, first instalment due on 20.02.2023.				
- Canara Bank	1,000.00	1,000.00	2,500.00	2,500.00
₹ 150 Crores repayable on 28.02.2023, ₹ 425 Crores repayable on 29.02.2024 and ₹ 425 Crores repayable on 28.02.2025				
- HSBC Bank	1,652.50	1,652.77	-	-
₹ 565 Crores repayable on 19.05.2025, ₹ 187.5 Crores repayable on 18.12.2025 and ₹ 900 Crores repayable on 25.03.2026.				
- Deutsche Bank	500.00	500.08	-	-
₹ 500 Crores repayable on 18.12.2023				
- JP Morgan Chase Bank	1,500.00	1,500.00	-	-
₹ 1,500 Crores repayable on 26.03.2024				
Total - Unsecured Term Loans from Banks	29,938.58	29,953.76	18,899.78	18,900.72

(ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	5,800.00	1,000.00	1,000.00
₹ 1,000 Crores repayable on 04.06.2022 and ₹ 800 Crores repayable on 25.06.2023, ₹ 1500 Crores repayable on 23.02.2024, ₹ 500 Crores repayable on 15.03.2024, ₹ 1000 Crores repayable on 26.03.2026 and ₹ 1000 Crores repayable on 30.03.2026				
Total - Term Loans from Others - Financial Institutions	5,800.00	5,800.00	1,000.00	1,000.00

(iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1) ODA Loans - Guaranteed by Govt. of India				
JICA Loan - 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2021	50.06	50.07	99.46	99.48
2.89% KfW-II Loan - Repaid on 30.12.2020	-	-	64.60	65.03
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2021	317.22	317.87	393.41	393.52
Sub-Total (1)	367.28	367.94	557.47	558.03
(2) ODA Loans - Without Govt. Guarantee				
6M USD Libor + 0.13% KfW-IV Loan - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, first instalment falling due on 15.11.2021	1,241.16	1,243.23	1,220.98	1,227.88
Sub-Total (2)	1,241.16	1,243.23	1,220.98	1,227.88

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(3) Bilateral/ Syndicated Loans				
US \$300 Mn - Repayable on 02.06.2030	2,205.14	2,216.83	-	-
US \$425 Mn - Repayable on 16.03.2026	3,123.95	3,095.46	-	-
¥ 10,519 Mn - Repayable on 25.09.2025	698.04	686.00	-	-
US \$170 Mn - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,249.58	1,249.55	-	-
US \$75 Mn - Repayable on 30.03.2025	551.29	542.57	565.39	554.38
SG \$72.07 Mn - Repayable on on 30.03.2025	391.79	383.78	380.80	367.22
US \$100 Mn - Repayable on 01.07.2024	735.05	729.68	753.86	749.10
US \$150 Mn - Repayable on 29.03.2024	1,102.57	1,085.82	1,130.79	1,104.53
US \$250 Mn - Repayable on 27.03.2024	1,837.62	1,815.96	1,884.65	1,855.66
¥ 10,327.12 Mn - Repayable on 08.08.2023	685.31	673.06	719.28	700.98
US \$250 Mn - Repayable on 29.08.2023	1,837.62	1,831.68	1,884.65	1,877.67
US \$150 Mn - Repayable on 11.09.2022	1,102.57	1,097.49	1,130.79	1,121.92
US \$200 Mn - Repayable on 28.07.2022	1,470.09	1,461.67	1,507.72	1,494.21
US \$230 Mn - Repayable on 19.01.2022	1,690.61	1,676.86	1,733.88	1,702.97
US \$100 Mn - Repayable on 05.10.2021	735.05	733.36	753.86	745.81
US \$240 Mn - Repaid on 26.03.2021	-	-	1,809.26	1,793.23
US \$160 Mn - Repaid on 26.03.2021	-	-	1,206.17	1,195.78
US \$300 Mn - Repaid on 01.12.2020	-	-	2,261.58	2,260.75
US \$300 Mn - Repaid on 29.07.2020	-	-	2,261.58	2,269.17
Sub-Total (3)	19,416.28	19,279.77	19,984.26	19,793.38
Total - Foreign Currency Borrowings (1+2+3)	21,024.72	20,890.94	21,762.71	21,579.29

(iv) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US \$135 Mn - \$75 Mn repaid on 13.10.2020 and \$60 Mn repaid on 17.02.2021	-	-	1,017.71	1,020.89
Total - FCNR (B) Loans	-	-	1,017.71	1,020.89

(v) Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	10,000.00	10,325.12	10,000.00	10,326.81
₹ 5000 Crores repayable on 13.12.2028 and ₹ 5000 Crores repayable on 04.10.2029				
Total - Term Loans from Govt.	10,000.00	10,325.12	10,000.00	10,326.81

NOTES TO ACCOUNTS

18.2 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$200 Mn - Repayable on 20.12.2021	1,470.09	1,470.15	-	-
US\$100 Mn - Repayable on 30.12.2021	735.05	735.06	-	-
US\$75 Mn - Repayable on 15.11.2021	551.29	551.29	-	-
US\$200 Mn - Repayable on 30.12.2021	1,470.09	1,472.31	-	-
US\$75 Mn - Repayable on 20.05.2021	551.29	553.11	-	-
US\$75 Mn - Repayable on 22.04.2021	551.29	553.09	-	-
US\$140 Mn - Repaid on 13.01.2021	-	-	1,055.40	1,055.51
US\$100 Mn - Repaid on 21.12.2020	-	-	753.86	753.92
US\$100 Mn - Repaid on 03.12.2020	-	-	753.86	753.93
US\$100 Mn - Repaid on 02.09.2020 and 30.09.2020	-	-	753.86	753.86
US\$200 Mn - Repaid on 21.09.2020	-	-	1,507.72	1,512.87
US\$150 Mn - Repaid on 20.05.2020 and 25.06.2020	-	-	1,130.79	1,134.82
Total - FCNR (B) Loans	5,329.10	5,335.01	5,955.49	5,964.91

18.3 Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 18.1 (i), (ii) and (v) have been raised at interest rates ranging from 5.15% to 8.29% payable on monthly/quarterly/semi annual rests.

18.4 Foreign Currency Borrowings in Note No. 18.1(iii)(3) have been raised at interest rates ranging from a spread of 20 bps to 210 bps over external benchmarks including 1/3/6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate), 6 Months' SOR (Swap Offer Rate).

18.5 Security Details of Secured Debt Securities and Borrowings

For all the secured bonds issued by the Company and outstanding as at balance sheet date, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

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

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

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

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

The Bond Series XIV of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Refer Note No. 9 and 15.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

NOTES TO ACCOUNTS

19 Subordinated Liabilities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) 199th Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030	1,999.50	2,127.54	-	-
(ii) 175th Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.45	2,151.20	2,151.86
(iii) 115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.90	2,500.00	2,667.79
Total - Subordinated Liabilities	6,650.70	6,946.89	4,651.20	4,819.65
Subordinated Liabilities in/ outside India				
(i) Borrowings in India	6,650.70	6,946.89	4,651.20	4,819.65
(ii) Borrowings outside India	-	-	-	-
Total - Subordinated Liabilities	6,650.70	6,946.89	4,651.20	4,819.65

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

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

Particulars	Rating
Domestic Long-term Borrowings	CRISIL AAA, ICRA AAA, CARE AAA, IND AAA
Domestic Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAAr, ICRA PP-MLD AAA
Domestic Perpetual Bonds	CRISIL AAA, CARE AA+
Domestic Short term Borrowings	CRISIL A1+, ICRA A1+, CARE A1+, IND A1+
International Long-term Issuer Rating	BBB- (Fitch), Baa3 (Moody's)

There has been no migration of ratings during the year.

19.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2021				
Total Amount as per Ind-AS	237,328.06	85,507.36	6,946.89	329,782.31
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(7,571.09)	(397.62)	(299.48)	(8,268.19)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	824.41	169.23	3.29	996.93
Total Borrowings Outstanding	230,581.38	85,278.97	6,650.70	322,511.05
As at 31st March 2020				
Total Amount as per Ind-AS	219,977.22	61,543.61	4,819.65	286,340.48
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,874.20)	(392.52)	(170.57)	(7,437.29)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	976.01	234.53	2.12	1,212.66
Total Borrowings Outstanding	214,079.03	61,385.62	4,651.20	280,115.85

NOTES TO ACCOUNTS

19.3 The Company raises funds in different currencies through a mix of term loans from banks/ financial institutions/ Govt. agencies and bonds of different tenors through private placement of debt securities. The amounts raised during the year have been utilized for the stated objects in the offer document/ information memorandum. Further, there has been no default as on the Balance Sheet date in the repayment of debt securities, borrowings and subordinated liabilities and the Company has met all its debt servicing obligations, whether principal or interest, during the year.

19.4 The Company is a 'Large Corporate' in terms of the 'Framework for Fund raising by issuance of Debt Securities by Large Entities' laid under the SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018. Disclosure required under the said circular regarding details of incremental borrowings during the year is as below:

Particulars	Details
(i) Name of the company	REC Limited
(ii) CIN	L40101DL1969GOI005095
(iii) Outstanding borrowing of company as on 31 st March 2021 (₹ in Crores) *	258,117.38
(iv) Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	"ICRA AAA., CRISIL AAA, CARE AAA, IRRPL AAA"
(v) Securities listed	Yes
(vi) Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange
(vii) Report filed for Financial Year	2020-21
(viii) Details of the borrowings	
Particulars	Amount (₹ in Crores)
(a) Incremental borrowing done in the financial year	74,517.66
(b) Mandatory borrowing to be done through issuance of debt securities (25% of a)	18,629.41
(c) Actual borrowings done through debt securities in FY	53,413.50
(d) Shortfall in the mandatory borrowing through debt securities, if any (b-c)	-
(e) Reasons for shortfall, if any, in mandatory borrowings through debt securities	N.A

* Borrowings as mentioned in (iii) above include all outstanding borrowings with original maturity of more than 1 year, but do not include external commercial borrowings as per the SEBI Circular.

20 Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Unpaid Dividends	5.79	4.75
(B) Bond Application Money refundable and interest accrued thereon	0.01	-
(C) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	49.77	39.13
- Interest on Bonds	18.95	17.97
Sub-total (C)	68.72	57.10
(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)	89,640.91	85,006.38
Add: Interest on such funds (net of refund)	2.63	7.75
Less: Disbursed to Beneficiaries (cumulative)	(88,575.58)	(83,395.51)
Undisbursed Funds to be disbursed as Subsidy/ Grant	1,067.96	1,618.62
(E) Payables towards Bonds Fully serviced by Govt. of India	24,314.43	21,792.32
(F) Payable towards funded staff benefits	9.00	0.38
(G) Other Liabilities	477.20	89.53
Total (A to G)	25,943.11	23,562.70

NOTES TO ACCOUNTS

20.1 Unpaid dividends, unpaid principal and interest on bonds include the amounts which have either not been claimed by the investors or are on hold pending formalities pursuant to investors' claims etc. The amount due to be transferred to Investor Education and Protection Fund (IEPF) as at 31st March, 2021 is ₹ 0.62 crores (₹ 0.47 crores as at 31st March, 2020) which has been transferred within the prescribed time limit.

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

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

Net amount of ₹ 0.71 Crores as at 31st March 2021 (₹ 0.69 Crores as at 31st March, 2020) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance of Interest Subsidy Fund	0.69	0.63
Add: Interest earned during the year	0.02	0.06
Less: Interest subsidy passed on to the borrower	-	-
Closing Balance of Interest Subsidy Fund	0.71	0.69

20.3 Government of India has appointed the company as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Financial Liabilities".

20.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	7.75	17.23
Add: Interest earned during the year	26.38	30.64
Less: Amount refunded to Govt. during the year	31.50	40.12
Closing Balance	2.63	7.75

20.5 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ 2,500 crores (Previous year ₹ 3,782.30 crores) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 2nd December, 2020 and 3rd March, 2021, the repayment of principal and interest of the above bonds shall be made by Gol by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India (Note 11).

Details of the Gol Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31-03-2021	As at 31-03-2020
Gol-I Series	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
Gol-II Series	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
Gol-III Series	8.06%	Semi-annual	27/3/2028	753.00	753.00
Gol-IV Series	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
Gol-V Series	8.54%	Semi-annual	15/11/2028	3,600.00	3,600.00

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31-03-2021	As at 31-03-2020
Gol-VI Series	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
Gol-VII Series	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
Gol-VIII Series	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
Gol- IX Series	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
Gol- X Series	8.25%	Semi-annual	26/3/2030	532.30	532.30
Gol- XI Series	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
Gol- XII Series	6.45%	Semi-annual	7/1/2031	1,000.00	-
Gol- XIII Series	6.63%	Semi-annual	28/1/2031	1,000.00	-
Gol- XIV Series	6.50%	Semi-annual	26/3/2031	500.00	-
Total				24,109.30	21,609.30

21 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Provision for Income Tax	2,702.52	-
Less: Advance Income-tax & TDS	(2,691.90)	-
Current tax liabilities (Net)	10.62	-

22 Provisions

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Provisions for		
(A) Employee Benefits		
Earned Leave Liability	18.00	15.95
Medical Leave Liability	20.91	21.87
Settlement Allowance	1.89	1.60
Economic Rehabilitation Scheme	4.13	4.25
Long Service Award	2.02	1.89
Incentive	47.92	52.57
Sub-total (A)	94.87	98.13
(B) Others		
Expected Credit Loss on Letters of Comfort	9.09	8.38
Sub-total (B)	9.09	8.38
Total (A+B)	103.96	106.51

22.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Opening balance	8.38	-
Add: Created during the year	0.75	8.38
Less: Reversed/ Adjusted during the year	(0.04)	-
Closing balance	9.09	8.38

22.2 The Company has maximum credit risk exposure of ₹ 2,608.85 crores (previous year ₹ 951.29 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

NOTES TO ACCOUNTS

23 Other Non-financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Sundry Liabilities Account (Interest Capitalisation)	5.07	6.57
(B) Unbilled Liability towards Capital Account	28.53	-
(C) Unamortised Fee on Undisbursed Loans	68.64	46.15
(D) Advance received from Govt. towards Govt. Schemes	0.75	3.90
(E) Statutory Dues	17.52	18.99
Total (A to E)	120.51	75.61

24. Other Equity

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Total	1,974,918,000	1,974.92	1,974,918,000	1,974.92

24.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	No. of Shares	Amount (₹ in crores)	No. of Shares	Amount (₹ in crores)
Share Capital at the beginning of the year	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Add: Shares issued & allotted during the year	-	-	-	-
Share Capital at the end of the year	1,974,918,000	1,974.92	1,974,918,000	1,974.92

24.2 Allotment of Bonus Shares during the year and during preceding five years

During the current year and preceding five years, no bonus shares were issued by the Company except in the FY 2016-17, when the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares.

24.3 The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

24.4 Rights, Preferences and Restrictions attached to Equity shares

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

24.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	167,255,577	8.47%	139,425,284	7.06%

NOTES TO ACCOUNTS

24.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%

25 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	-	-
Total	5,584	558.40	-	-

25.1 Reconciliation of the number of perpetual securities outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	Number	Amount	Number	Amount
Balance at the beginning of the year	-	-	-	-
Increase/ (Decrease) during the year	5,584	558.40	-	-
Balance at the end of the year	5,584	558.40	-	-

25.2 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31.03.2021		As at 31.03.2020	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	-	-
HPGCL Employees Pension Fund Trust	500	8.95%	-	-

25.3 During the year, Company has issued Perpetual Debt Instruments of face value of ₹ 10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the Company. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI.

As these securities are perpetual in nature and the Company does not have any redemption obligation and discretion on payment of coupon, these have been classified as equity.

Details of the Perpetual Debt Instruments issued are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Number of Bonds	Date of allotment	Year ended 31-03-2021	Year ended 31-03-2020
Series 206	7.97%	5584	22-Jan-21	558.40	-

NOTES TO ACCOUNTS

26 Other Equity

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
(A) Other Reserves		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	19,222.23	16,659.10
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	2,128.41	2,992.83
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	3,804.00	2,131.00
(iv) Securities Premium	2,236.54	2,236.54
(v) Foreign Currency Monetary Item Translation Difference Account	(573.16)	(1,719.38)
(vi) General Reserve	9,850.03	6,923.09
(vii) Impairment Reserve	-	793.29
(B) Retained Earnings	4,325.09	3,409.74
(C) Other Comprehensive Income (OCI)		
- Equity Instruments through Other Comprehensive Income	24.07	106.26
- Effective Portion of Cash Flow Hedges	(165.61)	(226.08)
- Cost of Hedging reserve	41.45	(204.75)
Total - Other Equity	40,893.05	33,101.64

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

26.1 Pursuant to regulatory guidelines and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve:

(i) During the financial year 2020-21

(a) ₹ 1,152.55 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viii)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

(b) ₹ 793.29 crores from Impairment Reserves has been transferred to the General Reserves in pursuance of RBI Guidelines

(ii) During the financial year 2019-20

(a) ₹ 378.41 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viii)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

(b) ₹ 1,367.27 crores from Debenture Redemption Reserve (DRR) pursuant to the Notification No. G.S.R. 574(E) dated 16th August 2019 issued by the Ministry of Corporate Affairs (MCA)

26.2 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	16,659.10	15,136.78
Add: Transferred from Retained Earnings	2,563.13	1,522.32
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	19,222.23	16,659.10

NOTES TO ACCOUNTS

26.3 Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viiia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,992.83	3,034.72
Add: Transferred from Retained Earnings	288.13	336.52
Less: Transferred to General Reserve	(1,152.55)	(378.41)
Balance as at the end of the year	2,128.41	2,992.83

26.4 Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

The Company is creating the Reserve Fund as required u/s 45IC of Reserve Bank of India Act, 1934, wherein at least 20% of net profit is required to be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India from time to time and further, any such appropriation is also required to be reported to the Reserve Bank of India within 21 days from the date of such withdrawal.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,131.00	1,153.00
Add: Transferred from Retained Earnings	1,673.00	978.00
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	3,804.00	2,131.00

26.5 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,236.54	2,236.54
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	2,236.54	2,236.54

26.6 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The Company opted to continue the policy of such amortisation as per the previous GAAP in respect of the exchange differences arising from translation of long-term foreign currency monetary items as on 31st March 2018 in line with the provisions of Ind-AS. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

NOTES TO ACCOUNTS

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(1,719.38)	(764.82)
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	437.65	(1,630.51)
Less: Amortisation during the year	708.57	675.95
Balance as at the end of the year	(573.16)	(1,719.38)

26.7 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	6,923.09	5,177.40
Add: Transferred from Retained Earnings	981.10	-
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (viiia) of the Income Tax Act, 1961	1,152.55	378.41
Add: Transferred from Debenture Redemption Reserve	-	1,367.28
Add: Transferred from Impairment Reserve	793.29	-
Balance as at the end of the year	9,850.03	6,923.09

26.8 Impairment Reserve

As per the Reserve Bank of India (RBI) Guidelines, the Company is required to appropriate the difference from their net profit after tax to "Impairment Reserve" where the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI. The Company reviews the requirement at each reporting date. In pursuance of the guidelines, an amount of ₹ 793.29 crores lying under Impairment reserve as on 31st March 2020 has been transferred to General Reserve during the current year.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	793.29	-
Add: Transferred from Retained Earnings	-	793.29
Less: Transferred to General Reserve	(793.29)	-
Balance as at the end of the year	-	793.29

26.9 Equity Instruments through Other Comprehensive Income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

NOTES TO ACCOUNTS

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	106.26	136.88
Add: Recognition through Other Comprehensive Income (net of taxes)	160.52	(116.81)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(242.71)	86.19
Balance as at the end of the year	24.07	106.26

26.10 Effective Portion of Cash Flow Hedges

The Company uses derivative instruments in pursuance of managing its foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent the derivative contracts designated under the hedge accounting are effective hedges, the change in fair value of the hedging instrument is recognised in 'Effective Portion of Cash Flow Hedges'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(226.08)	-
Add: Recognition through Other Comprehensive Income (net of taxes)	60.47	(226.08)
Balance as at the end of the year	(165.61)	(226.08)

26.11 Cost of Hedging Reserve

The Company designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(204.75)	-
Add: Recognition through Other Comprehensive Income (net of taxes)	246.20	(204.75)
Balance as at the end of the year	41.45	(204.75)

26.12 Detail of Movement in Debenture Redemption Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	-	1,318.13
Add: Transferred from Retained Earnings	-	49.15
Less: Transferred to General Reserve	-	(1,367.28)
Balance as at the end of the year	-	-

NOTES TO ACCOUNTS

26.13 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	3,409.74	4,899.39
Add: Profit for the year	8,361.78	4,886.16
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(10.67)	(2.15)
Less: Transferred to General Reserve	(981.10)	-
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,563.13)	(1,522.32)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(vii) of the Income Tax Act, 1961	(288.13)	(336.52)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(1,673.00)	(978.00)
Less: Transferred to Debenture Redemption Reserve	-	(49.15)
Less: Transferred to Impairment Reserve	-	(793.29)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	242.71	(86.19)
Less: Issue expenses on Perpetual Debt Instruments (net of taxes)	(0.70)	-
Less: Dividend paid during the year	(2,172.41)	(2,172.41)
Less: Dividend Distribution Tax	-	(435.78)
Balance as at the end of the year	4,325.09	3,409.74

26.14 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021		For the year ended 31 st March, 2020	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
Interim Dividend	11.00	2,172.41	11.00	2,172.41
Total Dividend	11.00	2,172.41	11.00	2,172.41

27 Interest Income

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A) Interest on Loan Assets						
(i) Long term financing	-	34,232.84	-	-	29,245.18	-
Less: Rebate for timely payments/completion etc	-	(0.06)	-	-	(0.08)	-
Long term financing (net)	-	34,232.78	-	-	29,245.10	-
(ii) Short term financing	-	69.98	-	-	177.23	-
Sub-total (A)	-	34,302.76	-	-	29,422.33	-
(B) Interest Income from Investments						
(i) Interest from CP/ ICD	-	-	-	-	0.21	-

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2020		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(ii) Interest from Govt. Securities	-	7.16	-	-	1.89	-
(iii) Interest from Long Term Investments	-	15.98	195.30	-	0.76	169.75
(iv) Interest from Short Term Investments	-	3.90	-	-	-	-
Sub-total (B)	-	27.04	195.30	-	2.86	169.75
(C) Interest on Deposits with Banks						
(i) Interest from Deposits	-	154.41	-	-	61.23	-
Sub-total (C)	-	154.41	-	-	61.23	-
(D) Other Interest Income						
(i) Interest from Staff Advances	-	3.70	-	-	4.45	-
(ii) Interest from Subsidiary Companies	-	-	-	-	0.04	-
(iii) Interest on Mobilisation Advance	-	0.56	-	-	2.39	-
(iv) Unwinding of Discount of Security Deposits	-	0.01	-	-	0.02	-
Sub-total (D)	-	4.27	-	-	6.90	-
Total - Interest Income (A to D)	-	34,488.48	195.30	-	29,493.32	169.75

28 Dividend Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Dividend from Subsidiary Companies	8.43	50.00
- Dividend from Other Investments	27.97	39.04
Total - Dividend Income	36.40	89.04

28.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Dividend from Joint Ventures accounted at cost		
- Investments held at the end of the year	-	2.10
Dividend on FVOCI Equity Investments		
- Investments held at the end of the year	27.63	36.94
- Investments derecognized during the year	0.34	-
Total	27.97	39.04

29 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Fees based Income	26.57	6.68
Prepayment Premium	35.14	12.75
Fee for Implementation of Govt. Schemes	33.67	19.52
Total - Fees and Commission Income	95.38	38.95

NOTES TO ACCOUNTS

30 Other Income

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Fees from Training Courses	2.77	6.38
Interest from Income Tax Refund	0.94	1.68
Miscellaneous Income	18.84	55.86
Total - Other Income	22.55	63.92

31 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Interest on Borrowings		
- Loans from Govt. of India	820.81	612.97
- Loans from Banks/ Financial Institutions	2,090.94	1,725.04
- External Commercial Borrowings	643.83	917.26
- Lease Liability	0.01	0.01
Sub-Total (i)	3,555.59	3,255.28
(ii) Interest on Debt Securities		
- Domestic Debt Securities	15,423.20	13,930.38
- Foreign Currency Debt Securities	1,183.12	854.73
- Commercial Paper	35.32	463.66
Sub-Total (ii)	16,641.64	15,248.77
(iii) Interest on Subordinated Liabilities		
- Subordinate Bonds	394.15	395.36
Sub-Total (iii)	394.15	395.36
(iv) Other Interest Expense		
- Swap Premium	894.62	108.83
- Interest on Advance Income Tax	22.71	-
- Interest on liability towards employee benefits	2.32	4.60
- Modification gain/ loss on borrowings	0.09	-
Sub-Total (iv)	919.74	113.43
Total - Finance Costs	21,511.12	19,012.84
Less: Finance Costs Capitalised	(22.04)	(15.79)
Total - Finance Costs (Net)	21,489.08	18,997.05

32 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Net translation/ transaction exchange loss/ (gain)	330.26	2,357.90
Total	330.26	2,357.90

The figures above include amortisation of net translation/ transaction exchange loss/ (gain) on Long Term Foreign Currency Monetary Items recognised in the financial statements before 1st April 2018 amounting to ₹ 708.57 crores (Previous year ₹ 675.95 crores).

NOTES TO ACCOUNTS

32.1 The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

(₹ in Crores)

Exchange Rates	USD/INR	JPY/INR	Euro/INR	SGD/INR
As at 31 st March 2021	73.5047	0.6636	86.0990	54.3581
As at 31 st March 2020	75.3859	0.6965	83.0496	52.8342

33 Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Guarantee Fee	-	13.29
(ii) Listing and Trusteeship Fee	0.78	1.51
(iii) Agency Fees	3.01	1.66
(iv) Credit Rating Expenses	3.33	3.05
(v) Other Finance Charges	2.83	5.93
Total (i to v)	9.95	25.44

34 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss		
(i) On trading Portfolio	-	-
(ii) Others		
- Changes in fair value of Derivatives	545.92	(47.72)
- Changes in fair value of Long Term Investments	2.43	6.40
- Changes in fair value of Short-term MF investments	23.98	15.47
Sub-total (ii)	572.33	(25.85)
Total (A)	572.33	(25.85)
Breakup of Fair Value Changes		
- Realised	1,077.91	(60.07)
- Unrealised	(505.58)	34.22
Total Net Gain/ (loss) on Fair Value Changes	572.33	(25.85)

Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense and represents changes in fair value of derivatives designated as economic hedges not designated under hedge accounting and ineffective hedge

35 Impairment on financial instruments

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost
(i) - Loans *	-	2,363.33	-	884.91
(ii) - Others	-	56.29	-	4.65
Total (i+ii)	-	2,419.62	-	889.56

* includes ₹ 0.71 crores (Previous year ₹ 8.38 crores) towards impairment allowance on Letters of Comfort.

NOTES TO ACCOUNTS

36 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Salaries and Allowances	101.66	129.00
- Contribution to Provident Fund and Other Funds	13.61	15.19
- Expenses towards Post Employment Benefits	4.87	5.07
- Rent towards Residential Accommodation for Employees	2.19	1.58
- Staff Welfare Expenses	22.51	24.95
Total	144.84	175.79

37 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Depreciation on Property, Plant & Equipment	6.81	6.72
- Amortization on Intangible Assets	2.72	3.28
Total	9.53	10.00

38 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Direct Expenditure	139.78	253.64
- Overheads	4.54	4.76
Total	144.32	258.40

38.1 Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent.

During the year, Company has approved ₹ 144.32 crore as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 147.78 crore towards CSR activities during the year. The excess amount of ₹ 3.46 crore spent during the year shall be carried forward and set off for next three succeeding financial years.

38.2 Details of Gross Amount required to be spent by the company:

- Gross amount required to be spent by the company during the year is ₹ 144.32 crores
- Amount approved by the Board to be spent during the year is ₹ 144.32 crores
- Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars	Year ended 31-03-2021
Opening Balance	-
Amount required to be spent during the year	144.32
Amount spent during the year	147.78
Closing Balance*	(3.46)

* eligible to be set-off in the next three succeeding financial years

Since the provisions of the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 requiring specific treatment of unspent funds has been made applicable from the current year, the comparatives figures have not been provided.

NOTES TO ACCOUNTS**38.3 Amount spent during the year (₹ in Crores) :**

(₹ in Crores)

Particulars	Year ended 31-03-2021			Year ended 31-03-2021		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above						
Health/Sanitation / Waste Management / Drinking water	27.59	-	27.59	54.67	-	54.67
Education/ Vocational/ Skill Development	17.68	-	17.68	41.57	-	41.57
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	17.63	-	17.63	32.21	-	32.21
Sports	-	-	-	-	-	-
Contribution to PM CARES Fund	50.00	-	50.00	100.00	-	100.00
Provision of food/ration to migrant workers due to COVID-19 and Providing Cold Chain equipment for COVID-19 vaccination	7.65	-	7.65	1.59	-	1.59
Others	22.69	-	22.69	23.60	-	23.60
Administrative overheads including training, impact assessment etc.	4.54	-	4.54	4.76	-	4.76
Total (ii)	147.78	-	147.78	258.40	-	258.40

In support of the fight against the Covid-19 pandemic, the Company committed a total contribution of ₹ 150 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), of which ₹ 100 crores was contributed during the year 2019-20 and ₹ 50 crores contributed during the year 2020-21. Further, during the year, the company has spent ₹ 6.93 crores for providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, poor people and health workers and ₹ 0.72 crores for providing Cold Chain Equipment to store COVID-19 vaccine in West Bengal, Nagaland and Dadra & Nagar Haveli. To express the solidarity with the Nation's fight against the pandemic outbreak, the employees of the Company also contributed a day's salary to PM CARES Fund in April 2020.

39 Other Expenses

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Travelling and Conveyance	8.00	13.69
- Publicity & Promotion Expenses	4.90	5.73
- Repairs and Maintenance	11.50	11.42
- Rent, taxes and energy costs	13.15	12.97
- Insurance Charges	0.10	0.13
- Communication costs	2.23	3.24
- Printing & stationery	0.86	2.70
- Director's sitting fees	0.10	0.19
- Auditors' fees and expenses	1.43	1.52
- Legal & Professional Charges	9.86	11.81
- Net Loss on Disposal of Property, Plant & Equipment	4.03	1.69
- Govt. Scheme Monitoring Expenses	25.18	22.17
- Miscellaneous Expenses	25.37	44.44
Total	106.71	131.70

NOTES TO ACCOUNTS

39.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Fees paid to statutory auditors :		
- as auditor	0.66	0.44
- for taxation matters*	0.25	0.11
- for company law matters (includes limited review fees)	0.26	0.35
- for other services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.10	0.40
(i) For Certifications	0.04	0.04
- for reimbursement of expenses	-	0.04
Sub-total	1.31	1.38
Non-recoverable tax credit in respect of fees paid to auditors	0.12	0.14
Total - Auditor's fees and expenses	1.43	1.52

* includes ₹ 0.12 crores (Previous year Nil) of fees for taxation matters pertaining to earlier years.

40 Tax Expense

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
- Current tax expense	2,683.62	1,552.99
- Current tax expense/ (benefit) pertaining to earlier years	223.28	62.88
Sub-total - Current Tax	2,906.90	1,615.87
- Deferred tax expense/ (credit)	(512.55)	481.26
Total	2,394.35	2,097.13

40.1 During the year, the company has opted for settlement of eligible Income Tax disputes pertaining to the period from AY 1997-98 to AY 2017-18 as per the scheme introduced by Government of India vide The Direct Tax Vivad Se Vishwas Act 2020. Accordingly, an amount of ₹ 208.30 crores has been paid and accounted for as current tax expenses for the FY 2020-21.

40.2 Reconciliation of Effective Tax Rate

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Profit before Tax	10,756.13	6,983.29
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	2,707.10	1,757.55
Tax effect of income tax adjustments:		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(645.09)	(383.14)
Non-allowability of CSR expenses & other adjustments	112.70	20.68
Other non-deductible tax expenses	5.52	1.59
Non Taxable Income	(9.16)	(22.41)
Tax Expense Earlier Years	223.28	62.88
Impact of change in tax rate	-	659.98
Tax expense	2,394.35	2,097.13

NOTES TO ACCOUNTS

41 Earnings per Share

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Numerator		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)	8,361.78	4,886.16
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	8,361.78	4,886.16
Denominator		
Weighted average Number of equity shares	1,974,918,000	1,974,918,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	42.34	24.74
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	42.34	24.74

42 Contingent Liabilities and Commitments :

42.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
(A) Particulars	0.24	0.22
(B) Claims against the Company not acknowledged as debts		
Taxation Demands	10.49	113.69
- Demands raised by the Income Tax Department	0.30	38.30
- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company		

The amount referred to in 'A' above are in respect of cases pending in various courts and is dependent upon the verdict of the court.

The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ GST Department including the cases pending in Delhi High Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

42.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
- Contracts remaining to be executed on capital account		
- Towards Property, Plant & Equipment	225.95	315.07
- Towards Intangible Assets	0.16	-
- Other Commitments		
- CSR Commitments	259.26	288.14

43 Details of Registration/ License/ authorisation obtained from financial sector regulators:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011
(iii) Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374

NOTES TO ACCOUNTS

44 Implementation of Govt. Schemes

44.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme is ₹ 16,320 Crore including Gross Budgetary Support of ₹ 12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

44.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

- Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- Micro-grid and Off-grid distribution network;
- Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 Crore including budgetary support of ₹ 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

44.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

45 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Company is as below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Net debt	321,370.56	278,437.82
Net Worth	43,426.37	35,076.56
Debt-equity ratio	7.40	7.94

Net debt represents principal outstanding less cash and cash equivalents available.

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Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, cash flow position and net worth of the Company, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by DIPAM, Govt. of India, Company is required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Though the Company endeavors to declare the dividend as per these guidelines, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

46 Capital to Risk-weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as prescribed by the Reserve Bank of India. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

Particulars	As at 31.03.2021	As at 31.03.2020
(i) CRAR	19.72%	16.06%
(ii) CRAR - Tier I Capital	16.31%	13.17%
(iii) CRAR - Tier II Capital	3.41%	2.89%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.44% (previous year nil)

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Amount of subordinated debt raised as Tier-II capital	1,999.50	-
Amount raised by issue of Perpetual Debt Instruments	558.40	-

47 Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. A Risk Management Committee (RMC) has also been constituted under the chairmanship of an Independent Director, whose main function is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost, investment in G-Sec, State development loans and debt securities	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts
Market risk - interest rate risk	Borrowings, debt securities and subordinated liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in quoted equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

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In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO./099/03.10.001/2018-19, to augment risk management practices in the Company, the Board has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for measuring and managing each of above risk is set out in the subsequent paragraphs.

47.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

47.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) Low credit risk on financial reporting date		
Cash and cash equivalents	1,140.49	1,678.03
Bank balances other than cash and cash equivalents	1,929.06	2,021.96
Loans *	358,891.11	299,697.53
Investments **	1,237.84	1,568.96
Other financial assets	24,399.21	22,081.59
(ii) Moderate credit risk		
Loans *	2,888.05	2,431.27
(iii) High credit risk		
Loans *	18,256.93	21,255.55
Other financial assets	88.04	30.85

* Represents the principal outstanding (along with undisbursed amount towards Letters of Comfort) without deduction for expected credit losses

** This does not include investments in equity instruments and venture capital funds carried at FVOCI/ FVTPL and investments in subsidiaries and joint ventures as they are carried at cost in line with the exemption given under Ind AS 27.

Cash and Cash Equivalents and Bank Deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

Loans

Credit risk related to borrowers are mitigated through adequate security arrangements for the loans by way of hypothecation of future project loan assets, receivables, inventories or any other assets, Govt. Guarantees, Corporate guarantees etc. and additionally Collaterals wherever required. The Company closely monitors the credit-worthiness of the promoters through well-defined entity appraisal guidelines that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures in form of pre-disbursement conditions.

Other Financial Assets measured at Amortized Cost

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiaries, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment is managed by investment in Govt. Securities, State Development Loans and investment in

NOTES TO ACCOUNTS

PSU Bonds with sound financial health and also diversifying the investment portfolio in different maturity/sector and monitoring the financial health on regular basis.

47.1.2 Expected Credit Losses (ECL) for financial assets other than loans

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- **For cash and cash equivalents and bank balances (other than cash and cash equivalents)** - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- **For investments** - Considering that the investments are in debt securities including Government Securities/ minimum investment grade rated Government Companies, credit risk is considered low.
- **For other financial assets** - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans is disclosed as follows:

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	1,140.49	-	1,140.49	1,678.03	-	1,678.03
Bank balances (other than cash and cash equivalents)	1,929.06	-	1,929.06	2,021.96	-	2,021.96
Investments	1,237.84	-	1,237.84	1,568.96	-	1,568.96
Other financial assets *	24,487.25	88.04	24,399.21	22,112.44	30.85	22,081.59

* The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.

47.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

(A) Credit Risk Management

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorized as High/Moderate/Low based on different risk parameters and exposure of the project as per Project Risk Categorization Frameworks. The process for Credit Risk Management are as under:

- The Company has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk
- For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

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The Company also endeavors to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilization and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialized monitoring/Cash Flow monitoring agencies are being appointed by REC/ Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

- (iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/ Board of Directors based on the recommendation of Screening Committee, as appropriate.
- (iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.
- (v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.
- (vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.
- (vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.
- (viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.

(B) Credit risk Measurement

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. Management overlays to the model output, if any, are duly documented and approved by the Audit Committee. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

The Company has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, the Company uses the external rating as published by various credit rating agencies, or proxy risk score in case such rating is not available. The proxy risk score model considers following parameters :

Quantitative factors

Debt/ EBITDA (30% weightage)

Return on Capital Employed (15% weightage)

Interest Coverage (25% weightage)

Gearing (Debt/Equity) (30% weightage)

Qualitative Factors

Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF

Actual Default dates

Status of the Project

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(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a “three stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as “Stage 1”.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to “Stage 3”.
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

(E) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or or any such period allowed by the company in line with circular issued by the Reserve Bank of India.

(F) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Determination of Probability of Default (PD)

The Company has analysed the available average annual rating transition matrices published by Credit Rating Agencies to arrive at annual transition matrix based PD. This annual transition matrix PD was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research the company has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realizable value of the assets were arrived at using suitable assumptions, including valuation on outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

(G) Alignment of LGD in case of Stage 3 Assets

Stage-3 assets where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

- (a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted.
- (b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

- (i) The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- (ii) EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

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(I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

External/Mapped credit rating	As at 31.03.2021				As at 31.03.2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	27,188.09	-	-	27,188.09	37,832.86	-	-	37,832.86
AA	95,722.23	-	-	95,722.23	82,131.73	-	-	82,131.73
A	92,972.07	1,421.82	-	94,393.89	71,840.30	-	-	71,840.30
BBB	29,817.62	-	-	29,817.62	28,629.56	-	-	28,629.56
BB	61,131.32	-	-	61,131.32	60,555.15	36.22	-	60,591.37
B	17,049.99	69.68	-	17,119.67	9,876.29	23.37	-	9,899.66
C	28,532.47	-	-	28,532.47	2,215.02	29.68	-	2,244.70
D	1,874.55	1,396.55	18,256.93	21,528.03	-	2,342.00	21,255.55	23,597.55
Government Loan	4,602.77	-	-	4,602.77	6,616.62	-	-	6,616.62
Gross Exposure	358,891.11	2,888.05	18,256.93	380,036.09	299,697.53	2,431.27	21,255.55	323,384.35
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
Net Exposure	357,608.65	2,746.62	6,465.62	366,820.89	299,209.07	1,467.44	10,703.42	311,379.93

(J) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(K) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

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The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

For the Year ended 31 st March 2021	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
	(₹ in Crores)							
Opening Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42
Transfer to 12 months ECL	2,509.24	353.78	(53.05)	(1.82)	(2,456.18)	(351.96)	0.01	-
Transfer to life time ECL not credit impaired	(1,609.07)	(1.90)	1,609.07	1.90	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	(36.22)	(0.38)	36.22	0.38	-	-
Additional provision due to changes in PD/ LGD	-	123.92	-	178.15	-	2,037.68	-	2,339.75
New Financial assets originated or purchased (including further disbursements in existing assets)	94,564.60	414.89	264.00	0.47	2.00	0.20	94,830.60	415.56
Financial Assets that have been derecognised (including recoveries in existing assets)	(36,271.19)	(96.69)	(421.58)	(95.28)	(333.56)	(200.02)	(37,026.33)	(391.99)
Write offs	-	-	(905.44)	(905.44)	(247.10)	(247.10)	(1,152.54)	(1,152.54)
Closing Balance	358,891.11	1,282.46	2,888.05	141.43	18,256.93	11,791.31	380,036.09	13,215.20

For the Year ended 31 st March 2020	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
	(₹ in Crores)							
Opening Balance	256,448.63	525.25	4,412.61	1,273.73	20,348.44	9,698.95	281,209.68	11,497.93
Transfer to 12 months ECL	1,557.46	107.88	(1,549.63)	(105.92)	(7.83)	(1.96)	(0.00)	(0.00)
Transfer to life time ECL not credit impaired	(25.11)	(1.64)	92.99	18.61	(67.89)	(16.97)	(0.01)	-
Transfer to Lifetime ECL credit impaired	(1,476.62)	(12.99)	(560.99)	(225.13)	2,037.61	238.12	-	-
Additional provision due to changes in PD/ LGD	-	(238.36)	-	(13.90)	-	1,108.09	-	855.83
New Financial assets originated or purchased (including further disbursements in existing assets)	76,579.12	142.28	47.51	16.66	-	-	76,626.63	158.94
Financial Assets that have been derecognised (including recoveries in existing assets)	(33,385.95)	(33.96)	(11.22)	(0.22)	(676.37)	(95.69)	(34,073.54)	(129.87)
Write offs	-	-	-	-	(378.41)	(378.41)	(378.41)	(378.41)
Closing Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42

(L) Details of Stage wise Exposure and Impairment Loss Allowance:

Particulars	As at 31-03-2021				As at 31-03-2020			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
	(₹ in Crores)							
Total Exposure	358,891.11	2,888.05	18,256.93	380,036.09	299,697.53	2,431.27	21,255.55	323,384.35
Impairment Allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
ECL %	0.36%	4.90%	64.59%	3.48%	0.16%	39.64%	49.64%	3.71%

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(M) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry				
Generation	156,901.95	12,035.54	147,021.68	11,122.97
Renewables	17,388.24	117.88	9,163.65	161.31
Transcos	61,309.37	502.51	49,658.96	503.89
Discoms	139,833.76	557.90	110,923.44	214.26
Government Loans	4,602.77	1.37	6,616.62	1.99
Total	380,036.09	13,215.20	323,384.35	12,004.42
Concentration by ownership				
State	338,973.84	938.40	284,778.15	297.60
Private	41,062.25	12,276.80	38,606.20	11,706.82
Total	380,036.09	13,215.20	323,384.35	12,004.42

(N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31-03-2021	As at 31-03-2020
Power Sector	4.84%	6.59%

(O) Movement of Credit-impaired Assets

(₹ in Crores)

Particulars	FY 2020-21	FY 2019-20
(i) Gross Credit-impaired Assets to Gross Advances (%)	4.84%	6.59%
(ii) Net Credit-impaired Assets to Gross Advances (%)	1.71%	3.32%
(iii) Net Credit-impaired Assets to Net Advances (%)	1.78%	3.45%
(iv) Movement of Credit-impaired Assets (Gross)		
(a) Opening balance	21,255.55	20,348.44
(b) Additions during the year	38.22	2,037.61
(c) Reductions during the year	(2,789.74)	(752.09)
(d) Write-off during the year	(247.10)	(378.41)
(e) Closing balance	18,256.93	21,255.55
(iv) Movement of Credit-impaired Assets (Net)		
(a) Opening balance	10,703.42	10,649.49
(b) Additions during the year	34.59	691.40
(c) Reductions during the year	(4272.39)	(637.47)
(d) Write-off during the year	-	-
(e) Closing balance	6,465.62	10,703.42
(v) Movement of provisions for Credit-impaired Assets		
(a) Opening balance	10,552.13	9,698.95
(b) Provisions made during the year	2,038.26	1,346.21
(c) Write-back of excess provisions	(551.98)	(114.62)
(d) Provision on assets written off during the year	(247.10)	(378.41)
(e) Closing balance	11,791.31	10,552.13

NOTES TO ACCOUNTS

(P) In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 5.04% (previous year 6.60%) and Net NPA to Net Loans would have been 1.99% (previous year 3.46%) as at 31st March 2021.

(Q) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

(R) Business Model Policy

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realize the cash flows by collecting contractual payments (including principal and interest) over the tenure of the loan. Further, investments in the nature of debt investments and other financial assets may also be held by the Company to collect the contractual payments as per the agreed terms.

The Company's business model therefore is "hold to collect" for Loans, certain Financial Investments and Other Financial Assets. Such financial assets are measured at amortised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

(S) Policy for sales out of amortised cost business

The Company does not resort to the sale of financial assets, including loan assets, in ordinary course of business.

However, the company may proceed for realization of amount due in respect of credit-impaired assets, as per the regulatory framework in India. As a result, the credit impaired loan may be either restructured/renewed or settled as part of IBC proceedings or otherwise and is assessed for derecognition as per the requirements of Ind AS 109 – Financial Instruments.

The Company has also not entered into any transaction of sale/ purchase of credit-impaired assets, except as below:

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
No. of Accounts sold/settled as part of IBC proceedings	1	1
Aggregate Outstanding (₹ in Crores)	510.98	236.80
Aggregate consideration received (₹ in Crores)	329.13	124.13

(T) The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2021 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

(U) Accounts with overdues beyond 90 days but not treated as credit impaired (excluding accounts to whom relief under RBI Covid-19 Relief package has been allowed)

(₹ in Crores)

Particulars	Number of accounts	Total Amount outstanding	Overdue amount
As at 31-03-2021	-	-	-
As at 31-03-2020	1	2,342.00	2,244.97

During the year, loan from one of the borrowers, M/s RKM Powergen Pvt Ltd. has been restructured and is now servicing the dues as per the restructured schedule. As at 31st March 2020, it was not classified as credit impaired owing to ad-interim order from Hon'ble High Court of Madras.

NOTES TO ACCOUNTS

(V) Disclosure in respect of Moratorium and Asset Classification with regards to RBI Covid-19 Regulatory Package pursuant to RBI Circular D.O.R.NO.BP.BC.63/21.04.048/2020-21 dated 17 April 2020

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium was extended	-	1460.22
(ii) Respective amount where asset classification benefits is extended.	-	23.37
(iii) General Provision made	Refer Note below	Refer Note below
(iv) General Provisions adjusted during the year against slippages and the residual provisions	Refer Note below	Refer Note below

Note - The Company, being NBFC, provides for Expected Credit Loss (ECL) in accordance with Ind AS 109 as per board-approved ECL methodology. However, such provisions as required under RBI IRACP Norms have been considered for calculation of Provisions required as per IRACP Norms in Note (W) below.

(W) Comparison between provision required as per RBI Income Recognition, Asset Classification and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS

(₹ in Crores)

For the Year ended 31 st March 2021	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	356,273.17	357,285.43	1,273.37	356,012.06	2,304.84	(1031.47)
	Stage 2	2,888.05	2,925.24	141.43	2,783.81	145.62	-4.19
Sub Total (1)		359,161.22	360,210.67	1,414.80	358,795.87	2,450.46	(1035.66)
Non-Performing Assets							
Substandard Assets	Stage 3	36.31	36.31	3.63	32.68	3.63	-
Doubtful Assets							
Up to 1 year	Stage 3	560.99	560.99	303.81	257.18	301.24	2.57
1 to 3 years	Stage 3	13,786.04	13,786.04	8,514.57	5,271.46	6,913.49	1601.08
More than 3 years	Stage 3	3,856.37	3,856.37	2,952.08	904.29	2,665.23	286.85
Sub Total for doubtful assets		18,203.40	18,203.40	11,770.46	6,432.93	9,879.96	1890.50
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub Total for NPA (2)		18,256.93	18,256.93	11,791.31	6,465.61	9,900.81	1,890.50
Total Loan Assets		377,418.15	378,467.60	13,206.11	365,261.48	12,351.27	854.84
Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms							
- Letter of Comfort*	Stage 1	2,617.94	2,617.94	9.09	2,608.85	-	9.09
Sub-Total (3)		2,617.94	2,617.94	9.09	2,608.85	-	9.09
	Stage 1	358,891.11	359,903.37	1,282.46	358,620.91	2,304.84	(1022.38)
	Stage 2	2,888.05	2,925.24	141.43	2,783.81	145.62	(4.19)
	Stage 3	18,256.93	18,256.93	11,791.31	6,465.61	9,900.81	1,890.50
Total	Total	380,036.09	381,085.54	13,215.20	367,870.33	12,351.27	863.93

* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

NOTES TO ACCOUNTS

(₹ in Crores)

For the Year ended 31 st March 2020	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	298,737.86	300,392.16	480.08	299,912.08	1,779.27	(1299.19)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
Sub Total (1)		301,169.13	302,823.99	1,443.91	301,380.08	2,481.55	(1037.64)
Non-Performing Assets							
Substandard Assets	Stage 3	2,037.61	2,037.61	468.91	1,568.70	203.76	265.15
Doubtful Assets							
Up to 1 year	Stage 3	3,973.02	3,973.02	1,646.55	2,326.47	1,282.92	363.63
1 to 3 years	Stage 3	11,276.57	11,276.57	5,724.26	5,552.31	6,024.78	(300.52)
More than 3 years	Stage 3	3,951.13	3,951.13	2,695.19	1,255.94	2,787.48	-92.29
Subtotal for doubtful assets		19,200.72	19,200.72	10,066.00	9,134.72	10,095.18	(29.18)
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		21,255.55	21,255.55	10,552.13	10,703.42	10,316.16	235.97
Total Loan Assets		322,424.68	324,079.54	11,996.04	312,083.50	12,797.71	(801.67)
Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms							
- Letter of Comfort*	Stage 1	959.67	959.67	8.38	951.29	-	8.38
Sub-Total (3)		959.67	959.67	8.38	951.29	-	8.38
Total	Stage 1	299,697.53	301,351.83	488.46	300,863.37	1,779.27	(1290.81)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
	Stage 3	21,255.55	21,255.55	10,552.13	10,703.42	10,316.16	235.97
	Total	323,384.35	325,039.21	12,004.42	313,034.79	12,797.71	(793.29)

* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

NOTES TO ACCOUNTS

47.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

The Company maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

47.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31 st March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :											
Rupee Borrowings											
Debt Securities											
- Principal	-	-	1,055.00	600.00	3,520.00	6,486.80	25,852.18	46,211.21	44,523.75	75,870.73	204,119.67
- Interest	-	379.26	429.06	1,313.74	1,981.43	3,293.77	7,841.36	22,724.28	16,731.83	27,645.59	82,340.32
Other Borrowings											
- Principal	-	350.00	2,400.00	7,099.52	4,137.00	1,526.67	3,658.51	20,600.55	9,152.90	10,000.00	58,925.15
- Interest	208.60	4.26	85.39	199.76	458.88	565.70	1,388.04	4,370.69	2,293.36	2,653.21	12,227.90
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	6,650.70
- Interest	-	-	-	201.50	162.21	-	192.96	1,107.77	704.25	1,375.22	3,743.91
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	-	-	-	-	8,820.56	12,128.28	5,512.87	26,461.71
- Interest	-	-	-	220.52	64.14	194.94	485.15	1,841.77	670.06	395.99	3,872.57
Other Borrowings											
- Principal	-	-	551.29	551.29	45.31	12.51	6,797.99	8,043.62	4,575.17	5,776.64	26,353.82
- Interest	8.81	1.21	7.27	68.26	60.15	130.44	246.98	841.03	615.06	800.45	2,779.66
Derivative Liabilities :											
Interest rate swaps	-	-	-	-	-	-	29.88	343.06	30.71	-	403.65
Currency swaps	-	-	-	-	-	-	-	-	16.48	104.60	121.08
Others -											
Reverse cross currency swap	-	-	-	-	-	-	-	-	19.67	258.66	278.33
Seagull Option	-	-	24.92	18.33	-	-	-	-	-	-	43.25

NOTES TO ACCOUNTS

As at 31 st March 2020	(₹ in Crores)										Total
	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	
Non-Derivative Financial Liabilities :											
Rupee Borrowings											
Debt Securities											
- Principal	-	-	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	36,677.47	58,204.76	191,463.25
- Interest	-	379.26	242.78	937.01	2,166.66	3,488.47	7,033.94	21,092.29	14,197.97	19,934.11	69,472.49
Other Borrowings											
- Principal	-	-	500.00	600.00	500.00	2,159.86	1,566.76	11,453.05	5,820.02	10,050.02	32,649.71
- Interest	244.00	15.01	83.73	130.49	352.45	383.51	1,107.43	3,565.31	2,027.49	3,708.64	11,618.06
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	-	2,500.00	2,151.20	4,651.20
- Interest	-	-	-	201.50	-	-	192.96	788.93	587.95	772.38	2,543.72
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	-	-	-	3,015.44	-	13,946.39	5,653.95	22,615.78
- Interest	-	-	-	138.14	112.53	200.74	453.70	1,620.81	1,261.85	642.18	4,429.95
Other Borrowings											
- Principal	-	-	-	565.39	609.10	4,013.52	8,505.00	6,642.72	7,812.60	587.58	28,735.91
- Interest	22.35	1.76	20.98	36.08	46.93	223.97	236.64	518.73	201.15	17.93	1,326.52
Derivative Liabilities :											
Interest rate swaps	-	-	-	-	-	-	58.63	190.17	337.26	-	586.06
Others -	-	-	-	-	-	-	-	-	-	-	-
Reverse cross currency swap	-	-	-	-	-	-	-	-	75.15	664.52	739.67

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

NOTES TO ACCOUNTS

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in Crores)

Particulars	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31 st March 2021											
Principal	878.97	-	1,866.73	1,747.68	4,838.22	8,947.33	17,793.88	72,044.11	67,832.43	188,262.69	364,212.04
Interest	117.12	4.00	880.36	1,331.57	5,715.61	9,108.12	17,306.39	60,195.92	45,576.96	77,702.45	217,938.50
As at 31 st March 2020											
Principal	29.56	13.4	547.04	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	163,572.36	310,428.64
Interest	11.86	2.28	598.86	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	189,908.03

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.

47.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31 st March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	878.97	-	1,866.73	1,747.68	4,838.22	9,451.43	17,793.88	72,044.11	67,832.43	188,808.04	365,261.49
Investments	-	-	-	-	-	-	37.28	100.64	136.13	1,635.73	1,909.77
Rupee Borrowings											
Debt Securities		367.83	1,462.17	1,143.76	5,127.49	8,436.25	28,244.43	46,217.54	44,490.29	75,777.90	211,267.66
Other Borrowings		350.00	2,431.14	7,099.52	4,462.12	1,526.67	3,658.51	20,600.55	9,152.91	9,999.99	59,281.41
Subordinated Liabilities		-	-	168.38	129.51	-	1.60	2,499.52	-	4,147.88	6,946.89
Foreign Currency Borrowings											
Debt Securities		-	-	-	-	62.02	213.39	8,768.94	12,094.51	4,921.54	26,060.40
Other Borrowings	6.59	-	551.29	557.44	68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	26,225.95
Foreign Currency Assets											
Foreign Currency Liabilities (other than Borrowings)											

NOTES TO ACCOUNTS

As at 31 st March 2020	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	29.56	13.40	547.04	306.00	3,638.03	8,565.24	15,889.84	63,791.10	55,014.93	164,288.36	312,083.50
Investments											
Rupee Borrowings											
Debt Securities	-	426.00	694.17	712.47	7,589.45	14,788.18	21,133.50	57,816.85	36,641.24	58,110.80	197,912.66
Other Borrowings	-	-	502.00	600.00	826.81	2,159.86	1,566.76	11,453.05	5,820.02	10,050.02	32,978.52
Subordinated Liabilities				168.47	-	-	2.11	-	2,499.33	2,149.74	4,819.65
Foreign Currency Borrowings											
Debt Securities	-	-	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	22,064.56
Other Borrowings	13.00	1.21	17.17	572.29	611.79	4,032.85	8,471.94	6,567.71	7,689.56	587.57	28,565.09
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	-	-	-

47.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31.03.2021	As at 31.03.2020
Expiring within one year (cash credit and other facilities)		
- Fixed rate	-	-
- Floating rate	5,547.28	8,775.00
Expiring beyond one year (loans/ borrowings)		
- Fixed rate	-	-
- Floating rate	-	497.82

NOTES TO ACCOUNTS

47.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis. The Company continuously monitors the projected and actual cash flows and accordingly maintains adequate bank balances, overdraft facilities, short term investments that are readily convertible into cash and adequate borrowing plans.

(i) Funding Concentration based on significant counterparty (borrowings)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Number of significant counterparties*	20	14
Amount (₹ in Crores)	182,250.87	125,850.36
% of Total Liabilities	51.08%	40.41%

(ii) Top 10 borrowings

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from State Bank of India	10,839.90	3.36%	7,299.92	2.61%
2 Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.10%	10,000.00	3.57%
3 54EC- Series XII (2018-19)	6,651.77	2.06%	6,651.77	2.37%
4 54EC- Series XIII (2019-20)	6,157.72	1.91%	5,759.14	2.06%
5 Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	1.80%	-	-
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,145.33	1.60%	5,277.01	1.88%
7 Institutional Bonds- 182 nd Series	5,063.00	1.57%	5,063.00	1.81%
8 Institutional Bonds- 203 rd A Series	5,000.00	1.55%	-	-
9 Foreign Currency Bonds- US \$650 Mn Bonds	4,777.81	1.48%	4,900.08	1.75%
10 Term Loan from HDFC Bank	4,650.00	1.44%	-	-
11 Institutional Bonds- 114 th Series	-	-	4,300.00	1.54%
12 54EC- Series XI (2017-18)	-	-	9,565.23	3.41%
13 Institutional Bonds- 105 th Series	-	-	3,922.20	1.40%
Total	64,085.53	19.87%	62,738.35	22.40%

(iii) Funding Concentration based on significant instrument/ product

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
1 Debt Securities				
Institutional Bonds	173,338.60	48.58%	152,132.20	48.85%
Foreign Currency Bonds	26,461.71	7.42%	22,615.78	7.26%
54EC Capital Gain Tax Exemption Bonds	18,121.59	5.08%	22,376.33	7.19%
Tax Free Bonds	12,648.41	3.54%	12,648.41	4.06%
Sub-Total (1)	230,570.31	64.62%	209,772.72	67.36%

NOTES TO ACCOUNTS

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
2 Borrowings (Other than Debt Securities)				
Term Loans from Banks	29,938.58	8.39%	18,899.78	6.07%
Foreign Currency Borrowings	21,024.72	5.89%	21,762.71	6.99%
Loans repayable on demand from Banks	10,186.52	2.85%	-	-
Term Loans from Govt. of India	10,000.00	2.80%	10,000.00	3.21%
Term Loans from Financial Institutions	5,800.00	1.63%	-	-
FCNR (B) Loans	5,329.10	1.49%	6,973.20	2.24%
Sub-Total (2)	82,278.92	23.06%	57,635.69	18.51%
3 Subordinated Liabilities	6,650.70	1.86%	4,651.20	1.49%
Total (1+2+3)	319,499.93	89.54%	272,059.61	87.36%

(iv) Stock Ratios:

Particulars	As at 31-03-2021				As at 31-03-2020			
	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	-	-	-	-	2,925.00	1.04%	0.94%	0.84%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	20,511.10	6.36%	5.75%	5.12%	10,551.34	3.77%	3.39%	3.05%

* Significant counterparty/ significant instrument/ product is defined as a single counterparty/ single instrument/ product or group of connected or affiliated counterparties accounting in aggregate to more than 1% of the company's total liabilities.

(v) Liquidity Coverage Ratio (LCR)

RBI, vide its Liquidity Framework dated 04 Nov, 2019 has stipulated maintaining of Liquidity Coverage Ratio (LCR) by Non-Deposit taking NBFCs with asset size of more than ₹ 10,000 Crores w.e.f. 01 Dec, 2020. These guidelines of RBI aims to ensure that Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is represented by:

The Stock of High-Quality Liquid Assets

Total Net Cash Outflows over the next 30 calendar days

where,

- Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the next 30 calendar days, where the cash flows are assigned a predefined stress percentage, as prescribed by RBI.
- High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

The LCR requirement is binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The Company from December 1, 2021 is maintaining the LCR @ 50% on monthly observations till February 28, 2021 and on every day basis thereafter (though RBI has prescribed LCR on every day basis from April 01, 2021 only).

At Present, HQLA investments are held in INR in the form of Government Securities(G-Sec)/ State Development Loans (SDLs) Securities and AAA/AA Corporate Bonds and auto swap balance with banks.

Composition of HQLA:

Out of the Stock of HQLA, the Government Securities is the highest proportion of HQLA followed by AAA/AA Corporate bonds and auto swap balances. The position of HQLA holding as on 31 March 2021 is as follows:

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HQLA Items	% of Overall
Assets without Haircut	82%
- Cash and Cash Equivalents	23%
- G-Sec and SDLs	59%
Assets with 15% Haircut	18%
- Corporate Bonds	18%
Assets with 50% Haircut	-
Total	100%

Liquidity Coverage Ratio Disclosure

(₹ in Crores)

Particulars	Quarter ended 31-03-2021		Quarter ended 31-12-2020	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	2,151.50	2,120.54	2,249.00	2,221.13
- AA/AAA Corporate Bonds	206.39	175.43	185.81	157.94
- G-SEC Bonds/ State Development Loans (SDLs)	483.29	483.29	345.69	345.69
- Banks Autoswap	1,461.82	1,461.82	1,717.50	1,717.50
Cash Outflows				
Other contractual funding obligations	11,720.66	13,478.76	10,418.50	11,981.28
Other contingent funding obligations	2,193.98	2,523.08	1,970.25	2,265.78
Total Cash Outflows	13,914.64	16,001.84	12,388.75	14,247.06
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	7,480.10	5,610.08	6,789.11	5,091.83
Other cash inflows	11,807.52	8,855.64	6,290.00	4,717.50
Total Cash Inflows (restricted to 75% of Outflows on every observation day)	19,287.63	11,760.86	13,079.11	9,809.33
Total Adjusted Value				
Total HQLA		2,120.54		2,221.13
Total Net Cash Outflows		4,240.98		4,437.73
Liquidity Coverage Ratio		50.00%		50.05%

*For average, the observations as on 31.01.2021, 28.02.2021 and daily observation during March 2021 has been considered.

47.3 Market Risk - Currency Risk

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. These borrowings are also exposed to interest rate risk as most of the borrowings are carrying floating interest rates linked to LIBOR, SOR etc. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings denominated in a currency other than the functional currency of the Company. The Company uses combination of foreign currency options structures, forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD with Functional Directors, executive directors and Chief General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency

NOTES TO ACCOUNTS

forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2021 is as under:

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

Currency	As at 31-03-2021			As at 31-03-2020		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	6,893.85	3,500.00	3,393.85	6,591.96	4,070.00	2,521.96
INR Equivalent	50,673.04	25,726.65	24,946.39	49,694.10	30,682.06	19,012.04
JPY ¥	21,600.36	20,845.99	754.37	11,755.14	10,623.67	1,131.47
INR Equivalent	1,433.40	1,383.34	50.06	818.75	739.94	78.81
EURO €	36.85	11.40	25.45	55.15	29.70	25.45
INR Equivalent	317.30	98.12	219.18	458.04	246.69	211.35
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.80	380.80	-
Total	52,815.53	27,599.90	25,215.63	51,351.69	32,049.49	19,302.20

Sensitivity Analysis

The table below represents the impact on P&L including FCMITDA (+ Gain / (Loss) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Favorable	Adverse	Favorable	Adverse
USD/INR	933.39	(933.39)	711.35	(711.35)
JPY/INR	1.87	(1.87)	2.95	(2.95)
EUR/INR	8.20	(8.20)	7.91	(7.91)

* Holding all other variables constant

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. For option contracts, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to Profit or Loss on a straight-line basis.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

- For cross currency swaps and interest rate swaps that exactly match the terms of the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method.
- For other interest rate swaps (in cases of late designation), the Company uses dollar offset method using a hypothetical derivatives, dollar offset method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument with the change in fair value or cash flows of the hedged item attributable to the hedged risk.
- For option structures, the Company analyses the behaviour of the hedging instrument and hedged item using regression analysis based dollar offset method.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

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Impact of Hedge Accounting
(a) Effects of hedge accounting on balance sheet

As at 31 st March 2021		Notional amount (in Mn)	Carrying amount of hedging instruments		₹ in Crores)	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness	(₹ in Crores)
Type of hedge and risks			Assets	Liabilities						
Cash flow hedge										
Foreign exchange and interest rate risk										
(i)	Foreign currency options structures									
	- Seagull Structur	USD 2,595	1,458.96	43.25	April 2021 - Oct 2025	1:1	73.32	(611.68)		611.68
		JPY 20,846.12	198.23	-	Aug 2023 - Sep 2025	1:1	0.66	(131.87)		131.87
	- Call Spread	USD 250	77.74	-	Mar 2024	1:1	71.94	(93.51)		93.51
(ii)	Cross currency swaps	USD 1,350	-	244.37	Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)		73.78
		JPY 10,327.12	-	4.06	Aug 2023	1:1	0.42% and 0.62	(0.08)		0.08
		SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54		(21.54)
(iii)	Principal only swaps	USD 375	-	121.08	Mar 2025 - Jun 2030	1:1	75.41	(174.62)		174.62
(iv)	Interest rate swaps	USD 260	-	69.74	Mar 2024 - Jul 2024	1:1	2.32%	(1.12)		1.12

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As at 31 st March 2020		Notional amount (in Mn)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
Type of hedge and risks			Assets	Liabilities					
Cash flow hedge									
Foreign exchange and interest rate risk									
(i)	Foreign currency options structures								
	- Seagull Structure	USD 1,410	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
		JPY 10,327.10	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
	- Call Spread	USD 250	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
(ii)	Cross currency swaps	USD 1,000	-	297.86	Dec 2020 - Mar 2025	1:1	3.67%	(175.35)	175.22
		JPY 10,327.10	-	5.28	Aug 2023	1:1	0.42%	(1.29)	1.29
		SGD 72.08	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii)	Interest rate swaps	USD 1,260	5.24	134.45	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91

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(b) Effects of hedge accounting on statement of profit and loss

(₹ in Crores)

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Year ended 31-03-2021				
Cash flow hedge				
-Currency risk and interest rate risk	(1,065.12)	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost
Year ended 31-03-2020				
Cash flow hedge				
-Currency risk and interest rate risk	55.30	0.13	(629.26)	Gain/ loss on foreign exchange translation
			0.03	Finance cost

(c) Movement in cash flow hedging reserve and cost of hedging reserve

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Effective portion of Cash Flow Hedges		
Opening Balance	(226.08)	-
Add: Changes in intrinsic value of foreign currency option structures	(625.61)	687.21
Add: Changes in fair value of cross currency swaps	(52.32)	(174.20)
Add: Changes in fair value of interest rate swaps	(1.12)	(185.90)
Less: Amounts reclassified to profit or loss	759.86	(629.23)
Less: Deferred tax relating to above (net)	(20.34)	76.04
Closing Balance	(165.61)	(226.08)
Costs of hedging reserve		
Opening Balance	(204.75)	-
Add: Change in deferred time value of foreign currency option structures	(386.06)	(382.41)
Less: Amortisation of time value	715.06	108.80
Less: Deferred tax relating to above (net)	(82.80)	68.86
Closing Balance	41.45	(204.75)

47.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc. The Company manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimize the risk of fluctuation in interest rates. The Company also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

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The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31st March 2021 is as under:

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

Currency	As at 31-03-2021			As at 31-03-2020		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	35,738.58	-	35,738.58	19,899.78	-	19,899.78
USD \$	2,768.85	1,630.00	1,138.85	3,241.96	2,830.00	411.96
INR Equivalent	20,352.38	11,981.27	8,371.11	24,439.81	21,334.21	3,105.60
JPY ¥	20,846.14	10,327.14	10,519.00	10,327.12	10,327.12	-
INR Equivalent	1,383.35	685.31	698.04	719.28	719.28	-
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
Total INR Equivalent	57,866.10	13,058.37	44,807.73	45,439.70	22,434.32	23,005.38

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31-03-2021	As at 31-03-2020
Rupee Loans	363,580.03	312,065.92

Sensitivity Analysis

The table below represents the impact on P&L Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(167.65)	167.65	(86.08)	86.08
Floating/ semi-fixed Rate Loan Assets	1,360.37	(1360.37)	1,167.63	(1167.63)

* Holding all other variables constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

47.4.1 Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

The Company has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 1/3/6 Month USD/ JPY LIBOR (London Inter-Bank Offered Rate) and 6 Month SOR (Swap Offer Rate). The summary of such borrowings is as below:

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(₹ in Crores)

Particulars	Amount (₹ In Crores)	Amount (USD Mn Equivalent)
1M USD LIBOR	1,690.61	230.00
3M USD LIBOR	5,512.85	750.00
6M USD LIBOR	13,148.92	1,788.85
6M JPY LIBOR	1,383.35	188.20
6M SOR	391.79	53.30
Total	22,127.52	3,010.35

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR will cease to be published after 31st December 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30 June 2023. Since SOR (Singapore Swap Offer Rate) is also benchmarked with USD LIBOR, it will also become non-representative from 30 June 2023.

(i) Exposure directly affected by the interest rate benchmark reform

The total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is Rs. 13,468.66 crores. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is Rs. 4,752.33 crores.

(ii) Managing the process to transition to alternative benchmark rates

Pursuant to the interest rate benchmark reform, LIBOR will be replaced with alternative Risk-Free Rates. SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognized statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. The Company has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

47.5 Market Risk - Price risk

The Company is exposed to price risks arising from investments in equity shares and units of venture capital funds. The Company's investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	21.51	(21.51)	25.68	(25.68)
Impact on Profit and Loss account (PL)	1.18	(1.18)	0.63	(0.63)

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48 Additional Disclosures in respect of derivatives

48.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) The notional principal of swap agreements	25,035.68	29,056.52
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	339.60	141.71
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	(64.05)	(444.35)

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

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

48.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
(i) Derivatives (Notional Principal Amount)						
For hedging	27,599.89	32,049.49	25,035.68	29,056.52	4,547.00	4,347.00
(ii) Marked to Market Positions						
a) Asset (+)	1,971.62	3,177.14	339.60	141.71	-	-
b) Liability (-)	164.33	-	403.65	586.06	278.33	739.67
(iii) Credit Exposure	4,854.40	5,559.58	574.96	346.42	632.05	602.05
(iv) Unhedged Exposures	25,215.63	19,302.20	N.A.	N.A.	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread

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

*** Includes Reverse Cross Currency swap as a strategy of cost reduction

49 Impact of Covid-19 Pandemic on the Company

India is currently grappling with the second wave of COVID-19 pandemic with significant increase in the number of cases in India. The resultant lockdowns are less restrictive for economic activity and are concentrated in the most-hit states. Global waves suggest impact on manufacturing activity is less devastating as vaccination rollout gathers pace.

Liquidity Buffers with the Company

Company has not experienced any significant impact on its liquidity position owing to strong credit profile and access to diversified sources of borrowings. The Company has put in place adequate liquidity buffers in the form of Working Capital/ Term Loan limits from various banks apart from High Quality Liquid Assets.

Covid-19 Relief Package for the Power Sector

The Govt. of India, as a part of its Covid-19 relief package, had announced liquidity injection to the State Discoms in the form of State Govt. guaranteed loans through REC and PFC (Power Finance Corporation Ltd.) to clear the outstanding dues of Power Generation and Transmission Companies. As on 15th May 2021, the Company has already sanctioned and disbursed ₹ 67,083 crores and ₹ 40,766 crores respectively to the discoms as part of this liquidity package.

Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package

In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7th April 2021 and the

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methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1st March 2020 to 31st August 2020. Company has estimated the aggregate amount to be refunded/adjusted and thus has made a provision in the financial statements for the year ended 31st March 2021. Accordingly, interest income for the quarter and year ended 31st March 2021 is lower by ₹ 129.25 crores

The Company believes that with the pickup in global vaccination and gradual decrease in the Covid cases, the business and commercial activity is poised for resurgence, leading to increase in power demand and generation. Considering REC's comfortable liquidity position and access to diverse sources of funds, there are no reasons to believe that the current crisis will have any significant impact on the Company's ability to maintain its operations, including the going concern assessment. However, the impact will continue to be dependent on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Company to contain its spread or mitigate its impact.

50 Exposure Related Disclosures

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

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16th June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2021 and 31st March 2020.

50.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2021 (As at 31st March 2020 Nil).

50.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	671.93	738.13
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs/), Convertible bonds, convertible debentures and units of equity-oriented mutual funds;	-	-
(iii) Advance for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutuals funds are taken as primary security;	-	-
(iv) Advance for any other purposes to the extent secured by the collateral security of shares or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures units of equity oriented mutual funds dose not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities oe on clean basis for marketing promoter's contribution to the equity of new companies in anticipations of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/issues;	-	-
(viii) All exposures to Vantures Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	671.93	744.25

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50.3 The company does not have any financing of Parent Company products during the current and previous year.

50.4 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) Concentration of Advances		
Total Advances to twenty largest borrowers (₹ in Crores)	228,371.07	184,741.84
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.51%	57.30%
(ii) Concentration of Exposures		
Total Exposure to twenty largest borrowers (₹ in Crores)	342,453.58	288,397.43
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	62.28%	59.46%
(iii) Concentration of Credit-impaired Assets		
Total Exposure to the top four Credit-impaired Assets (₹ in Crores)	8,489.02	8,618.52

51 Fair value disclosures

The fair values of financial instruments measured at amortised cost and the carrying cost of financial instruments measured at fair value by category are as follows:

(₹ in Crores)

Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
Financial assets measured at fair value			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	8	1,758.79	1,766.92
(ii) Fair value through profit and loss	8	552.43	1,551.93
Investments* measured at			
(i) Fair value through other comprehensive income	10	430.13	513.55
(ii) Fair value through profit and loss	10	209.65	1,558.53
Financial assets measured at amortised cost			
Cash and cash equivalents	6	1,140.49	1,678.03
Bank balances (other than cash and cash equivalents)	7	1,929.06	2,021.96
Loan Assets	9	365,261.49	312,083.50
Investments *	10	1,051.79	22.93
Other financial assets	11	24,399.21	22,081.59
Total		396,733.04	343,278.94
Financial liabilities measured at fair value			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	8	482.51	437.59
(ii) Fair value through profit and loss	8	363.80	888.14
Financial liabilities measured at amortised cost			
Debt securities	17	237,328.06	219,977.22
Borrowings (other than debt securities)	18	85,507.36	61,543.61
Subordinated liabilities	19	6,946.89	4,819.65
Other financial liabilities	20	25,943.11	23,562.70
Total		356,571.73	311,228.91

* Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

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51.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments at FVOCI								
Equity investments	430.13	-	-	430.13	507.43	6.12	-	513.55
Investments at FVTPL								
Equity investments	23.60	-	-	23.60	12.50	-	-	12.50
Perpetual Bonds	-	-	-	-	-	-	1,500.62	1,500.62
Debentures	-	-	143.06	143.06	-	-	-	-
Government Securities	-	-	-	-	-	-	-	-
Preference Shares	-	-	42.99	42.99	-	-	45.41	45.41
Assets at FVTPL								
Derivative financial instruments	-	2,311.22	-	2,311.22	-	3,318.85	-	3,318.85
Liability at FVTPL								
Derivative financial instruments	-	846.31	-	846.31	-	1,325.73	-	1,325.73

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

- (A) **Investment in Quoted Equity Investments - Level 1** - Investment in listed equity instruments are measured at their readily available quoted price in the market.
- (B) **Derivative Financial Instruments - Level 2** - The fair value has been determined on the basis of mark to market value provided by the banks that have contracted to hedge the underlying risk. Such valuation is calculated using market observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract and implied volatilities.
- (C) **Investment in Venture Capital Fund - Level 3** - Investment in venture capital fund is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. The fund has gone into the liquidation and the realizable value is uncertain.
- (D) **Investment in Unquoted Equity Investments - Level 3** - Investment in unquoted equity shares of Universal Commodity Exchange Ltd. (UCX) is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern.
- (E) **Investment in Unquoted Preference Shares - Level 3** - Investment in unquoted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rattan India Power Ltd. (RIPL) are classified as Level 3. The company has been allotted OCCRPS of the borrower company pursuant to One Time Settlement arrangement executed on 23rd December 2019. The fair value has been derived by present value technique by discounting future cash flows as per the terms of the agreement. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.
- (F) **Investment in Optionally Convertible Debentures of Essar Power Transmission Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of Essar Power Transmission Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been

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derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

- (G) Investment in Optionally Convertible Debentures of R.K.M PowerGen Private Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of R.K.M PowerGen Private Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been taken as Nil as such debentures are unsustainable in nature and future cash flows are uncertain. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

51.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Equity Shares	
Opening Balance	1,500.62	45.41	-	-	-	1,546.03
Received in Loan Settlement (Refer Note 9.3)	-	-	149.56	-	-	149.56
Settlement	(1667.94)	-	(28.22)	-	-	(1696.16)
Transfer in Level 3	-	-	-	6.15	-	6.15
Transfer from Level 3	-	-	-	-	-	-
Interest income	167.32	6.26	21.72	-	-	195.30
Fair value changes	-	(8.68)	0.00	(6.15)	-	(14.83)
Closing Balance	-	42.99	143.06	-	-	186.05
Unrealised gain (loss) at year-end	-	10.57	12.42	(6.15)	(16.00)	0.84

(₹ in Crores)

Particulars	For the Year ended 31 st March 2020					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Equity Shares	Investment in Equity Shares	
Opening Balance	1,556.87	-	-	-	-	1,556.87
Received in Loan Settlement (Refer Note 9.3)	-	32.42	-	-	-	32.42
Settlement	(224.50)	-	-	-	-	(224.50)
Transfer from Level 3	-	-	-	-	-	-
Interest income	168.25	1.50	-	-	-	169.75
Fair value changes	-	11.49	-	-	-	11.49
Closing Balance	1,500.62	45.41	-	-	-	1,546.03
Unrealised gain (loss) at year-end	0.62	12.99	-	-	(16.00)	(2.39)

Refer Note No. 10.4 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

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51.3 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,140.49	1,140.49	1,678.03	1,678.03
Bank balances (other than cash and cash equivalents)	1,929.06	1,929.06	2,021.96	2,021.96
Loans	365,261.49	366,843.62	312,083.50	311,112.33
Investments	1,051.79	1,057.27	22.93	22.93
Other financial assets	24,399.21	24,401.09	22,081.59	22,077.36
Total	393,782.04	395,371.53	337,888.01	336,912.61
Financial liabilities				
Debt securities	237,328.06	235,612.09	219,977.22	212,002.45
Borrowings (other than debt securities)	85,507.36	85,562.85	61,543.61	61,984.35
Subordinated liabilities	6,946.89	7,610.21	4,819.65	5,028.88
Other financial liabilities	25,943.11	25,943.11	23,562.70	23,562.70
Total	355,725.42	354,728.26	309,903.18	302,578.38

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2021 was assessed to be insignificant.

Investment in Govt. Securities (G-SEC) and State Development Loan (SDL)

The Company has made investments in G-Sec and SDL in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The market price of Government of India securities and state development loan is available as at reporting date and accrued interest from last coupon date to the reporting date is added to market price.

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Investment in PSU Bonds

The Company has made investments in PSU Bonds in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The company has computed fair value using market inputs i.e., Yield of G-Sec bonds for similar remaining maturity or credit rating wise spread for PSUs for remaining maturity as per industry practice.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

52 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2021. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

53 Related Party Disclosures :

53.1 List of Related Parties

(1) Key Managerial Personnel

Sh. Sanjay Malhotra	Chairman & Managing Director w.e.f 9th November, 2020
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director and Director (Finance) upto 31 st May 2020
Sh. Sanjeev Kumar Gupta	Chairman & Managing Director (from 1st June, 2020 to 8th November, 2020) and Director (Technical)
Sh. Ajoy Choudhury	Director (Finance) w.e.f 1st June 2020
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director)
Sh. Mritunjay Kumar Narayan	Govt. Nominee Director upto 5th November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f 5th November, 2020
Sh. J.S. Amitabh	Executive Director & Company Secretary

(2) Ultimate Holding Company

Power Finance Corporation Ltd.

(3) Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL) - RECTPCL amalgamated to RECPDCL w.e.f 5th February, 2021

REC Power Distribution Company Limited (RECPDCL)

(4) Associate Companies of REC Power Distribution Company Limited

Dinchang Transmission Limited (under process of strike off)
 Chandil Transmission Limited
 Koderma Transmission Limited
 Dumka Transmission Limited
 Mandar Transmission Limited
 Kallam Transmission Limited (incorporated on 28th May 2020)
 Fatehgarh Bhadla Transco Limited (incorporated on 2nd June 2020)
 Gadag Transmission Limited (incorporated on 2nd June 2020)

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Rajgarh Transmission Limited (incorporated on 6th June 2020)

Bidar Transmission Limited (incorporated on 8th June, 2020)

Sikar new Transmission Limited (incorporated on 11th June 2020)

MP Power Transmission Package-I Limited (incorporated on 4th August 2020)

MP Power Transmission Package-II Limited (incorporated on 20th August 2020)

Ramgarh new Transmission Limited (incorporated on 26th June 2020 and transferred to Power Grid Corporation of India Limited on 9th March, 2021)

(5) Joint Ventures

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

EPAL Holdings Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

Edina Australia Pty Limited (through EESL)

Edina Power Services Limited (through EESL)

Stanbeck Limited (through EESL)

Edina UK Limited (through EESL)

Edina Power Limited (through EESL)

Armoura Holdings Limited (through EESL)

Edina Manufacturing Limited (through EESL)

EPSL Trigenation Pvt. Limited (through EESL)

Convergence Energy Services Limited (through EESL)

NEESL Private Limited

Intellismart Infrastructure Private Limited

Energy Efficiency Services Co. Limited, Thailand

EESL Energy Solutions LLC, UAE

(6) Post-employment Benefit Plan Trusts

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

(7) Society registered for undertaking CSR Initiatives

REC Foundation

NOTES TO ACCOUNTS

(8) Companies in which Key Managerial Personnel are Directors

NHPC Limited (Related Party since 4th November, 2020)

SJVN Limited (Related Party since 4th November, 2020)

Kholongchhu Hydro Energy Limited (Related Party since 4th November, 2020)

(9) Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

(a) Key Managerial Personnel of Ultimate Holding Company

Sh. Rajeev Sharma	Chairman & Managing Director (upto 31 st May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) upto 31 st May, 2020, Chairman & Managing Director w.e.f. 1st June, 2020
Sh. Naveen Bhushan Gupta	Director (Finance) upto 30th June 2020
Smt. Parminder Chopra	Director (Finance) w.e.f. 1st July, 2020
Sh. Praveen Kumar Singh	Director (Commercial) & Additional Charge Director (Projects)
Sh Mritunjay Kumar Narayan	Govt. Nominee Director upto 4 th November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f. 4 th November, 2020
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director upto 2 nd November, 2020
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) -Struck off from the Register of Companies and dissolved vide MCA Notice no-ROC/DELHI/248(2)/ STK-7/10148 dated 30.06.2020)

(c) Associate Companies of Ultimate Holding Company

Bihar Infra Power Limited

Bihar Mega Power Limited

Cheyur Infra Limited

Chhatisgarh Surguja Power Limited (under process of strike off)

Coastal Karnataka Power Limited (under approval for winding up)

Coastal Maharashtra Mega Power Limited (under process of strike off)

Coastal Tamilnadu Power Limited

Deogarh Infra Limited

Deogarh Mega Power Limited

Ghogarpalli Integrated Power Co. Limited

Jhakarand Infra Power Limited

Odisha Infrapower Limited

Orissa Integrated Power Limited

Sakhigopal Integrated Power Co. Limited

Tatiya Andhra Mega Power Limited (under process of striking off)

Ananthpuram Kurnool Transmission Limited (through PFFCL- incorporated on 13th May, 2020)

Bhadla Sikar Transmission Limited (through PFFCL- incorporated on 17th May, 2020)

Bijawar-Vidhrbha Transmission Limited (through PFFCL- under approval for closure)

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Bikaner-II Bhiwadi Transco Limited (through PFFCL- incorporated on 12th May, 2020, sold on 25th March 2021)
Karur Transmission Limited (through PFFCL- incorporated on 20th November, 2019)
Khetri-Narela Transmission Limited (through PFFCL- incorporated on 15th May, 2020)
Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18th November, 2019)
Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)
Sikar-II Aligarh Transmission Limited (through PFFCL- incorporated on 17th May, 2020)
Tanda Transmission Company Limited (through PFFCL- under process of strike off)
VAPI-II North Lakhimpur Transmission Ltd. (through PFFCL- transferred to Sterlite Grid Limited on 23rd June, 2020)

(d) Post-employment Benefit Plan Trusts of Ultimate Holding Company

PFC Employees Provident Fund Trust
PFC Employees Gratuity Trust
PFC Defined Contribution Pension Scheme 2007
PFC Ltd. Superannuation Medical Fund

(e) Other Companies in which Key Managerial Personnel of Ultimate Holding Company are Directors

PTC India Limited
Punatsangchhu-I, Hydroelectric Project Authority in Bhutan
Punatsangchhu-II, Hydroelectric Project Authority in Bhutan
Mangdechhu Hydroelectric Project Authority in Bhutan

53.2 Amount due from/ to the related parties:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Power Finance Corporation Ltd.		
Loan Repayable on Demand	3,000.49	-
RECPDCL		
Debt Securities	57.44	10.44
Other Financial Assets	4.16	2.73
Other Financial Liabilities	5.57	3.77
REC TPCL		
Debt Securities	-	47.00
Other Financial Assets	-	1.26
Post-employment Benefit Plan Trusts		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Other financial liabilities- Others	9.00	0.38
Other financial assets	-	4.21
Post-employment Benefit Plan Trusts of Ultimate Holding Company		
Debt Securities	4.10	4.10
Key Managerial Personnel		
Debt Securities	0.15	0.10
Staff Loans & Advances	0.28	0.33
Key Managerial Personnel of Ultimate Holding Company		
Debt Securities	0.12	0.12
REC Foundation		
Other Non Financial Assets	1.54	0.92

NOTES TO ACCOUNTS

53.3 Maximum amount of loans/ advances/ investments outstanding in respect of subsidiaries during the year

(₹ in Crores)

Particulars	Loans & Advances		Investments	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
RECTPCL	1.63	2.47	0.05	0.05
RECPDCL	4.16	2.92	0.10	0.05

53.4 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Power Finance Corporation Ltd.		
Dividend Paid	1,143.44	1,143.44
Directors' Sitting Fee	0.10	0.02
Loan Repayable on Demand raised	3,000.00	-
Finance Cost	0.49	-
REC PDCL		
Govt. funds disbursed	-	0.02
Apportionment of Employee Benefit and Other Expenses	8.96	7.37
Dividend Income	8.43	-
Finance Costs - Interest Paid	0.85	0.84
Other Expenses	7.98	9.68
REC TPCL		
Subscription to Bonds of the company	-	12.00
Govt. funds disbursed	-	9.50
Apportionment of Employee Benefit and Other Expenses	4.42	4.91
Dividend Income	-	50.00
Finance Costs - Interest Paid	3.71	4.76
Other Expenses	-	0.61
EESL		
Investment in Equity	-	71.60
Dividend Income	-	2.10
Post-employment Benefits Plan Trusts		
Contributions made by the Company during the year	1.50	31.78
Subscription to the bonds of Company	-	5.70
Subscription to the bonds of Holding Company	-	1.40
Finance Costs - Interest Paid	0.74	1.70
Post-employment Benefits Plan Trusts of Ultimate Holding Company		
Finance Costs - Interest Paid	0.38	0.33
Key Managerial Personnel		
Interest Income on Staff Loans	-	0.01
Finance Cost	0.01	0.02
Employee Benefits Expense - Managerial Remuneration	3.21	2.45
Directors' Sitting Fee	-	0.17
Key Managerial Personnel of Ultimate Holding Company		
Finance Cost	-	0.01
REC Foundation		
Payment towards Corporate Social Responsibility (CSR) Expenses	90.00	152.49

During the current year, related party transactions with RECTPCL have been presented till the effective date i.e., 5th February, 2021 (refer note 10.2)

NOTES TO ACCOUNTS

53.5 Terms and conditions of transactions with related parties

The transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans to Key Managerial Personnel are in line with the service rules of the Company. The finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the Term loan repayable on demand taken from the holding company. The interest rate payable on such debt securities is uniformly applicable to all the bondholders. Further, the term loan repayable on demand taken from the holding company was raised at the prevailing market rate. The Company also makes advances to its subsidiary companies on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary companies at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

53.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Short-term employee benefits	3.01	2.25
(ii) Post employment benefits	0.20	0.20
Total	3.21	2.45

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

53.7 During the year, the company has raised short term loan repayable on demand from the Power Finance Corporation Limited (Holding Company) amounting to ₹ 3,000 crores. The Loan has been raised at a rate of 4% p.a., which is comparable with other short term borrowings/ loan repayable on demand raised by the company. The loan has since been fully repaid as on the date of the signing of the financial statements.

53.8 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

The Company had transactions with the following government related entities during the year:

Bihar Grid Company Ltd
Damodar Valley Corporation
Nabinagar Power Generating Co. Pvt. Ltd.
Neyveli Uttar Pradesh Power Ltd
NTPC Tamil Nadu Energy Company Ltd.
Patraru Vidut Utpadan Nigam Ltd.
THDC India Ltd.
Singareni Collieries Company Limited

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Disbursement of Loans	2,837.27	1,437.18
Interest income recognised	2,178.00	2,139.65

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2021
Loan Assets	22,649.28	21,612.09
Interest Accrued	7.73	248.04

Refer Note No. 11, 18.1(i), 20 and 31 in respect of material transactions with the Central Govt.

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54 Disclosures in respect of Ind AS 116 'Leases'

During the year ended 31st March, 2021, the expenses relating to short-term leases are ₹ 12.92 crores (previous year ₹11.41 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 12.95 crores. (previous year ₹ 11.46 crores). Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the year:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	0.07	0.11
Finance Cost accrued during the year	0.01	0.01
Payments made during the year	(0.03)	(0.05)
Closing Balance	0.05	0.07

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Upto 1 year	0.02	0.03
1-5 years	0.04	0.05
More than 5 years	-	-

55 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

55.1 Defined Contribution Plans

A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust must declare the rate of interest on contribution to the members based upon the returns earned on its investments during the year, subject to minimum interest rate prescribed by Employees' Provident Fund Organisation. Any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Company has recognised an expense of ₹ 13.54 crores (previous year ₹ 15.1 Crores) towards defined contribution plans

55.2 Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Present value of Defined benefit obligation	32.44	36.82
Fair Value of Plan Assets	30.25	35.47
Net Defined Benefit (Asset)/ Liability	2.19	1.35

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Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	36.82	42.41	35.47	44.15	1.35	(1.74)
Included in profit or loss						
Current service Cost	1.93	2.27	-	-	1.93	2.27
Interest cost / income	2.28	2.95	2.38	3.40	-0.10	(0.45)
Total amount recognised in profit or loss	4.21	5.22	2.38	3.40	1.83	1.82
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.49)	1.82	-	-	(0.49)	1.82
-Actuarial loss (gain) arising from Experience adjustments	0.58	(0.89)	-	-	0.58	(0.89)
Return on plan assets excluding interest income	-	-	(0.33)	(0.41)	0.33	0.41
Total amount recognised in OCI	0.09	0.93	(0.33)	(0.41)	0.42	1.34
Contribution by employers	-	-	1.42	0.06	(1.42)	(0.06)
Benefits paid	(8.68)	(11.74)	(8.69)	(11.73)	0.01	(0.01)
Closing Balance	32.44	36.82	30.25	35.47	2.19	1.35

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees and their dependent family members are covered as per Company Rules. The scheme is funded by the Company and is managed by separate trust. The liability towards the same is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Present value of Defined benefit obligation	151.69	136.42
Fair Value of Plan Assets	144.06	140.64
Net Defined Benefit (Asset)/ Liability	7.63	(4.22)

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	136.42	129.77	140.64	97.99	(4.22)	31.78
Included in profit or loss						
Current service Cost	2.90	2.80	-	-	2.90	2.80
Interest cost / income	8.94	9.73	9.45	7.55	(0.51)	2.18

NOTES TO ACCOUNTS

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Total amount recognised in profit or loss	11.84	12.53	9.45	7.55	2.39	4.98
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(5.20)	18.85	-	-	(5.20)	18.85
- Actuarial loss (gain) arising from Experience adjustments	19.94	(15.32)	-	-	19.94	(15.32)
Return on plan assets excluding interest income	-	-	1.64	3.32	(1.64)	(3.32)
Total amount recognised in OCI	14.74	3.53	1.64	3.32	13.10	0.21
Contribution by employers	-	-	0.08	31.78	(0.08)	(31.78)
Benefits paid	(11.31)	(9.41)	(7.75)	-	(3.56)	(9.41)
Closing Balance	151.69	136.42	144.06	140.64	7.63	(4.22)

C. Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to support the family financially in case of permanent disability/death of an employee during the service tenure. This scheme is unfunded and the liability is determined based on actuarial valuation.

Net Defined Benefit (Asset)/ Liability for ERS

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Present value of Defined benefit obligation		
- ERS	4.13	4.25

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance	4.25	3.69
Included in profit or loss		
Current service Cost	0.20	0.16
Interest cost / income	0.25	0.26
Total amount recognised in profit or loss	0.45	0.42
Included in OCI		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	0.02	0.34
- Actuarial loss (gain) arising from Experience adjustments	0.73	0.99
Total amount recognised in OCI	0.75	1.33
Benefits paid	(1.32)	(1.19)
Closing Balance	4.13	4.25

NOTES TO ACCOUNTS

55.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

55.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity		PRMF	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Cash & Cash Equivalents	0.01	0.93	1.90	3.40
Unquoted Plan Assets				
Corporate Bonds/ Debentures	-	-	142.16	137.24
Others - Insurer managed funds & T-bills	30.24	34.54	-	-
Sub-total - Unquoted Plan Assets	30.24	34.54	142.16	137.24
Total	30.25	35.47	144.06	140.64

Actual return on plan assets is ₹ 13.14 crores (previous year ₹ 13.86 crores).

55.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by M/s Transvalue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	6.99%	6.72%	6.99%	6.72%	6.99%	6.72%
Future Salary Increase / medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	16.03	15.41	16.03	15.41	16.03	15.41

The Principle assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

NOTES TO ACCOUNTS

55.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(0.90)	0.97	(0.77)	0.94
- PRMS	(11.14)	11.66	(10.02)	10.48
- ERS	(0.15)	0.17	(0.15)	0.17
Salary Escalation Rate (0.50% movement)				
- Gratuity	0.14	(0.13)	0.14	(0.11)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.16	(0.14)
Medical inflation Rate (0.50% movement)				
- PRMS	10.83	(10.44)	9.74	(9.39)
Medical Cost (10% movement)				
- PRMS	15.56	(14.92)	13.99	(13.42)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

55.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Less than 1 year	7.87	11.95	12.20	9.89	1.19	1.26
From 1 to 5 years	20.81	15.95	72.60	47.71	3.00	2.83
Beyond 5 years	31.10	32.68	285.02	231.09	3.19	5.35
Total	59.78	60.58	369.82	288.69	7.38	9.44

55.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Expected contribution	3.98	3.29	10.91	-	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.54 years (as at 31.03.2020 - 12.57 years).

55.3 Other Long-term Employee Benefits

55.3.1 Earned Leave and Half Pay Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. Total expenses amounting to ₹ 4.21 crore (Previous year ₹ 7.75 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

NOTES TO ACCOUNTS

55.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.76 crore (previous year ₹ 0.93 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

53.4 Employee benefits (viz. Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiaries on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

56 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

Status of Documentation Subsequent to Reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union Territories (UTs) – Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of J&K have been restructured vide unbundling order dated 23rd October 2019. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documentation, the existing loans for Generation, T&D and Govt. schemes are being serviced / repaid in line with the existing loan agreements.

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

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

Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
 - (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
 - (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
 - (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.
- 57** The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/ geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

57.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(A) Income from Loan Assets	34,364.47	29,441.76
(B) Fee for Implementation of Govt. Schemes	33.67	19.52
(C) Income from Treasury Operations	178.39	76.91
Total	34,576.53	29,538.19

NOTES TO ACCOUNTS

57.2 The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

57.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2020-21 and 2019-20

58 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	1,140.49	-	1,678.03	-
(b) Bank balances other than (a) above	1,928.81	0.25	2,021.96	-
(c) Derivative financial instruments	258.94	2,052.28	1,180.60	2,138.25
(d) Loans	36,576.91	328,684.58	28,989.11	283,094.39
(e) Investments	37.28	1,872.50	1,500.62	812.59
(f) Other financial assets	259.59	24,139.62	447.02	21,634.57
Total - Financial Assets (1)	40,202.01	356,749.23	35,817.34	307,679.80
(2) Non-Financial Assets				
(a) Current tax assets (net)	-	160.07	-	392.66
(b) Deferred tax assets (net)	-	2,437.71	-	2,034.32
(c) Investment Property	-	0.01	-	0.01
(d) Property, Plant & Equipment	-	260.12	-	153.00
(e) Capital Work-in-Progress	-	335.67	-	287.62
(f) Intangible Assets Under Development	-	0.77	-	0.77
(g) Other Intangible Assets	-	6.10	-	8.80
(h) Other non-financial assets	72.66	8.84	62.89	50.38
Total - Non-Financial Assets (2)	72.66	3,209.29	62.89	2,927.56
Total ASSETS (1+2)	40,274.67	359,958.52	35,880.23	310,607.36
LIABILITIES				
(1) Financial Liabilities				
(a) Derivative financial instruments	73.13	773.18	58.63	1,267.10
(b) Debt Securities	45,057.34	192,270.72	48,574.64	171,402.58
(c) Borrowings (other than debt securities)	27,509.52	57,997.84	19,375.68	42,167.93
(d) Subordinated Liabilities	299.49	6,647.40	170.58	4,649.07
(e) Other financial liabilities	1,833.81	24,109.30	1,953.40	21,609.30
Total - Financial Liabilities (1)	74,773.29	281,798.44	70,132.93	241,095.98
(2) Non-Financial Liabilities				
(a) Current tax liabilities (net)	10.62	-	-	-
(b) Provisions	62.64	41.32	67.81	38.70
(c) Other non-financial liabilities	88.41	32.10	70.74	4.87
Total - Non-Financial Liabilities (2)	161.67	73.42	138.55	43.57
Total LIABILITIES (1+2)	74,934.96	281,871.86	70,271.48	241,139.55

Previous year figures have been reclassified/ regrouped to conform to the current classification.

- 59** There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
- 60** The disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 have been made in Note No. 3, 8, 9, 10, 19.1, 26.1, 43, 46, 47.1.3 (O), 47.1.3 (S), 47.1.3 (T), 47.2.2, 47.3, 48, 50, 53, 59, 61, 62.
- 61** No penalties have been levied on the Company by any regulator during the year ended 31st March 2021 (previous year Nil).
However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) vide its letter dated 20th August 2020, 8th September 2020, 17th November 2020 and 15th February 2021 and from BSE Ltd. (BSE) vide its mails dated 20th August 2020 and 8th September 2020 for payment of fine totalling to Rs. 49,44,200 (inclusive of GST) for non-compliance of the corporate governance requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the position/quorum requirements of Board/ Committees.
The Company has requested the Stock Exchanges to waive the fine since the power to appoint Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Independent Directors on the Board of the Company. As such, there is no violation on the part of the Company in the appointment of Independent Directors. While the reply of the Stock Exchanges is still awaited, the Company is hopeful of favorable outcome of its request to the Stock Exchanges in line with the earlier waivers of fine by the Stock Exchanges for similar reasons.
- 62** No complaints have been received by the company from the borrowers under the Fair Practices Code during the year ended 31st March 2021 (previous year Nil).
- 63** Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.
- The Notes to Accounts 1 to 63 are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

S. Murthy
Partner
M.No. : 072290

Atul Aggarwal
Partner
M.No. : 092656

Place: New Delhi
Date: 28th May 2021

REC LIMITED (FORMERLY RURAL ELECTRIFICATION CORPORATION LIMITED)
 Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Annexure to be enclosed with Balance Sheet as at 31st March 2021

(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to REC Ltd.)

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
LIABILITIES SIDE:				
Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	35,581.38	-	40,004.39	-
- Unsecured	209,521.27	-	182,845.62	-
(b) Term Loans				
- Secured Loans from Financial Institutions	-	-	-	-
- Unsecured Loans from NSSF	10,325.12		10,326.81	
- Unsecured Loans from Banks	29,953.76		18,900.72	
- Unsecured Loans from Financial Institutions	5,800.00		1,000.00	
(c) Commercial Paper	-	-	2,925.00	-
(d) Other Loans				
- Foreign Currency Borrowings	21,060.17	-	21,813.83	-
- FCNR (B) Loans	5,335.01	-	6,985.80	-
- Short Term Loans/ Loans Repayable on Demand	10,201.99		2,750.92	
- Loan repayable on demand from Holding Company	3,000.49		-	
- Finance Lease Obligations	0.05		0.07	

(₹ in Crores)

Particulars		As at 31.03.2021	As at 31.03.2020
ASSETS SIDE :			
(2) Break-up of Loans and Advances including bills receivables			
(a) Secured		247,657.93	235,470.39
(b) Unsecured		116,554.11	74,958.25
(3) INVESTMENTS :			
Current Investments:			
Quoted:			
(i) Shares : Equity		23.60	12.50
Unquoted:			
(i) Shares : Preference		69.08	68.34
(ii) Debentures and Bonds		292.16	-
Long Term Investments:			
Quoted:			
(i) Shares : Equity		430.13	507.43
(ii) Debentures and Bonds		227.52	1,500.62
Unquoted:			
(i) Shares : Equity		218.20	218.20
(ii) Government Securities		649.08	-
(iii) Units of mutual funds		-	6.12

NOTES TO ACCOUNTS

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
As at 31-03-2021		
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
2. Other than Related Parties	247,657.93	116,554.11
Total	247,657.93	116,554.11
As at 31-03-2020		
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
2. Other than Related Parties	235,470.39	74,958.25
Total	235,470.39	74,958.25

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2021		As at 31.03.2020	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	0.10	0.10	0.10	0.10
(b) Companies in the same Group	218.10	218.10	218.10	218.10
2. Other than Related Parties	1,691.57	1,691.57	2,095.01	2,095.01
Total	1,909.77	1,909.77	2,313.21	2,313.21

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
(i) Gross Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	18,256.93	21,255.55
(ii) Net Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	6,465.62	10,703.42
(iii) Asset acquired in satisfaction of debts	349.28	54.60

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

S. Murthy
Partner
M.No. : 072290

Atul Aggarwal
Partner
M.No. : 092656

Place: New Delhi
Date: 28th May 2021

INDEPENDENT AUDITORS' REPORT

To the Members of
REC Limited

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of REC Limited ("the Company") which comprise the balance sheet as at 31st March, 2021, and the statement of profit and loss (including other comprehensive income) and the statement of change in equity and the statement of cash flows for the year then ended and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India, of the state of the affairs of the Company as at 31st March 2021, and profit (including other comprehensive income) and changes in equity and its cash flow for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

1. We draw attention to Note No. 47.1.3 to the standalone Ind AS Financial Statements regarding, the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance as mentioned above, in so far as it relates to technical aspects/parameters considered by independent agency and management judgement for ascertaining impairment allowance as management overlay.
2. We draw attention to Note No. 49 of the standalone Ind AS Financial Statements regarding the impact of COVID-19 pandemic on the Company. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the company to continue as a going concern. Nevertheless, the impact in sight of evolution of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matter	Auditor's Response
1.	Impairment allowance of Loan Assets – (Refer Note No. 47.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.10) The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance. The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management. Further the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case to case basis and wherever impairment impact need to be changed the same is considered in the financial statements. Since the company is an non banking finance company involved in business of financing and if any of the key parameter/criteria/assumptions mentioned as above is applied improperly, it can result in impacting the carrying value of loan assets materially either individually or collectively. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements i.e. 91.26 % of total assets, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.	We have applied following audit procedures in this regard According to the provisions of Ind AS 109 “Financial Instruments”, we have obtained the report of the third party and verified the criterion/framework with various regulatory updates alongwith Company’s internal guidelines and procedures in respect of the impairment allowance. Verification of loan assets with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment. Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters. Assessment of performance of the loan assets is carried out on the basis of available documents comprising loan papers, financial data, valuation reports, progress report, periodical financial information, information on public domain, procedure applied by the management e.g. inspection of loans, physical verification, assessing borrower past records etc. Recoveries in the loan assets are verified to ascertain level of stress thereon and impact as impairment allowance on financial statement. We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases. Components and calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. Such components are credit rating of borrowers, calculation of probability of default/loan given defaults etc. Our audit procedure in the same are limited in view of not sharing certain parameters of study being considered confidential by such third party. Further, the Management, pursuing a board approved methodology reviews the impairment allowance in the report of the third party and modified the impairment on case to case basis. We have obtained a detailed analysis from the management for such modification. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same. Verification of the amount maintained as Impairment reserve in terms of Income Recognition, Assets classification and provisioning norms (IRACP) of Reserve Bank of India in pursuance of RBI Notification No. DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020.

S. No.	Key Audit Matter	Auditor's Response
2.	Fair valuation of Derivative Financial Instruments (Refer Note No. 9 to the standalone Ind AS Financial Statements read with accounting policy No. 3.9) To mitigate the Company's exposure to foreign currency risk and interest rate risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's board approved risk management policies and RBI guidelines. The derivatives are measured at fair value as per Ind AS 109. The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' wherein certain derivative contracts have been designated as hedging instruments in 'Cash flow hedge' relationships. These arrangements have been entered into to mitigate foreign currency exchange risk and interest rate risk arising from certain debt instruments denominated in foreign currency. Hedge accounting has resulted in significant impact on financial statements coupled with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income. In view of facts of the matter we have identified it as a key audit matter.	We have applied following audit procedure in this regard Discussing and understanding management's perception and studying policy of the company for risk management. Motive of derivative transactions are studied and observed underlying exposure is not more than the volume of derivatives. Verification of fair value of derivative in terms of Ind AS 109. Testing the accuracy and completeness of derivative transactions. Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments. Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31st March 2021 from the Company. Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts. Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments. We also obtained confirmations from the banks with whom such financial derivative contracts have been entered into and independently compared the valuation so arrived at by the contracting banks. Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income. Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines.

S. No.	Key Audit Matter	Auditor's Response
3.	Modified audit procedures carried out in light of COVID-19 outbreak (Refer Note No. 49 to the standalone Ind AS Financial Statements) The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a decline in economy activity and volatility in global and Indian financial markets. To curb the spread of COVID-19 pandemic, nation-wide lockdown and travel restrictions were imposed by various state Governments/local authorities during the financial year and our period of audit. Since the access to audit evidence in person/ physically was disrupted due to the unprecedented situation, the audit had to be conducted with modified audit procedures. We have identified such modified audit procedures as a key audit matter.	We have applied following audit procedures in this regard In scenario of lockdown and severe spread of the pandemic, the company facilitated carrying out audit remotely as physical access was restricted. As the physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the company through digital medium/ emails and other application softwares. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon by us as audit evidence for conducting the audit and reporting for the year under audit. We modified our audit procedures as follows : - Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails. - Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels. - Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials. - The situation of lockdown due to pandemic, may have impacted working/reporting etc. of other professional e.g. third party agency submitting report of impairment allowance, independent valuers, internal auditors etc. and we have relied upon the same. - Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company. - In entire communication through various modes as mentioned hereinabove the records of the company which is confidential have been sent and, though utmost care has been taken as explained to us by encrypting such data, there are possibility of damage to such data in different ways. We have informed the company in this regard.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the Directors' report, Corporate Governance report, Business responsibility report and Management Discussion and Analysis etc. in the Annual report but does not include the standalone Ind AS financial statements and our report thereon. Such other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit **subject to our audit procedures as referred in para 3 of key audit matters here in above.**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure-A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. On the basis of information and explanations given to us by the company we are enclosing our report in Annexure-B on the directions/sub-directions issued by Comptroller and Auditor General of India in terms of Section 143(5) of the Act,.
3. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant rules.
 - e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls with reference to the Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-C";
 - g) Pursuant to Notification no. GSR463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 197 of the Act are not applicable to the government companies.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 42.1 to the standalone Ind AS financial statements;
 - (ii) The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 21072290AAAADD8391

Place : New Delhi
Date : 28th May 2021

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAACQ8265

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of REC Limited for the Year ended on 31st March 2021.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and equipment.
- (b) According to the information and explanations given to us, the Company has the policy of verifying the Property, Plant and equipment in a phased manner. Discrepancies arising from such physical verification have been suitably accounted for in the books of accounts. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

(₹ in Crores)

Particulars	No. of cases	Gross Block	Net Block	Remarks
Building	1	4.59	2.07	Conveyance Deed by Standing Committee of Public Enterprises is yet to be executed.

- (ii) The Company being Non-Banking Financial Company (NBFC), does not has any inventory; as such this clause is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any Companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii)(a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to information & explanations given to us with respect to the provisions of Section 185 of the Act, the Company has not granted any loan or guarantee in accordance with Section 185.
- Further, in our opinion and according to information & explanations given to us, the Company, being a Non-Banking Financial Company (NBFC), is exempt from the provisions of Section 186 of the Act and the relevant rules in respect of loans and guarantees. In respect of the investments, the Company has complied with the provisions of section 186 (1) of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.
- (vi) We are of the knowledge and have been explained that being an NBFC company, the Central Government has not prescribed the maintenance of cost records for the services of the Company under Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company.
- (vii) (a) On the basis of our checks and audit procedures we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods & service tax, cess and any other statutory dues to the appropriate authorities. There were no undisputed statutory dues in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and as certified by the management on which we have relied upon, the dues of income tax as follows aggregating to ₹ 0.06 crores have not been deposited on account of dispute/ deposited under protest and the matters are pending before appropriate authorities as detailed below:

(₹ in Crores)

Name of Statute	Nature of Dues	Amount Disputed	Amount paid / refund adjusted	Net Amount unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and interest	0.30	0.30	-	2008-09	Delhi High Court
Income Tax Act, 1961	Income Tax and interest	3.61	3.61	-	2012-13	Commissioner of Income Tax (Appeals) Delhi
Income Tax Act, 1961	Income Tax and interest	0.23	0.23	-	2012-13	Delhi High Court
Income Tax Act, 1961	Income Tax and interest	6.44	6.44	-	2018-19	Assessing Officer, CPC
Income Tax Act, 1961	TDS	0.06	-	0.06	-	CPC, TDS
Total		10.64	10.58	0.06		

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company applying our audit procedures, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders as at the Balance Sheet date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer. Money raised by the Company by way of debt instruments and term loans during the year were applied for the purposes for which it was raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of any material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanations given to us, Central Government has exempted the Government Companies from the provisions of Section 197. Accordingly, this clause of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, this clause of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the necessary disclosures have been made in the standalone Ind AS financial statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, this clause of the Order is not applicable.
- (xvi) We have been informed that the Company is registered as a non-banking finance company under section 45-IA of the Reserve Bank of India Act, 1934. The registration number issued to the company is 14.000011.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 21072290AAAADD8391

Place : New Delhi
Date : 28th May 2021

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAACQ8265

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of REC Limited for the Year ended on 31st March 2021.

Sl. No.	Directions	Action Taken	Impact on Standalone Ind As Financial Statements
A.	Directions		
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has ERP R12 version to process all the accounting transactions through IT system. All the accounting, including at Regional and State offices is done through the centralized ERP system.	No impact on the standalone Ind AS Financial Statements
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for Statutory Auditor of lender company).	There has been no such case and the company has been regularly servicing its debt and borrowings obligations. Moreover, the company has properly accounted for the cases where any loans given by the company have been restructured.	No impact on the standalone Ind AS Financial Statements
3.	Whether funds (grant/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	The Company has not received any funds for specific schemes from central/ state agencies for utilization. However, the company receives funds from government for its disbursements to various agencies as per specified schemes.	No impact on the standalone Ind AS Financial Statements

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 21072290AAAADD8391

Place : New Delhi
Date : 28th May 2021

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAACQ8265

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of REC Limited the Company as of 31st March 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Control and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

- A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
 - (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2021 standalone Ind AS financial statements of the Company. However, these areas of improvement do not affect our opinion on the standalone Ind AS financial statements of the Company.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 21072290AAAADD8391

Place : New Delhi
Date : 28th May 2021

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAACQ8265

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2021

**The Board of Directors,
REC Limited**

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003

We have audited the accompanying standalone financial statements of REC Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss and the Statement of Cash Flows and the Statement of changes in equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016" issued by Reserve Bank of India (RBI) vide notification no. DNBS.PPD.03/66.15.001/2016-17 dated 29th September, 2016 on the matters specified in para 3(A) and 3(C) of Chapter-II of the said Directions to the extent applicable to the company and according to the information and explanations given to us for the purpose of audit, we report that:

1. The Company had been granted registration under section 45-IA of the Reserve Bank of India Act, 1934 on 10th February 1998 vide Certificate of Registration No. 14.000011. RBI issued further Certificate dated 17th September 2010 in lieu of earlier certificate having categorized REC Ltd as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated 12th February, 2010. Consequent upon change of name of the Company from Rural Electrification Corporation Limited to REC Limited, RBI has issued fresh certificate of registration bearing no. 14.000011 dated 28th November 2018 with the name of REC Limited.
2. The company is entitled to continue to hold such registration in terms of its asset/ income pattern as on 31st March 2021
3. The Company is meeting the requirement of net owned funds applicable to an Infrastructure Finance Company as laid down in Master Direction-Non Banking Financial Company-Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Direction 2016 dated 1st September 2016.
4. The Board of Directors of the Company, in its meeting held on 25th March 2020, has passed resolution for non-acceptance of any public deposits for the Financial Year 2020-21.
5. The Company has not accepted any public deposits during the financial year 2020-21.
6. The financial statements of the Company for the year 2020-21 have been prepared in accordance with recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act 2013 read with relevant rules issued thereunder.

Accordingly, the company is following board-approved methodology for computation of Impairment allowance towards provisioning for its loan assets and classification thereof. In view of regulatory compliance of Companies Act 2013 for adoption of a mechanism for preparation of financial statements the Company could not follow the Prudential norms relating to income recognition, accounting standards, asset classification and provisioning (IRACP norms) for Bad and Doubtful debts in terms of the directions 2016. Nevertheless the company is complying with the directions of the RBI vide Notification No. DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 with respect to adherence to difference in provisioning between IRACP norms and ECL methodology of the company.

7. a) In our opinion, the Capital Adequacy ratio as disclosed in the Return submitted to RBI in Form NBS-7 has been correctly arrived on the basis of provisional financial statements and such ratio is in compliance with minimum CRAR prescribed by RBI.
b) As per information and explanation given to us, the annual statement of capital funds, risk assets/ exposure and risk asset ratio (NBS-7 return) as on 31st March 2021 has been filed by company on 15th April 2021 on the basis of the provisional financial results.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : Gaurav Mittal
Designation : Partner
Membership Number : 099387
UDIN : 21099387AAAAEB6395

Place : New Delhi
Date : 28th May 2021

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAACU3572

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF REC LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of REC Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of REC Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**

**(D.K. Sekar)
Director General of Audit (Energy),
Delhi**

**Place: New Delhi
Dated: 30 July 2021**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
	ASSETS			
(1)	Financial Assets			
(a)	Cash and cash equivalents	6	1,179.24	1,717.71
(b)	Bank balances other than (a) above	7	2,223.58	2,257.45
(c)	Trade receivables	8	140.07	109.07
(d)	Derivative financial instruments	9	2,311.22	3,318.85
(e)	Loans	10	365,261.49	312,083.50
(f)	Investments	11	1,723.68	2,127.11
(g)	Other financial assets	12	24,419.88	22,101.32
	Total - Financial Assets (1)		397,259.16	343,715.01
(2)	Non-Financial Assets			
(a)	Current tax assets (net)	13	168.92	409.94
(b)	Deferred tax assets (net)	14	2,461.03	2,050.57
(c)	Investment Property	15	0.01	0.01
(d)	Property, Plant & Equipment	16	260.70	156.97
(e)	Capital Work-in-Progress	16	335.67	287.62
(f)	Intangible Assets Under Development	16	0.77	0.77
(g)	Other Intangible Assets	16	6.15	8.82
(h)	Other non-financial assets	17	102.67	132.37
(i)	Investments accounted for using equity method	11	257.74	258.47
	Total - Non-Financial Assets (2)		3,593.66	3,305.54
(3)	Assets classified as held for sale	18	14.05	9.53
	Total ASSETS (1+2+3)		400,866.87	347,030.08
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	Financial Liabilities			
(a)	Derivative financial instruments	9	846.31	1,325.73
(b)	Trade Payables			
	(i) total outstanding dues of MSMEs	19	0.01	0.15
	(ii) total outstanding dues of creditors other than MSMEs	19	61.50	46.00
(c)	Debt Securities	20	237,269.11	219,918.25
(d)	Borrowings (other than debt securities)	21	85,507.36	61,550.66
(e)	Subordinated Liabilities	22	6,946.89	4,819.65
(f)	Other financial liabilities	23	26,222.35	23,782.21
	Total - Financial Liabilities (1)		356,853.53	311,442.65
(2)	Non-Financial Liabilities			
(a)	Current tax liabilities (net)	24	14.40	-
(b)	Provisions	25	104.68	107.09
(c)	Other non-financial liabilities	26	130.25	83.23
	Total - Non-Financial Liabilities (2)		249.33	190.32
(3)	Liabilities directly associated with assets classified as held for sale	18	0.08	0.68
(4)	EQUITY			
(a)	Equity Share Capital	27	1,974.92	1,974.92
(b)	Instruments Entirely Equity In Nature	28	558.40	-
(c)	Other equity	29	41,230.61	33,421.51
	Total - Equity (4)		43,763.93	35,396.43
	Total - LIABILITIES AND EQUITY (1+2+3+4)		400,866.87	347,030.08
	Company Overview and Significant Accounting Policies	1 to 5		

Accompanying Notes to Financial Statements

1 to 70

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

Gaurav Mittal
Partner
M.No. : 099387

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Atul Aggarwal
Partner
M.No. : 092656

Place : New Delhi
Date : 28th May 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
	Revenue from Operations			
(i)	Interest Income	30	34,693.35	29,671.78
(ii)	Dividend Income	31	27.97	36.94
(iii)	Fees and Commission Income	32	95.38	38.95
(iv)	Net gain/ (loss) on fair value changes	38	572.33	(25.85)
(v)	Sale of services	33	163.65	182.11
I.	Total Revenue from Operations (i to v)		35,552.68	29,903.93
II.	Other Income	34	22.72	77.27
III.	Total Income (I+II)		35,575.40	29,981.20
	Expenses			
(i)	Finance Costs	35	21,489.05	18,991.30
(ii)	Net translation/ transaction exchange loss	36	330.26	2,357.90
(iii)	Fees and commission Expense	37	9.95	25.44
(iv)	Impairment on financial instruments	39	2445.94	919.49
(v)	Cost of services rendered	40	88.51	71.61
(vi)	Employee Benefits Expenses	41	163.62	193.15
(vii)	Depreciation and amortization	42	10.86	11.77
(viii)	Corporate Social Responsibility Expenses	43	146.27	259.29
(ix)	Other Expenses	44	109.38	130.41
IV.	Total Expenses (i to ix)		24,793.84	22,960.36
V.	Profit before Tax (III-IV)		10,781.56	7,020.84
V.	Share of Profit/Loss of Joint Venture accounted for using equity method		(1.97)	9.14
VI.	Profit before Tax (III-IV+V)		10,779.59	7,029.98
VII.	Tax Expense	45		
(i)	Current tax		2,920.97	1,645.06
(ii)	Deferred Tax		(519.62)	412.65
	Total Tax Expense (i+ii)		2,401.35	2,057.71
VIII.	Profit for the period		8,378.24	4,972.27
IX.	Other comprehensive Income/(Loss)			
(i)	Items that will not be reclassified to profit or loss			
(a)	Re-measurement gains/(losses) on defined benefit plans		(14.26)	(2.87)
(b)	Changes in Fair Value of FVOCI Equity Instruments		166.53	(129.20)
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(0.05)	(0.12)
(d)	Income tax relating to these items			
-	Re-measurement gains/(losses) on defined benefit plans		3.59	0.72
-	Changes in Fair Value of FVOCI Equity Instruments		(6.01)	12.39
	Sub-Total (i)		149.80	(119.08)
(ii)	Items that will be reclassified to profit or loss			
(a)	Effective Portion of Cash Flow Hedges		80.81	(302.12)
(b)	Cost of hedging reserve		329.00	(273.61)
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		1.29	(3.94)
(d)	Income tax relating to these items			
-	Effective Portion of Cash Flow Hedges		(20.34)	76.04
-	Cost of hedging reserve		(82.80)	68.86
	Sub-Total (ii)		307.96	(434.77)
	Other comprehensive Income/(Loss) for the period (i+ii)		457.76	(553.85)
X.	Total comprehensive Income for the period (VIII+IX)		8,836.00	4,418.42
XI.	Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)	46		
(1)	For continuing operations		42.42	25.18
(2)	For continuing and discontinued operations		42.42	25.18
	Company Overview and Significant Accounting Policies	1 to 5		

Accompanying Notes to Financial Statements

1 to 70

For and on behalf of the Board

J.S. Amitabh
ED & Company SecretaryAjoy Choudhury
Director (Finance)
DIN - 06629871Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135NGaurav Mittal
Partner
M.No. : 099387For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091Atul Aggarwal
Partner
M.No. : 092656Place : New Delhi
Date : 28th May 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2021

A Equity share capital															(₹ in Crores)	
Particulars																
Opening Balance															As at 31-03-2021	As at 31-03-2020
Changes in equity share capital during the year															1,974.92	-
Closing Balance															-	-
Refer note 27 for detail															1,974.92	1,974.92
B Instruments entirely equity in nature															(₹ in Crores)	
Particulars																
Opening Balance															As at 31-03-2021	As at 31-03-2020
Changes in instruments entirely equity in nature during the year															-	-
Closing Balance															558.40	-
Closing Balance															558.40	-
C Other Equity															(₹ in Crores)	
Particulars																Total
Special Reserve created u/s 36(1) (vii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	Reserve for 45-IC of Bank of India Act, 1934	Debiture Redemption Reserve	Securities Premium Account	Capital Reserve	Foreign Currency Monetary item Translation Difference Account	General Reserve	Impairment Reserve	Retained Earnings	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	FVOCI- Equity Instru- ments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve			
Balance as at 31 st March 2019	15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	-	(764.82)	5,230.54	-	5,088.19	1.46	136.88	-	32,571.42		
Profit for the period	-	-	-	-	-	-	-	-	-	4,972.27	-	-	-	4,972.27		
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	(2.15)	-	-	-	(2.15)		
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-	-	-	-	-	(0.12)	(3.94)	(116.81)	(226.08)	(551.70)		
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	4,970.00	(3.94)	(116.81)	(226.08)	4,418.42		
Other adjustments																
Transferred to/ (from) Retained Earnings	1,522.32	336.52	978.00	49.15	-	-	-	-	793.29	(3,679.28)	-	-	-	-		
Transferred to General Reserve	-	(378.41)	-	(1,367.28)	-	-	-	1,745.69	-	(86.19)	-	-	-	-		
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-	-	(1,630.51)	-	-	-	-	-	-	(1,630.51)		
Foreign Currency Translation Loss on long term monetary items during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Gain on increase in share in EESL	-	-	-	-	-	4.70	-	-	-	-	-	-	-	4.70		
Amortisation during the year	-	-	-	-	-	-	675.95	-	-	-	-	-	-	675.95		
Total- Other adjustments	1,522.32	(41.89)	978.00	(1,318.13)	-	4.70	(954.56)	1,745.69	793.29	(3,765.47)	-	86.19	-	(949.86)		
Dividends	-	-	-	-	-	-	-	-	-	(2,172.41)	-	-	-	(2,172.41)		
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	(446.06)	-	-	-	(446.06)		
Total- Transaction with owners	16,659.10	2,992.83	2,131.00	-	2,236.54	4.70	(1,719.38)	6,976.23	793.29	3,674.25	(2.48)	106.26	(226.08)	33,421.51		
Profit for the period	-	-	-	-	-	-	-	-	-	8,378.24	-	-	-	8,378.24		
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	(10.67)	-	-	-	(10.67)		
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-	-	-	-	-	(0.05)	1.29	160.52	60.47	468.43		
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	8,367.52	1.29	160.52	60.47	8,836.00		
Transferred to/ (from) Retained Earnings	2,563.13	288.13	1,673.00	-	-	-	-	981.10	-	(5,505.36)	-	-	-	-		
Transferred to/ (from) General Reserve	-	(1,152.55)	-	-	-	-	-	1,945.83	(793.29)	-	-	-	-	(0.01)		
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-	-	-	-	-	242.71	-	(242.71)	-	-		
Foreign Currency Translation Loss on long term monetary items during the year	-	-	-	-	-	-	437.65	-	-	-	-	-	-	437.65		
Amortisation during the year	-	-	-	-	-	-	708.57	-	-	-	-	-	-	708.57		
Issue expenses on Perpetual Debt Instruments	-	-	-	-	-	-	-	-	-	(0.70)	-	-	-	(0.70)		
Total- Other adjustments	2,563.13	(864.42)	1,673.00	-	-	-	1,146.22	2,926.93	(793.29)	(5,263.35)	-	(242.71)	-	1,145.51		
Dividends	-	-	-	-	-	-	-	-	-	(2,172.41)	-	-	-	(2,172.41)		
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total- Transaction with owners	19,222.23	2,128.41	3,804.00	-	2,236.54	4.70	(573.16)	9,903.16	-	(2,172.41)	(1.19)	24.07	(165.61)	41.45		
Balance as at 31 st March 2021	-	-	-	-	-	-	-	-	-	4,606.01	-	-	-	41,230.61		

Refer Note No. 29.1 for details regarding drawdown/ transfers from Reserves and Note No. 29.8 for transfer from Impairment Reserve

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Accompanying Notes to Financial Statements

In terms of our Report of even date

For and on behalf of the Board

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Gaurav Mittal
Partner
M.No.: 099387
Place : New Delhi
Date : 28th May 2021

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 006629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ in Crores)

PARTICULARS	Year Ended 31.03.2021		Year Ended 31.03.2020	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	10,779.59		7,029.98	
Adjustments for:				
1. Loss on derecognition of Property, Plant and Equipment (net)	4.69		1.69	
2. Depreciation & Amortization	10.86		11.78	
3. Impairment losses on Financial Instruments	2,445.94		919.48	
4. Adjustments towards Effective Interest Rate in respect of Loans	32.61		53.02	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	152.19		62.31	
6. Fair Value Changes in Derivatives	(545.92)		47.72	
7. Fair Value Changes in FVTPL Instruments	(2.43)		(6.40)	
8. Interest on Commercial Paper	35.32		463.66	
9. Interest Accrued on Zero Coupon Bonds	81.78		105.29	
10. Loss/ (Gain) on Exchange Rate fluctuation	526.71		2,342.27	
11. Loss/ (Gain) on sale of investments	-		(3.16)	
12. Provision made for Interest on Advance Income Tax	22.71		-	
13. Share of Profit/Loss of Joint Venture accounted for using equity method	1.97		(9.14)	
Operating profit before Changes in Operating Assets & Liabilities	13,546.02		11,018.50	
Inflow / (Outflow) on account of :				
1. Loan Assets	(56,522.42)		(41,664.59)	
2. Derivatives	711.20		(407.70)	
3. Other Operating Assets	(1,827.24)		(5,112.80)	
4. Operating Liabilities	3,264.58		5,485.70	
Cash flow from Operations	(40,827.86)		(30,680.89)	
1. Income Tax Paid (including TDS)	(2,696.20)		(1,777.35)	
2. Income Tax refund	11.73		16.67	
Net Cash Flow from Operating Activities		(43,512.33)		(32,441.57)
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.35		0.11	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(73.30)		(97.51)	
3. Investment in Intangible Assets (including intangible assets under development)	(0.95)		(2.75)	
4. Finance Costs Capitalised	(22.04)		(15.79)	
5. Investment in Equity Shares of Joint Venture (EESL)	-		(71.60)	
6. Sale of Equity Shares of Indian Energy Exchange Limited	249.92		4.23	
7. Sale/(Investment) of/in shares of associate companies (Net)	(0.40)		0.30	
8. Redemption/ (Investment) in Debt Securities (net)	1,357.65		50.31	
9. Redemption/ (Investment) in Government Securities (net)	(647.78)		-	
10. Maturity/(Investment) of/in Corporate and Term deposits	(2.93)		(18.31)	
11. Realisation of investments accounted for using equity method	-		2.10	
Net Cash Flow from Investing Activities		860.52		(148.91)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020 (CONTD.)

(₹ in Crores)

PARTICULARS	Year Ended 31.03.2021		Year Ended 31.03.2020	
C. Cash Flow from Financing Activities				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	15,499.66		21,293.39	
2. Issue/ (Redemption) of Commercial Paper (net)	(2,925.00)		(5,270.30)	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	26,270.47		7,904.65	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	2,884.39		12,617.57	
5. Raising/ (Redemption) of Subordinated Liabilities (net)	1,999.50		-	
6. Issue of Perpetual Debt Instruments entirely equity in nature	558.40		-	
7. Issue Expenses on Perpetual Debt Instruments entirely equity in nature	(0.94)		-	
8. Payment of Dividend on Equity Shares	(2,172.41)		(2,172.41)	
9. Payment of Corporate Dividend Tax	-		(446.06)	
10. Repayment towards Lease Liability	(0.73)		(0.64)	
Net Cash flow from Financing Activities		42,113.34		33,926.20
Net Increase/Decrease in Cash & Cash Equivalents		(538.47)		1,335.72
Cash & Cash Equivalents as at the beginning of the year		1,717.71		381.99
Cash & Cash Equivalents as at the end of the year		1,179.24		1,717.71

During the year, the Group has received Dividend of ₹ 27.97 crores (previous year ₹ 36.94 crores). Further, during the year, the Company has paid an amount of ₹ 150.31 crores (previous year ₹ 259.29 crores) towards Corporate Social Responsibility.

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

(₹ in Crores)

PARTICULARS	Year Ended 31.03.2021	Year Ended 31.03.2020
- Cash in Hand (including postage & imprest)	0.12	0.06
- Balances with Banks	247.82	1,195.40
- Short-term Deposits with Scheduled Banks	931.30	522.25
Total Cash & Cash Equivalents	1,179.24	1,717.71

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020 (CONTD.)
Reconciliation of liabilities arising from financing activities

(₹ in Crores)

Particulars	Opening Balance	Cash Flows during the period (net)	Movements in Interest Accrued *	Other Adjustments		Closing Balance
				Exchange Differences	EIR Adjustments	
Year ended 31-03-2021						
Rupee Debt Securities	194,964.01	15,499.66	657.70	-	87.34	211,208.71
Commercial Paper	2,889.68	(2,925.00)	-	-	35.32	-
Rupee Term Loans/ WCDL	32,983.45	26,270.47	27.44	-	-	59,281.36
Foreign Currency Debt Securities & other Borrowings	50,629.65	2,884.39	16.81	(1,392.24)	147.74	52,286.35
Subordinated Liabilities	4,819.65	1,999.50	128.90	-	(1.16)	6,946.89
Total	286,286.44	43,729.02	830.85	(1,392.24)	269.24	329,723.31
Year ended 31-03-2020						
Rupee Debt Securities	172,899.12	21,293.39	729.78	-	41.72	194,964.01
Commercial Paper	7,696.32	(5,270.30)	-	-	463.66	2,889.68
Rupee Term Loans/ WCDL	24,884.25	7,904.65	194.55	-	-	32,983.45
Foreign Currency Debt Securities & Bonds	33,950.25	12,617.57	73.78	3,930.12	57.93	50,629.65
Subordinated Liabilities	4,818.76	-	0.61	-	0.28	4,819.65
Total	244,248.70	36,545.31	998.72	3,930.12	563.59	286,286.44

* Movement in Interest Accrued has been considered in 'Operating Liabilities' as Cash Flow from Operating Activities.

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

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Gaurav Mittal
Partner
M.No. : 099387

Atul Aggarwal
Partner
M.No. : 092656

Place : New Delhi
Date : 28th May 2021

CONSOLIDATED NOTES TO ACCOUNTS

1. Company Overview

REC Limited ("REC" or the "Company" or the "holding company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The books of accounts and financial statements are maintained at Plot no. I-4, Sector-29, Gurugram, Haryana, in addition to the registered office of the Company. The Company has offices spread across the country, mainly in the State Capitals and one training centre at Hyderabad.

The Company is a Government Company engaged in extending financial assistance across the power sector value chain and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI).

REC is a leading Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges.

The Company together with its subsidiaries is hereinafter referred to as 'the Group'.

2. Statement of Compliance and Basis of Preparation

These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The consolidated financial statements for the period ended 31st March 2021 were authorized and approved for issue by the Board of Directors on 28th May 2021.

These consolidated financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines.

3. Significant Accounting Policies

The significant accounting policies applied in preparation of the consolidated financial statements are as given below:

3.1 Basis of consolidation

Subsidiary

Subsidiary is the entity controlled by the Group. The Group controls an entity when it has power over the investee, is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group combines the financial statements of the holding company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses.

Equity accounted investees

The Group's interests in equity accounted investees comprise of the interests in associates and joint venture.

An associate is an entity, including an unincorporated entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Interests in associates are accounted for using the equity method. These interests are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence ceases. However, in case where it is assessed that the investment/ interest in associates is held for sale, the interest in associates is accounted for under Ind AS 105.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

CONSOLIDATED NOTES TO ACCOUNTS

Transactions eliminated on consolidation

- 3.2** Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Basis of Preparation and Measurement

The consolidated financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Group.

3.4 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Unless otherwise specified, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) delayed and 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, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recovery under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings is appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head interest income.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

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

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

Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Group in the year of receipt.

Revenue from sale of services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The Group uses the principles laid down by the Ind AS 115 to determine that how much and when revenue is recognized, what is the nature, amount, timing and uncertainty of revenues etc. In accordance with the same, revenue is recognised through a five-step approach:

CONSOLIDATED NOTES TO ACCOUNTS

- (i) Identify the contract(s) with customer;
- (ii) Identify separate performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) Recognise revenue when a performance obligation is satisfied.

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

In Cost Plus Contracts - Revenue is recognised by including eligible contractual items of expenditures plus proportionate margin as per contract;

In Fixed Price Contracts – Revenue is recognised on the basis of stage of completion of the contract. The Group has assessed that the stage of completion is determined as the proportion of the total time expected to complete the performance obligation to that has lapsed at the end of the reporting period, which is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made.

Sale proceeds of Request for Proposal (RFP) documents is credited to the respective SPV and sale proceeds of Request for Qualification (RFQ) documents is retained by the Group and accounted as income of the Group.

3.5 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

3.6 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.7 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the consolidated financial statements before 01st April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.8 Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Group.

CONSOLIDATED NOTES TO ACCOUNTS

Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.9 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated.

Land also includes land treated as a Right of Use asset under lease agreement earlier classified as finance lease and is amortised over the lease term.

Other Tangible assets

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

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

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

CONSOLIDATED NOTES TO ACCOUNTS

3.10 Lease accounting:

The Group recognises a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as short-term or low-value lease.

The Group assesses at contract inception whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3.11 Investment property

Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation and useful lives)

The Group only has land as an investment property, which is not depreciated.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.12 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

CONSOLIDATED NOTES TO ACCOUNTS

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

Amortized cost

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and

CONSOLIDATED NOTES TO ACCOUNTS

reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Group may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

All derivative financial instruments designated under hedge accounting are recognised initially at fair value and reported subsequently at fair value at each reporting date. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

At the inception of each hedging relationship, the Group formally designates and documents the hedge relationship, in accordance with the Group's risk management objective and strategies. The documentation includes identification of the hedged item, hedging instrument, the nature of risk(s) being hedged, the hedge ratio and how the hedging relationship meets the hedging effectiveness requirements.

3.13 Impairment of financial assets

Loan assets

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

CONSOLIDATED NOTES TO ACCOUNTS

- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

Loss Given Default (LGD) - LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Exposure at Default (EAD) - EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Financial assets other than Loans

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Group also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery.

3.14 Assets/ Disposal Groups held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Group; are available for immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such non-current assets are measured at lower of carrying amount or fair value less selling costs.

Non-current assets held for sale are presented separately from other assets in the Balance Sheet and are not depreciated or amortised while they are classified as held for sale.

Where the Group is committed to a sale plan involving loss of control of an entity, it classifies investment in the entity (i.e. all the assets and liabilities of that entity) as held for sale.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Dividend and Other Payments to holders of Instruments classified as Equity

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively. Liability for the payments to the holders of instruments classified as equity are recognized in the period when such payments are authorized for payment by the Group.

3.17 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented

CONSOLIDATED NOTES TO ACCOUNTS

in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.18 Prepaid Expenses

A prepaid expense up to ₹ 1,00,000/- is recognized as expense upon initial recognition.

3.19 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.20 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

A defined contribution plan is a plan under which the Group pays fixed contributions in respect of the employees into a separate fund. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Group towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

The Group has an obligation towards gratuity, Post-Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside.

The Group's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

CONSOLIDATED NOTES TO ACCOUNTS

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.21 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Group can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.22 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

CONSOLIDATED NOTES TO ACCOUNTS

For assets and liabilities that are recognized in the consolidated financial statements regularly, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.23 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4. Implementation of New/ Modified Standards

During the year, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. The Group has analysed the impact of these amendments which is not material to the Group, except for certain amendments as mentioned below:

Amendment to Ind AS 107 and Ind AS 109 with respect to Interest rate benchmark reform

It aims to modify some specific hedge accounting requirements to provide relief from the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform. Further details on Interest Rate Benchmark Reform and its impact on the Group are available in the financial statements.

5. Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. Further, the Management has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income tax Act, 1961 and thus, the special reserve created and maintained is not capable of being reversed. Hence, the Group does not create any deferred tax liability on the said reserve.

Recognition of Deferred Tax Liability on Undistributed Reserves of Group Companies – The applicable tax laws provide for tax deduction in respect of dividend income from equity investments, to the extent of dividend declared by the Company to its shareholders during the year. Considering the historical information and dividend distribution policy of the Company, the Company does not expect any tax liability on the undistributed reserves of the Group Companies, as and when such reserves are distributed. Hence, the Company does not create any deferred tax liability on undistributed reserves of Group Companies.

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Investment in SPVs – Transmission projects are managed as per the mandate from Government of India and the Group does not have the practical ability to direct the relevant activities of these projects unilaterally. The Group therefore considers its investment in respective SPVs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

Non recognition of Interest Income on Credit Impaired Loans - Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Significant estimates

Impact of Covid-19 Outbreak - The Group has considered the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition and impact on effectiveness of its hedges. The Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19. The extent to which the Covid-19 pandemic will impact the Group will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Government or the Group to contain its spread or mitigate its impact.

CONSOLIDATED NOTES TO ACCOUNTS

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and resulting losses). The Group makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

CONSOLIDATED NOTES TO ACCOUNTS

6. Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
- Cash in Hand (including postage & imprest)	0.12	0.06
- Balances with Banks		
- in current accounts	247.82	1,195.40
- deposits with original maturity less than 3 months*	931.30	522.25
Total (Cash & Cash Equivalents)	1,179.24	1,717.71

* includes High Quality Liquid Assets (HQLAs) of ₹ 262.00 crores (previous year Nil) maintained as per RBI Circular dated November 4th, 2019. (Refer Note 47.2.4)

7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
- Earmarked Balances with Banks		
- For unpaid dividends	5.79	4.75
- For govt. funds for onward disbursement as grant	1,323.55	1,817.72
- Earmarked Term Deposits		
- For govt. funds for further disbursement	-	32.98
- Deposits in Compliance of Court Order	0.56	0.53
- Term Deposit held as Margin Money against Bank Guarantee	0.25	-
- Balances with banks not available for use pending allotment of securities	856.62	400.19
- Other Term deposits	36.81	1.28
Total (Other Bank Balances)	2,223.58	2,257.45
- Term Deposits with remaining maturity more than 3 months but less than 12 months	70.02	33.90
- Term Deposits with original maturity more than 12 months	0.97	0.36

7.1 There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31st March 2021 (Previous year Nil).

8. Trade Receivables

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Unsecured, Considered good	124.45	86.27
Less: Allowance for Expected Credit Loss	(19.12)	(13.66)
	105.33	72.61
(B) Trade receivables which have significant increase in credit risk	55.32	52.01
Less: Allowance for Expected Credit Loss	(20.58)	(15.55)
	34.74	36.46
(C) Credit impaired receivables	46.80	33.60
Less: Allowance for Expected Credit Loss	(46.80)	(33.60)
	-	-
Total Trade Receivables (A+B+C)	140.07	109.07

CONSOLIDATED NOTES TO ACCOUNTS

9. Derivative Financial Instruments

The Company enters into derivatives for hedging foreign exchange risks and interest rate risks. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Refer Note 51 for Risk Management Disclosures in respect of the derivatives.

Part I

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Currency Derivatives						
- Spot and forwards	-	-	-	565.39	27.62	-
- Currency swaps	2,854.54	43.07	121.08	3,094.32	432.94	-
- Others						
- Call Spread	4,263.27	271.36	-	6,068.56	504.12	-
- Seagull Options	20,482.08	1,657.19	43.25	22,321.22	2,212.46	-
Sub-total (i)	27,599.89	1,971.62	164.33	32,049.49	3,177.14	-
(ii) Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	25,035.68	339.60	403.65	29,056.52	141.71	586.06
Sub-total (ii)	25,035.68	339.60	403.65	29,056.52	141.71	586.06
(iii) Other derivatives						
- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
Total - Derivative Financial Instruments (i + ii+iii)	57,182.57	2,311.22	846.31	65,453.01	3,318.85	1,325.73

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i) Cash Flow Hedging						
- Currency Derivatives						
- Currency Swaps	2,756.43	23.86	121.08	8,638.68	2.32	303.14
- Others						
- Call Spread	1,837.62	77.74	-	1,884.65	97.16	-
- Seagull Options	20,482.08	1,657.19	43.25	11,348.70	1,662.20	-
- Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	13,055.84	-	318.18	9,498.62	5.24	134.45
Sub-total (i)	38,131.97	1,758.79	482.51	31,370.65	1,766.92	437.59
(ii) Undesignated Derivatives	19,050.60	552.43	363.80	34,082.36	1,551.93	888.14
Total - Derivative Financial Instruments (i+ii)	57,182.57	2,311.22	846.31	65,453.01	3,318.85	1,325.73

Derivative financial instruments are measured at fair value at each reporting date. The changes in the fair value of derivatives designated as hedging instruments in effective cash flow hedges are recognised in OCI. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

CONSOLIDATED NOTES TO ACCOUNTS

10. Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A) Loans				
(i) Term Loans	377,041.98	378,090.36	321,526.76	323,177.53
(ii) Working Capital Loans	376.17	377.24	897.92	902.01
Total (A) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (A) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(B) Security Details				
(i) Secured by tangible assets	256,744.52	257,329.46	244,034.67	245,113.22
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/ Govt. Guarantees	101,071.53	101,456.48	58,166.76	58,684.29
(iv) Unsecured	19,602.10	19,681.67	20,223.25	20,282.03
Total (B) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (B) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(C)(I) Loans in India				
(i) Public Sector	338,810.31	339,877.44	284,644.05	286,210.40
(ii) Private Sector	38,607.84	38,590.16	37,780.63	37,869.14
Total (C)(I) - Gross Loans	377,418.15	378,467.60	322,424.68	324,079.54
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
Total (C)(I) - Net Loans	364,212.04	365,261.49	310,428.64	312,083.50
(C)(II) Loans outside India	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
Total (C)(II) - Net Loans	-	-	-	-
Total (C) (I) and (C) (II)	364,212.04	365,261.49	310,428.64	312,083.50

10.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Net Loans	365,261.49	312,083.50
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(504.10)	(1,351.75)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(635.00)	(382.63)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	13,206.11	11,996.04
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	89.65	79.52
Gross Loans	377,418.15	322,424.68

CONSOLIDATED NOTES TO ACCOUNTS

10.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	11,996.04	11,497.93
Add: Impairment loss allowance provided during the year (Refer Note 39)	2,362.62	876.52
Less: Allowance utilised towards write-off of loans	(1,152.55)	(378.41)
Closing Balance	13,206.11	11,996.04

10.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has written off loans amounting to ₹ 1,152.55 crores (Previous year ₹ 378.41 crores). The details of write-offs for the current year are as below:

(i) During the current year

- Pursuant to the restructuring executed on 4th June, 2020, in respect of Essar Power Transmission Corporation Ltd, the Company has written off an amount of ₹ 65.25 crores after appropriating the recoveries of ₹ 979.56 crores (Term Loan of ₹ 830.00 crores and Optionally convertible debentures of ₹ 149.56 crores).
- Pursuant to the Resolution Plan approved under IBC proceedings executed on 21st September, 2020 in respect of Facor Power Ltd, the Company has written-off an amount of ₹ 181.86 crores after appropriating the recoveries of ₹ 329.12 crores (Cash ₹ 102.27 crores, Non-convertible debentures of ₹ 199.72 crores and amount recoverable of ₹ 27.13 crores).
- Pursuant to the restructuring executed on 4th December, 2020 in respect of R.K.M PowerGen Private Ltd, the Company has written-off an amount of ₹ 905.44 crores after appropriating the recoveries of ₹ 1,396.55 crores (Term Loan of ₹ 1,396.55 crores and Optionally convertible debentures Nil).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Note No. 11).

(ii) During the previous year

- Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26th July, 2019 in respect of Lanco Teesta Hydro Power Ltd, the Company has written off the loan amount of ₹ 112.67 crore (net of recoveries of ₹ 124.12 crore) and equity investment of ₹ 102 crore (10.20 crore equity shares of ₹ 10 each) upon extinguishment of such equity shares as per the Order.
- Pursuant to the One Time Settlement arrangement executed on 23rd December 2019 in respect of Rattan India Power Ltd, the Company has written-off an amount of ₹ 265.74 crores after appropriating the recoveries of ₹ 478.09 crores (Cash ₹ 405.90 crore, Equity Shares ₹ 17.59 crore, Redeemable Preference Shares ₹ 22.18 crore and Optionally convertible cumulative Redeemable Preference Shares ₹ 32.42 crore).

The instruments received upon restructuring/ settlement have been classified under the head 'Investments' (Note No. 11).

10.4 The Company obtains balance confirmation from the borrowers for the balances standing as on the Balance Sheet date. The summary of the balance confirmations received from the borrowers is as under:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	%	Amount	%	Amount
Gross Loan Book of the Company		377,418.15		322,424.68
Loan Assets for which balance confirmations have been received from borrowers	92%	348,293.80	88%	285,183.96
Loan Assets for which balance confirmations is yet to be received from borrowers	8%	29,124.35	12%	37,240.72
of which,				
Loans secured by tangible assets	71%	20,597.00	67%	25,015.01
Loans covered by Government Guarantee/ Loans to Government	10%	2,848.13	21%	7,685.39
Unsecured loans	19%	5,679.22	12%	4,540.32

CONSOLIDATED NOTES TO ACCOUNTS

11. Investments

(A) Investments

(₹ in Crores)

Particulars	Amortised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7)
As at 31st March, 2021							
Govt. Securities	649.08	-	-	-	649.08	-	649.08
Debt Securities	408.73	-	143.06	-	551.79	-	551.79
Equity Instruments	-	430.13	23.60	-	453.73	-	453.73
Preference Shares	26.09	-	42.99	-	69.08	-	69.08
Others	-	-	-	-	-	-	-
Total - Gross (A)	1,083.90	430.13	209.65	-	1,723.68	-	1,723.68
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,083.90	430.13	209.65	-	1,723.68	-	1,723.68
Total - Gross (B)	1,083.90	430.13	209.65	-	1,723.68	-	1,723.68
Total Investments	1,083.90	430.13	209.65	-	1,723.68	-	1,723.68
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	1,083.90	430.13	209.65	-	1,723.68	-	1,723.68
As at 31st March, 2020							
Govt. Securities	-	-	-	-	-	-	-
Debt Securities	32.10	-	1,500.62	-	1,532.72	-	1,532.72
Equity Instruments	-	507.43	12.50	-	519.93	-	519.93
Preference Shares	22.93	-	45.41	-	68.34	-	68.34
Others	-	6.12	-	-	6.12	-	6.12
Total - Gross (A)	55.03	513.55	1,558.53	-	2,127.11	-	2,127.11
Investments outside India	-	-	-	-	-	-	-
Investments in India	55.03	513.55	1,558.53	-	2,127.11	-	2,127.11
Total - Gross (B)	55.03	513.55	1,558.53	-	2,127.11	-	2,127.11
Total Investments	55.03	513.55	1,558.53	-	2,127.11	-	2,127.11
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	55.03	513.55	1,558.53	-	2,127.11	-	2,127.11

(B) Investments accounted for using equity method

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Investment in Joint Ventures		
- Energy Efficiency Services Ltd. (21,81,00,000 Equity shares of ₹ 10 each)	257.74	258.47
Total	257.74	258.47

CONSOLIDATED NOTES TO ACCOUNTS

11.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
Government Securities					
- 5.77% GSEC 2030	Amortised Cost	5,000,000	49.95	-	-
- 7.17% GSEC 2028	Amortised Cost	5,000,000	54.64	-	-
- 7.27% GSEC 2026	Amortised Cost	5,000,000	55.98	-	-
- 5.22% GSEC 2025	Amortised Cost	5,000,000	50.99	-	-
- 7.29% Karnataka SDL 2039	Amortised Cost	10,000,000	100.97	-	-
- 7.24% Karnataka SDL 2037	Amortised Cost	5,000,000	50.30	-	-
- 6.48% Karnataka SDL 2031	Amortised Cost	4,000,000	41.26	-	-
- 6.95% Tamil Nadu SDL 2031	Amortised Cost	2,500,000	25.02	-	-
- 6.85% Rajasthan SDL 2031	Amortised Cost	3,000,000	29.95	-	-
- 6.60% Uttar Pradesh SDL 2030	Amortised Cost	2,000,000	19.74	-	-
- 6.60% Himachal Pradesh SDL 2030	Amortised Cost	5,000,000	51.28	-	-
- 8.35% Kerala SDL 2029	Amortised Cost	1,000,000	10.86	-	-
- 8.44% Jharkhand SDL 2029	Amortised Cost	3,000,000	32.53	-	-
- 8.57% Rajasthan SDL 2028	Amortised Cost	1,000,000	11.02	-	-
- 8.60% Gujarat SDL 2028	Amortised Cost	2,000,000	22.70	-	-
- 6.20% Rajasthan SDL 2027	Amortised Cost	2,000,000	20.36	-	-
- 7.20% Maharashtra SDL 2027	Amortised Cost	2,000,000	21.53	-	-
Sub-total - Government Securities			649.08		-
Debt Securities					
- 5.78% Bonds of Chennai Petroleum Corporation Limited	Amortised Cost	150	15.63	-	-
- 6.11% Bonds of Bharat Petroleum Corporation Limited	Amortised Cost	100	10.52	-	-
- 7.30% Bonds of NMDC Limited	Amortised Cost	200	21.71	-	-
- 7.30% Bonds of Power Grid Corporation of India Limited	Amortised Cost	200	22.65	-	-
- 8.69% Bonds of Damodar Valley Corporation	Amortised Cost	200	21.88	-	-
- 7.05% Bonds of Mahanagar Telephone Nigam Limited	Amortised Cost	850	88.18	-	-
- 6.65% Bonds of Food Corporation of India	Amortised Cost	200	20.62	-	-
- 7.19% Bonds of THDC India Limited	Amortised Cost	250	26.33	-	-
- 11.15% Perpetual Bonds of Indian Bank	Fair value through profit or loss	-	-	5,000	500.31
- 11.25% Perpetual Bonds of Bank of Baroda	Fair value through profit or loss	-	-	5,000	500.00
- 11.25% Perpetual Bonds of Syndicate Bank	Fair value through profit or loss	-	-	5,000	500.31
- 7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation (HUDCO)	Amortised Cost	86,798	8.81	86,798	8.81
- 7.35% Tax Free Bonds of National Highway Authority of India Ltd. (NHAI)	Amortised Cost	42,855	4.60	42,855	4.60
- 7.39% Tax Free of National Highway Authority of India Ltd. (NHAI)	Amortised Cost	35,463	3.67	35,463	3.67

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Investment measured at	As at 31-03-2021		As at 31-03-2020	
		Number	Amount	Number	Amount
- 7.49% Tax Free Bonds of Indian Renewable Energy Development Agency (IREDA)	Amortised Cost	61,308	6.22	61,308	6.22
- 7.35% Tax Free Bonds of Indian Railway Finance Corporation (IRFC)	Amortised Cost	22,338	2.31	22,338	2.31
- 7.35% Tax Free Bonds of National Bank for Agriculture and Rural Development (NABARD)	Amortised Cost	14,028	1.41	14,028	1.40
- 8.76% Tax Free Bonds of Housing and Urban Development Corporation (HUDCO)	Amortised Cost	50,000	5.09	50,000	5.09
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	228,525,079	99.33	-	-
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	100,612,911	43.73	-	-
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	18,635,162	-	-	-
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	25,291,783	149.10	-	-
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	213,803,170	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	6,303,032	-	-	-
- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd.	Fair value through profit or loss	10,474,150	-	-	-
Sub-total - Debt Securities			551.79		1,532.72
Equity Instruments					
- NHPC Ltd.	Fair value through other comprehensive income	175,302,206	428.61	175,302,206	349.73
- Indian Energy Exchange Ltd.	Fair value through other comprehensive income	-	-	12,271,211	157.01
- HUDCO Ltd.	Fair value through other comprehensive income	347,429	1.52	347,429	0.69
- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	16,000,000	-	16,000,000	-
- Rattan India Power Ltd.	Fair value through profit or loss	92,568,105	23.60	92,568,105	12.50
- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	181,790,667	-	-	-
Sub-total - Equity Instruments			453.73		519.93
Preference Shares (PS)					
- Redeemable PS of Rattan India Power Ltd.	Amortised cost	28,720,978	26.09	28,720,978	22.93
- Optionally Convertible PS of Rattan India Power Ltd.	Fair value through profit or loss	43,303,616	42.99	43,303,616	45.41
Sub-total - Preference Shares			69.08		68.34
Others					
- Units of 'Small is Beautiful' Venture Capital Fund	Fair value through other comprehensive income	6,152,200	-	6,152,200	6.12
Sub-total - Others			-		6.12
Total Investments			1,723.68		2,127.11

Refer note 55.1 for valuation technique of the investments shown at fair value

CONSOLIDATED NOTES TO ACCOUNTS

11.2 During the year, the Ministry of Corporate Affairs vide its order dated February 5, 2021 has accorded its approval to the scheme of amalgamation of REC Transmission Projects Company Limited (RECTPCL) ("Transferor Company") with REC Power Distribution Company Limited (RECPDCL) ("Transferee Company") with appointed date as April 1, 2020. Pursuant to such scheme, RECPDCL has allotted 35,500 fully paid-up equity shares of ₹ 10 each to the Company against 50,000 fully paid equity shares of ₹ 10 each of RECTPCL.

11.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has received the following Investments:

(i) During the current year:

- (a) Pursuant to the restructuring in respect of Essar Power Transmission Corporation Ltd, the company has been allotted 22,85,25,079 no. of optionally convertible debentures (3%) Series- A, 10,06,12,911 no. of optionally convertible debentures (3%) Series- B and 1,86,35,162 no. of optionally convertible debentures (0%) Series- C.
- (b) Pursuant to the One Time Settlement arrangement executed on 21st September 2020 in respect of Facor Power Ltd, the Company has been allotted 2,52,91,783 no. of zero coupon non-convertible debentures of Ferro Alloys Corporation Limited.
- (c) Pursuant to the restructuring in respect of R.K.M PowerGen Private Ltd, the company has been allotted 21,38,03,170 no. of optionally convertible debentures (0.01%) Series- A, 63,03,032 no. of optionally convertible debentures (0.01%) Series- B and 1,04,74,150 no. of optionally convertible debentures (0.01%) Series- Ai.

Refer note 10.3 for further details.

(ii) During the previous year:

- (a) Pursuant to the One Time Settlement arrangement executed on 23rd December 2019 in respect of RattanIndia Power Ltd, the Company has been allotted 9,25,68,105 no of equity shares, 2,87,20,978 no of redeemable preference shares and 4,33,03,616 no. of optionally convertible cumulative redeemable preference shares. Refer note 10.3 for further details.

11.4 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's main operation is to provide financial assistance to power sector. Thus, in order to isolate Standalone Statement of Profit & Loss from price fluctuations of these instruments, management believes that this provides a more meaningful presentation, rather than classifying them at FVTPL (Fair Value through Profit & Loss).

Details of FVOCI investments derecognised during the year

(₹ in Crores)

Name of the company	FY 2020-21			FY 2019-20		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition
Indian Energy Exchange Limited	12,271,211.0	249.92	248.69	228,789.00	4.23	4
Lanco Teesta Hydro Power Limited	-	-	-	102,000,000.00	-	(102.00)

During the year, the Company has sold 1,22,71,211 equity shares of Indian Energy Exchange Limited considering the market scenario for a consideration of ₹ 249.92 crores through stock exchange. The shares have thus been derecognised and the cumulative gain (net of tax) on such sale has been transferred from other comprehensive income to retained earnings.

12 Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars		As at 31-03-2021	As at 31-03-2020
(A)	Loans to Employees (Refer Note no 12.1)	39.94	34.61
(B)	Advances to Employees	0.41	0.30
(C)	Loans & Advances to Subsidiaries	-	-
(D)	Security Deposits	1.45	1.88
(E)	Recoverable from Govt. of India		
	- Towards GoI Fully Serviced Bonds -(Refer Note no 23.5)	24,314.48	21,931.30

CONSOLIDATED NOTES TO ACCOUNTS

Particulars	As at 31-03-2021	As at 31-03-2020
(F) Other Amounts Recoverable	152.13	164.08
Less: Impairment loss allowance (Refer Note no 12.2)	(88.53)	(30.85)
Other Amounts Recoverable (Net)	63.60	133.23
Total (A to F)	24,419.88	22,101.32

12.1 Details of Loans to Employees

The Company has categorised all loans to employees at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Secured Loans		
- To employees Other than Key Managerial Personnel	7.39	7.29
Sub-total (A)	7.39	7.29
(B) Unsecured Loans		
- To Key Managerial Personnel	0.28	0.33
- To Others	32.27	26.99
Sub-total (B)	32.55	27.32
Total (A+B)	39.94	34.61

The figures above include interest accrued on such loans amounting to ₹ 8.16 crores (Previous year ₹ 6.59 crores).

12.2 Movement of impairment loss allowance on other financial assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Opening balance	30.85	26.69
Add: Created during the year	64.35	5.78
Less: Reversed/ Adjusted during the year	(6.67)	(1.62)
Closing balance	88.53	30.85

13 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Advance Income-tax & TDS	236.26	1,889.71
Less: Provision for Income Tax	(72.35)	(1,613.59)
Sub-Total (1)	163.91	276.12
Tax Deposited on income tax demands under contest	5.26	201.11
Provision for income tax for demand under contest	(0.25)	(67.29)
Sub-Total (2)	5.01	133.82
Current tax assets (Net)	168.92	409.94

14 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Deferred Tax Assets (Net)	2,461.03	2,050.57

CONSOLIDATED NOTES TO ACCOUNTS

14.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Los	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,291.73	473.43	-	-	2,765.16
Provision for Earned Leave	4.13	0.58	-	-	4.71
Provision for Medical Leave	5.51	(0.25)	-	-	5.26
Provision for Other Expenses	-	0.72	-	-	0.72
Fair Valuation of Investments	10.00	(0.42)	(6.01)	-	3.57
Fair Valuation of Derivatives	439.65	(308.70)	(103.14)	-	27.81
Right of Use asset (Net of lease liability)	0.04	(0.04)	-	-	-
Others	-	-	-	-	-
Total Deferred Tax Assets	2,751.06	165.32	(109.15)	-	2,807.23
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	1.52	0.09	-	-	1.61
Unamortised Foreign Currency Exchange Fluctuations	448.95	(295.69)	-	-	153.26
Financial assets and liabilities measured at amortised cost	237.45	(46.13)	-	-	191.33
Others	12.57	(12.57)	-	-	-
Total Deferred Tax Liabilities	700.49	(354.30)	-	-	346.20
Total Deferred Tax Assets (Net)	2,050.57	519.62	(109.15)	-	2,461.03

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,977.79	(686.06)	-	-	2,291.73
Provision for Earned Leave	4.19	(0.06)	-	-	4.13
Provision for Medical Leave	7.57	(2.06)	-	-	5.51
Provision for Other Expenses	-	-	-	-	-
FVOCI Investments	(0.78)	(1.61)	12.39	-	10.00
OCI Hedge Reserve	-	-	-	-	-
Fair Valuation of Derivatives	(12.04)	306.79	144.90	-	439.65
Right of Use asset (Net of lease liability)	-	0.04	-	-	0.04
Total Deferred Tax Assets	2,976.73	(382.96)	157.29	-	2,751.06
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	2.82	(1.30)	-	-	1.52
Unamortised Foreign Currency Exchange Fluctuations	267.26	181.69	-	-	448.95
Financial assets and liabilities measured at amortised cost	336.89	(99.44)	-	-	237.45
Share of undistributed profit of subsidiaries consolidated	56.35	(56.35)	-	-	-
Share of undistributed profit of JV accounted for using equity method	7.48	(7.48)	-	-	-
Others	-	12.57	-	-	12.57
Total Deferred Tax Liabilities	670.80	29.69	-	-	700.49
Total Deferred Tax Assets (Net)	2,305.93	(412.65)	157.29	-	2,050.57

CONSOLIDATED NOTES TO ACCOUNTS

15 Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
As at 31.03.2021	0.01	-	-	0.01
As at 31.03.2020	0.01	-	-	0.01

15.1 The company has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

15.2 Fair value of investment property:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Carrying Value	0.01	0.01
Fair Value	0.90	0.6 1

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

CONSOLIDATED NOTES TO ACCOUNTS

16. Property, Plant & Equipment and Intangible Assets

Particulars	Property, Plant & Equipment										Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets	
	Freehold Land	Right-of-Use Land	Buildings	Right-of-Use Building	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Leasehold Improvements	Total				
Gross carrying value														
As at 31.03.2019	110.39	1.59	31.74	-	10.99	22.45	19.90	0.40	2.48	199.94	196.94	1.59	17.38	
Additions	-	-	-	2.65	1.84	2.84	3.30	-	-	10.63	74.89	-	3.57	
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	-	-	15.79	-	-	
Disposals	-	-	-	-	0.84	2.35	2.22	-	-	5.41	-	0.82	7.21	
As at 31.03.2020	110.39	1.59	31.74	2.65	11.99	22.94	20.98	0.40	2.48	205.16	287.62	0.77	13.74	
Additions	-	-	98.66	0.24	9.65	4.80	5.12	-	-	118.47	131.70	-	0.07	
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	-	-	22.04	-	-	
Disposals/ Adjustments	-	-	-	2.89	0.75	3.41	8.24	-	2.48	17.77	105.69	-	0.01	
As at 31.03.2021	110.39	1.59	130.40	-	20.89	24.33	17.86	0.40	-	305.86	335.67	0.77	13.80	
Accumulated depreciation/ amortisation														
As at 31.03.2019	-	0.31	8.58	-	6.53	15.35	11.34	0.30	0.90	43.31	-	-	8.83	
Charge for the year	-	0.01	0.48	0.77	0.73	3.25	2.78	0.02	0.44	8.48	-	-	3.30	
Adjustment for disposals	-	-	-	-	0.35	2.04	1.21	-	-	3.60	-	-	7.21	
As at 31.03.2020	-	0.32	9.06	0.77	6.91	16.56	12.91	0.32	1.34	48.19	-	-	4.92	
Charge for the year	-	0.03	0.75	0.54	0.99	2.93	2.50	0.02	0.36	8.12	-	-	2.74	
Adjustment for disposals	-	-	-	1.31	0.22	2.72	5.20	-	1.70	11.15	-	-	0.01	
As at 31.03.2021	-	0.35	9.81	0.00	7.68	16.77	10.21	0.34	-	45.16	-	-	7.65	
Net block as at 31.03.2020	110.39	1.27	22.68	1.88	5.08	6.38	8.07	0.08	1.14	156.97	287.62	0.77	8.82	
Net block as at 31.03.2021	110.39	1.24	120.59	-	13.21	7.56	7.65	0.06	-	260.70	335.67	0.77	6.15	

CONSOLIDATED NOTES TO ACCOUNTS

16.1 As on 31st March 2021, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Land	Building	Land	Building
Gross Carrying Value	-	4.59	68.31	4.59
Net Carrying Value	-	2.07	68.31	2.14

16.2 As on 31st March 2021, certain Property, Plant & Equipment has been pledged as security against secured borrowings of the Company as per the details below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Gross Carrying Value	3.30	3.45
Net Carrying Value	2.31	2.41

16.3 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

16.4 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings of 8% (previous year 8.04%) for the Company in terms of Ind AS 23 'Borrowing Costs'. In line with the applicable accounting guidance, the Company has not capitalised the borrowings costs for the period during which the construction work has been suspended owing to Covid-19 disruptions.

16.5 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

16.6 "With a view to monetise its idle assets, the Company has decided to sell certain residential building units with carrying value ₹ 0.10 crores included under Property, Plant and Equipment, for which further actions have been taken to dispose off, subsequent to 31st March 2021. Accordingly, the assets will be classified as "Non-Current Assets Held for Sale" post the date of initiation of such actions as required under Ind-AS 105. The process is expected to be completed during the year 2021-22 through e-auction process."

17. Other non-financial assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Unsecured, considered good		
(A) Capital Advances	8.84	50.38
(B) Other Advances	3.34	5.75
(C) Balances with Govt. Authorities	68.06	59.58
(D) Pre-Spent Corporate Social Responsibility (CSR) Expenses	4.03	-
(E) Prepaid Expenses	4.29	0.22
(F) Deferred Employee Cost	14.09	13.21
(G) Deferred Expenses	-	3.19
(H) Other Assets	0.02	0.04
Total (A to H)	102.67	132.37

CONSOLIDATED NOTES TO ACCOUNTS

18. Disposal Group

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Assets classified as held for sale		
(A) Investment in associates	0.60	0.20
(B) Loans to associates	13.45	9.33
Total (A+B)	14.05	9.53
Liabilities directly associated with assets classified as held for sale		
(C) Payable to associates	0.08	0.68
Total (C)	0.08	0.68
Disposal group -Net assets (A+B-C)	13.97	8.85

18.1 Investments in associates

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Investments in Equity Instruments of associates (fully paid up)		
<i>equity shares of ₹ 10/- each</i>		
Chandil Transmission Limited	0.05	0.05
Dumka Transmission Limited	0.05	0.05
Koderma Transmission Limited	0.05	0.05
Mandar Transmission Limited	0.05	0.05
Bidar Transmission Limited	0.05	-
Fatehgarh Badla Transco Limited	0.05	-
Gadag Transmission Limited	0.05	-
Kallam Transmission Limited	0.05	-
MP Power Transmission Package I Limited	0.05	-
MP Power Transmission Package II Limited	0.05	-
Rajgarh Transmission Limited	0.05	-
Sikar Transmission Limited	0.05	-
Total	0.60	0.20

18.2 Loans to Associates

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Chandil Transmission Limited	2.53	2.49
Dumka Transmission Limited	2.47	2.18
Mandar Transmission Limited	2.21	2.43
Koderma Transmission Limited	2.27	2.23
Fatehgarh Bhadla Transco Limited	0.91	-
Kallam Transmission Limited	0.11	-
MP Power Transmission Package II Limited	1.09	-
MP Power Transmission Package I Limited	1.07	-
Ramgarh New Transmission Limited	0.00	-
Sikar New Transmission Limited	0.77	-
Gadag Transmission Limited	0.02	-
Total	13.45	9.33

CONSOLIDATED NOTES TO ACCOUNTS

18.3 Liabilities directly associated with assets classified as held for sale

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Bidar Karnataka Line	-	0.10
Gadag Karnataka Part A Line	-	0.10
Solar Energy Rajasthan Part A Line	-	0.11
Solar Energy Rajasthan Part B Line	-	0.06
Solar Energy Rajasthan Part C Line	-	0.16
Bidar Transmission Limited	0.03	
Rajgarh Transmission Limited	0.05	
Rajgarh Madhya Pradesh Line	-	0.15
Total	0.08	0.68

Management had incorporated these entities with a view to sell them off as per the guidelines of Ministry of Power, through the bid process prescribed by Ministry of Power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investments (along with the related assets and liabilities) has been classified as 'held for sale'.

19. Trade Payables

(₹ in Crores)

Particulars	As at 31-03-21	As at 31-03-20
Trade Payables		
Total outstanding dues of MSMEs	0.01	0.15
Total outstanding dues of creditors other than MSMEs	61.50	46.00
Total	61.51	46.15

20. Debt Securities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(A) Secured Long-Term Debt Securities				
(i) Institutional Bonds	3,470.00	3,679.52	3,470.00	3,679.51
(ii) 54EC Capital Gain Tax Exemption Bonds	17,264.97	17,901.65	21,976.14	22,781.73
(iii) Tax Free Bonds	12,602.97	13,044.23	12,602.97	13,041.35
(iv) Bond Application Money	856.62	854.71	400.19	399.41
Sub-total (A)	34,194.56	35,480.11	38,449.30	39,902.00
(B) Unsecured Long-Term Debt Securities				
(i) Institutional Bonds	169,856.60	175,707.24	148,650.20	153,672.91
(ii) Infrastructure Bonds	11.07	21.36	16.46	25.19
(iii) Zero Coupon Bonds	-	-	1,364.85	1,363.91
(iv) Foreign Currency Bonds	26,461.71	26,060.40	22,615.78	22,064.56
Sub-total (B)	196,329.38	201,789.00	172,647.29	177,126.57
(C) Unsecured Short-Term Debt Securities				
(i) Commercial Paper	-	-	2,925.00	2,889.68
Sub-total (C)	-	-	2,925.00	2,889.68
Total - Debt Securities (A+B+C)	230,523.94	237,269.11	214,021.59	219,918.25
Debt Securities issued in/ outside India				
(i) Debt Securities in India	204,062.23	211,208.71	191,405.81	197,853.69
(ii) Debt Securities outside India	26,461.71	26,060.40	22,615.78	22,064.56
Total - Debt Securities	230,523.94	237,269.11	214,021.59	219,918.25

Refer Note No. 22.2 for reconciliation between the figure represented in Face Value and Amortised Cost

CONSOLIDATED NOTES TO ACCOUNTS

20.1 Details of Secured Long-Term Debt Securities - Refer Note 21.5 for details of the security

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31-03-21		As at 31-03-20	
	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,063.91	1,955.00	2,063.95
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.61	1,515.00	1,615.56
Total - Institutional Bonds	3,470.00	3,679.52	3,470.00	3,679.51

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31-03-21		As at 31-03-20	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26	4,455.48	4,550.70	-	-
Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25	6,157.72	6,415.55	5,759.14	5,907.48
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,935.40	6,651.77	6,934.10
Series XI (2017-18) - 5.25% Redeemed at par during financial year 2020-21	-	-	9,565.23	9,940.15
Total - 54EC Capital Gain Tax Exemption Bonds	17,264.97	17,901.65	21,976.14	22,781.73

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Tranche 1	696.56	699.67	696.56	710.38
Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 417.73 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually				
Series 2015-16 Series 5A	300.00	317.75	300.00	306.98
7.17% Redeemable at par on 23.07.2025	-	-	-	-
Series 2013-14 Tranche 2	1,057.40	1,128.99	1,057.40	1,083.38
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 528.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
Series 2013-14 Series 4A & 4B	150.00	161.92	150.00	155.69
Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
Series 2013-14 Tranche 1	3,410.60	3,499.86	3,410.60	3,494.00
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,780.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
Series 2013-14 Series 3A & 3B	1,350.00	1,358.55	1,350.00	1,415.07
Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2012-13 Tranche 2	131.06	138.66	131.06	133.92
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually				
Series 2012-13 Tranche 1	2,007.35	2,030.86	2,007.35	2,053.10
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 842.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually				
Series 2012-13 Series 2A & 2B	500.00	531.26	500.00	513.01
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually				
Series 2011-12	3,000.00	3,176.71	3,000.00	3,175.82
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually				
Total - Tax Free Bonds	12,602.97	13,044.23	12,602.97	13,041.35

(iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31-03-21		As at 31-03-20	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	856.62	854.71	400.19	399.41
5% Redeemable at par after 5 years from the deemed date of allotment				
Total - Bond Application Money	856.62	854.71	400.19	399.41

20.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
208 Series - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,627.67	-	-
207 Series - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,644.40	-	-
183rd Series - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.23	3,028.00	3,163.54
182nd Series - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.66	5,063.00	5,315.09
201B Series - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,360.02	-	-
204A Series - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.31	-	-
203A Series - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,142.50	-	-
202A Series - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,649.96	-	-
198B Series - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.70	-	-
197th Series - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.76	-	-
189th Series - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.85	3,054.90	3,054.80
188B Series - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.08	1,100.00	1,100.07
192nd Series - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,395.75	2,382.00	2,393.16

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	580.40	604.76	290.20	302.31
180-B Series - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,166.39	2,070.90	2,163.58
178th Series - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,168.79	1,097.00	1,167.75
176th Series - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.65	1,600.70	1,735.59
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.52	2,554.00	2,621.29
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.45	2,552.40	2,626.01
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.99	2,500.00	2,628.20
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.36	2,500.00	2,637.55
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,612.72	3,533.00	3,614.64
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.44	2,745.00	2,745.34
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.87	3,000.00	3,056.26
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.65	2,100.00	2,152.27
205-B Series - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,024.68	-	-
204B Series - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,116.78	-	-
203B Series - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,844.16	-	-
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.10	2,585.00	2,671.22
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.61
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.05
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.28	2,396.00	2,452.91
201A Series - 5.90% Redeemable at par on 31.03.2025	900.00	935.50	-	-
190A Series - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,513.83	2,500.00	2,523.03
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.22	2,285.00	2,304.14
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.14	2,325.00	2,493.00
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.52	1,925.00	2,063.40
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.67	2,250.00	2,418.53
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.78	1,500.00	1,537.86
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.18	1,100.00	1,107.13
180-A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,072.68	1,018.00	1,070.52
209 Series - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.62	-	-
205-A Series - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,157.04	-	-
202B Series - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,556.56	-	-
184-B Series STRPP - D - 7.55% Redeemable at par on 26.09.2023**	298.00	309.46	298.00	309.47
200 Series PP-MLD - 5.36% Redeemable at par on 30.06.2023 *	500.00	518.94	-	-
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.06	1,100.00	1,106.95
195th Series - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.21	-	-
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.94	4,300.00	4,666.58
188A Series - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.17	1,400.00	1,400.13
159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.57	950.00	957.40
187th Series - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.24	2,090.00	2,129.37
185th Series - 7.09% Redeemable at par on 13.12.2022	2,759.00	2,816.25	2,759.00	2,816.83
155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.74	1,912.00	1,959.12
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.50	2,211.20	2,283.64

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.18	1,225.00	1,264.12
184-B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	300.00	311.56	300.00	311.56
150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.38	2,670.00	2,775.25
186A Series - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.63	2,500.00	2,559.27
107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.56	2,378.20	2,554.46
179th Series - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.70	1,000.00	1,065.61
167th Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.65	2,571.80	2,577.54
198A Series - 6.60% Redeemable at par on 21.03.2022	2,596.00	2,600.39	-	-
173th Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	2,500.00	2,510.23
132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.81	700.00	750.72
145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.85	625.00	628.97
165th Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.16	2,171.00	2,207.50
193th Series - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,121.46	1,115.00	1,118.70
190B Series - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,502.64	2,489.40	2,511.05
177th Series - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.16	1,245.00	1,274.50
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.03	1,020.00	1,038.00
127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.92	1,550.00	1,664.78
105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.73	3,922.20	4,070.07
139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.17	2,500.00	2,575.10
184-B Series STRPP-B - 7.55% Redeemable at par on 26.09.2021**	300.00	311.58	300.00	311.57
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.42	3,171.80	3,364.34
100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,603.01
174th Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.23	2,720.00	2,894.03
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	849.11	800.00	849.01
154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	637.16	600.00	637.04
157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.66	1,055.00	1,131.47
158th Series - 7.70% Redeemed at par on 15.03.2021	-	-	2,465.00	2,473.46
98th Series - 9.18% Redeemed at par on 15.03.2021	-	-	3,000.00	3,012.79
153rd Series - 6.99% Redeemed at par on 31.12.2020	-	-	2,850.00	2,899.77
97th Series - 8.80% Redeemed at par on 30.11.2020	-	-	2,120.50	2,183.61
96th Series - 8.80% Redeemed at par on 26.10.2020	-	-	1,150.00	1,193.96
184-B Series STRPP-A - 7.55% Redeemed at par on 26.09.2020**	-	-	300.00	311.63
149th Series - 6.87% Redeemed at par on 24.09.2020	-	-	2,485.00	2,573.44
135th Series - 8.36% Redeemed at par on 22.09.2020	-	-	2,750.00	2,817.12
144th Series - 7.13% Redeemed at par on 21.09.2020	-	-	835.00	840.30
172nd Series - 8.57% Redeemed at par on 20.08.2020	-	-	1,790.00	1,884.21
134th Series - 8.37% Redeemed at par on 14.08.2020	-	-	2,675.00	2,740.31
143rd Series - 6.83% Redeemed at par on 29.06.2020	-	-	1,275.00	1,289.46
148th Series - 7.42% Redeemed at par on 17.06.2020	-	-	1,200.00	1,203.61
Total - Institutional Bonds	169,856.60	175,707.24	148,650.20	153,672.91

* PP-MLD- Principal Protected Market Linked Debentures

** STRPP- Separately Transferable Redeemable Principal Parts

CONSOLIDATED NOTES TO ACCOUNTS

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	11.07	21.36	11.07	19.80
Series-I (2010-11) - Redeemed at par	-	-	5.39	5.39
Total - Infrastructure Bonds	11.07	21.36	16.46	25.19

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2021	As at 31.03.2020	Redemption Details
8.95% Cumulative	5.73	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	1.38	
9.15% Cumulative	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	
Total	11.07	11.07	

Amounts have been shown at face value

(iii) Zero Coupon Bonds

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value *	Amortised Cost	Face Value *	Amortised Cost
ZCB - Series II	-	-	250.29	250.14
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemed at par on 03.02.2021)				
ZCB - Series I	-	-	1,114.56	1,113.77
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemed at par on 15.12.2020)				
Total - Zero Coupon Bonds	-	-	1,364.85	1,363.91

* represents the face value net of unamortised discount on issue of Zero Coupon Bonds

(iv) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028	2,205.14	2,007.20	2,261.58	2,035.23
3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,307.71	2,956.72	3,392.37	2,982.46
2.25% US \$500 Mn Bonds - Redeemable at par on 01.09.2026	3,675.24	3,672.19	-	-
3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024	3,675.24	3,703.43	3,769.30	3,795.87
3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024	4,777.81	4,784.36	4,900.08	4,900.27
5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023	5,145.33	5,209.90	5,277.01	5,329.61
4.75% US \$500 Mn Bonds - Redeemable at par on 19.05.2023	3,675.24	3,726.60	-	-
3.068% US \$400 Mn Bonds - Redeemed at par on 18.12.2020	-	-	3,015.44	3,021.12
Total - Foreign Currency Bonds	26,461.71	26,060.40	22,615.78	22,064.56

CONSOLIDATED NOTES TO ACCOUNTS

Global Medium Term Note (GMTN) Programme

The Company has a Global Medium Term Note (GMTN) Programme of USD 7 Billion which is listed on SGX-ST (Singapore Stock Exchange - Securities Trading), LSE-ISM (London Stock Exchange – International Securities Market), Global Securities Market (GSM) of the India INX (India International Exchange) and NSE IFSC (NSE International Exchange). The summary of funds raised under the GMTN Programme is as below:

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
Funds raised during the year under GMTN Programme	USD 1 Billion	USD 1 Billion
Cumulative amount raised under GMTN Programme	USD 4 Billion	USD 3 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 3.6 Billion	USD 3 Billion

20.3 Details of Unsecured Short-Term Debt Securities

(i) Commercial Paper

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	-	-	2,925.00	2,889.68

Details of Commercial Paper outstanding:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
63 rd Series - 7.90% Repaid on 19.06.2020	-	-	675.00	664.69
64 th Series - 5.48% Repaid on 15.06.2020	-	-	2,250.00	2,224.99
Total	-	-	2,925.00	2,889.68

21. Borrowings (Other than Debt Securities)

The Company has categorised all borrowings (other than debt securities) at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A) Unsecured Long-Term Borrowings				
(i) Term Loans from Banks	29,938.58	29,953.76	18,899.78	18,900.72
(ii) Term Loans from Financial Institutions	5,800.00	5,800.00	1,000.00	1,000.00
(iii) Foreign Currency Borrowings	21,024.72	20,890.94	21,762.71	21,579.29
(iv) FCNR (B) Loans	-	-	1,017.71	1,020.89
(v) Term Loans from Govt. of India	10,000.00	10,325.12	10,000.00	10,326.81
(vi) Lease Liability	0.05	0.05	2.12	2.12
Sub-total (A)	66,763.35	66,969.87	52,682.32	52,829.83
(B) Unsecured Short-Term Borrowings				
(i) FCNR (B) Loans	5,329.10	5,335.01	5,955.49	5,964.91
(ii) Short Term Loans/ Loans repayable on demand from Banks	10,186.52	10,201.99	2,754.86	2,755.92
(iii) Loans repayable on demand from Holding Company	3,000.00	3,000.49	-	-
Sub-total (B)	18,515.62	18,537.49	8,710.35	8,720.83
Total - Borrowings (other than Debt Securities) (A to B)	85,278.97	85,507.36	61,392.67	61,550.66

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
Borrowings (other than Debt Securities) in/ outside India				
(i) Borrowings in India	64,254.25	64,616.42	39,629.96	39,971.37
(ii) Borrowings outside India	21,024.72	20,890.94	21,762.71	21,579.29
Total - Borrowings (other than Debt Securities)	85,278.97	85,507.36	61,392.67	61,550.66

21.1 Details of Unsecured Long-term Borrowings

(i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Bank of Baroda	2,000.00	2,000.36	2,500.00	2,500.52
₹ 958.50 Crores repayable on 12.12.2021 and ₹ 1041.50 Crores repayable on 12.12.2022.				
- HDFC Bank	4,650.00	4,664.47	2,000.00	2,000.42
₹ 1000 Crores repayable on 24.02.2022 and ₹ 650 Crores repayable on 30.09.2022, ₹ 1500 Crores repayable on 19.06.2023, ₹ 300 Crores repayable on 29.09.2023, ₹ 350 Crores repayable on 11.10.2023, ₹ 350 Crores repayable on 05.11.2023 and ₹ 500 Crores repayable on 15.01.2024.				
- Punjab National Bank	4,396.84	4,396.84	2,399.87	2,399.87
₹ 1,999.98 Crores repayable in 3 annual instalments, first instalment due on 15.09.2021, ₹ 399.87 Crores repayable in 8 semi-annual instalments, first instalment due on 01.10.2021 and ₹ 1,996.99 Crores repayable in 3 annual instalments, first instalment due on 27.08.2023.				
- State Bank of India	10,839.90	10,839.90	7,299.92	7,299.92
₹ 1,839.97 Crores repayable in 4 annual instalments, first instalment due on 05.09.2021, ₹ 3,999.93 Crores repayable in 2 annual instalments, first instalment due on 15.10.2021 and ₹ 5,000 Crores repayable in 7 semi-annual instalments, first instalment due on 14.07.2022.				
- Union Bank of India	3,399.34	3,399.34	2,199.99	2,199.99
₹ 1,499.70 Crores repayable in 6 semi-annual instalments, first instalment due on 25.06.2022 and ₹ 1,899.64 Crores repayable in 6 semi-annual instalments, first instalment due on 20.02.2023.				
- Canara Bank	1,000.00	1,000.00	2,500.00	2,500.00
₹ 150 Crores repayable on 28.02.2023, ₹ 425 Crores repayable on 29.02.2024 and ₹ 425 Crores repayable on 28.02.2025				
- HSBC Bank	1,652.50	1,652.77	-	-
₹ 565 Crores repayable on 19.05.2025, ₹ 187.5 Crores repayable on 18.12.2025 and ₹ 900 Crores repayable on 25.03.2026.				
- Deutsche Bank	500.00	500.08	-	-
₹ 500 Crore repayable on 18.12.2023				
- JP Morgan	1,500.00	1,500.00	-	-
₹ 1,500 Crore repayable on 26.03.2024				
Total - Unsecured Term Loans from Banks	29,938.58	29,953.76	18,899.78	18,900.72

CONSOLIDATED NOTES TO ACCOUNTS

(ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	5,800.00	1,000.00	1,000.00
₹ 1,000 Crores repayable on 04.06.2022 and ₹ 800 Crores repayable on 25.06.2023, ₹ 1500 Crores repayable on 23.02.2024, ₹ 500 Crores repayable on 15.03.2024, ₹ 1000 Crores repayable on 26.03.2026 and ₹ 1000 Crores repayable on 30.03.2026				
Total - Term Loans from Others - Financial Institutions	5,800.00	5,800.00	1,000.00	1,000.00

(iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1) ODA Loans - Guaranteed by Govt. of India				
JICA Loan - 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2021	50.06	50.07	99.46	99.48
2.89% KfW-II Loan repaid on 30.12.2020	-	-	64.60	65.03
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.12.2020	317.22	317.87	393.41	393.52
Sub-Total (1)	367.28	367.94	557.47	558.03
(2) ODA Loans - Without Govt. Guarantee				
6M USD Libor + 0.13% KfW-IV Loan - Repayable in equal half-yearly instalments of €12.00 till 15.11.2030 Mn, first instalment falling due on 15.11.2021	1,241.16	1,243.23	1,220.98	1,227.88
Sub-Total (2)	1,241.16	1,243.23	1,220.98	1,227.88
(3) Bilateral/ Syndicated Loans				
US \$300 Mn - Repayable on 02.06.2030	2,205.14	2,216.83	-	-
US \$425 Mn - Repayable on 16.03.2026	3,123.95	3,095.46	-	-
US \$170 Mn - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,249.58	1,249.55	-	-
¥ 10,519 Mn - Repayable on 25.09.2025	698.04	686.00	-	-
US \$75 Mn - Repayable on 30.03.2025	551.29	542.57	565.39	554.38
SG \$72.07 Mn - Repayable on 30.03.2025	391.79	383.78	380.80	367.22
US \$100 Mn - Repayable on 01.07.2024	735.05	729.68	753.86	749.10
US \$150 Mn - Repayable on 29.03.2024	1,102.57	1,085.82	1,130.79	1,104.53
US \$250 Mn - Repayable on 27.03.2024	1,837.62	1,815.96	1,884.65	1,855.66
¥ 10,327.12 Mn - Repayable on 08.08.2023	685.31	673.06	719.28	700.98
US \$250 Mn - Repayable on 29.08.2023	1,837.62	1,831.68	1,884.65	1,877.67

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US \$150 Mn - Repayable on 11.09.2022	1,102.57	1,097.49	1,130.79	1,121.92
US \$200 Mn - Repayable on 28.07.2022	1,470.09	1,461.67	1,507.72	1,494.21
US \$230 Mn - Repayable on 19.01.2022	1,690.61	1,676.86	1,733.88	1,702.97
US \$100 Mn - Repayable on 05.10.2021	735.05	733.36	753.86	745.81
US \$240 Mn - Repaid on 26.03.2021	-	-	1,809.26	1,793.23
US \$160 Mn - Repaid on 26.03.2021	-	-	1,206.17	1,195.78
US \$300 Mn - Repaid on 01.12.2020	-	-	2,261.58	2,260.75
US \$300 Mn - Repaid on 29.07.2020	-	-	2,261.58	2,269.17
Sub-Total (3)	19,416.28	19,279.77	19,984.26	19,793.38
Total - Foreign Currency Borrowings (1+2+3)	21,024.72	20,890.94	21,762.71	21,579.29

(iv) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US \$135 Mn - \$60 Mn repaid on 04.09.2021 and \$75 Mn repaid on 22.10.2021	-	-	1,017.71	1,020.89
Total - FCNR (B) Loans	-	-	1,017.71	1,020.89

(v) Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF) ₹ 5000 Crores repayable on 13.12.2028 and ₹ 5000 Crores repayable on 04.10.2029	10,000.00	10,325.12	10,000.00	10,326.81
Total - Term Loans from Govt.	10,000.00	10,325.12	10,000.00	10,326.81

21.2 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$200 Mn - Repayable on 20.12.2021	1,470.09	1,470.15	-	-
US\$100 Mn - Repayable on 30.12.2021	735.05	735.06	-	-
US\$75 Mn - Repayable on 15.11.2021	551.29	551.29	-	-
US\$200 Mn - Repayable on 30.12.2021	1,470.09	1,472.31	-	-
US\$75 Mn - Repayable on 20.05.2021	551.29	553.11	-	-
US\$75 Mn - Repayable on 22.04.2021	551.29	553.09	-	-

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$140 Mn - Repaid on 13.01.2021	-	-	1,055.40	1,055.51
US\$100 Mn - Repaid on 21.12.2020	-	-	753.86	753.92
US\$100 Mn - Repaid on 03.12.2020	-	-	753.86	753.93
US\$200 Mn - Repaid on 21.09.2020	-	-	753.86	753.86
US\$150 Mn - Repaid on 20.05.2020 and 25.06.2020	-	-	1,507.72	1,512.87
US\$150 Mn - Repaid on 20.05.2020 and 25.06.2020	-	-	1,130.79	1,134.82
Total - FCNR (B) Loans	5,329.10	5,335.01	5,955.49	5,964.91

21.3 Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 21.1 (i), (ii) and (v) have been raised at interest rates ranging from 5.15% to 8.29% payable on monthly/quarterly/semi annual rests.

21.4 Foreign Currency Borrowings in Note No. 21.1(iii)(3) have been raised at interest rates ranging from a spread of 20 bps to 210 bps over external benchmarks including 1/3/6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate), 6 Months' SOR (Swap Offer Rate).

21.5 Security Details of Secured Debt Securities and Borrowings

For all the secured bonds issued by the Company and outstanding as at balance sheet date, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

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

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

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

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

The Bond Series XIV of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Refer Note No. 10 and 16.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

CONSOLIDATED NOTES TO ACCOUNTS

22 Subordinated Liabilities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) 199th Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030	1,999.50	2,127.54	-	-
(ii) 175th Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.45	2,151.20	2,151.86
(iii) 115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.90	2,500.00	2,667.79
Total - Subordinated Liabilities	6,650.70	6,946.89	4,651.20	4,819.65
Subordinated Liabilities in/ outside India				
(i) Borrowings in India	6,650.70	6,946.89	4,651.20	4,819.65
(ii) Borrowings outside India	-	-	-	-
Total - Subordinated Liabilities	6,650.70	6,946.89	4,651.20	4,819.65

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

Particulars	Rating
Domestic Long-term Borrowings	CRISIL AAA, ICRA AAA, CARE AAA, IND AAA
Domestic Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAAr, ICRA PP-MLD AAA
Domestic Perpetual Bonds	CRISIL AAA, CARE AA+
Domestic Short term Borrowings	CRISIL A1+, ICRA A1+, CARE A1+, IND A1+
International Long-term Issuer Rating	BBB- (Fitch), Baa3 (Moody's)

There has been no migration of ratings during the year.

22.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2021				
Total Amount as per Ind-AS	237,269.11	85,507.36	6,946.89	329,723.36
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(7,569.58)	(397.62)	(299.48)	(8,266.68)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	824.42	169.24	3.29	996.95
Total Borrowings Outstanding	230,523.95	85,278.98	6,650.70	322,453.63
As at 31st March 2020				
Total Amount as per Ind-AS	219,918.25	61,550.66	4,819.65	286,288.56
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,872.67)	(392.52)	(170.57)	(7,435.76)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	976.01	234.53	2.12	1,212.66
Total Borrowings Outstanding	214,021.59	61,392.67	4,651.20	280,065.46

22.3 The Company raises funds in different currencies through a mix of term loans from banks/ financial institutions/ Govt. agencies and bonds of different tenors through private placement of debt securities. The amounts raised during the year have been utilized for the stated objects in the offer document/ information memorandum. Further, there has been no default as on the Balance Sheet date in the repayment of debt securities, borrowings and subordinated liabilities and the Company has met all its debt servicing obligations, whether principal or interest, during the year.

CONSOLIDATED NOTES TO ACCOUNTS

23 Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Unpaid Dividends	5.79	4.75
(B) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	49.77	39.13
- Interest on Bonds	18.95	17.97
Sub-total (B)	68.72	57.10
(C) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)	91,398.16	85,431.74
Add: Interest on such funds (net of refund)	28.96	31.96
Less: Disbursed to Beneficiaries (cumulative)	(90,098.93)	(83,642.93)
Undisbursed Funds to be disbursed as Subsidy/ Grant	1,328.19	1,820.77
(D) Payables towards Bonds Fully serviced by Govt. of India	24,314.43	21,792.32
(E) Payable towards funded staff benefits	9.00	0.38
(F) Other Liabilities	496.21	106.89
Total (A to F)	26,222.35	23,782.21

23.5 Unpaid dividends, unpaid principal and interest on bonds include the amounts which have either not been claimed by the investors or are on hold pending formalities pursuant to investors' claims etc. The amount due to be transferred to Investor Education and Protection Fund (IEPF) as at 31st March 2021 is ₹ 0.62 crores (₹ 0.47 crores as at 31st March 2020) which has been transferred within the prescribed time limit.

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

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

Net amount of ₹ 0.71 Crores as at 31st March 2021 (₹ 0.69 Crores as at 31st March 2020) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance of Interest Subsidy Fund	0.69	0.63
Add: Interest earned during the year	0.02	0.06
Less: Interest subsidy passed on to the borrower	-	-
Closing Balance of Interest Subsidy Fund	0.71	0.69

23.3 Government of India has appointed the company as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Financial Liabilities".

23.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Opening Balance	31.96	42.58
Add: Interest earned/Adjustment during the year	30.48	50.09
Less: Amount refunded to Govt./Adjusted during the year	33.48	60.71
Closing Balance	28.96	31.96

CONSOLIDATED NOTES TO ACCOUNTS

23.5 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ 2,500 crores (Previous year ₹ 3,782.30 crores) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 2nd December, 2020 and 3rd March, 2021, the repayment of principal and interest of the above bonds shall be made by GOI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India (Note 12).

Details of the GOI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31-03-2021	As at 31-03-2020
Gol-I Series	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
Gol-II Series	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
Gol-III Series	8.06%	Semi-annual	27/3/2028	753.00	753.00
Gol-IV Series	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
Gol-V Series	8.54%	Semi-annual	15/11/2028	3,600.00	3,600.00
Gol-VI Series	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
Gol-VII Series	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
Gol-VIII Series	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
Gol- IX Series	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
Gol- X Series	8.25%	Semi-annual	26/3/2030	532.30	532.30
Gol- XI Series	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
Gol- XII Series	6.45%	Semi-annual	7/1/2031	1,000.00	-
Gol- XIII Series	6.63%	Semi-annual	28/1/2031	1,000.00	-
Gol- XIV Series	6.50%	Semi-annual	26/3/2031	500.00	-
Total				24,109.30	21,609.30

24 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Provision for Income Tax	2,691.90	-
Less: Advance Income-tax & TDS	(2,677.50)	-
Current tax liabilities (Net)	14.40	-

25 Provisions

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Provisions for		
(A) Employee Benefits		
Earned Leave Liability	18.57	16.22
Medical Leave Liability	20.91	21.87
Settlement Allowance	1.89	1.60
Economic Rehabilitation Scheme	4.13	4.25
Long Service Award	2.02	1.89
Incentive	47.92	52.57
Loyalty Bonus	0.15	0.31
Sub-total (A)	95.59	98.71
(B) Others		
Expected Credit Loss on Letters of Comfort	9.09	8.38
Unspent Corporate Social Responsibility (CSR) Account	-	-
Sub-total (B)	9.09	8.38
Total (A+B)	104.68	107.09

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25.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Opening balance	8.38	-
Add: Created during the year	0.75	8.38
Less: Reversed/ Adjusted during the year	(0.04)	0.00
Closing balance	9.09	8.38

25.2 The Company has maximum credit risk exposure of ₹ 2,608.85 crores (previous year ₹ 951.29 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

26 Other Non-Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Income Received in Advance	0.01	0.15
(B) Sundry Liabilities Account (Interest Capitalisation)	5.07	6.57
(C) Unbilled Liability towards Capital Account	28.53	-
(D) Unamortised Fee on Undisbursed Loans	68.64	46.15
(E) Advance received from Govt. towards Govt. Schemes	1.17	4.14
(F) Statutory Dues	26.82	24.74
(G) Other Liabilities	0.01	1.48
Total (A to G)	130.25	83.23

27 Equity Share Capital

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Total	1,974,918,000	1,974.92	1,974,918,000	1,974.92

27.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the period

(₹ in Crores)

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the period	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Add: Shares issued & allotted during the period	-	-	-	-
Share Capital at the end of the period	1,974,918,000	1,974.92	1,974,918,000	1,974.92

27.2 Allotment of Bonus Shares during the year and during preceding five years

During the current year and preceding five years, no bonus shares were issued by the Company except in the FY 2016-17, when the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares.

CONSOLIDATED NOTES TO ACCOUNTS

27.3 The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

27.4 Rights, Preferences and Restrictions attached to Equity shares

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

27.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	167,255,577	8.47%	139,425,284	7.06%

27.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%

28 Instruments entirely equity in nature

Particulars	As at 31-03-2021		As at 31-03-2020	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	-	-
Total	5,584	558.40	-	-

28.1 Reconciliation of the number of perpetual securities outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31-03-2021		For the year ended 31-03-2020	
	Number	Amount	Number	Amount
Balance at the beginning of the year	-	-	-	-
Increase/ (Decrease) during the year	5,584	558.40	-	-
Balance at the end of the year	5,584	558.40	-	-

28.2 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

Name of the Shareholder	As at 31-03-2021		As at 31-03-2020	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	-	0.00%
HPGCL Employees Pension Fund Trust	500	8.95%	-	0.00%

CONSOLIDATED NOTES TO ACCOUNTS

28.3 During the year, Company has issued Perpetual Debt Instruments of face value of ₹ 10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the Company. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI.

As these securities are perpetual in nature and the Company does not have any redemption obligation and discretion on payment of coupon, these have been classified as equity.

Details of the Perpetual Debt Instruments issued are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Number of Bonds	Date of allotment	Year ended 31-03-2021	Year ended 31-03-2020
Series 206	7.97%	5584	22/Jan/21	558.40	-

29 Other Equity

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(A) Other Reserves		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	19,222.23	16,659.10
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	2,128.41	2,992.83
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	3,804.00	2,131.00
(iv) Securities Premium	2,236.54	2,236.54
(v) Foreign Currency Monetary Item Translation Difference Account	(573.16)	(1,719.38)
(vi) Capital Reserve	4.70	4.70
(vii) General Reserve	9,903.16	6,976.23
(viii) Impairment Reserve	-	793.29
(B) Retained Earnings	4,606.01	3,674.25
(C) Other Comprehensive Income (OCI)		
- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	(1.19)	(2.48)
- Equity Instruments through Other Comprehensive Income	24.07	106.26
- Effective Portion of Cash Flow Hedges	(165.61)	(226.08)
- Cost of Hedging reserve	41.45	(204.75)
Total - Other Equity (A+B+C)	41,230.61	33,421.51

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

29.1 Pursuant to regulatory guidelines and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve:

(i) During the financial year 2020-21

- ₹ 1,152.55 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viii)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets
- ₹ 793.29 crores from Impairment Reserves has been transferred to the General Reserves in pursuance of RBI Guidelines

(ii) During the financial year 2019-20

- ₹ 378.41 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viii)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

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- (b) ₹ 1,367.27 crores from Debenture Redemption Reserve (DRR) pursuant to the Notification No. G.S.R. 574(E) dated 16th August 2019 issued by the Ministry of Corporate Affairs (MCA)

29.2 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	16,659.10	15,136.78
Add: Transferred from Retained Earnings	2,563.13	1,522.32
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	19,222.23	16,659.10

29.3 Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viiia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,992.83	3,034.72
Add: Transferred from Retained Earnings	288.13	336.52
Less: Transferred to General Reserve	(1,152.55)	(378.41)
Balance as at the end of the year	2,128.41	2,992.83

29.4 Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

The Company is creating the Reserve Fund as required u/s 45IC of Reserve Bank of India Act, 1934, wherein at least 20% of net profit is required to be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India from time to time and further, any such appropriation is also required to be reported to the Reserve Bank of India within 21 days from the date of such withdrawal.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,131.00	1,153.00
Add: Transferred from Retained Earnings	1,673.00	978.00
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	3,804.00	2,131.00

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29.5 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

Detail of Movement during the year:

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	2,236.54	2,236.54
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	2,236.54	2,236.54

29.6 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The Company opted to continue the policy of such amortisation as per the previous GAAP in respect of the exchange differences arising from translation of long-term foreign currency monetary items as on 31st March 2018 in line with the provisions of Ind-AS. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(1,719.38)	(764.82)
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	437.65	(1,630.51)
Less: Amortisation during the year	708.57	675.95
Balance as at the end of the year	(573.16)	(1,719.38)

29.7 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	6,976.23	5,230.54
Add: Transferred from Retained Earnings	981.10	-
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (viiia) of the Income Tax Act, 1961	1,152.55	378.41
Add: Transferred from Debenture Redemption Reserve	-	1,367.28
Add: Transferred from Impairment Reserve	793.29	-
Balance as at the end of the year	9,903.17	6,976.23

29.8 Impairment Reserve

As per the Reserve Bank of India (RBI) Guidelines, the Company is required to appropriate the difference from their net profit after tax to "Impairment Reserve" where the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI. The Company reviews the requirement at each reporting date. In pursuance of the guidelines, an amount of ₹ 793.29 crores lying under Impairment reserve as on 31st March 2020 has been transferred to General Reserve during the current year.

CONSOLIDATED NOTES TO ACCOUNTS

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	793.29	-
Add: Transferred from Retained Earnings	-	793.29
Less: Transferred to General Reserve	(793.29)	-
Balance as at the end of the year	-	793.29

29.9 Equity Instruments through Other Comprehensive Income (OCI)

The Group has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	106.26	136.88
Add: Recognition through Other Comprehensive Income (net of taxes)	160.52	(116.81)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(242.71)	86.19
Balance as at the end of the year	24.07	106.26

29.10 Effective Portion of Cash Flow Hedges

The Company uses derivative instruments in pursuance of managing its foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent the derivative contracts designated under the hedge accounting are effective hedges, the change in fair value of the hedging instrument is recognised in 'Effective Portion of Cash Flow Hedges'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(226.08)	-
Add: Recognition through Other Comprehensive Income (net of taxes)	60.47	(226.08)
Balance as at the end of the year	(165.61)	(226.08)

29.11 Cost of Hedging Reserve

The Company designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(204.75)	-
Add: Recognition through Other Comprehensive Income (net of taxes)	246.20	(204.75)
Balance as at the end of the year	41.45	(204.75)

CONSOLIDATED NOTES TO ACCOUNTS

29.12 Detail of Movement in Capital Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	4.70	-
Add: Gain on increase in share in EESL	-	4.70
Balance as at the end of the year	4.70	4.70

29.13 Detail of Movement in Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	(2.48)	1.46
Add: Recognition through Other Comprehensive Income (net of taxes)	1.29	(3.94)
Balance as at the end of the year	(1.19)	(2.48)

29.14 Detail of Movement in Debenture Redemption Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	-	1,318.13
Add: Transferred from Retained Earnings	-	49.15
Less: Transferred to General Reserve	-	(1,367.28)
Balance as at the end of the year	-	-

29.15 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021	For the year ended 31 st March, 2020
Balance as at the beginning of the year	3,674.25	5,088.19
Add: Profit for the year	8,378.24	4,972.27
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(10.67)	(2.15)
Add: Recognition through Other Comprehensive Income (net of taxes)	(0.05)	(0.12)
Less: Transferred to General Reserve	(981.10)	-
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,563.13)	(1,522.32)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	(288.13)	(336.52)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(1,673.00)	(978.00)
Less: Transferred to Debenture Redemption Reserve	-	(49.15)
Less: Transferred to Impairment Reserve	-	(793.29)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	242.71	(86.19)
Less: Issue expenses on Perpetual Debt Instruments (net of taxes)	(0.70)	-
Less: Dividend paid during the year	(2,172.41)	(2,172.41)
Less: Dividend Distribution Tax	-	(446.06)
Balance as at the end of the year	4,606.01	3,674.25

CONSOLIDATED NOTES TO ACCOUNTS**29.16** Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

(₹ in Crores)

Particulars	For the year ended 31 st March, 2021		For the year ended 31 st March, 2020	
	Dividend per Equity Share (₹ in Crores)	Dividend Amount (₹ in Crores)	Dividend per Equity Share (₹ in Crores)	Dividend Amount (₹ in Crores)
Interim Dividend	11.00	2,172.41	11.00	2,172.41
Total Dividend	11.00	2,172.41	11.00	2,172.41

30 Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2021			Year ended 31.03.2020		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A) Interest on Loan Assets						
(i) Long term financing	-	34,232.84	-	-	29,245.18	-
Less: Rebate for timely payments/completion etc	-	(0.06)	-	-	(0.08)	-
Long term financing (net)	-	34,232.78	-	-	29,245.10	-
(ii) Short term financing	-	69.98	-	-	177.23	-
Sub-total (A)	-	34,302.76	-	-	29,422.33	-
(B) Interest Income from Investments						
(i) Interest from CP/ ICD	-	-	-	-	0.21	-
(ii) Interest from Govt. Securities	-	7.16	-	-	1.89	-
(iii) Interest from Long Term Investments	-	18.34	195.30	-	3.14	169.75
(iv) Interest from Short Term Investments	-	3.90	-	-	-	-
Sub-total (B)	-	29.40	195.30	-	5.24	169.75
(C) Interest on Deposits with Banks						
(i) Interest from Deposits	-	161.44	-	-	66.27	-
Sub-total (C)	-	161.44	-	-	66.27	-
(D) Other Interest Income						
(i) Interest from Staff Advances	-	3.70	-	-	4.45	-
(ii) Interest on Mobilisation Advance	-	0.56	-	-	2.39	-
(iii) Unwinding of Discount of Security Deposits	-	0.03	-	-	0.08	-
(iv) Interest from SPVs	-	0.16	-	-	1.27	-
Sub-total (D)	-	4.45	-	-	8.19	-
Total - Interest Income (A to D)	-	34,498.05	195.30	-	29,502.03	169.75

31 Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Dividend from Long-Term Investments	27.97	36.94
Total - Dividend Income	27.97	36.94

CONSOLIDATED NOTES TO ACCOUNTS

31.1 Details of Dividend on FVOCI Equity Investments:

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Investments held at the end of the year	27.63	36.94
- Investments derecognized during the year	0.34	-
Total	27.97	36.94

32 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Fees based Income	26.57	6.68
Prepayment Premium	35.14	12.75
Fee for Implementation of Govt. Schemes	33.67	19.52
Total - Fees and Commission Income	95.38	38.95

33 Sale of services

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Consultancy Engineering Services	156.98	166.80
Execution of IT Implementation projects	1.56	7.68
Income from REC - UE Village Project	5.01	7.63
Documentation fees	0.10	-
Total	163.65	182.11

34 Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Fees from Training Courses	2.77	6.38
Interest from Income Tax Refund	1.00	2.85
Miscellaneous Income	18.95	64.88
Total - Other Income	22.72	77.27

35 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i) Interest on Borrowings		
- Loans from Govt. of India	820.81	612.97
- Loans from Banks/ Financial Institutions	2,091.00	1,725.10
- External Commercial Borrowings	643.83	917.26
- Lease Liability	0.11	0.29
Sub-Total (i)	3,555.75	3,255.62
(ii) Interest on Debt Securities		
- Domestic Debt Securities	15,418.64	13,923.95
- Foreign Currency Debt Securities	1,183.12	854.73
- Commercial Paper	35.32	463.66
Sub-Total (ii)	16,637.08	15,242.34
(iii) Interest on Subordinated Liabilities		
- Subordinate Bonds	394.15	395.36
Sub-Total (iii)	394.15	395.36

CONSOLIDATED NOTES TO ACCOUNTS

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(iv) Other Interest Expense		
- Swap Premium	894.62	108.83
- Interest on Income Tax	22.71	0.21
- Interest on liability towards employee benefits	2.32	4.60
- Miscellaneous interest expense	4.37	0.13
Sub-Total (iv)	924.11	113.77
Total - Finance Costs	21,511.09	19,007.09
Less: Finance Costs Capitalised	(22.04)	(15.79)
Total - Finance Costs (Net)	21,489.05	18,991.30

36 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Net translation/ transaction exchange loss/ (gain)	330.26	2,357.90
Total	330.26	2,357.90

The figures above include amortisation of net translation/ transaction exchange loss/ (gain) on Long Term Foreign Currency Monetary Items recognised in the financial statements before 1st April 2018 amounting to ₹ 708.57 crores (Previous year ₹ 675.95 crores).

36.1 The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	SGD/INR
As at 31 st March 2021	73.5047	0.6636	86.0990	54.3581
As at 31 st March 2020	75.3859	0.6965	83.0496	52.8342

37 Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(i) Guarantee Fee	-	13.29
(ii) Listing and Trusteeship Fee	0.78	1.51
(iii) Agency Fees	3.01	1.66
(iv) Credit Rating Expenses	3.33	3.05
(v) Other Finance Charges	2.83	5.93
Total (i to v)	9.95	25.44

38 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss		
(i) On trading Portfolio		
(ii) Others	-	-
- Changes in fair value of Derivatives	545.92	(47.72)
- Changes in fair value of Long Term Investments	2.43	6.40
- Changes in fair value of Short-term MF investments	23.98	15.47
Sub-total (ii)	572.33	(25.85)
Total (A)	572.33	(25.85)
Breakup of Fair Value Changes		
- Realised	1,077.91	(60.07)
- Unrealised	(505.58)	34.22
Total Net Gain/ (loss) on Fair Value Changes	572.33	(25.85)

Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense and represents changes in fair value of derivatives designated as economic hedges not designated under hedge accounting and ineffective hedge

CONSOLIDATED NOTES TO ACCOUNTS

39 Impairment on financial instruments

(₹ in Crores)

Particulars	Year ended 31.03.2021		Year ended 31.03.2020	
	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost
(i) - Loans *	-	2,363.33	-	884.91
(ii) - Others	-	82.61	-	34.58
Total (i+ii)	-	2,445.94	-	919.49

* includes ₹ 0.71 crores (Previous year ₹ 8.38 crores) towards impairment allowance on Letters of Comfort.

40 Cost of services rendered

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Project Expenses	88.51	71.61
Total	88.51	71.61

41 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Salaries and Allowances	119.67	145.83
- Contribution to Provident Fund and Other Funds	13.96	15.49
- Expenses towards Post Employment Benefits	4.87	5.07
- Rent towards Residential Accommodation for Employees	2.19	1.58
- Staff Welfare Expenses	22.93	25.18
Total	163.62	193.15

42 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Depreciation on Property, Plant & Equipment	8.12	8.48
- Amortization on Intangible Assets	2.74	3.29
Total	10.86	11.77

43 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Direct Expenditure	141.73	254.53
- Overheads	4.54	4.76
Total	146.27	259.29

43.1 Ministry of Corporate Affairs (MCA) has notified the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 which require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent.

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During the year, Group has approved ₹ 146.27 crore as budget for CSR as per Section 135(5) of the Companies Act, against which has spent ₹ 150.31 crore towards CSR activities during the year. The excess amount of ₹ 4.04 crore spent during the year shall be carried forward and set off for next three succeeding financial years.

43.2 Details of Gross Amount required to be spent by the Group:

- (a) Amount approved to be spent during the year is ₹ 146.27 crores
 (b) Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars	Year ended 31.03.2021
Opening Balance	-
Amount required to be spent during the year	146.27
Amount spent during the year	150.31
Closing Balance*	(4.04)

* eligible to be set-off in the next three succeeding financial years

Since the provisions of the Companies (Amendment) Act 2019 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 requiring specific treatment of unspent funds has been made applicable from the current year, the comparatives figures have not been provided.

43.3 Amount spent during the year (₹ in Crores) :

(₹ in Crores)

Particulars	Year ended 31.03.2021			Year ended 31.03.2020		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above						
Health/Sanitation / Waste Management / Drinking water	28.48	-	28.48	55.38	-	55.38
Education/ Vocational/ Skill Development	18.20	-	18.20	41.63	-	41.63
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	18.01	-	18.01	32.21	-	32.21
Sports	-	-	-	0.02	-	0.02
Contribution to PM CARES Fund	50.04	-	50.04	100.00	-	100.00
Provision of food/ration to migrant workers due to COVID-19 and Providing Cold Chain equipment for COVID-19 vaccination	7.75	-	7.75	1.59	-	1.59
Others	23.29	-	23.29	23.70	-	23.70
Administrative overheads including training, impact assessment etc.	4.54	-	4.54	4.76	-	4.76
Total (ii)	150.31	-	150.31	259.29	-	259.29

In support of the fight against the Covid-19 pandemic, the Group committed a total contribution of ₹ 150.04 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), of which ₹ 100 crores was contributed during the year 2019-20 and ₹ 50.04 crores contributed during the year 2020-21. Further, during the year, the Group has spent ₹ 7.03 crores for providing food, ration, sanitizers, masks, PPE kits etc. to migrant workers, poor people and health workers and ₹ 0.72 crores for providing Cold Chain Equipment to store COVID-19 vaccine in West Bengal, Nagaland and Dadra & Nagar Haveli. To express the solidarity with the Nation's fight against the pandemic outbreak, the employees of the Company also contributed a day's salary to PM CARES Fund in April 2020.

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44 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Travelling and Conveyance	9.56	15.80
- Publicity & Promotion Expenses	5.86	6.03
- Repairs and Maintenance	12.61	12.38
- Rent, taxes and energy costs	16.87	15.12
- Insurance Charges	0.10	0.13
- Communication costs	2.35	3.42
- Printing & stationery	0.99	2.92
- Director's sitting fees	0.10	0.19
- Auditors' fees and expenses	1.52	1.62
- Legal & Professional Charges	11.28	12.21
- Net Loss on Disposal of Property, Plant & Equipment	4.03	1.69
- Monitoring Expenses	17.20	12.49
- Miscellaneous Expenses	26.91	46.41
Total	109.38	130.41

44.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Fees paid to statutory auditors :		
- as auditor	0.74	0.50
- for taxation matters *	0.26	0.13
- for company law matters (includes limited review fees)	0.26	0.35
- for other services		
(i) Certification of MTN Offer Document/Comfort Letter	0.10	0.40
(ii) For Certifications	0.04	0.06
- for reimbursement of expenses	-	0.04
Sub-total	1.40	1.48
Non-recoverable tax credit in respect of fees paid to auditors	0.12	0.14
Total - Auditor's fees and expenses	1.52	1.62

* includes ₹ 0.12 crores (Previous year Nil) of fees for taxation matters pertaining to earlier years.

45 Tax Expense

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
- Current tax expense	2,698.02	1,579.79
- Current tax expense/ (benefit) pertaining to earlier years	222.95	65.27
Sub-total - Current Tax	2,920.97	1,645.06
- Deferred tax expense/ (credit)	(519.62)	412.65
Total	2,401.35	2,057.71

45.1 During the year, the company has opted for settlement of eligible Income Tax disputes pertaining to the period from AY 1997-98 to AY 2017-18 as per the scheme introduced by Government of India vide The Direct Tax Vivad Se Vishwas Act 2020. Accordingly, an amount of ₹ 208.30 crores has been paid and accounted for as current tax expenses for the FY 2020-21.

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45.2 Reconciliation of Effective Tax Rate

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in Crores)		
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Profit before Tax	10,779.59	7,029.98
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	2,713.01	1,769.31
Tax effect of income tax adjustments:		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(645.09)	(383.14)
Non-allowability of CSR expenses & other adjustments	112.70	20.68
Other non-deductible tax expenses	6.16	1.94
Non Taxable Income	(8.57)	(11.28)
Tax Expense Earlier Years	222.95	65.27
Impact of change in tax rates	-	661.54
Impact of provisional expenditure for earlier year	-	(1.22)
Tax impact on undistributed profits of subsidiaries and Joint Ventures	-	(63.83)
Tax effect on JV profit accounted for using equity method	0.50	(1.56)
Tax effect of intra group revenue reversals	(0.31)	-
Tax expense	2,401.35	2,057.71

46 Earnings per Share

(₹ in Crores)		
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Numerator		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)	8,378.24	4,972.27
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	8,378.24	4,972.27
Denominator		
Weighted average Number of equity shares	1,974,918,000	1,974,918,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	42.42	25.18
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	42.42	25.18

47 Contingent Liabilities and Commitments :

47.1 Contingent Liabilities not provided for in respect of:

Particulars		As at 31-03-2021	As at 31-03-2020
(A)	Claims against the Company not acknowledged as debts	29.67	0.22
(B)	Taxation Demands		
	- Demands raised by the Income Tax Department	25.41	113.99
	- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	0.30	38.30
	- Demands raised in respect of Service Tax	-	-
(C)	Other		
	- Bank Guarantees	38.49	30.78

The amount referred to in 'A' above are in respect of cases pending in various courts and is dependent upon the verdict of the court.

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The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ GST Department including the cases pending in Delhi High Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

47.2 Commitments not provided for in respect of:

Particulars	As at 31-03-2021	As at 31-03-2020
- Contracts remaining to be executed on capital account		
- Towards Property, Plant & Equipment	225.95	315.07
- Towards Intangible Assets	0.16	-
- Other Commitments		
- CSR Commitments	260.85	291.44

48. Details of Registration/ License/ authorisation obtained from financial sector regulators:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011
(iii) Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374

49 Implementation of Govt. Schemes

49.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme is ₹ 16,320 Crore including Gross Budgetary Support of ₹ 12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

49.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

- Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- Micro-grid and Off-grid distribution network;
- Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 Crore including budgetary support of ₹ 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

49.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

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49.4 J&K Prime Minister's Development Plan (PMDP)

of Jammu & Kashmir, Power Development Department has appointed RECPDCL as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of transmission projects under PMDP in J&K state and Ladakh on nomination basis, as per actual cost to be discovered through competitive biddings.

49.5 11 kV Feeder Monitoring Scheme

Ministry of Power has appointed RECPDCL to implement 11 kV Feeder Monitoring Scheme. The scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit.

50 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Group is as below:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Net debt	321,274.39	280,065.46
Net Worth	43,763.93	35,396.43
Debt-equity ratio	7.34	7.91

Net debt represents principal outstanding less cash and cash equivalents available.

Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, cash flow position and net worth of the Company, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by DIPAM, Govt. of India, Company is required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Though the Company endeavors to declare the dividend as per these guidelines, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

50.1 Capital to Risk-weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as prescribed by the Reserve Bank of India. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

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redit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) CRAR	19.72%	16.06%
(ii) CRAR - Tier I Capital	16.31%	13.17%
(iii) CRAR - Tier II Capital	3.41%	2.89%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.44% (previous year nil)

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Amount of subordinated debt raised as Tier-II capital	1,999.50	-
Amount raised by issue of Perpetual Debt Instruments	558.40	-

52 Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. A Risk Management Committee (RMC) has also been constituted under the chairmanship of an Independent Director, whose main function is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost, investment in G-Sec, State development loans and debt securities	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts
Market risk - interest rate risk	Borrowings, debt securities and subordinated liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in quoted equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO./099/03.10.001/2018-19, to augment risk management practices in the Company, the Board has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for measuring and managing each of above risk is set out in the subsequent paragraphs.

52.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

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52.1.1 Financial assets that expose the entity to credit risk

Particulars		As at 31-03-2021	As at 31-03-2020
(i)	Low credit risk on financial reporting date		
	Cash and cash equivalents	1,179.24	1,717.71
	Bank balances other than cash and cash equivalents	2,223.58	2,257.45
	Loans *	358,891.11	299,697.53
	Trade Receivables	124.45	86.27
	Investments **	1,269.95	1,601.06
	Other financial assets	24,419.88	22,101.32
(ii)	Moderate credit risk		
	Loans *	2,888.05	2,431.27
	Trade Receivables	55.32	52.01
(iii)	High credit risk		
	Loans *	18,256.93	21,255.55
	Trade Receivables	46.80	33.60
	Other financial assets	88.53	30.85

* Represents the principal outstanding (along with undisbursed amount towards Letters of Comfort) without deduction for expected credit losses

** This does not include investments in equity instruments and venture capital funds as they are carried at FVOCI or FVTPL.

Cash and Cash Equivalents and Bank Deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

Loans

Credit risk related to borrowers are mitigated through adequate security arrangements for the loans by way of hypothecation of future project loan assets, receivables, inventories or any other assets, Govt. Guarantees, Corporate guarantees etc. and additionally Collaterals wherever required. The Company closely monitors the credit-worthiness of the promoters through well-defined entity appraisal guidelines that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures in form of pre-disbursement conditions.

Trade Receivables

Credit risk related to Trade Receivables is mitigated by assessing the credit worthiness of debtors and is managed by monitoring the recoverability of such amounts continuously.

Other Financial Assets measured at Amortized Cost

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiaries, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment is managed by investment in Govt. Securities, State Development Loans and investment in PSU Bonds with sound financial health and also diversifying the investment portfolio in different maturity/sector and monitoring the financial health on regular basis.

52.1.2 Expected Credit Losses (ECL) for financial assets other than loans and trade receivables

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

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- **For cash and cash equivalents and bank balances (other than cash and cash equivalents)** - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- **For investments** - Considering that the investments are in debt securities including Government Securities/ minimum investment grade rated Government Companies, credit risk is considered low.

- **For other financial assets** - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans and trade receivables is disclosed as follows:

(₹ in Crores)

Particulars	As at 31-03-2021			As at 31-03-2020		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	1,179.24	-	1,179.24	1,717.71	-	1,717.71
Bank balances (other than cash and cash equivalents)	2,223.58	-	2,223.58	2,257.45	-	2,257.45
Investments	1,269.95	-	1,269.95	1,601.06	-	1,601.06
Other financial assets *	24,508.41	88.53	24,419.88	22,132.17	30.85	22,101.32

* The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.

52.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

(A) Credit Risk Management

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorized as High/Moderate/Low based on different risk parameters and exposure of the project as per Project Risk Categorization Frameworks. The process for Credit Risk Management are as under:

- The Company has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk
- For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

The Company also endeavors to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including

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monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilization and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialized monitoring/Cash Flow monitoring agencies are being appointed by REC/Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

- (iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.
- (iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.
- (v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.
- (vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.
- (vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.
- (viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.

(B) Credit risk Measurement

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. Management overlays to the model output, if any, are duly documented and approved by the Audit Committee. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

The Company has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, the Company uses the external rating as published by various credit rating agencies, or proxy risk score in case such rating is not available. The proxy risk score model considers following parameters :

Quantitative factors

Debt/ EBITDA (30% weightage)

Return on Capital Employed (15% weightage)

Interest Coverage (25% weightage)

Gearing (Debt/Equity) (30% weightage)

Qualitative Factors

Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF

Actual Default dates

Status of the Project

(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a “three stage” model for impairment based on changes in credit quality since initial recognition as summarised below:

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- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

(E) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or on any such period allowed by the company in line with circular issued by the Reserve Bank of India.

(F) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- 'EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Determination of Probability of Default (PD)

The Company has analysed the available average annual rating transition matrices published by Credit Rating Agencies to arrive at annual transition matrix based PD. This annual transition matrix PD was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research the company has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realizable value of the assets were arrived at using suitable assumptions, including valuation on outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

(G) Alignment of LGD in case of Stage 3 Assets

Stage-3 assets where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

- In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted.
- In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

- The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

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(I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

External/Mapped credit rating	As at 31-03-2021				As at 31-03-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	27,188.09	-	-	27,188.09	37,832.86	-	-	37,832.86
AA	95,722.23	-	-	95,722.23	82,131.73	-	-	82,131.73
A	92,972.07	1,421.82	-	94,393.89	71,840.30	-	-	71,840.30
BBB	29,817.62	-	-	29,817.62	28,629.56	-	-	28,629.56
BB	61,131.32	-	-	61,131.32	60,555.15	36.22	-	60,591.37
B	17,049.99	69.68	-	17,119.67	9,876.29	23.37	-	9,899.66
C	28,532.47	-	-	28,532.47	2,215.02	29.68	-	2,244.70
D	1,874.55	1,396.55	18,256.93	21,528.03	-	2,342.00	21,255.55	23,597.55
Government Loan	4,602.77	-	-	4,602.77	6,616.62	-	-	6,616.62
Gross Exposure	358,891.11	2,888.05	18,256.93	380,036.09	299,697.53	2,431.27	21,255.55	323,384.35
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
Net Exposure	357,608.65	2,746.62	6,465.62	366,820.89	299,209.07	1,467.44	10,703.42	311,379.93

(J) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(K) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

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For the Year ended 31 st March 2021	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
	(₹ in Crores)							
Opening Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42
Transfer to 12 months ECL	2,509.24	353.78	(53.05)	(1.82)	(2,456.18)	(351.96)	0.01	-
Transfer to life time ECL not credit impaired	(1,609.07)	(1.90)	1,609.07	1.90	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	(36.22)	(0.38)	36.22	0.38	-	-
Additional provision due to changes in PD/LGD	-	123.92	-	178.15	-	2,037.68	-	2,339.75
New Financial assets originated or purchased (including further disbursements in existing assets)	94,564.60	414.89	264.00	0.47	2.00	0.20	94,830.60	415.56
Financial Assets that have been derecognised (including recoveries in existing assets)	(36,271.19)	(96.69)	(421.58)	(95.28)	(333.56)	(200.02)	(37,026.33)	(391.99)
Write offs	-	-	(905.44)	(905.44)	(247.10)	(247.10)	(1,152.54)	(1,152.54)
Closing Balance	358,891.11	1,282.46	2,888.05	141.43	18,256.93	11,791.31	380,036.09	13,215.20

For the Year ended 31 st March 2020	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
	(₹ in Crores)							
Opening Balance	256,448.63	525.25	4,412.61	1,273.73	20,348.44	9,698.95	281,209.68	11,497.93
Transfer to 12 months ECL	1,557.46	107.88	(1,549.63)	(105.92)	(7.83)	(1.96)	(0.00)	(0.00)
Transfer to life time ECL not credit impaired	(25.11)	(1.64)	92.99	18.61	(67.89)	(16.97)	(0.01)	-
Transfer to Lifetime ECL credit impaired	(1,476.62)	(12.99)	(560.99)	(225.13)	2,037.61	238.12	-	-
Additional provision due to changes in PD/LGD	-	(238.36)	-	(13.90)	-	1,108.09	-	855.83
New Financial assets originated or purchased (including further disbursements in existing assets)	76,579.12	142.28	47.51	16.66	-	-	76,626.63	158.94
Financial Assets that have been derecognised (including recoveries in existing assets)	(33,385.95)	(33.96)	(11.22)	(0.22)	(676.37)	(95.69)	(34,073.54)	(129.87)
Write offs	-	-	-	-	(378.41)	(378.41)	(378.41)	(378.41)
Closing Balance	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42

CONSOLIDATED NOTES TO ACCOUNTS

(L) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31-03-2021				As at 31-03-2020			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Total Exposure	358,891.11	2,888.05	18,256.93	380,036.09	299,697.53	2,431.27	21,255.55	323,384.35
Impairment Allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
ECL %	0.36%	4.90%	64.59%	3.48%	0.16%	39.64%	49.64%	3.71%

(M) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry				
Generation	156,901.95	12,035.54	147,021.68	11,122.97
Renewables	17,388.24	117.88	9,163.65	161.31
Transcos	61,309.37	502.51	49,658.96	503.89
Discoms	139,833.76	557.90	110,923.44	214.26
Government Loans	4,602.77	1.37	6,616.62	1.99
Total	380,036.09	13,215.20	323,384.35	12,004.42
Concentration by ownership				
State	338,973.84	938.40	284,778.15	297.60
Private	41,062.25	12,276.80	38,606.20	11,706.82
Total	380,036.09	13,215.20	323,384.35	12,004.42

(N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31-03-2021	As at 31-03-2020
Power Sector	4.84%	6.59%

(O) Movement of Credit-impaired Assets

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Gross Credit-impaired Assets to Gross Advances (%)	4.84%	6.59%
(ii) Net Credit-impaired Assets to Gross Advances (%)	1.71%	3.32%
(iii) Net Credit-impaired Assets to Net Advances (%)	1.78%	3.45%
(iv) Movement of Credit-impaired Assets (Gross)		
(a) Opening balance	21,255.55	20,348.44
(b) Additions during the year	38.22	2,037.61
(c) Reductions during the year	(2,789.74)	(752.09)
(d) Write-off during the year	(247.10)	(378.41)
(e) Closing balance	18,256.93	21,255.55
(v) Movement of Credit-impaired Assets (Net)		
(a) Opening balance	10,703.42	10,649.49
(b) Additions during the year	34.59	691.40

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(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(c) Reductions during the year	(4,272.39)	(637.47)
(d) Write-off during the year	-	-
(e) Closing balance	6,465.62	10,703.42
(vi) Movement of provisions for Credit-impaired Assets		
(a) Opening balance	10,552.13	9,698.95
(b) Provisions made during the year	2,038.26	1,346.21
(c) Write-back of excess provisions	(551.98)	(114.62)
(d) Provision on assets written off during the year	(247.10)	-378.41
(e) Closing balance	11,791.31	10,552.13

(P) In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 5.04% (previous year 6.60%) and Net NPA to Net Loans would have been 1.99% (previous year 3.46%) as at 31st March 2021.

(Q) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

(R) Business Model Policy

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realize the cash flows by collecting contractual payments (including principal and interest) over the tenure of the loan. Further, investments in the nature of debt investments and other financial assets may also be held by the Company to collect the contractual payments as per the agreed terms.

The Company's business model therefore is "hold to collect" for Loans, certain Financial Investments and Other Financial Assets. Such financial assets are measured at amortised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

(S) Policy for sales out of amortised cost business

The Company does not resort to the sale of financial assets, including loan assets, in ordinary course of business.

However, the company may proceed for realization of amount due in respect of credit-impaired assets, as per the regulatory framework in India. As a result, the credit impaired loan may be either restructured/renewed or settled as part of IBC proceedings or otherwise and is assessed for derecognition as per the requirements of Ind AS 109 – Financial Instruments.

The Company has also not entered into any transaction of sale/ purchase of credit-impaired assets, except as below:

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
No. of Accounts sold/settled as part of IBC proceedings	1	1.00
Aggregate Outstanding (₹ in Crores)	510.98	236.80
Aggregate consideration received (₹ in Crores)	329.13	124.13

(T) The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2021 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

(U) Accounts with overdues beyond 90 days but not treated as credit impaired (excluding accounts to whom relief under RBI Covid-19 Relief package has been allowed)

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Number of accounts	Total Amount outstanding	Overdue amount
As at 31-03-2021	-	-	-
As at 31-03-2020	1	2,342.00	2,244.97

During the year, loan from one of the borrowers, M/s RKM Powergen Pvt Ltd. has been restructured and is now servicing the dues as per the restructured schedule. As at 31st March 2020, it was not classified as credit impaired owing to ad-interim order from Hon'ble High Court of Madras.

(V) Disclosure in respect of Moratorium and Asset Classification with regards to RBI Covid-19 Regulatory Package pursuant to RBI Circular D.O.R.NO.BP.BC.63/21.04.048/2020-21 dated 17 April 2020

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium was extended	0	1460.22
(ii) Respective amount where asset classification benefits is extended.	0	23.37
(iii) General Provision made	Refer Note below	Refer Note below
(iv) General Provisions adjusted during the year against slippages and the residual provisions	Refer Note below	Refer Note below

Note - The Company, being NBFC, provides for Expected Credit Loss (ECL) in accordance with Ind AS 109 as per board-approved ECL methodology. However, such provisions as required under RBI IRACP Norms have been considered for calculation of Provisions required as per IRACP Norms in Note (W) below.

(W) Comparison between provision required as per RBI Income Recognition, Asset Classification and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS

(₹ in Crores)

For the Year ended 31 st March 2021	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	356,273.17	357,285.43	1,273.37	356,012.06	2,304.84	(1031.47)
	Stage 2	2,888.05	2,925.24	141.43	2,783.81	145.62	-4.19
Sub Total (1)		359,161.22	360,210.67	1,414.80	358,795.87	2,450.46	(1035.66)
Non-Performing Assets							
Substandard Assets	Stage 3	36.31	36.31	3.63	32.68	3.63	-
Doubtful Assets							
Up to 1 year	Stage 3	560.99	560.99	303.81	257.18	301.24	2.57
1 to 3 years	Stage 3	13,786.04	13,786.04	8,514.57	5,271.46	6,913.49	1601.08
More than 3 years	Stage 3	3,856.37	3,856.37	2,952.08	904.29	2,665.23	286.85
Subtotal for doubtful assets		18,203.40	18,203.40	11,770.46	6,432.93	9,879.96	1890.50
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		18,256.93	18,256.93	11,791.31	6,465.61	9,900.81	1,890.50
Total Loan Assets		377,418.15	378,467.60	13,206.11	365,261.48	12,351.27	854.84
Other items which are in scope of Ind-AS 109 but not covered under IRACP norms							
- Letter of Comfort*	Stage 1	2,617.94	2,617.94	9.09	2,608.85	-	9.09
Sub-Total (3)		2,617.94	2,617.94	9.09	2,608.85	-	9.09
Total	Stage 1	358,891.11	359,903.37	1,282.46	358,620.91	2,304.84	(1022.38)
	Stage 2	2,888.05	2,925.24	141.43	2,783.81	145.62	(4.19)
	Stage 3	18,256.93	18,256.93	11,791.31	6,465.61	9,900.81	1,890.50
	Total	380,036.09	381,085.54	13,215.20	367,870.33	12,351.27	863.93

* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

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(₹ in Crores)

For the Year ended 31 st March 2020	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Asset Classification as per RBI Norms							
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	298,737.86	300,392.16	480.08	299,912.08	1,779.27	(1299.19)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
Sub Total (1)		301,169.13	302,823.99	1,443.91	301,380.08	2,481.55	(1037.64)
Non-Performing Assets							
Substandard Assets	Stage 3	2,037.61	2,037.61	468.91	1,568.70	203.76	265.15
Doubtful Assets							
Up to 1 year	Stage 3	3,973.02	3,973.02	1,646.55	2,326.47	1,282.92	363.63
1 to 3 years	Stage 3	11,276.57	11,276.57	5,724.26	5,552.30	6,024.78	(300.52)
More than 3 years	Stage 3	3,951.13	3,951.13	2,695.19	1,255.94	2,787.48	-92.29
Subtotal for doubtful assets		19,200.72	19,200.72	10,066.00	9,134.71	10,095.18	(29.18)
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		21,255.55	21,255.55	10,552.13	10,703.41	10,316.16	235.97
Total Loan Assets		322,424.68	324,079.54	11,996.04	312,083.49	12,797.71	(801.67)
Other items which are in scope of Ind-AS 109 but not covered under IRACP norms							
- Letter of Comfort*	Stage 1	959.67	959.67	8.38	951.29	-	8.38
Sub-Total (3)		959.67	959.67	8.38	951.29	-	8.38
Total	Stage 1	299,697.53	301,351.83	488.46	300,863.37	1,779.27	(1290.81)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
	Stage 3	21,255.55	21,255.55	10,552.13	10,703.41	10,316.16	235.97
	Total	323,384.35	325,039.21	12,004.42	313,034.78	12,797.71	(793.29)

* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

52.1.4 Expected Credit Loss for Trade Receivables

The entity provides for lifetime credit losses in respect of trade receivables of RECPDCL, one of the subsidiary of REC using simplified approach under ECL method

(₹ in Crores)

Particulars	Less than 1 year	1 year- 2 year	2 year- 3 year	More than 3 year	Total
As at 31st March 2021					
Gross carrying value	124.45	22.85	32.47	46.80	226.57
Expected loss rate	15.36%	19.04%	49.98%	100.00%	38.18%
Expected credit loss (provision)	19.12	4.35	16.23	46.80	86.50
Carrying amount (net of impairment)	105.33	18.50	16.24	-	140.07
As at 31st March 2020					
Gross carrying value	71.77	50.3	16.48	33.60	171.88
Expected loss rate	15.61%	23.85%	36.89%	100.00%	36.54%
Expected credit loss (provision)	11.20	11.93	6.08	33.60	62.81
Carrying amount (net of impairment)	60.57	38.10	10.40	-	109.07

52.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

The Company maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

52.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

		(₹ in Crores)									
As at 31 st March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities:											
Rupee Borrowings											
Debt Securities											
- Principal	-	-	1,055.00	600.00	3,520.00	6,486.80	25,852.18	46,211.21	44,523.75	75,813.29	204,062.23
- Interest	-	379.26	429.06	1,313.74	1,981.43	3,293.77	7,839.85	22,724.28	16,731.83	27,588.05	82,281.27
Other Borrowings											
- Principal	-	350.00	2,400.00	7,099.52	4,137.00	1,526.67	3,658.51	20,600.55	9,152.90	10,000.00	58,925.15
- Interest	208.60	4.26	85.39	199.76	458.88	565.70	1,388.04	4,370.69	2,293.36	2,653.21	12,227.90
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	6,650.70
- Interest	-	-	-	201.50	162.21	-	192.96	1,107.77	704.25	1,375.22	3,743.91
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	-	-	-	-	8,820.56	12,128.28	5,512.87	26,461.71
- Interest	-	-	-	220.52	64.14	194.94	485.15	1,841.77	670.06	395.99	3,872.57
Other Borrowings											
- Principal	-	-	551.29	551.29	45.31	12.51	6,797.99	8,043.62	4,575.17	5,776.64	26,353.82
- Interest	8.81	1.21	7.27	68.26	60.15	130.44	246.98	841.03	615.06	800.45	2,779.66
Derivative Liabilities :											
Interest rate swaps	-	-	-	-	-	0.00	29.88	343.06	30.71	0.00	403.65
Currency swaps	-	-	-	-	-	-	-	-	16.48	104.60	121.08
Reverse cross currency swap	-	-	-	-	-	-	-	-	19.67	258.66	278.33
Seagull Option	-	-	24.92	18.33	-	-	-	-	-	-	43.25

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)										
As at 31 st March 2020	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Total
Non-Derivative Financial Liabilities:										
Rupee Borrowings										
Debt Securities										
- Principal	-	-	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	58,147.32	91,405.81
- Interest	-	379.26	242.78	937.01	2,166.66	3,488.47	7,032.41	21,092.29	19,934.11	69,470.96
Other Borrowings										
- Principal	-	-	505.08	600.08	500.08	2,160.09	1,567.21	11,454.18	10,050.02	32,656.76
- Interest	244.00	15.01	83.73	130.49	352.45	383.51	1,107.43	3,565.31	3,708.64	11,618.06
Subordinated Liabilities										
- Principal	-	-	-	-	-	-	-	-	2,151.20	4,651.20
- Interest	-	-	-	201.50	-	-	192.96	788.93	772.38	2,543.72
Foreign Currency Borrowings										
Debt Securities										
- Principal	-	-	-	-	-	-	3,015.44	-	5,653.95	22,615.78
- Interest	-	-	-	138.14	112.53	200.74	453.70	1,620.81	642.18	4,429.95
Other Borrowings										
- Principal	-	-	-	565.39	609.10	4,013.52	8,505.00	6,642.72	587.58	28,735.91
- Interest	22.35	1.76	20.98	36.08	46.93	223.97	236.64	518.73	17.93	1,326.52
Derivative Liabilities :										
Interest rate swaps	-	-	-	-	-	-	58.63	190.17	337.26	586.06
Reverse cross currency swap	-	-	-	-	-	-	-	-	664.52	739.67
Seagull Option	-	-	-	-	-	-	-	-	-	-

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

CONSOLIDATED NOTES TO ACCOUNTS

Particulars	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2021											
Principal	878.97	-	1,866.73	1,747.68	4,838.22	8,947.33	17,793.88	72,044.11	67,832.43	188,262.69	364,212.04
Interest	117.12	4.00	880.36	1,331.57	5,715.61	9,108.12	17,306.39	60,195.92	45,576.96	77,702.45	217,938.50
As at 31st March 2020											
Principal	29.56	13.40	547.04	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	163,572.36	310,428.64
Interest	11.86	2.28	598.86	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	189,908.03

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.

52.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

Particulars	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2021											
Loan Assets	878.97	-	1,866.73	1,747.68	4,838.22	9,451.43	17,793.88	72,044.11	67,832.43	188,808.04	365,261.49
Investments			0.31	-	-	-	37.80	100.64	136.13	1,448.81	1,723.68
Rupee Borrowings											
Debt Securities		367.83	1,462.17	1,143.76	5,127.49	8,436.25	28,242.92	46,217.54	44,490.29	75,720.46	211,208.71
Other Borrowings		350.00	2,431.14	7,099.52	4,462.12	1,526.67	3,658.51	20,600.55	9,152.91	9,999.99	59,281.41
Subordinated Liabilities		-	-	168.38	129.51	-	1.60	2,499.52	-	4,147.88	6,946.89
Foreign Currency Borrowings											
Debt Securities	-	-	-	-	-	62.02	213.39	8,768.94	12,094.51	4,921.54	26,060.40
Other Borrowings	6.59	-	551.29	557.44	68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	26,225.95

(₹ in Crores)

CONSOLIDATED NOTES TO ACCOUNTS

As at 31 st March 2020	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	29.56	13.40	547.04	306.00	3,638.03	8,565.24	15,889.84	63,791.10	55,014.93	164,288.36	312,083.50
Investments accounted for using equity method	-	-	-	-	-	-	-	-	-	258.47	258.47
Investments		-	-	-	-	-	1,501.45	22.93	-	602.73	2,127.11
Rupee Borrowings											
Debt Securities	-	426.00	694.17	712.47	7,589.45	14,788.18	21,131.97	57,816.85	36,641.24	58,053.36	197,853.69
Other Borrowings	-	-	507.08	600.08	826.89	2,160.09	1,567.21	11,454.18	5,820.02	10,050.02	32,985.57
Subordinated Liabilities	-	-	-	168.47	-	-	2.11	-	2,499.33	2,149.74	4,819.65
Foreign Currency Borrowings	-										
Debt Securities	-	-	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	22,064.56
Other Borrowings	13.00	1.21	17.17	572.29	611.79	4,032.85	8,471.94	6,567.71	7,689.56	587.57	28,565.09

52.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2021	As at 31-03-2020
Expiring within one year (cash credit and other facilities)		
- Floating rate	5,547.28	8,780.00
Expiring beyond one year (loans/ borrowings)		
- Floating rate	-	497.82

52.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

CONSOLIDATED NOTES TO ACCOUNTS

The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis. The Company continuously monitors the projected and actual cash flows and accordingly maintains adequate bank balances, overdraft facilities, short term investments that are readily convertible into cash and adequate borrowing plans.

(i) Funding Concentration based on significant counterparty (borrowings)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Number of significant counterparties*	20	14
Amount (₹ in Crores)	182,250.87	125,850.36
% of Total Liabilities	51.04%	40.38%

(ii) Top 10 borrowings

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from State Bank of India	10,839.90	3.36%	7,299.92	2.61%
2 Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.10%	10,000.00	3.57%
3 54EC- Series XII (2018-19)	6,651.77	2.06%	6,651.77	2.38%
4 54EC- Series XIII (2019-20)	6,157.72	1.91%	5,759.14	2.06%
5 Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	5,800.00	1.80%	-	0.00%
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,145.33	1.60%	5,277.01	1.88%
7 Institutional Bonds- 182nd Series	5,063.00	1.57%	5,063.00	1.81%
8 Institutional Bonds- 203 rd A Series	5,000.00	1.55%	-	0.00%
9 Foreign Currency Bonds- US \$650 Mn Bonds	4,777.81	1.48%	4,900.08	1.75%
10 Term Loan from HDFC Bank	4,650.00	1.44%	-	0.00%
11 Institutional Bonds- 114 th Series	-	-	4,300.00	1.54%
12 54EC- Series XI (2017-18)	-	-	9,565.23	3.42%
13 Institutional Bonds- 105th Series	-	-	3,922.20	1.40%
Total	64,085.53	19.87%	62,738.35	22.40%

(iii) Funding Concentration based on significant instrument/ product

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
1 Debt Securities				
Institutional Bonds	173,326.60	48.54%	152,120.20	48.81%
Foreign Currency Bonds	26,461.71	7.41%	22,615.78	7.26%
54EC Capital Gain Tax Exemption Bonds	18,121.59	5.07%	22,376.33	7.18%
Tax Free Bonds	12,602.97	3.53%	12,602.97	4.04%
Sub-Total (1)	230,512.87	64.55%	209,715.28	67.30%
Commercial Paper	-	-	2,925.00	0.94%
Zero Coupon Bonds	-	-	1,364.85	0.44%
Infrastructure Bonds	11.07	0.00	16.46	0.01%
2 Borrowings (Other than Debt Securities)				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Name of significant instrument/ product*	As at 31-03-2021		As at 31-03-2020	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
Term Loans from Banks	29,938.58	8.38%	18,899.78	6.06%
Foreign Currency Borrowings	21,024.72	5.89%	21,762.71	6.98%
Loans repayable on demand from Banks	10,186.52	2.85%	-	-
Term Loans from Govt. of India	10,000.00	2.80%	10,000.00	3.21%
Term Loans from Financial Institutions	5,800.00	1.62%	-	0.00%
FCNR (B) Loans	5,329.10	1.49%	6,973.20	2.24%
Sub-Total (2)	82,278.92	23.04%	57,635.69	18.49%
3 Subordinated Liabilities	6,650.70	1.86%	4,651.20	1.49%
Total (1+2+3)	319,442.49	89.45%	272,002.17	87.28%

(iv) Stock Ratios:

Particulars	As at 31-03-2021				As at 31-03-2020			
	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	-	-	-	-	2,925.00	1.04%	0.94%	0.84%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	20,849.39	6.47%	5.84%	5.20%	10,829.62	3.87%	3.48%	3.12%

* Significant counterparty/ significant instrument/ product is defined as a single counterparty/ single instrument/ product or group of connected or affiliated counterparties accounting in aggregate to more than 1% of the company's total liabilities.

(v) Liquidity Coverage Ratio (LCR)

RBI, vide its Liquidity Framework dated 04 Nov, 2019 has stipulated maintaining of Liquidity Coverage Ratio (LCR) by Non-Deposit taking NBFCs with asset size of more than ₹ 10,000 Crores w.e.f. 01 Dec, 2020. These guidelines of RBI aims to ensure that Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is represented by:

The Stock of High-Quality Liquid Assets

Total Net Cash Outflows over the next 30 calendar days

where,

- Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the next 30 calendar days, where the cash flows are assigned a predefined stress percentage, as prescribed by RBI.
- High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

The LCR requirement is binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The Company from December 1, 2021 is maintaining the LCR @ 50% on monthly observations till February 28, 2021 and on every day basis thereafter (though RBI has prescribed LCR on every day basis from April 01, 2021 only).

At Present, HQLA investments are held in INR in the form of Government Securities(G-Sec)/ State Development Loans (SDLs) Securities and AAA/AA Corporate Bonds and auto swap balance with banks.

Composition of HQLA:

Out of the Stock of HQLA, the Government Securities is the highest proportion of HQLA followed by AAA/AA Corporate bonds and auto swap balances. The position of HQLA holding as on 31st March 2021 is as follows:

CONSOLIDATED NOTES TO ACCOUNTS

HQLA Items	% of Overall
Assets without Haircut	82%
- Cash and Cash Equivalents	23%
- G-Sec and SDLs	59%
Assets with 15% Haircut	18%
- Corporate Bonds	18%
Assets with 50% Haircut	-
Total	100%

Liquidity Coverage Ratio Disclosure

(₹ in Crores)

Particulars	Quarter ended 31-03-2021		Quarter ended 31-12-2020	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets				
Total High Quality Liquid Assets (HQLA)	2,151.50	2,120.54	2,249.00	2,221.13
- AA/AAA Corporate Bonds	206.39	175.43	185.81	157.94
- G-SEC Bonds/ State Development Loans (SDLs)	483.29	483.29	345.69	345.69
- Banks Autoswap	1,461.82	1,461.82	1,717.50	1,717.50
Cash Outflows				
Other contractual funding obligations	11,720.66	13,478.76	10,418.50	11,981.28
Other contingent funding obligations	2,193.98	2,523.08	1,970.25	2,265.78
Total Cash Outflows	13,914.64	16,001.84	12,388.75	14,247.06
Cash Inflows				
Inflows from fully performing exposures	7,480.10	5,610.08	6,789.11	5,091.83
Other cash inflows	11,807.52	8,855.64	6,290.00	4,717.50
Total Cash Inflows	19,287.63	11,760.86	13,079.11	9,809.33
Total Adjusted Value				
Total HQLA		2,120.54		2,221.13
Total Net Cash Outflows		4,240.98		4,437.73
Liquidity Coverage Ratio (LCR)		50.00%		50.05%

* For average, the observations as on 31.01.2021, 28.02.2021 and daily observation during March 2021 has been considered.

52.3 Market Risk - Currency Risk

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. These borrowings are also exposed to interest rate risk as most of the borrowings are carrying floating interest rates linked to LIBOR, SOR etc. The Company has a risk management policy which aims to hedge foreign currency and interest rate arising from its borrowings denominated in a currency other than the functional currency of the Company. The Company uses combination of foreign currency options structures, forward contracts, cross currency swap and interest rate swaps to hedge its exposure to foreign currency and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD with Functional Directors, executive directors and Chief General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

CONSOLIDATED NOTES TO ACCOUNTS

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2021 is as under:

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

Currency	As at 31-03-2021			As at 31-03-2020		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	6,893.85	3,500.00	3,393.85	6,591.96	4,070.00	2,521.96
INR Equivalent	50,673.04	25,726.65	24,946.39	49,694.10	30,682.06	19,012.04
JPY ¥	21,600.36	20,845.99	754.37	11,755.14	10,623.67	1,131.47
INR Equivalent	1,433.40	1,383.34	50.06	818.75	739.94	78.81
EURO €	36.85	11.40	25.45	55.15	29.70	25.45
INR Equivalent	317.30	98.12	219.18	458.04	246.69	211.35
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.80	380.80	-
Total	52,815.53	27,599.90	25,215.63	51,351.69	32,049.49	19,302.20

Sensitivity Analysis

The table below represents the impact on P&L including FCMITDA (+ Gain / (Loss) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Favorable	Adverse	Favorable	Adverse
USD/INR	933.39	(933.39)	711.35	(711.35)
JPY/INR	1.87	(1.87)	2.95	(2.95)
EUR/INR	8.20	(8.20)	7.91	(7.91)

* Holding all other variables constant

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. For option contracts, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to Profit or Loss on a straight-line basis.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

- For cross currency swaps and interest rate swaps that exactly match the terms of the terms of the hedged item, the economic relationship and hedge effectiveness are based on the qualitative factors using critical terms match method.
- For other interest rate swaps (in cases of late designation), the Company uses dollar offset method using a hypothetical derivatives, dollar offset method is a quantitative method that consists of comparing the change in fair value or cash flows of the hedging instrument with the change in fair value or cash flows of the hedged item attributable to the hedged risk.
- For option structures, the Company analyses the behaviour of the hedging instrument and hedged item using regression analysis based dollar offset method.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

CONSOLIDATED NOTES TO ACCOUNTS

Impact of Hedge Accounting										(₹ in Crores)
(a) Effects of hedge accounting on balance sheet										
As at 31 st March 2021	Notional amount amount (in Millions)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness		
Type of hedge and risks		Assets	Liabilities							
Cash flow hedge										
Foreign exchange and interest rate risk										
(i) Foreign currency options structures										
- Seagull Structure	USD 2,595	1,458.96	43.25	April 2021 - Oct 2025	1:1	73.32	-611.68	611.68		
	JPY 20,846.12	198.23	-	Aug 2023 - Sep 2025	1:1	0.66	-131.87	131.87		
- Call Spread	USD 250	77.74	-	Mar 2024	1:1	71.94	-93.51	93.51		
(ii) Cross currency swaps	USD 1,350	-	244.37	Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)	73.78		
	JPY 10,327.12	-	4.06	Aug 2023	1:1	0.42% and 0.62	(0.08)	0.08		
	SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54	(21.54)		
(iii) Principal only swaps	USD 375	-	121.08	Mar 2025 - Jun 2030	1:1	7541.00%	-174.62	174.62		
(iv) Interest rate swaps	USD 260	-	69.74	Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12		

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 st March 2020	Notional amount (in Millions)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
Type of hedge and risks		Assets	Liabilities					
Cash flow hedge								
Foreign exchange and interest rate risk								
(i) Foreign currency options structures								
- Seagull Structure	USD 1,410	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
	JPY 10,327.10	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
- Call Spread	USD 250	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
(ii) Cross currency swaps	USD 1,000	-	297.86	Dec 2020 - Mar 2025	1:1	3.67%	(175.35)	175.22
	JPY 10,327.10	-	5.28	Aug 2023	1:1	0.42%	(1.29)	1.29
	SGD 72.08	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii) Interest rate swaps	USD 1,260	5.24	134.45	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91

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(b) Effects of hedge accounting on statement of profit and loss

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Year ended 31-03-2021				
Cash flow hedge				
- Currency risk and interest rate risk	-1065.12	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost
Year ended 31-03-2020				
Cash flow hedge				Gain/ loss on foreign exchange translation
- Currency risk and interest rate risk	55.30	0.13	(629.26)	
			0.03	Finance cost

(c) Movement in cash flow hedging reserve and cost of hedging reserve

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Effective portion of Cash Flow Hedges		
Opening Balance	(226.08)	-
Add: Changes in intrinsic value of foreign currency option structures	(625.61)	687.21
Add: Changes in fair value of cross currency swaps	(52.32)	(174.20)
Add: Changes in fair value of interest rate swaps	(1.12)	(185.90)
Less: Amounts reclassified to profit or loss	759.86	(629.23)
Less: Deferred tax relating to above (net)	(20.34)	76.04
Closing Balance	(165.61)	(226.08)
Costs of hedging reserve		
Opening Balance	(204.75)	0.00
Add: Change in deferred time value of foreign currency option structures	(386.06)	(382.41)
Less: Amortisation of time value	715.06	108.80
Less: Deferred tax relating to above (net)	(82.80)	68.86
Closing Balance	41.45	(204.75)

52.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc. The Company manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimize the risk of fluctuation in interest rates. The Company also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

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The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31st March 2021 is as under:

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

Currency	As at 31-03-2021			As at 31-03-2020		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	35,738.58	-	35,738.58	19,899.78	-	19,899.78
USD \$	2,768.85	1,630.00	1,138.85	3,241.96	2,830.00	411.96
INR Equivalent	20,352.38	11,981.27	8,371.11	24,439.81	21,334.21	3,105.60
JPY ¥	20,846.14	10,327.14	10,519.00	10,327.12	10,327.12	-
INR Equivalent	1,383.35	685.31	698.04	719.28	719.28	-
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
Total INR Equivalent	57,866.10	13,058.37	44,807.73	45,439.70	22,434.32	23,005.38

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	Year ended 31-03-2021	Year ended 31-03-2020
Rupee Loans	363,580.03	312,065.92

Sensitivity Analysis

The table below represents the impact on P&L Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(167.65)	167.65	(86.08)	86.08
Floating/ semi-fixed Rate Loan Assets	1,360.37	(1,360.37)	1,167.63	(1,167.63)

* Holding all other variables constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

52.4.1 Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

The Company has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 1/3/6 Month USD/ JPY LIBOR (London Inter-Bank Offered Rate) and 6 Month SOR (Swap Offer Rate). The summary of such borrowings is as below:

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Benchmark	Amount (₹ In Crores)	Amount (USD Mn Equivalent)
1M USD LIBOR	1,690.61	230.00
3M USD LIBOR	5,512.85	750.00
6M USD LIBOR	13,148.92	1,788.85
6M JPY LIBOR	1,383.35	188.20
6M SOR	391.79	53.30
Total	22,127.52	3,010.35

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR will cease to be published after 31st December 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30 June 2023. Since SOR (Singapore Swap Offer Rate) is also benchmarked with USD LIBOR, it will also become non-representative from 30 June 2023.

(i) Exposure directly affected by the interest rate benchmark reform

The total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 13,468.66 crores. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 4,752.33 crores.

(ii) Managing the process to transition to alternative benchmark rates

Pursuant to the interest rate benchmark reform, LIBOR will be replaced with alternative Risk-Free Rates. SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognized statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. The Company has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

52.5 Market Risk - Price risk

The Company is exposed to price risks arising from investments in equity shares and units of venture capital funds. The Company's investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	21.51	(21.51)	25.68	(25.68)
Impact on Profit and Loss account (PL)	1.18	(1.18)	0.63	(0.63)

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53 Additional Disclosures in respect of derivatives

53.1 Forward Rate Agreements/ Interest Rate Swaps

Particulars	As at 31-03-2021	As at 31-03-2020
(i) The notional principal of swap agreements	25,035.68	29,056.52
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	339.60	141.71
(iii) Collateral required by the NBFC upon entering into swaps	NIL	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	-64.05	-444.35

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

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

53.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
(i) Derivatives (Notional Principal Amount)						
For hedging	27,599.89	32,049.49	25,035.68	29,056.52	4,547.00	4,347.00
(ii) Marked to Market Positions						
a) Asset (+)	1,971.62	3,177.14	339.60	141.71	-	-
b) Liability (-)	164.33	-	403.65	586.06	278.33	739.67
(iii) Credit Exposure	4,854.40	5,559.58	574.96	346.42	632.05	602.05
(iv) Unhedged Exposures	25,215.63	19,302.20	N.A.	N.A.	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread

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

*** Includes Reverse Cross Currency swap as a strategy of cost reduction

54 Impact of Covid-19 Pandemic on the Company

India is currently grappling with the second wave of COVID-19 pandemic with significant increase in the number of cases in India. The resultant lockdowns are less restrictive for economic activity and are concentrated in the most-hit states. Global waves suggest impact on manufacturing activity is less devastating as vaccination rollout gathers pace.

Liquidity Buffers with the Company

Company has not experienced any significant impact on its liquidity position owing to strong credit profile and access to diversified sources of borrowings. The Company has put in place adequate liquidity buffers in the form of Working Capital/ Term Loan limits from various banks apart from High Quality Liquid Assets.

Covid-19 Relief Package for the Power Sector

The Govt. of India, as a part of its Covid-19 relief package, had announced liquidity injection to the State Discoms in the form of State Govt. guaranteed loans through REC and PFC (Power Finance Corporation Ltd.) to clear the outstanding dues of Power Generation and Transmission Companies. As on 15th May 2021, the Company has already sanctioned and disbursed ₹ 67,083 crores and ₹ 40,766 crores respectively to the discoms as part of this liquidity package.

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Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package

In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7th April 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. 1st March 2020 to 31st August 2020. Company has estimated the aggregate amount to be refunded/adjusted and thus has made a provision in the financial statements for the year ended 31st March 2021. Accordingly, interest income for the quarter and year ended 31st March 2021 is lower by ₹ 129.25 crores

The Company believes that with the pickup in global vaccination and gradual decrease in the Covid cases, the business and commercial activity is poised for resurgence, leading to increase in power demand and generation. Considering REC's comfortable liquidity position and access to diverse sources of funds, there are no reasons to believe that the current crisis will have any significant impact on the Company's ability to maintain its operations, including the going concern assessment. However, the impact will continue to be dependent on future developments, which are uncertain, including, among other things, any new information concerning the severity of the Covid-19 pandemic and any further action by the Govt. or the Company to contain its spread or mitigate its impact.

55 Exposure Related Disclosures

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

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16th June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2021 and 31st March 2020.

55.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2021 (As at 31st March 2020 Nil).

55.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	711.47	778.40
(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	6.12
Total Exposure to Capital Market	711.47	784.52

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55.3 The company does not have any financing of Parent Company products during the current and previous year.

55.4 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
(i) Concentration of Advances		
Total Advances to twenty largest borrowers (₹ in Crores)	228,371.07	184,741.84
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.51%	57.30%
(ii) Concentration of Exposures		
Total Exposure to twenty largest borrowers (₹ in Crores)	342,453.58	288,397.43
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	62.28%	59.46%
(iii) Concentration of Credit-impaired Assets		
Total Exposure to the top four Credit-impaired Assets (₹ in Crores)	8,489.02	8,618.52

56 Fair value disclosures

The fair values of financial instruments measured at amortised cost and the carrying cost of financial instruments measured at fair value by category are as follows:

(₹ in Crores)

Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
Financial assets measured at fair value			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	9	1,758.79	1,766.92
(ii) Fair value through profit and loss	9	552.43	1,551.93
Investments* measured at			
(i) Fair value through other comprehensive income	11	430.13	513.55
(ii) Fair value through profit and loss	11	209.65	1,558.53
Financial assets measured at amortised cost			
Cash and cash equivalents	6	1,179.24	1,717.71
Bank balances (other than cash and cash equivalents)	7	2,223.58	2,257.45
Trade receivables	8	140.07	109.07
Loan Assets	10	365,261.49	312,083.50
Investments	11	1,083.90	55.03
Other financial assets	12	24,419.88	22,101.32
Total		397,259.16	343,715.01
Financial liabilities measured at fair value			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	9	482.51	437.59
(ii) Fair value through profit and loss	9	363.80	888.14
Financial liabilities measured at amortised cost			
Trade payables	0	61.51	46.15
Debt securities	20	237,269.11	219,918.25
Borrowings (other than debt securities)	21	85,507.36	61,550.66
Subordinated liabilities	22	6,946.89	4,819.65
Other financial liabilities	23	26,222.35	23,782.21
Total		356,853.53	311,442.65

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56.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31-03-2021				As at 31-03-2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments at FVOCI								
Equity investments	430.13	-	-	430.13	507.43	6.12	-	513.55
Investments at FVTPL								
Equity investments	23.60	-	-	23.60	12.50	-	-	12.50
Perpetual Bonds	-	-	-	-	-	-	1,500.62	1,500.62
Debentures	-	-	143.06	143.06	-	-	-	-
Preference Shares	-	-	42.99	42.99	-	-	45.41	45.41
Assets at FVTPL								
Derivative financial instruments	-	2,311.22	-	2,311.22	-	3,318.85	-	3,318.85
Liability at FVTPL								
Derivative financial instruments	-	846.31	-	846.31	-	1,325.73	-	1,325.73

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

- (A) **Investment in Quoted Equity Investments - Level 1** - Investment in listed equity instruments are measured at their readily available quoted price in the market.
- (B) **Derivative Financial Instruments - Level 2** - The fair value has been determined on the basis of mark to market value provided by the banks that have contracted to hedge the underlying risk. Such valuation is calculated using market observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract and implied volatilities.
- (C) **Investment in Venture Capital Fund - Level 3** - Investment in venture capital fund is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. The fund has gone into the liquidation and the realizable value is uncertain.
- (D) **Investment in Unquoted Equity Investments - Level 3** - Investment in unquoted equity shares of Universal Commodity Exchange Ltd. (UCX) is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern.
- (E) **Investment in Unquoted Preference Shares - Level 3** - Investment in unquoted Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rattan India Power Ltd. (RIPL) are classified as Level 3. The company has been allotted OCCRPS of the borrower company pursuant to One Time Settlement arrangement executed on 23rd December 2019. The fair value has been derived by present value technique by discounting future cash flows as per the terms of the agreement. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.
- (F) **Investment in Optionally Convertible Debentures of Essar Power Transmission Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of Essar Power Transmission Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been

CONSOLIDATED NOTES TO ACCOUNTS

derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

- (G) Investment in Optionally Convertible Debentures of R.K.M PowerGen Private Limited - Level 3** - Investment in unquoted Optionally Convertible Debentures (OCDs) of R.K.M PowerGen Private Limited are classified as Level 3, which have been allotted to the Company upon implementation of restructuring plan with the borrower. The fair value has been taken as Nil as such debentures are unsustainable in nature and future cash flows are uncertain. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

56.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	For the Year ended 31 st March 2021					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Equity Shares	
Opening Balance	1,500.62	45.41	-	-	-	1,546.03
Received in Loan Settlement (Refer Note 10.3)	-	-	149.56	-	-	149.56
Settlement	(1667.94)	-	(28.22)	-	-	(1696.16)
Transfer in Level 3	0.00	0.00	0.00	6.15	-	6.15
Transfer from Level 3	-	-	-	-	-	0.00
Interest income	167.32	6.26	21.72	-	-	195.30
Fair value changes	-	(8.68)	0.00	(6.15)	-	(14.83)
Closing Balance	-	42.99	143.06	-	-	186.05
Unrealised gain (loss) at year-end	-	10.57	12.42	(6.15)	(16.00)	0.84

(₹ in Crores)

Particulars	For the Year ended 31 st March 2020				
	FVTPL			FVOCI	Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Equity Shares	
Opening Balance	1,556.87	-	-	-	1,556.87
Received in Loan Settlement (Refer Note 10.3)	-	32.42	-	-	32.42
Settlement	(224.50)	-	-	-	(224.50)
Transfer from Level 3	-	-	-	-	-
Interest income	168.25	1.50	-	-	169.75
Fair value changes	-	11.49	-	-	11.49
Closing Balance	1,500.62	45.41	-	-	1,546.03
Unrealised gain (loss) at period-end	0.62	12.99	-	(16.00)	(2.39)

Refer Note No. 11.4 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the period

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56.3 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	1,179.24	1,179.24	1,717.71	1,717.71
Bank balances (other than cash and cash equivalents)	2,223.58	2,223.58	2,257.45	2,257.45
Trade receivables	140.07	140.07	109.07	109.07
Loans	365,261.49	366,843.62	312,083.50	311,112.33
Investments	1,083.90	1,096.95	55.03	62.13
Other financial assets	24,419.88	24,421.76	22,101.32	22,097.09
Total	394,308.16	395,905.22	338,324.08	337,355.78
Financial liabilities				
Trade payables	61.51	61.51	46.15	46.15
Debt securities	237,269.11	235,683.50	219,918.25	212,067.96
Borrowings (other than debt securities)	85,507.36	85,562.85	61,550.66	61,991.40
Subordinated liabilities	6,946.89	7,610.21	4,819.65	5,028.88
Other financial liabilities	26,222.35	26,222.35	23,782.21	23,782.21
Total	356,007.22	355,140.42	310,116.92	302,916.60

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2021 was assessed to be insignificant.

Investment in Govt. Securities (G-SEC) and State Development Loan (SDL)

The Company has made investments in G-Sec and SDL in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The market price of Government of India securities and state development loan is available as at reporting date and accrued interest from last coupon date to the reporting date is added to market price.

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Investment in PSU Bonds

The Company has made investments in PSU Bonds in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The company has computed fair value using market inputs i.e., Yield of G-Sec bonds for similar remaining maturity or credit rating wise spread for PSUs for remaining maturity as per industry practice.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

57 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Principal amount remaining unpaid as at the period end	0.01	0.15
Interest due thereon remaining unpaid as at the period end	-	-
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	0.14
Interest accrued and remaining unpaid as at the period end	0.53	0.53
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-

58 Related Party Disclosures :

58.1 List of Related Parties

(1) Key Managerial Personnel

Sh. Sanjay Malhotra	Chairman & Managing Director w.e.f 9th November, 2020
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director and Director (Finance) upto 31 st May 2020
Sh. Sanjeev Kumar Gupta	Chairman & Managing Director (from 1st June, 2020 to 8th November, 2020) and Director (Technical)
Sh. Ajoy Choudhury	Director (Finance) w.e.f 1st June 2020
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director)
Sh. Mritunjay Kumar Narayan	Govt. Nominee Director upto 5th November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f 5th November, 2020
Sh. J.S. Amitabh	Executive Director & Company Secretary

(2) Ultimate Holding Company

Power Finance Corporation Ltd.

(3) Associate Companies of REC Power Distribution Company Limited

Dinchang Transmission Limited (under process of strike off)
Chandil Transmission Limited
Koderma Transmission Limited
Dumka Transmission Limited

CONSOLIDATED NOTES TO ACCOUNTS

Mandar Transmission Limited

Kallam Transmission Limited (incorporated on 28th May 2020)

Fatehgarh Bhadla Transco Limited (incorporated on 2nd June 2020)

Gadag Transmission Limited (incorporated on 2nd June 2020)

Rajgarh Transmission Limited (incorporated on 6th June 2020)

Bidar Transmission Limited (incorporated on 8th June, 2020)

Sikar new Transmission Limited (incorporated on 11th June 2020)

MP Power Transmission Package-I Limited (incorporated on 4th August 2020)

MP Power Transmission Package-II Limited (incorporated on 20th August 2020)

Ramgarh new Transmission Limited (incorporated on 26th June 2020 and transferred to Power Grid Corporation of India Limited on 9th March, 2021)

(4) Joint Ventures

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

EPAL Holdings Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

Edina Australia Pty Limited (through EESL)

Edina Power Services Limited (through EESL)

Stanbeck Limited (through EESL)

Edina UK Limited (through EESL)

Edina Power Limited (through EESL)

Armoura Holdings Limited (through EESL)

Edina Manufacturing Limited (through EESL)

EPSL Trigenation Pvt. Limited (through EESL)

Convergence Energy Services Limited (through EESL)

NEESL Private Limited

Intellismart Infrastructure Private Limited

Energy Efficiency Services Co. Limited, Thailand

EESL Energy Solutions LLC, UAE

(5) Post-employment Benefit Plan Trusts

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

(6) Society registered for undertaking CSR Initiatives

REC Foundation

CONSOLIDATED NOTES TO ACCOUNTS

(7) Companies in which Key Managerial Personnel are Directors

NHPC Limited (Related Party since 4th November, 2020)

SJVN Limited (Related Party since 4th November, 2020)

Kholongchu Hydro Energy Limited (Related Party since 4th November, 2020)

(8) Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

(a) Key Managerial Personnel of Ultimate Holding Company

Sh. Rajeev Sharma	Chairman & Managing Director (upto 31 st May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) upto 31 st May, 2020, Chairman & Managing Director w.e.f. 1st June, 2020
Sh. Naveen Bhushan Gupta	Director (Finance) upto 30th June 2020
Smt. Parminder Chopra	Director (Finance) w.e.f. 1st July, 2020
Sh. Praveen Kumar Singh	Director (Commercial) & Additional Charge Director (Projects)
Sh Mritunjay Kumar Narayan	Govt. Nominee Director upto 4 th November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f. 4 th November, 2020
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director upto 2nd November, 2020
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) -Struck off from the Register of Companies and dissolved vide MCA Notice no-ROC/DELHI/248(2)/ STK-7/10148 dated 30.06.2020)

(c) Associate Companies of Ultimate Holding Company

Bihar Infra Power Limited

Bihar Mega Power Limited

Cheyur Infra Limited

Chhatisgarh Surguja Power Limited (under process of strike off)

Coastal Karnataka Power Limited (under approval for winding up)

Coastal Maharashtra Mega Power Limited (under process of strike off)

Coastal Tamilnadu Power Limited

Deogarh Infra Limited

Deogarh Mega Power Limited

Ghogarpalli Integrated Power Co. Limited

Jhakarand Infra Power Limited

Odisha Infrapower Limited

Orissa Integrated Power Limited

Sakhigopal Integrated Power Co. Limited

Tatiya Andhra Mega Power Limited (under process of striking off)

Ananthpuram Kurnool Transmission Limited (through PFFCL- incorporated on 13th May, 2020)

Bhadla Sikar Transmission Limited (through PFFCL- incorporated on 17th May, 2020)

Bijawar-Vidhrbha Transmission Limited (through PFFCL- under approval for closure)

CONSOLIDATED NOTES TO ACCOUNTS

Bikaner-II Bhiwadi Transco Limited (through PFFCL- incorporated on 12th May, 2020, sold on 25th March 2021)

Karur Transmission Limited (through PFFCL- incorporated on 20th November, 2019)

Khetri-Narela Transmission Limited (through PFFCL- incorporated on 15th May, 2020)

Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18th November, 2019)

Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)

Sikar-II Aligarh Transmission Limited (through PFFCL- incorporated on 17th May, 2020)

Tanda Transmission Company Limited (through PFFCL- under process of strike off)

VAPI-II North Lakhimpur Transmission Ltd. (through PFFCL- transferred to Sterlite Grid Limited on 23rd June, 2020)

(d) Post-employment Benefit Plan Trusts of Holding Company

PFC Employees Provident Fund Trust

PFC Employees Gratuity Trust

PFC Defined Contribution Pension Scheme 2007

PFC Ltd. Superannuation Medical Fund

(e) Other Companies in which Key Managerial Personnel of Ultimate Holding Company are Directors

PTC India Limited

Punatsangchhu-I, Hydroelectric Project Authority in Bhutan

Punatsangchhu-II, Hydroelectric Project Authority in Bhutan

Mangdechhu Hydroelectric Project Authority in Bhutan

58.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Power Finance Corporation Ltd.		
Loan Repayable on Demand	3000.49	0
Associates		
Loans to associates	13.45	9.33
Payables	0.08	0.68
Post-employment Benefit Plan Trusts		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Other financial liabilities- Others	9.00	0.38
Other financial assets	-	4.21
Post-employment Benefit Plan Trusts of Ultimate Holding Company		
Debt Securities	4.10	4.10
Key Managerial Personnel		
Debt Securities	0.15	0.10
Staff Loans & Advances	0.28	0.33
Key Managerial Personnel of Ultimate Holding Company		
Debt Securities	0.12	0.12
REC Foundation		
Other non financial Assets	1.54	0.92

CONSOLIDATED NOTES TO ACCOUNTS

58.3 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Power Finance Corporation Ltd.		
Dividend Paid	1,143.44	1,143.44
Directors' Sitting Fee	0.10	0.02
Loan Repayable on Demand raised	3,000.00	-
Finance Cost	0.49	-
Post-employment Benefits Plan Trusts		
Contributions made by the Company during the year	1.50	31.78
Subscription to the bonds of Company	-	5.70
Subscription to GOI Serviced Bonds	-	-
Subscription to the bonds of Holding Company	-	1.40
Finance Costs - Interest Paid	0.74	1.70
Post-employment Benefits Plan Trusts of Ultimate Holding Company		
Subscription to the bonds of Company	-	-
Finance Costs - Interest Paid	0.38	0.33
Key Managerial Personnel		
Staff Loans & Advances	-	-
Interest Income on Staff Loans	-	0.01
Finance Cost	0.01	0.02
Employee Benefits Expense - Managerial Remuneration	3.21	2.45
Directors' Sitting Fee	-	0.17
Key Managerial Personnel of Ultimate Holding Company		
Finance Cost	-	0.01
REC Foundation		
Payment towards Corporate Social Responsibility (CSR) Expenses	90.00	152.49

58.4 Terms and conditions of transactions with related parties

The transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans to Key Managerial Personnel are in line with the service rules of the Company. The finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the Term loan repayable on demand taken from the holding company. The interest rate payable on such debt securities is uniformly applicable to all the bondholders. Further, the term loan repayable on demand taken from the holding company was raised at the prevailing market rate. The Company also makes advances to its subsidiary companies on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary companies at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

58.5 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(i) Short-term employee benefits	3.01	2.25
(ii) Post employment benefits	0.20	0.20
(iii) Other long-term benefits	-	-
Total	3.21	2.45

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

CONSOLIDATED NOTES TO ACCOUNTS

58.6 During the year, the company has raised short term loan repayable on demand from the Power Finance Corporation Limited (Holding Company) amounting to ₹ 3,000 crores. The Loan has been raised at a rate of 4% p.a., which is comparable with other short term borrowings/ loan repayable on demand raised by the company. The loan has since been fully repaid as on the date of the signing of the financial statements.

58.7 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

The Company had transactions with the following government related entities during the year:

Bhartiya Rail Bijlee Company Ltd
 Bhilai Electric Supply Company Ltd.
 Bihar Grid Company Ltd
 Damodar Valley Corporation
 Nabinagar Power Generating Co. Pvt. Ltd.
 Neyveli Uttar Pradesh Power Ltd
 NTPC Tamil Nadu Energy Company Ltd.
 Patratu Vidut Utpadan Nigam Ltd.
 THDC India Ltd.
 Singareni Collieries Company Limited

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Disbursement of Loans	2,837.27	1,437.18
Interest income recognised	2,178.00	2,139.65

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
Loan Assets	22,649.28	21,612.09
Interest Accrued	7.73	248.04

Refer Note No. 12, 21.2.(i), 23 and 35 in respect of material transactions with the Central Govt.

59 Disclosures in respect of Ind AS 116 'Leases'

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The Company has leases for office building, warehouses, Office equipment and related facilities. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

CONSOLIDATED NOTES TO ACCOUNTS

A. Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Short-term leases	15.48	12.84
Leases of low value assets	-	0.02
Variable lease payments	-	-
Total	15.48	12.86

B. Cash outflow for leases

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Short-term leases	15.51	12.89
Leases of low value assets	-	0.02
Payment of lease liabilities	0.81	0.88
Total	16.32	13.79

C. Set out below are the carrying amounts of lease liabilities and the movements during the year:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	2.12	2.76
Finance Cost accrued during the year	0.11	0.29
Payments made during the year	(0.84)	(0.93)
Reassessment of lease liability	(1.34)	-
Closing Balance	0.05	2.12

D. The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Upto 1 year	0.02	1.00
1-5 years	0.04	1.43
More than 5 years	-	-

E. Extension and termination options

There are several lease contracts that include extension and termination options which are further discussed below.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Critical judgments in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

CONSOLIDATED NOTES TO ACCOUNTS

60 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

60.1 Defined Contribution Plans

A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust must declare the rate of interest on contribution to the members based upon the returns earned on its investments during the year, subject to minimum interest rate prescribed by Employees' Provident Fund Organisation. Any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

In case of RECPDCL, there is no separate trust and the companies makes provident fund contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Group has recognised an expense of ₹ 13.87 crores (previous year ₹ 15.42 Crores) towards defined contribution plans

60.2 Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of Defined benefit obligation	32.44	36.82
Fair Value of Plan Assets	30.25	35.47
Net Defined Benefit (Asset)/ Liability	2.19	1.35

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	36.82	42.41	35.47	44.15	1.35	(1.74)
Included in profit or loss						
Current service Cost	1.93	2.27	-	-	1.93	2.27
Interest cost / income	2.28	2.95	2.38	3.40	-0.10	-0.45
Total amount recognised in profit or loss	4.21	5.22	2.38	3.4	1.83	1.82
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.49)	1.82	-	-	(0.49)	1.82
- Actuarial loss (gain) arising from changes in demographic assumptions	-	-	-	-	-	-
- Actuarial loss (gain) arising from Experience adjustments	0.58	(0.89)	-	-	0.58	(0.89)

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Return on plan assets excluding interest income	-	-	(0.33)	(0.41)	0.33	0.41
Total amount recognised in OCI	0.09	0.93	(0.33)	(0.41)	0.42	1.34
Contribution by participants	-	-	-	-	-	-
Contribution by employers	-	-	1.42	0.06	(1.42)	(0.06)
Benefits paid	(8.68)	(11.74)	(8.69)	(11.73)	0.01	(0.01)
Closing Balance	32.44	36.82	30.25	35.47	2.19	1.35

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees and their dependent family members are covered as per Company Rules. The scheme is funded by the Company and is managed by separate trust. The liability towards the same is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of Defined benefit obligation	151.69	136.42
Fair Value of Plan Assets	144.06	140.64
Net Defined Benefit (Asset)/ Liability	7.63	(4.22)

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	136.42	129.77	140.64	97.99	-4.22	31.78
Included in profit or loss						
Current service Cost	2.90	2.80	-	-	2.90	2.80
Interest cost / income	8.94	9.73	9.45	7.55	-0.51	2.18
Total amount recognised in profit or loss	11.84	12.53	9.45	7.55	2.39	4.98
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(5.20)	18.85	-	-	(5.20)	18.85
-Actuarial loss (gain) arising from Experience adjustments	19.94	(15.32)	-	-	19.94	(15.32)
Return on plan assets excluding interest income	-	-	1.64	3.32	(1.64)	(3.32)
Total amount recognised in OCI	14.74	3.53	1.64	3.32	13.10	0.21
Contribution by employers	-	-	0.08	31.78	(0.08)	(31.78)
Benefits paid	(11.31)	(9.41)	(7.75)	-	(3.56)	(9.41)
Closing Balance	151.69	136.42	144.06	140.64	7.63	(4.22)

CONSOLIDATED NOTES TO ACCOUNTS

C. Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to support the family financially in case of permanent disability/death of an employee during the service tenure. This scheme is unfunded and the liability is determined based on actuarial valuation.

Net Defined Benefit (Asset)/ Liability for ERS

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
Present value of Defined benefit obligation		
- ERS	4.13	4.25

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
Opening Balance	4.25	3.69
Included in profit or loss		
Current service Cost	0.20	0.16
Interest cost / income	0.25	0.26
Total amount recognised in profit or loss	0.45	0.42
Included in OCI		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	0.02	0.34
- Actuarial loss (gain) arising from Experience adjustments	0.73	0.99
Total amount recognised in OCI	0.75	1.33
Benefits paid	(1.32)	(1.19)
Closing Balance	4.13	4.25

60.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

CONSOLIDATED NOTES TO ACCOUNTS

60.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity		PRMF	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Cash & Cash Equivalents	0.01	0.93	1.90	3.40
Unquoted Plan Assets				
Corporate Bonds/ Debentures	-	-	142.16	137.24
Others - Insurer managed funds & T-bills	30.24	34.54	-	-
Sub-total - Unquoted Plan Assets	30.24	34.54	142.16	137.24
Total	30.25	35.47	144.06	140.64

Actual return on plan assets is ₹ 13.14 crores (previous year ₹ 13.86 crores).

60.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by M/s Transvalue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	6.99%	6.72%	6.99%	6.72%	6.99%	6.72%
Future Salary Increase / medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	16.03	15.41	16.03	15.41	16.03	15.41

The Principle assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

60.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(0.90)	0.97	(0.77)	0.94
- PRMS	(11.14)	11.66	(10.02)	10.48
- ERS	(0.15)	0.17	(0.15)	0.17
Salary Escalation Rate (0.50% movement)				
- Gratuity	0.14	(0.13)	0.14	(0.11)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.16	(0.14)
Medical inflation Rate (0.50% movement)				
- PRMS	10.83	(10.44)	9.74	(9.39)
Medical Cost (10% movement)				
- PRMS	15.56	(14.92)	13.99	(13.42)

CONSOLIDATED NOTES TO ACCOUNTS

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

60.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Less than 1 year	7.87	11.95	12.20	9.89	1.19	1.26
From 1 to 5 years	20.81	15.95	72.60	47.71	3.00	2.83
Beyond 5 years	31.10	32.68	285.02	231.09	3.19	5.35
Total	59.78	60.58	369.82	288.69	7.38	9.44

60.2.6 Expected contribution for the next year.

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020	Year ended 31-03-2021	Year ended 31-03-2020
Expected contribution	3.98	3.29	10.91	-	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.54 years (as at 31.03.2020 - 12.57 years).

60.3 Other Long-term Employee Benefits

60.3.1 Earned Leave and Half Pay Leave

REC provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. In case of RECPDCL, the Employees are entitled for Leave Encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognised on the basis of actuarial valuation. Total expenses amounting to ₹ 4.55 crore (Previous period ₹ 8 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

60.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.76 crore (previous year ₹ 0.93 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

In case of RECPDCL, the Loyalty incentive to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. Expenses amounting to ₹ 0.20 crore (Previous year ₹ 0.15 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

61 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

Status of Documentation Subsequent to Reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union Territories (UTs) – Jammu & Kashmir UT and Ladakh UT,

CONSOLIDATED NOTES TO ACCOUNTS

the existing entities pertaining to the erstwhile state of J&K have been restructured vide unbundling order dated 23rd October 2019. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documentation, the existing loans for Generation, T&D and Govt. schemes are being serviced / repaid in line with the existing loan agreements.

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

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

Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
 - (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
 - (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
 - (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.
- 62** The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/ geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

62.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
(A) Income from Loan Assets	34,364.47	29,441.76
(B) Fee for Implementation of Govt. Schemes	33.67	19.52
(C) Income from Management of Short-term Surplus Funds	185.42	81.95
(D) Revenue from sale of services	163.65	182.11
Total	34,747.21	29,725.34

62.2 The Group does not have any reportable geographical segment as the primary operations of the Group are carried out within the country.

62.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2020-21 and 2019-20

63 Subsidiaries, joint venture and associates considered for consolidation

A. Wholly owned subsidiaries of the Company:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31-03-21	As at 31-03-20
REC Transmission Projects Company Limited (RECTPCL)	India	0%	100%
REC Power Distribution Company Limited (RECPDCL)	India	100%	100%

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B. Joint venture

(₹ in Crores)

Name of entity	Place of business/ country of incorporation	Ownership interest/ Carrying Amount held by the Group**	
		As at 31-03-21	As at 31-03-20
Energy Efficiency Services Limited (EESL)*	India		
Ownership interest		22.18%	22.18%
Carrying Amount**		257.74	258.47

* The financial statements for FY 2020-21 and FY 2019 20 are un-audited and certified by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

** Quoted price of the investment is not available, as the equity shares of the Company are not listed on stock exchanges.

C. Associates

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31-03-21	As at 31-03-20
Dinchang Transmission Limited	India	0.00%	100.00%
Chandil Transmission Limited	India	100.00%	100.00%
Dumka Transmission Limited	India	100.00%	100.00%
Mandar Transmission Limited	India	100.00%	100.00%
Koderma Transmission Limited	India	100.00%	100.00%
Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)	India	100.00%	-
Bidar Transmission Limited (Earlier Bidar Karnataka Line)	India	100.00%	-
Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)	India	100.00%	-
Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)	India	100.00%	-
Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)	India	100.00%	-
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)*	India	100.00%	-
MP Power Transmission Package-I Limited	India	100.00%	-
MP Power Transmission Package-II Limited	India	100.00%	-
Ramgarh New Transmission Limited (Earlier Solar Energy Rajasthan Part A Line)*	India	-	-

* The above SPV has been sold during the year

Note: The above investments are managed as per the mandate from Government of India (GoI) and the Company does not have the practical ability to direct the relevant activities of these Companies unilaterally. The Company therefore, considers its investment in respective Companies as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

CONSOLIDATED NOTES TO ACCOUNTS

D Joint venture accounted for using equity method

Summarised financial position of EESL

(₹ in Crores)

Particulars	As at 31 st March, 2021*	As at 31 st March, 2020*
Financial assets		
Cash and cash equivalents	211.55	177.73
Bank balances (other than cash and cash equivalents)	526.60	409.41
Other financial assets	3,726.54	3,564.63
Sub-Total	4,464.69	4,151.77
Non Financial assets	5,098.01	4,957.51
Total assets	9,562.70	9,109.28
Financial Liabilities	8,215.53	7,554.35
Non Financial Liabilities	213.33	373.84
Total liabilities	8,428.86	7,928.19
Net assets	1,133.84	1,181.09

* Based on unaudited standalone financial position of the joint venture

Summarised financial performance of EESL

(₹ in Crores)

Particulars	For the year ended 31 st March 2021*	For the year ended 31 st March 2020*
A. Income		
Revenue from operations	1,471.85	2,487.72
Other income	58.43	87.80
Total (A)	1,530.28	2,575.52
B. Expenses		
Finance costs	328.50	354.85
Depreciation, amortization and impairment	533.05	511.17
Purchases of stock-in-trade	245.98	1,051.86
Change in inventories	23.93	59.39
Other expenses	354.87	519.23
Total (B)	1,486.32	2,496.50
C. Share of net profits/(losses) of joint ventures accounted for using equity method	-	-
D. Profit before tax (A-B+C)	43.96	79.02
E. Tax Expense	11.09	(3.32)
F. Profit for the period (C-D)	32.87	82.34
G. Other comprehensive income/ (Loss)	(0.29)	(21.60)
H.Total comprehensive income (F+G)	32.58	60.74
Dividends received from EESL	-	2.10

* Based on unaudited standalone financial position of the joint venture

CONSOLIDATED NOTES TO ACCOUNTS**Reconciliation to carrying amount of Energy Efficient Services Limited:**

(₹ in Crores)

Particulars	For the year ended March 31, 2021*	For the year ended March 31, 2020*
Opening net assets	1,211.05	874.58
Impact of cumulative opening adjustments due to subsequent audit	(33.99)	(4.65)
Share application money - adjusted		
Increase in Share capital	-	308.12
Profit for the period	32.87	44.92
Other comprehensive income(net of taxes)*	(0.29)	(0.48)
Add: Share application pending allotment		
Less: Transaction cost arising on issue of equity shares, net of tax		
Less: Dividend distributed	-	(9.49)
Less: Dividend distribution tax	-	(1.95)
Closing net assets	1,209.64	1,211.05
Less: Non- Controlling interest in the consolidated financial statements of EESL	(47.65)	(45.76)
Equity attributable to owners	1,161.99	1,165.29

*Movement has been made considering the unaudited standalone financial statements.

Change in carrying amount of investments in EESL

(₹ in Crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Group share %	22.18%	22.18%
Group's share in Networth	257.74	258.47
Carrying amount of investment in financial statements	257.74	258.47

Contingent liabilities of EESL

(₹ in Crores)

Particulars	As at March 31, 2021*	As at March 31, 2020**
(A) Claims against the Company not acknowledged as debts	Refer Note below*	78.76
(B) Taxation Demands		
(C) Others		
- Letters of Credit		150.88
- Guarantees		249.98
Total Contingent Liabilities		479.62
Share of joint venture's contingent liabilities incurred jointly with other investors		106.38

*Details of Contingent Liability of EESL as on 31.03.2021 is not available and hence not presented in the table above

**Details of Contingent Liability of EESL as on 31.03.2020 have been updated based on audited consolidated financial statements for that year.

CONSOLIDATED NOTES TO ACCOUNTS

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

64.1 Share in Net Assets i.e. Total Assets minus Total Liabilities

(₹ in Crores)

Name of the Entity	As at March 31, 2021		As at March 31, 2020	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Parent				
REC Limited	99.23%	43,426.37	99.10%	35,076.56
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.68%	297.99	0.48%	168.20
REC Transmission Projects Company Limited	-	-	0.32%	112.61
Joint Venture - Indian				
Energy Efficiency Services Limited	0.59%	257.74	0.73%	258.47
Associates - Indian				
Chandil Transmission Limited	-	0.05	-	0.05
Dumka Transmission Limited	-	0.05	-	0.05
Mandar Transmission Limited	-	0.05	-	0.05
Koderma Transmission Limited	-	0.05	-	0.05
Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)	-	0.05	-	-
Bidar Transmission Limited (Earlier Bidar Karnataka Line)	-	0.05	-	-
Gadag Transmission Limited (Earlier Gadag Karnataka Part A Line)	-	0.05	-	-
Fatehgarh Bhadla Transco Limited (Earlier Solar Energy Rajasthan Part B Line)	-	0.05	-	-
Sikar New transmission Limited (Earlier Solar Energy Rajasthan Part C Line)	-	0.05	-	-
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)	-	0.05	-	-
MP Power Transmission Package-I Limited	-	0.05	-	-
MP Power Transmission Package-II Limited	-	0.05	-	-
Adjustments or eliminations effect	-0.50%	(218.77)	-0.62%	(219.61)
Total	100.00%	43,763.93	100.00%	35,396.43

Share in profit and loss

(₹ in Crores)

Name of the Entity	Year ended 31-03-2021		Year ended 31-03-2020	
	As % of Consolidated Net Profit	Amount	As % of Consolidated Net Profit	Amount
Parent				
REC Limited	99.80%	8,361.78	98.27%	4,886.16
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.31%	25.62	0.25%	12.47
REC Transmission Projects Company Limited	-	-	1.09%	54.44
Joint Venture - Indian				
Energy Efficiency Services Limited	-0.02%	-1.97	0.18%	9.14
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	-0.09%	(7.19)	0.20%	10.06
Total	100.00%	8,378.24	100.00%	4,972.27

CONSOLIDATED NOTES TO ACCOUNTS**Share in Other Comprehensive Income**

(₹ in Crores)

Name of the Entity	Year ended 31-03-2021		Year ended 31-03-2020	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
Parent				
REC Limited	99.73%	456.52	99.27%	(549.79)
Subsidiaries - Indian				
REC Power Distribution Company Limited	-	-	-	-
REC Transmission Projects Company Limited	-	-	-	-
Joint Venture - Indian				
Energy Efficiency Services Limited	0.27%	1.24	0.73%	(4.06)
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	-	-	-	-
Total	100.00%	457.76	100.00%	(553.85)

Share in Total Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31-03-2021		Year ended 31-03-2020	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent				
REC Limited	99.80%	8,818.30	87.21%	4,336.37
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.29%	25.62	0.25%	12.47
REC Transmission Projects Company Limited	0.00%	-	1.09%	54.44
Joint Venture - Indian				
Energy Efficiency Services Limited	-0.01%	(0.73)	0.10%	5.08
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	-0.08%	(7.19)	0.20%	10.06
Total	100.00%	8,836.00	100.00%	4,418.42

65 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	1,179.24	-	1,717.71	-
(b) Bank balances other than (a) above	2,222.36	1.22	2,257.45	-
(c) Trade receivables	140.07	-	109.07	-
(II) Other receivables	-	-	-	-
(d) Derivative financial instruments	258.94	2,052.28	1,180.60	2,138.25
(e) Loans	36,576.91	328,684.58	28,989.11	283,094.39
(f) Investments	38.10	1,685.58	1,501.45	625.66
(g) Other financial assets	280.26	24,139.62	466.59	21,634.73
Total - Financial Assets (1)	40,695.88	356,563.28	36,221.98	307,493.03

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(2) Non-Financial Assets				
(a) Current tax assets (net)	-	168.92	-	409.94
(b) Deferred tax assets (net)	-	2,461.03	-	2,050.57
(c) Investment Property	-	0.01	-	0.01
(d) Property, Plant & Equipment	-	260.70	-	156.97
(e) Capital Work-in-Progress	-	335.67	-	287.62
(f) Intangible Assets Under Development	-	0.77	-	0.77
(g) Other Intangible Assets	-	6.15	-	8.82
(h) Other non-financial assets	93.83	8.84	81.96	50.41
(i) Investments accounted for using equity method	-	257.74	-	258.47
Total - Non-Financial Assets (2)	93.83	3,499.83	81.96	3223.58
(3) Assets classified as held for sale	14.05	-	9.53	-
Total ASSETS (1+2+3)	40,803.76	360,063.11	36,313.47	3,10,716.61
LIABILITIES				
(1) Financial Liabilities				
(a) Derivative financial instruments	73.13	773.18	58.63	1,267.10
(b) Trade Payables				
(I) Trade payables				
(i) total outstanding dues of MSMEs	0.01	-	0.15	-
(ii) total outstanding dues of creditors other than MSMEs	61.50	-	46.00	-
(II) Other payables				
(i) total outstanding dues of MSMEs	-	-	-	-
(ii) total outstanding dues of creditors other than MSMEs	-	-	-	-
(c) Debt Securities	45,055.83	192,213.28	48,573.11	171,345.14
(d) Borrowings (other than debt securities)	27,509.52	57,997.84	19,381.60	42,169.06
(e) Subordinated Liabilities	299.49	6,647.40	170.58	4,649.07
(f) Other financial liabilities	2,111.72	24,110.63	2,171.72	21,610.49
Total - Financial Liabilities (1)	75,111.20	281,742.33	70,401.79	241,040.86
(2) Non-Financial Liabilities				
(a) Current tax liabilities (net)	14.40	-	-	-
(b) Provisions	62.65	42.03	67.96	39.13
(c) Other non-financial liabilities	97.89	32.36	77.94	5.29
Total - Non-Financial Liabilities (2)	174.94	74.39	145.90	44.42
(3) Liabilities directly associated with assets classified as held for sale	0.08	-	0.68	-
Total LIABILITIES (1+2+3)	75,286.22	281,816.72	70,548.37	241,085.28

Previous year figures have been reclassified/ regrouped to conform to the current classification.

CONSOLIDATED NOTES TO ACCOUNTS

- 66** There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
- 67** The disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 have been made in Note No. 3, 9, 10, 11, 22.1, 29.1, 48, 51, 52.1.3 (O), 52.1.3 (S), 52.1.3 (T), 52.2.2, 52.3, 53, 55, 58, 66, 68, 69
- 68** No penalties have been levied on the Company by any regulator during the year ended 31st March 2021 (previous year Nil).
 However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) vide its letter dated 20th August 2020, 8th September 2020, 17th November 2020 and 15th February 2021 and from BSE Ltd. (BSE) vide its mails dated 20th August 2020 and 8th September 2020 for payment of fine totalling to ₹ 49,44,200 (inclusive of GST) for non-compliance of the corporate governance requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the position/quorum requirements of Board/ Committees.
 The Company has requested the Stock Exchanges to waive the fine since the power to appoint Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Independent Directors on the Board of the Company. As such, there is no violation on the part of the Company in the appointment of Independent Directors. While the reply of the Stock Exchanges is still awaited, the Company is hopeful of favorable outcome of its request to the Stock Exchanges in line with the earlier waivers of fine by the Stock Exchanges for similar reasons.
- 69** No complaints have been received by the company from the borrowers under the Fair Practices Code during the year ended 31st March 2021 (previous year Nil).
- 70** Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.
- The Notes to Accounts 1 to 70 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Gaurav Mittal
Partner
M.No. : 099387

Atul Aggarwal
Partner
M.No. : 092656

Place: New Delhi
Date: 28th May 2021

REC LIMITED (FORMERLY RURAL ELECTRIFICATION CORPORATION LIMITED)

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Annexure to be enclosed with Consolidated Balance Sheet as at 31st March 2021

(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 18 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to REC Ltd.)

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
LIABILITIES SIDE:				
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	35,534.72	-	39,957.71	-
- Unsecured	209,508.98	-	182,833.33	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
- Secured Loans from Financial Institutions	-	-	-	-
- Unsecured Loans from Govt. of India	10,325.12	-	10,326.81	-
- Unsecured Loans from Banks	29,953.76	-	18,900.72	-
- Unsecured Loans from Financial Institutions	5,800.00	-	1,000.00	-
(d) Inter-corporate Loans and Borrowing	-	-	-	-
(e) Commercial Paper	-	-	2,925.00	-
(f) Other Loans	-	-	-	-
- Foreign Currency Borrowings	21,060.17	-	21,813.83	-
- FCNR(B) Loans	5,335.01	-	6,985.80	-
- Short Term Loans/ Loans Repayable on Demand	10,201.99	-	2,755.92	-
- Unsecured Loans from Holding Company	3,000.49	-	-	-
- Finance Lease Obligations	0.05	-	2.12	-
- Loans Repayable on Demand from Banks & FIs				

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
ASSETS SIDE :		
(2) Break-up of Loans and Advances including bills receivables		
(a) Secured	247,657.93	235,470.39
(b) Unsecured	116,554.11	74,958.25
(3) INVESTMENTS :		
Current Investments:		
Quoted:		
(i) Shares : Equity	23.60	12.50
Unquoted:		
(i) Shares : (a) Preference	69.08	68.34
(ii) Debentures and Bonds	292.16	-
Long Term Investments:		
Quoted:		
(i) Shares : Equity	430.13	507.43
(ii) Debentures and Bonds	259.63	1,532.72
Unquoted:		
(i) Shares : (a) Equity	257.74	258.47
(ii) Government Securities	649.08	-
(iii) Units of mutual funds		6.12

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
As at 31-03-2021		
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(a) Other related Parties	-	-
2. Other than Related Parties	247,657.93	116,554.11
Total	247,657.93	116,554.11
As at 31-03-2020		
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(a) Other related Parties	-	-
2. Other than Related Parties	235,470.39	74,958.25
Total	235,470.39	74,958.25

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2021		As at 31.03.2020	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Companies in the same Group	257.74	257.74	258.47	258.47
2. Other than Related Parties	1,723.68	1,723.68	2,127.11	2,127.11
Total	1,981.42	1,981.42	2,385.58	2,385.58

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020	
(i) Gross Credit-impaired Assets			
(a) Related Parties	-	-	-
(b) Other than related Parties	18,256.93	-	21,255.55
(ii) Net Credit-impaired Assets			
(a) Related Parties	-	-	-
(b) Other than related Parties	6,465.62	-	10,703.42
(iii) Asset acquired in satisfaction of debts	349.28		54.60

For and on behalf of the Board

J.S. Amitabh
ED & Company SecretaryAjoy Choudhury
Director (Finance)
DIN - 06629871Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135NGaurav Mittal
Partner
M.No. : 099387For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091Atul Aggarwal
Partner
M.No. : 092656Place: New Delhi
Date: 28th May 2021

FORM AOC-1

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2020-21

Part A: Subsidiaries

(₹ in Crores)

Particulars	
1 Name of the Subsidiary	REC Power Distribution Company Limited
2 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
4 Share capital	0.09
5 Reserves & Surplus	297.90
6 Total assets	662.79
7 Total Liabilities	364.80
8 Investments	91.06
9 Turnover	184.69
10 Profit/ (Loss) Before Taxation	32.62
11 Provision for Taxation	7.00
12 Profit/ (Loss) After Taxation	25.62
13 Proposed Dividend	-
14 % Shareholding	100.00%

(1) **Name of subsidiaries which are yet to commence operations - Nil**

(2) **Names of subsidiaries which have been liquidated or sold during the year - Nil**

Details of Associates

(₹ in Crores)

Name of Associates	Bidar Transmission Limited*	Chandli Transmission Limited *	Dumka Transmission Limited *	Fatehgarh Bhadla Transco Limited*	Gadag Transmission Limited *	Kallam Transmission Limited #	Koderma Transmission Limited *	Mandar Transmission Limited *	MP Power Transmission Package I Limited #	MP Power Transmission Package II Limited #	Rajgarh Transmission Limited *	Sikar New Transmission Limited*
1 Latest audited Balance Sheet Date	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-21	31-Mar-20	31-Mar-20	31-Mar-21	31-Mar-21
2 Shares of Associate/ Joint Ventures held by the company on the year end												
Number	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Amount of Investment in Associates/ Joint Venture	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Extent of Holding (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3 Description of how there is significant influence	Refer Note 1											
4 Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5 Networth attributable to Shareholding as per latest audited Balance Sheet	0.07	(2.15)	(2.09)	(0.67)	0.05	-	(1.92)	(1.87)	-	-	0.10	(0.54)
6 Profit / (Loss) for the year	0.02	(0.01)	(0.01)	(0.72)	(0.00)	(0.10)	(0.01)	(0.01)	(0.87)	(0.88)	0.05	(0.59)
i. Considered Consolidation **	-	-	-	-	-	-	-	-	-	-	-	-
ii. Not Considered Consolidation	0.02	(0.01)	(0.01)	(0.72)	(0.00)	(0.10)	(0.01)	(0.01)	(0.87)	(0.88)	0.05	(0.59)

* The figures for profit/(loss) are based on the audited standalone financial statements of the Associates for the year ended 31st March, 2021.

The figures for profit/(loss) are based on the unaudited standalone financial statements of the Associates for the year ended 31st March, 2021.

** Associates classified under held for sale and valued at cost or fair market value (less cost to sales) whichever is less, hence profit not considered.

Note : 1. The Group is holding 100% of shares but these investments are managed as per the mandate from Government of India and Group does not have the practical ability to direct the relevant activities of these companies unilaterally, hence treated as associate company.

Note : 2. One associate namely Ramgarh New Transmission Limited was transferred on 9th March, 2021.

Details of Joint Venture

(₹ in Crores)

Name of Joint Venture	Energy Efficiency Services Limited
1 Latest audited Balance Sheet Date	31-Mar-20
2 Shares of Associate/Joint Ventures held by the company on the year end	
Number	218,100,000
Amount of Investment in Associates/Joint Venture @	218.10
Extent of Holding (%)	22.18%
3 Description of how there is significant influence	Holding 22.18% of shares and participation in management
4 Reason why the associate/joint venture is not consolidated	N.A.
5 Networth attributable to Shareholding as per latest audited Balance Sheet	250.51
6 Profit / Loss for the year *	
i. Considered in Consolidation	(1.97)
ii. Not Considered in Consolidation	Nil

* The figures are based on the unaudited standalone financial statements of the Joint Venture for the year ended 31st March, 2021.

(1) **Names of associates or joint ventures which are yet to commence operations - NIL**

(2) **Names of associates or joint ventures which have been liquidated or sold during the year.**

- One associate namely Ramgharh New Transmission Limited was transferred on 9th March, 2021.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Sanjay Malhotra
Chairman & Managing Director
DIN - 00992744

In terms of our Audit Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

Gaurav Mittal
Partner
M.No. : 099387

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Atul Aggarwal
Partner
M.No. : 092656

Place: New Delhi
Date: 28th May 2021

INDEPENDENT AUDITORS' REPORT

To the Members of

REC Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of REC Limited (hereinafter referred to as "the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") and jointly controlled entity, which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group and its jointly controlled entity as at 31st March, 2021, of consolidated profit (including other comprehensive Income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

1. We draw attention to Note No. 52.1.3 of the consolidated Ind AS financial statements regarding, the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance as mentioned above, in so far as it relates to technical aspects/parameters considered by independent agency and management judgement for ascertaining impairment allowance as management overlay.
2. We draw attention to Note No. 54 of the consolidated Ind AS financial statements regarding the impact of COVID-19 pandemic on the Company. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the company to continue as a going concern. Nevertheless, the impact in sight of involvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matter	Auditor's Response
1.	Impairment allowance of Loan Assets – (Refer Note No. 52.1.3 to the consolidated Ind AS Financial Statements read with accounting policy No. 3.13) The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance. The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management. Further the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case to case basis and wherever impairment impact need to be changed the same is considered in the financial statements. Since the company is an non banking finance company involved in business of financing and if any of the key parameter/criteria/assumptions mentioned as above is applied improperly, it can result in impacting the carrying value of loan assets materially either individually or collectively. In view of the significance of the amount of loan assets in the consolidated Ind AS Financial Statements i.e. 91.12% of total assets, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.	We have applied following audit procedures in this regard According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the third party and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. Verification of loan assets with respect to monitoring thereof for recovery/ performance aspects and assessment of the loan impairment. Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters. Assessment of performance of the loan assets is carried out on the basis of available documents comprising loan papers, financial data, valuation reports, progress report, periodical financial information, information on public domain, procedure applied by the management e.g. inspection of loans, physical verification, assessing borrower past records etc. Recoveries in the loan assets are verified to ascertain level of stress thereon and impact as impairment allowance on financial statement.. We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases. Components and calculations in the study for impairment allowance carried out by third party are relied upon by us and test checks are carried out for the same. Such components are credit rating of borrowers, calculation of probability of default/loan given defaults etc. Our audit procedure in the same are limited in view of not sharing certain parameters of study being considered confidential by such third party. Further, the Management, pursuing a board approved methodology reviews the impairment allowance in the report of the third party and modified the impairment on case to case basis. We have obtained a detailed analysis from the management for such modification. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same. Verification of the amount maintained as Impairment reserve in terms of Income Recognition, Assets classification and provisioning norms (IRACP) of Reserve Bank of India in pursuance of RBI Notification No. DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020.
2.	Fair valuation of Derivative Financial Instruments (Refer Note No. 9 to the consolidated Ind AS Financial Statements read with accounting policy No. 3.12) To mitigate the Company's exposure to foreign currency risk and interest rate risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's board approved risk management policies and RBI guidelines. The derivatives are measured at fair value as per Ind AS 109. The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' wherein certain derivative contracts have been designated as hedging instruments in 'Cash flow hedge' relationships. These arrangements have been entered into to mitigate foreign currency exchange risk and interest rate risk arising from certain debt instruments denominated in foreign currency. Hedge accounting has resulted in significant impact on financial statements coupled with complexity of its accounting/assumptions and numerous parameters therein for establishing hedge relationship. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income. In view of facts of the matter we have identified it as a key audit matter.	We have applied following audit procedure in this regard Discussing and understanding management's perception and studying policy of the company for risk management. Motive of derivative transactions are studies and observed underlying exposure is not more than the volume of derivatives. Verification of fair value of derivative in terms of Ind AS 109 Testing the accuracy and completeness of derivative transactions. Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments. Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31st March 2021 from the Company. Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts. Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments. We also obtained confirmations from the banks with whom such financial derivative contracts have been entered into and independently compared the valuation so arrived at by the contracting banks. Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income. Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines.

S. No.	Key Audit Matter	Auditor's Response
3.	Modified audit procedures carried out in light of COVID-19 outbreak (Refer Note No. 54 to the consolidated Ind AS Financial Statements) The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a decline in economy activity and volatility in global and Indian financial markets. To curb the spread of COVID-19 pandemic, nation-wide lockdown and travel restrictions were imposed by various State Governments/local authorities during the financial year and our period of audit. Since the access to audit evidence in person/ physically was disrupted due to the unprecedented situation, the audit had to be conducted with modified audit procedures. We have identified such modified audit procedures as a key audit matter.	We have applied following audit procedures in this regard In scenario of lockdown and severe spread of the pandemic, the company facilitated carrying out audit remotely as physical access was restricted. As the physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the company through digital medium/ emails and other application softwares. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon by us as audit evidence for conducting the audit and reporting for the year under audit. We modified our audit procedures as follows : - Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails. - Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels. - Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials. - The situation of lockdown due to pandemic, may have impacted working/ reporting etc. of other professional e.g. third party agency submitting report of impairment allowance, independent valuers, internal auditors etc. and we have relied upon the same. - Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company. - In entire communication through various modes as mentioned hereinabove the records of the company which is confidential have been sent and, though utmost care has been taken as explained to us by encrypting such data, there are possibility of damage to such data in different ways. We have informed the company in this regard.

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the Directors' report, Corporate Governance report, Business responsibility report and Management Discussion and Analysis etc in the Annual report but does not include the consolidated Ind AS financial statements and our report thereon. Such other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"). The respective Board of Directors of the companies included in the Group and of Jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group & its jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been

used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and its jointly controlled entity are responsible for assessing the ability of the Group and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its jointly controlled entity are responsible for overseeing the financial reporting process of the Group and its jointly controlled entity.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group and its jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entity to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit **subject to our audit procedures as referred in para 3 of key audit matters here in above.**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 662.79 Crores (₹ 570.19 Crores as at 31st March 2020) as at 31st March 2021, total revenues of ₹ 184.69 Crores (Previous year ₹ 222.17 Crores) and net cash flows amounting to ₹ -0.93 Crores (Previous year ₹ 0.63 Crores) for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the subsidiary's share of net profit after tax of ₹ 25.62 crores (Previous Year ₹ 66.91 crores) and total comprehensive income of ₹ 25.62 crores (Previous Year ₹ 66.91 crores) as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.
- (b) The Consolidated Ind AS Financial Statements also include the jointly controlled entity's share of net profit after tax of ₹ -1.97 crores (Previous Year ₹ 9.14 crores) and total comprehensive income of ₹ - 0.73 crores (previous year ₹ 5.08 crores) using equity method for the year ended 31st March 2021 as considered in the Consolidated Ind AS Financial Statements. This financial information have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) and sub section (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such financial information. In our opinion and according to the information and explanations given to us by the Management, the jointly controlled entity's share of net profit and total comprehensive income and disclosures included in respect of this joint venture in these consolidated Ind AS financial statements is not material to the Group.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) Vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
- (f) With respect to the adequacy of the internal financial controls with reference to the Consolidated Ind AS Financial Statements of the Group and Jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and

- (g) Pursuant to Notification no. GSR463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 197 of the Act are not applicable to the holding/subsidiaries/jointly controlled company being government companies.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiary and joint venture:
- The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity- Refer Note 47.1 to the Consolidated Ind AS Financial Statements;
 - The Group and its jointly controlled entity do not have any material foreseeable losses on long term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company and its jointly controlled entity incorporated in India.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Gaurav Mittal
Designation : Partner
Membership Number : 099387
UDIN : 21099387AAAAEA8358

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAAACR5923

Place : New Delhi
Date : 28th May 2021

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF REC LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2021, we have audited the internal financial controls over financial reporting of REC Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company and its jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Group; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the holding company, its subsidiary and jointly controlled entity, which are companies incorporated in India, have, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2021, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March 2021 Consolidated Ind AS financial statements of the Group and its jointly controlled entity. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company which is incorporated in India, is based on the corresponding reports of the auditors of such company.

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one jointly controlled entity, which is a company incorporated in India, whose financial information is unaudited and our opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Group is not affected as the Group's share of net profit (including Other Comprehensive Income) and disclosures included in respect of this jointly controlled entity in these consolidated Ind AS financial statements are not material to the Group.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Gaurav Mittal
Designation : Partner
Membership Number : 099387
UDIN : 21099387AAAAEA8358

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 21092656AAAAACR5923

Place : New Delhi
Date : 28th May 2021

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF REC LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of consolidated financial statements of REC Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of REC Limited for the year ended 31 March 2021, under Section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of REC Limited, REC Power Distribution Company Limited, Chandil Transmission Limited, Dumka Transmission Limited, Koderma Transmission Limited and Mandar Transmission Limited but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(D.K. Sekar)
Director General of Audit (Energy),
Delhi

Place: New Delhi
Dated: 30 July 2021

ANNEXURE

List of Associate Companies and Jointly Controlled Entities of REC Limited whose financial statements were not audited by the Comptroller and Auditor General of India

A. Associate Companies:

1. Bidar Transmission Limited
2. Fatehgarh Bhadla Transco Limited
3. Gadag Transmission Limited
4. Kallam Transmission Limited
5. MP Power Transmission Package-I Limited
6. MP Power Transmission Package-II Limited
7. Rajgarh Transmission Limited
8. Sikar New Transmission Limited

B. Joint Ventures:

1. Energy Efficiency Services Limited

ADDRESSES OF REC OFFICES

Sl. no.	Name of Office	Span of control	Location	Address	Phone / Fax No.	E-Mail ID
1	Registered Office	All India	New Delhi	Core-4, SCOPE Complex 7, Lodhi Road New Delhi - 110 003	+91-11-4309 1500 +91-11-4309 1501 +91-11-2436 0644 (Fax)	contactus@recl.in
2	Corporate Office	All India	Gurugram	Plot No. I-4, Sector 29 Gurugram, Haryana - 122001	+91-124- 4441 300	contactus@recl.in
3	Regional Office (West)	Maharashtra, Gujarat and Dadra & Nagar Haveli and Daman & Diu	Mumbai	51-B, Mittal Tower 5 th Floor, Nariman Point Mumbai - 400021	+91-22-2283 0985 +91-22-2283 3068 +91-22-2283 3055 +91-22-2283 1004 (Fax)	zmmumbai@recl.in
4		State Office (Gujarat and Dadra & Nagar Haveli and Daman & Diu)	Vadodara	Plot No. 585 T.P. Scheme No.2 Behind Pusti Complex Atma Jyoti Ashram Road Subhanpura Vadodara - 390023	+91-265-2397 487 +91-265-2397 652 (Fax)	povadodara@recl.in
5	Regional Office (North)	Punjab, Haryana & Himachal Pradesh	Panchkula	BAY No. 7-8, Sector-2 Panchkula - 134112	+91-172-2563 864 +91-172-2563 822 +91-172-2563 863 +91-172-2580 476 +91-172-2567 692 (Fax)	popanchkula@recl.in
6		State Office (Himachal Pradesh)	Shimla	Pt. Padamdev Commercial Complex, Phase- II First Floor, The Ridge Shimla - 171001	+91-177-2653 411 +91-177-2804 077 (Fax)	poshimla@recl.in
7	Regional Office (J&K)	Jammu & Kashmir, Ladakh	Jammu	157-A, Gandhi Nagar Behind Apsara Cinema Jammu - 180004	+91-191-2450 800 +91-191-2450 868 (Fax)	pojammu@recl.in
8	Regional Office (North East)	Assam, Mizoram, Nagaland, Meghalaya, Manipur, Arunachal Pradesh	Guwahati	"SRADDHA" M.G. Path G.S. Road Crossing (Sohum/SBI Point) Christian Basti Guwahati - 781005	+91-361-2343 713 +91-361-2343 712 (Fax)	poguwahati@recl.in
9	Regional Office (Uttar Pradesh)	Uttar Pradesh	Lucknow	19/8, Indira Nagar Extension Ring Road Lucknow - 226016	+91-522-2716 324 +91-522-2717 376 +91-522-4074 944 +91-522-2716 815 (Fax)	zmlucknow@recl.in
10		Sub-Office (Uttar Pradesh)	Varanasi	N-8/239 J, Newada Sunderpur Near Ksheer Sagar Varanasi - 221005	+91-522-2716 324 +91-522-2717 376 +91-522-4074 944 +91-522-2716 815 (Fax)	zmlucknow@recl.in
11	Regional Office (Uttarakhand)	Uttarakhand	Dehradun	7, New Road Opposite MKP College Dehradun - 248001	+91-135-2650 766 +91-135-2650 799	sodehradun@recl.in
12	Regional Office (Madhya Pradesh)	Madhya Pradesh	Bhopal	Hall No. 3, West Block 2 nd Floor, Metro Walk Bittan Market Bhopal - 462016	+91-755-2460 006 +91-755-2460 008 (Fax)	recbhopal@recl.in

Sl. no.	Name of Office	Span of control	Location	Address	Phone / Fax No.	E-Mail ID
13	Regional Office (Chhattisgarh)	Chhattisgarh	Raipur	F-6 & F-7, Block B-1 1 st Floor, Pujari Chambers Commercial Complex Panchpedi Naka Raipur - 492001	+91-771-2241 055 +91-771-2241 055 (Fax)	recraipur@recl.in
14	Regional Office (East)	West Bengal, Sikkim, Tripura, Andaman & Nicobar Islands	Kolkata	I B-186, Sector-III Salt Lake City Kolkata - 700106	+91-33-2335 6989 +91-33-2335 6994 +91-33-2332 6998 +91-33-2335 6900 (Fax)	zmkolkata@recl.in
15	Regional Office (Rajasthan)	Rajasthan	Jaipur	J-4-A, Jalana Dungari Institutional Area Jaipur - 302004	+91-141-2707 840 +91-141-2700 161 +91-141-2706 986	pojaipur@recl.in
16	Regional Office (Kerala)	Kerala, Lakshadweep	Thiruvananthapuram	O-5, 4 th Floor "Saphallyam" Commercial Complex TRIDA Building Palayam Thiruvananthapuram - 695034	+91-471-2328 662 +91-471-2328 579 (Fax)	potrivandrum@recl.in
17	Regional Office (Tamil Nadu)	Tamil Nadu, Puducherry	Chennai	No. 12 & 13 T.N.H.B. Complex 180 Luz Church Road Mylapore Chennai - 600004	+91-44-2467 2376 +91-44-2498 7960 +91-44-2467 0595 (Fax)	pochennai@recl.in
18	Regional Office (Karnataka)	Karnataka, Goa	Bengaluru	No. 1/5, Halasuru Road Bengaluru - 560042	+91-80-2559 8244 +91-80-2555 0240 +91-80-2559 8035	pobangalore@recl.in
19	Regional Office (Telangana)	Telangana	Hyderabad	RECIPMT Campus NPA Post, Shivrampally Near Aramghar X Road Hyderabad - 500052	+91-40-2980 5034 +91-40-2980 4520 +91-40-2980 6745 +91-40-2988 6745	zmhyderabad@recl.in
20	Regional Office (Andhra Pradesh)	Andhra Pradesh	Vijayawada	54-15-13, BSR Hill View 2 nd Floor, Srinivasa Nagar Bank Colony Vijayawada - 520008	+91-866-2973 405 +91-866-2973 406 (Fax)	recro-vijay@recl.in
21	Regional Office (Odisha)	Odisha	Bhubaneswar	Deen Dayal Bhawan 5 th Floor, Ashok Nagar Janpath Bhubaneswar - 751009	+91-674-2393 206 +91-674-2536 649 +91-674-2536 669 (Fax)	pobhubaneswar@recl.in
22	Regional Office (Bihar)	Bihar	Patna	'Maurya Lok' Complex Block - C, 4 th Floor New Dak Bangalow Road Patna - 800001	+91-612-2224 596 +91-612-2221 131	popatna@recl.in
23	Regional Office (Jharkhand)	Jharkhand	Ranchi	101 & 104 Om Shree Enclave Beside Loyola School Airport Road Hinoo Ranchi - 834002	+91-651-2253 123 +91-651-2251 320 (Fax)	poranchi@recl.in
24	Training Centre	REC Institute of Power Management & Training (RECIPMT)	Hyderabad	NPA Post, Shivrampally Near Aramghar X Road Hyderabad - 500052	+91-40-2988 5851 +91-40-2980 8583	recipmt@recl.in

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REC Limited (A Government of India Enterprise)

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