

# PRIVATE PLACEMENT OFFER LETTER SERIES 218





REC LIMITED

(Formerly Rural Electrification Corporation Limited)  
(A Maharatna Enterprise of the Government of India)

Corporate Identification Number: L40101DL1969GOI005095. Permanent Account Number: AACR4512R

Date and Place of Incorporation: New Delhi, July 25, 1969

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

Corporate Office: REC Limited, Sector 29, Gurugram, Haryana, 122009

Telephone: (+91 11) 4309 1527. E-mail: investorcell@recl.in. Website: www.recindia.nic.in

Compliance Officer to the Issue: Mr. Rajesh Kumar CGM (Finance); Telephone: (+91-12) 4444 1300; E-mail: rajeshkumar@recl.in

Company Secretary: Mr. J.S. Amitabh, Company Secretary; Telephone: (+91 11) 2436 7305; E-mail: jsamitabh@recl.in

Director (Finance) / Chief Financial Officer: Mr. Ajoy Choudhury; Telephone: (+91-11) 43091504, 24361914; E-mail: achoudhury@recl.in

RBI Certificate of Registration Number: 14.000011

PRIVATE PLACEMENT OFFER LETTER FOR PRIVATE PLACEMENT OF SERIES 218 (I) UNSECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE, BONDS UNDER OPTION A OF RS. 500 CRORE FOR CASH AT PAR ("SERIES 218-A BASE ISSUE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION BY WAY OF GREEN SHOE OPTION UPTO RS. 2500 CRORE, AGGREGATING TO RS. 3000 CRORE ("SERIES 218-A ISSUE"), AND (II) UNSECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE, BONDS UNDER OPTION B OF RS. 500 CRORE FOR CASH AT PAR ("SERIES 218-B BASE ISSUE") WITH AN OPTION TO RETAIN OVERSUBSCRIPTION BY WAY OF GREEN SHOE OPTION UPTO RS. 1504.40 CRORE, AGGREGATING TO RS. 2004.40 CRORE ("SERIES 218-B ISSUE"), TOGETHER WITH THE SERIES 218-A ISSUE, THE "ISSUE". FOR THE PURPOSES OF THIS PRIVATE PLACEMENT OFFER LETTER, (I) "BASE ISSUE SIZE" MEANS EITHER THE SERIES 218-A BASE ISSUE OR THE SERIES 218-B BASE ISSUE; (II) "ISSUE" MEANS EITHER THE SERIES 218-A ISSUE OR THE SERIES 218-B ISSUE; AND (III) "ISSUE SIZE" MEANS THE AMOUNT OF EITHER THE SERIES 218-A ISSUE OR THE SERIES 218-B ISSUE. BONDS ISSUED UNDER THE SERIES 218-A ISSUE MATURE IN 3 YEARS 5 MONTHS AND 18 DAYS. BONDS ISSUED UNDER THE SERIES 218-B ISSUE MATURE IN 10 YEARS AND 19 DAYS.

## PRIVATE PLACEMENT OFFER LETTER DATED JANUARY 10, 2023

This Issue is being made in conformity with the Companies Act, 2013, as amended, Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, ("NCS Regulations"), Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, the Companies (Share Capital and Debenture) Rules, 2014, as amended, RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Circular Number: RBI/DNBR/2016-17/45, Master Direction DNBR.PD.008/03.10.119/2016-17, dated September 01, 2016, as amended, and is a placement memorandum for the purposes of the NCS Regulations. This issuance would be under the electronic book mechanism for issuance of debt securities on private placement basis in accordance with Chapter VI of the SEBI circular on "Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper", dated August 10, 2021 ("SEBI Operational Circular read with the "Operational Guidelines for issuance of Securities on Private Placement basis through an Electronic Book Mechanism" issued by BSE vide their notice number 20221228-1 dated December 28, 2022 ("BSE EBP Guidelines") or read with the "Electronic Bidding Platform for Issuance of Debt Securities on Private Placement Basis" issued by the NSE vide their circular number 16/2022 dated December 28, 2022 ("NSE EBP Guidelines"), as applicable. Chapter VI of the SEBI Operational Circular and the BSE EBP Guidelines / NSE EBP Guidelines shall hereinafter be collectively referred to as the "EBP Operational Guidelines". The Issuer intends to use the BSE's bid bond platform for this Issue. There has not been any underwriting in this Issue. The Issuer confirms that the Green Shoe Option does not exceed five times the Base Issue Size.

## PROMOTERS

The Promoters are the President of India, acting through the Ministry of Power, Government of India and the Power Finance Corporation Limited (telephone number (+91 11) 2345 6000 and email address: pfc\_bonds@pfcindia.com).

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## GENERAL RISKS

Investment in non-convertible securities involve a degree of risk and Investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Eligible Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, Eligible Investors must rely on their examination of the Issue including the risks involved in it. Specific attention of Investors is invited to statement of risk factors contained under Section X "Risk Factors" of this Private Placement Offer Letter. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or the Eligible Investor's decision to purchase such securities.

## ELECTRONIC BOOK PROVIDER PLATFORM

THIS PRIVATE PLACEMENT OFFER LETTER IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF A PROSPECTUS. THIS PRIVATE PLACEMENT OFFER LETTER WAS UPLOADED ON THE BSE'S ELECTRONIC BOOK PROVIDER PLATFORM, AND AN OFFER UNDER SECTION 42 OF THE COMPANIES ACT 2013, WAS MADE TO SUCCESSFUL IDENTIFIED INVESTORS ACCEPTABLE TO THE ISSUER WHICH WERE ISSUED A SERIALY NUMBERED AND SPECIFICALLY ADDRESSED PRIVATE PLACEMENT OFFER LETTER AND ACCOMPANYING APPLICATION FORM AFTER COMPLETION OF THE ELECTRONIC BIDDING.

## LISTING

The Bonds are proposed to be listed on debt market segment of the National Stock Exchange of India Limited and BSE Limited. The BSE and NSE have granted their respective in-principle approvals by letters dated January 5, 2023 and January 5, 2023, respectively.

COUPON RATE		COUPON TYPE	COUPON PAYMENT FREQUENCY	REDEMPTION DATE		REDEMPTION AMOUNT
Series 218-A	7.56%			Series 218-A	30 June 2026	
Series 218-B	7.69%	Fixed	Annual	Series 218-B	31 January 2033	Rs. 1 (One) Lakh per Bond

## ELIGIBLE INVESTORS

For details relating to Eligible Investors, see Section XVI "Summary Term Sheet" of this Private Placement Offer Letter.

## CREDIT RATING AGENCIES

CareEdge	CRISIL	ICRA	India Ratings & Research
<b>CARE RATINGS LIMITED</b> CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai, 400 076 Contact person: Mr. Krishnan Sitaraman Email Address: <a href="mailto:crisilratingsdesk@crisil.com">crisilratingsdesk@crisil.com</a> Telephone: (+ 91 22) 3342 3000 Website: <a href="http://www.crisil.com">www.crisil.com</a>	<b>CRISIL LIMITED</b> 4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 Contact person: Mr. Gaurav Dixit Email Address: <a href="mailto:gaurav.dixit@careedge.in">gaurav.dixit@careedge.in</a> Telephone: (+91 22) 6754 3456 Website: <a href="http://www.careratings.com">www.careratings.com</a>	<b>ICRA LIMITED</b> B-710, Statesman House, 148, Barakhamba Road, New Delhi 110001 Contact person: Mr. L. Shivakumar Email Address: <a href="mailto:info@icraindia.com">info@icraindia.com</a> Telephone: (+91 11) 2335 7940-45 Website: <a href="http://www.icra.in">www.icra.in</a>	<b>INDIA RATINGS &amp; RESEARCH PRIVATE LIMITED</b> Wockhardt Towers, 4 <sup>th</sup> Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400051 Contact person: Mrs. Arunima Basu Email Address: <a href="mailto:info@indiaratings.co.in">info@indiaratings.co.in</a> Telephone: (+91 22) 4035 6190 Website: <a href="http://www.indiaratings.co.in">www.indiaratings.co.in</a>

## CREDIT RATINGS

The Bonds proposed to be issued under the Issue have been rated have been rated 'CRISIL AAA/Stable' by CRISIL its revalidated letter dated December 12, 2022; 'IND AAA/Stable' by IRRPL vide its revalidated letter dated December 16, 2022; 'CARE AAA; Stable' by CARE vide its revalidated letter dated December 21, 2022; and '[ICRA] AAA (Stable)' by ICRA vide its revalidated letter dated December 15, 2022. The ratings provided by CRISIL, CARE, IRRPL and ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold the Bonds and investors should take their own decisions. For further details, please refer to Annexure II for the rating letters, press releases, and the rationales for the ratings.

Link to ICRA press release: <https://www.icra.in/Rationale/ShowRationaleReport?Id=110960>

Link to CRISIL press release: [https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/RECLimited\\_March%2031%202022\\_RR\\_290732.html](https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/RECLimited_March%2031%202022_RR_290732.html)

Link to CARE press release: [https://www.careratings.com/upload/CompanyFiles/PR/29032022090254\\_REC\\_Limited.pdf](https://www.careratings.com/upload/CompanyFiles/PR/29032022090254_REC_Limited.pdf)

Link to IRRPL press release: <https://www.indiaratings.co.in/pressrelease/57969>

## REGISTRAR TO THE ISSUE



## KFIN TECHNOLOGIES LIMITED

Karvy Selenium Tower B, Plot No – 31 & 32, Financial District, Nanakramguda,  
Serilingampally Hyderabad, Rangareddy, Telangana, 500 032  
Telephone: (+91 40) 6716 2222  
Facsimile: (+91 40) 2343 1551  
Email: [einward.ris@kfinance.com](mailto:einward.ris@kfinance.com)  
Website: [www.karvyfintech.com](http://www.karvyfintech.com)  
Contact Person: Mr. Gopal Krishna K V S  
SEBI Registration Number: INR000000221

## BOND TRUSTEE



## BEACON TRUSTEESHIP LIMITED

4C & D Siddhivinayak Chambers, Gandhi Nagar,  
Bandra East, Mumbai, 400 051  
Telephone: (+91 22) 2655 8759  
Email: [compliance@beacontrustee.co.in](mailto:compliance@beacontrustee.co.in)  
Website: <http://beacontrustee.co.in/>  
Contact Person: Mr. Kaustubh Kulkarni, Director  
SEBI Registration Number: IND000000569

## ISSUE PROGRAMME

ISSUE OPENING DATE	ISSUE CLOSING DATE	PAY IN DATE	DEEMED DATE OF ALLOTMENT
10 JANUARY 2023	10 JANUARY 2023	12 JANUARY 2023	12 JANUARY 2023

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## SECTION I DEFINITIONS AND ABBREVIATIONS

For the purpose of this Private Placement Offer Letter, in addition to the terms defined in the cover page above and elsewhere in this Private Placement Offer Letter, the following terms shall have the following meanings assigned to them herein below unless repugnant to the meaning, subject or context thereof. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications.

Articles/Articles of Association/AoA	Articles of association of the Issuer as amended.
Allotment/Allot	The issue and allotment of the Bonds to the successful Applicants pursuant to this Issue.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds for the Issue.
Applicant	An eligible investor as defined in Section XVI “ <i>Summary Term-Sheet</i> ” of this Private Placement Offer Letter, who applies for the Bonds pursuant to the terms of this Private Placement Offer Letter and the Application Form.
Arrangers to the Issue	Arrangers to the Issue are the entities as listed in this Private Placement Offer Letter.
Board/Board of Directors	The board of directors of the Issuer or Committee thereof.
Bonds	Unsecured, redeemable, non-convertible, non-cumulative, taxable bonds in the nature of debentures of face value of Rs. 1 (One) Lakh each offered under Series 218-A Bonds and Series 218-B Bonds, through private placement route under the terms of this Private Placement Offer Letter. This Issue of Bonds does not form part of ‘non-equity regulatory capital’ as set out under Chapter V of the NCS Regulations.
Bond Trustee	Trustee for the Bonds, being BEACON Trusteeship Limited.
Bondholder(s)	Any person whose name appears in the list of Beneficial Owners provided by the Depositories as the holder of the Bonds.
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (‘Beneficial Owner’ of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996).
BSE	BSE Limited.
BSE Bond-EBP Platform	EBP platform of BSE for issuance of debt securities on private placement basis.
Business Day	Business day is the day when commercial banks are open for business in Mumbai.
CAG	Comptroller and Auditor General of India.
CAR	Capital Adequacy Ratio.
CARE	Credit Analysis & Research Limited.
CDSL	Central Depository Services (India) Limited.
CMD	Chairman and Managing Director of the Issuer.
Committee	A committee of the Board of Directors.
Companies Act/Act	The Companies Act, 2013, as amended.
Coupon	As defined in Section XVI “ <i>Summary Term-Sheet</i> ” of this Private Placement Offer Letter.
Coupon Payment Date	As defined in Section XVI “ <i>Summary Term-Sheet</i> ” of this Private Placement Offer Letter.
CRISIL	CRISIL Limited.
Crore	An amount of Rs. 1,00,00,000.
DDUGJY	Deen Dayal Upadhyaya Gram Jyoti Yojana
Deemed Date of Allotment	The cut-off date on which the duly authorized committee approves the Allotment of the Bonds, i.e. the date from which all benefits under the Bonds including Coupon on the Bonds shall be available to the Bondholders. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended.
Depositories Act	The Depositories Act, 1996, as amended.
Depository Participant / DP	A depository participant as defined under Depositories Act, 1996.
Designated Bank Account	Shall have the meaning as set out in Section XVII “ <i>Issue Procedure</i> ”.
Designated Stock Exchange	BSE Limited.
DISCOM	Distribution company.
Director	A member of the Board of Directors.
EBP	Electronic Bidding Platform.
EESL	Energy Efficiency Services Limited.
Equity Shares	Equity shares of the Issuer of face value of Rs. 10 (ten) each.
Exchanges	BSE and NSE.
FPI	Foreign portfolio investors as defined under SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended, and registered with SEBI.
Financial Year/ FY/ Fiscal	Period of 12 (twelve) months period ending on March 31, of that particular year.
GOI / Government / Government of India	Government of India/Central Government.



HUDCO	Housing and Urban Development Corporation Limited.
ICRA	ICRA Limited.
Indian GAAP	Accounting Standards in accordance with the Companies (Accounting standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IND-AS	Indian accounting standards (IND-AS) in accordance with Companies (Indian Accounting Standards) Rules, 2015, as amended notified under section 133 of the Act and other relevant provisions of the Act.
Independent Director	An independent director referred to in sub-section (4) of Section 149 of the Companies Act.
IEX	Indian Energy Exchange Limited.
IRRPL	India Ratings & Research Private Limited.
Issuer / REC / Company	REC Limited (formerly known as Rural Electrification Corporation Limited), a company incorporated under the Companies Act, 1956 and having its registered office at 'Core-4, SCOPE Complex, 7 Lodi Road, New Delhi 110003', and corporate office at 'REC Limited, Sector 29, Gurugram, Haryana, 122009' and bearing CIN L40101DL1969GOI005095.
Issue / Offer	Private placement of bonds for (i) Rs. 500 Crore for cash at par with an option to retain oversubscription by way of green shoe option up to Rs. 2500 Crore, aggregating to Rs. 3000 Crore (" <b>Series 218-A Issue</b> "); or (ii) Rs. 500 Crore for cash at par with an option to retain oversubscription by way of green shoe option up to Rs. 1504.40 Crore, aggregating to Rs. 2004.40 Crore (" <b>Series 218-B Issue</b> "). The "Issue Size" shall mean either the Series 218-A Issue or the Series 218-B Issue.
ISIN	International Securities Identification Number.
I.T. Act	The Income-tax Act, 1961, as amended.
JPY	Japanese Yen.
Key Managerial Personnel	Key managerial personnel, in relation to the Issuer, shall mean: i. Managing Director or chief executive officer or the manager; ii. Company secretary; iii. Whole-time director; iv. Chief financial officer; and v. any such other officer as may be prescribed under the Companies Act.
Lakh	An amount of Rs.1,00,000.
Listing Agreement	Listing agreement as defined under the SEBI LODR.
Memorandum/Memorandum of Association	Memorandum of Association of the Issuer as originally framed or as altered from time to time in pursuance of the Companies Act.
Million	An amount of Rs.1,000,000.
MoP	Ministry of Power.
NBFC	A non-banking financial company registered with the RBI.
NBFC-IFC	Infrastructure finance company as a category of non-banking financial company registered with the RBI.
NBFC Directions	RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Circular Number: RBI/DNBR/2016-17/45, Master Direction DNBR.PD.008/03.10.119/2016-17, dated September 01, 2016, as amended.
NEF	National Electricity Fund.
NHPC	NHPC Limited.
NPA	Non-performing asset.
NSE	National Stock Exchange of India Ltd.
NSE Bond Platform	EBP platform of NSE for issuance of debt securities on private placement basis.
NSDL	National Securities Depository Ltd.
PAS Rules	Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.
Pay-in Time	Shall have the meaning as set out in Section XVII " <i>Issue Procedure</i> ".
PFC	Power Finance Corporation Limited.
PMA	As defined in in Section VII " <i>Brief Summary of Business / Activities of Issuer and its Subsidiaries</i> ".
PMDP	The Prime Minister Development Package for Jammu and Kashmir 2015
Private Placement	Offer of Bonds or invitation to subscribe to the Bonds of the Issuer (other than by way of public offer) through issue of this Private Placement Offer Letter to Investors on such conditions including the form and manner of private placement as prescribed under the Companies Act, and the NBFC Directions.
Private Placement Offer Letter	This private placement offer letter dated January 10, 2023.
Promoter	A promoter as referred to in sub-section (69) of Section 2 of the Companies Act.
Quarter End	Means the last day of each financial quarter of each Financial Year.
Rs.	Indian National Rupee.
RBI	Reserve Bank of India.
RBI Act, 1934	Reserve Bank of India Act, 1934, as amended.

RBI Guidelines	Any rule, regulations, guideline or amendment as may be issued by RBI from time to time.
RDSS	As defined in in Section VII “ <i>Brief Summary of Business / Activities of Issuer and its Subsidiaries</i> ”.
Register of Debentureholders	The register containing the name of Bondholders entitled to receive the Coupon or Redemption Amount in respect of the Bonds on the Record Date and whose name appears in the list of Bondholders appearing in the record of Beneficial Owners, maintained by the Depository as the Bonds are issued in demat form only and if any Bonds are subsequently rematerialized, the register maintained by the Issuer, of the names of Bondholders entitled to receive the Coupon or Redemption Amounts on the Record Date, maintained at the registered office of the Issuer under the Companies Act.
RECPDCL	REC Power Development and Consultancy Limited (formerly known as REC Power Distribution Company Limited)
RECTPCL	REC Transmission Projects Company Limited
Record Date	Record date of Coupon shall be 15 (fifteen) days prior to each Coupon Payment Date and 15 (fifteen) days prior to the Redemption Date. Coupon shall be paid to the person whose name appears as sole/first Beneficial Owner(s) in the records of the Depositories on Record Date or to the Bondholders who have converted the Bonds to physical form and their name is registered on the registers maintained by the Issuer or Registrar. In the event of the Issuer not receiving any notice of transfer at least 15 (fifteen) days prior to each Coupon Payment Date and at least 15 (fifteen) days prior to the Redemption Date, the transferees for the Bond shall not have any claim against the Issuer in respect of Coupon so paid to the registered Bondholder.
Redemption Amount	As defined in Section XVI “ <i>Summary Term-Sheet</i> ” of this Private Placement Offer Letter.
Redemption Date	As defined in Section XVI “ <i>Summary Term-Sheet</i> ” of this Private Placement Offer Letter.
Registrar to the Issue / Registrar	Registrar to the Issue, being KFin Technologies Limited.
ROC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
RTGS	Real Time Gross Settlement.
SAUBHAGYA Scheme	Pradhan Mantri Sahaj Bijli Har Ghar Yojana – ‘Saubhagya’ a scheme launched by the Hon’ble Prime Minister of India on September 25, 2017.
SEB	State Electricity Board(s).
SEBI	Securities and Exchange Board of India established under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended
SEBI Guidelines	Any rule, regulation or amendment as may be issued by SEBI from time to time.
SEBI LODR	SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended.
Series 218-A Bonds	Unsecured, listed, rated, redeemable, non-convertible, non-cumulative, taxable bonds in the nature of debentures of face value of Rs. 1 (One) Lakh each, issued under the Series 218-A Issue.
Series 218-B Bonds	Unsecured, listed, rated, redeemable, non-convertible, non-cumulative, taxable bonds in the nature of debentures of face value of Rs. 1 (One) Lakh each, issued under the Series 218-B Issue.

## SECTION II ISSUER UNDERTAKINGS

Eligible Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, Eligible Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Bonds have not been recommended or approved by the any regulatory authority in India, including the SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. Specific attention of Eligible Investors is invited to Section X “*Risk Factors*” of the Private Placement Offer Letter for details in respect of risks relating to the Issue of Bonds.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Private Placement Offer Letter contains all information with regard to the Issuer and the Issue, that the information contained in the Private Placement Offer Letter is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect

The Issuer has no side letter with any Bond Holders. Any covenants later added shall be disclosed on the stock exchange websites where the Bonds are listed.

## SECTION III DISCLAIMERS

### DISCLAIMER OF THE ISSUER

This Private Placement Offer Letter is neither a prospectus nor a statement in lieu of prospectus and is prepared in accordance with Companies Act, and Rule 14 of the PAS Rules, SEBI Guidelines including NCS Regulations and RBI Guidelines. This document does not and shall not be deemed to constitute an offer or an invitation to the public generally to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. This document is for the exclusive use of the Eligible Investors to whom it has been specifically addressed and it should not be circulated or distributed to third party(s). This Bond issue is made strictly on private placement basis.

This Private Placement Offer Letter does not purport to contain all the information that any such party may require after the date hereof. The Issuer accepts no responsibility for statements made other than in this Private Placement Offer Letter or any other material expressly stated to be issued by or at the instance of the Issuer in connection with the issue of the Bonds and the Eligible Investor(s) placing reliance on any other source of information would be doing so at their or its own risk. The Issuer does not undertake to update this Private Placement Offer Letter to reflect subsequent events. The Issuer accepts no responsibility for statements made in any advertisement or another material and anyone placing reliance on any other source of information does so at his own risk and responsibility.

Prospective Eligible Investors must make their own independent evaluation and investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer before making any investment and should be able to bear the economic risk of investing in Bonds. It is the responsibility of prospective Eligible Investors to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds.

Eligible Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Bonds and should analyse such investment and the suitability of such investment to such Eligible Investor's particular circumstances.

The person who is in receipt of this Private Placement Offer Letter shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the Issuer.

Issuer reserves the right to withdraw the private placement of the Bond issue prior to the Issue closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law, due to pandemic, epidemic, etc. In such an event, the Issuer will refund the Application money, if any, along with interest payable on such Application money, if any. The Investors confirm that they are aware of and understand the contents as set out under this section.

Unless specifically stated otherwise, all financial data in this Private Placement Offer Letter is derived from the standalone financial statements of the Issuer.

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

The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. However, the SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this document.

### DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Private Placement Offer Letter has been submitted to the Exchanges for hosting the same on its website. It is to be distinctly understood that such submission of the document with the Exchanges or hosting the same on their website should not in any way be deemed or construed that this Private Placement Offer Letter has been cleared or approved by the Exchanges; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do they warrant that the Issuer's Bonds will be listed or

continue to be listed on the Exchanges; nor do they take responsibility for the financial or other soundness of the Issuer, its Promoter, its management or any scheme or project of REC. Every person who desires to apply for or otherwise acquire any Bonds of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the relevant Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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

The Bonds have not been recommended or approved by the RBI nor does RBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the Bonds have been recommended for investment by the RBI. The RBI does not take any responsibility either for the financial soundness of the Issuer, or the Bonds being issued by the Issuer or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. Potential Eligible Investors may make investment decision in respect of the Bonds offered in terms of this Private Placement Offer Letter solely on the basis of their own analysis and RBI does not accept any responsibility about servicing or repayment of such investment.

## SECTION IV GENERAL INFORMATION

### 4.1 ISSUER

Name of the Issuer	REC Limited (formerly known as Rural Electrification Corporation Ltd.)
Registered Office	Core-4, SCOPE Complex, 7, Lodi Road, New Delhi, 110003
Corporate Office	REC Limited, Sector 29, Gurugram, Haryana, 122009
Website	www.recindia.nic.in
E-mail	investorcell@recl.in
Telephone Number	(+91 11) 4309 1500
Fax Number	(+91 11) 2436 9849
CIN	L40101DL1969GOI005095
Date of Incorporation	July 25, 1969

### 4.2 ISSUE SCHEDULE

Particulars	Date
Issue Opening Date	January 10, 2023
Issue Closing Date	January 10, 2023
Pay-in Date	January 12, 2023
Deemed Date of Allotment	January 12, 2023

### 4.3 STOCK EXCHANGES


The Bonds are proposed to be listed on debt market segment of NSE and BSE. The BSE and NSE have granted their respective in-principle approvals by letters dated January 5, 2023, and January 5, 2023, respectively. The designated stock exchange is the BSE. The recovery expense fund has been created on the BSE.

### 4.4 BOND TRUSTEE


	
Name	: BEACON TRUSTEESHIP LIMITED
Address	: 4C & D Siddhivinayak Chambers, Gandhi Nagar, Bandra East, Mumbai, 400 051
Website	: <a href="http://beacontrustee.co.in/">http://beacontrustee.co.in/</a>
Email address	: <a href="mailto:compliance@beacontrustee.co.in">compliance@beacontrustee.co.in</a>
Telephone Number	: (+91 22) 2655 8759
Contact Person	: Mr. Kaustubh Kulkarni, Director

REC has appointed BEACON Trusteeship Limited to act as Bond Trustee for and on behalf of the Bondholder(s). The Bond Trustee has given his consent to the Issuer for his appointment under the NCS Regulations and in all the subsequent periodical communications sent to the holders of debt securities. A copy of letter from BEACON Trusteeship Limited conveying their consent to act as Bond Trustee for the current issue of Bonds is enclosed as Annexure I to this Private Placement Offer Letter. A copy of the due-diligence letter is also enclosed as Annexure I to this Private Placement Offer Letter.


### 4.5 REGISTRAR TO THIS ISSUE

	
Name	: KFIN TECHNOLOGIES LIMITED
Address	: Karvy Selenium Tower B, Plot No – 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddy, Telangana, 500 032
Website	: <a href="http://www.karvyfintech.com">www.karvyfintech.com</a>
Email address	: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>
Telephone Number	: (+91 40) 6716 1659
Contact Person	: Mr. Gopal Krishna K V S


#### 4.6 LEGAL COUNSEL TO THE ISSUE

 ADVOCATES & SOLICITORS	
<b>Name</b>	: <b>ZBA</b>
<b>Address</b>	: 412 Raheja Chambers, 213 Nariman Point, Mumbai 400 021
<b>Website</b>	: <a href="https://zba.co.in/">https://zba.co.in/</a>
<b>Email address</b>	: <a href="mailto:mail@zba.co.in">mail@zba.co.in</a>
<b>Telephone Number</b>	: (+91 22) 6743 5013
<b>Contact Person</b>	: Mrs. Niloufer Lam

#### 4.7 CREDIT RATING AGENCIES

 Ratings • Advisory • Research • Risk Solutions	
<b>Name</b>	: <b>CARE Ratings Limited</b>
<b>Address</b>	: 4 <sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
<b>Website</b>	: <a href="https://www.careratings.com">https://www.careratings.com</a>
<b>Email address</b>	: <a href="mailto:gaurav.dixit@careedge.in">gaurav.dixit@careedge.in</a>
<b>Telephone Number</b>	: (+91 11) 45333200
<b>Contact Person</b>	: Mr. Gaurav Dixit

 An S&P Global Company	
<b>Name</b>	: <b>CRISIL LIMITED</b>
<b>Address</b>	: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai, 400 076
<b>Website</b>	: <a href="http://www.crisil.com">www.crisil.com</a>
<b>Email address</b>	: <a href="mailto:crisilratingdesk@crisil.com">crisilratingdesk@crisil.com</a>
<b>Telephone Number</b>	: (+91 22) 3342 3000
<b>Contact Person</b>	: Mr. Krishnan Sitaraman

 ICRA A MOODY'S INVESTORS SERVICE COMPANY	
<b>Name</b>	: <b>ICRA LIMITED</b>
<b>Address</b>	: B-710, Statesman House, 148, Barakhamba Road, New Delhi 110001
<b>Website</b>	: <a href="http://www.icra.in">www.icra.in</a>
<b>Email address</b>	: <a href="mailto:info@icraindia.com">info@icraindia.com</a>
<b>Telephone Number</b>	: (+91 11) 23357940-45
<b>Contact Person</b>	: Mr. L. Shivakumar

 A Fitch Group Company	
<b>Name</b>	: <b>INDIA RATINGS &amp; RESEARCH PRIVATE LIMITED</b>
<b>Address</b>	: Wockhardt Towers, 4 <sup>th</sup> Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai – 400051
<b>Website</b>	: <a href="http://www.indiaratings.co.in">www.indiaratings.co.in</a>
<b>Email address</b>	: <a href="mailto:infoGrp@indiaratings.co.in">infoGrp@indiaratings.co.in</a>
<b>Telephone Number</b>	: (+91 22) 4035 6190
<b>Contact Person</b>	: Mrs. Arunima Basu, Compliance Officer

The Bonds proposed to be issued under the Issue have been rated have been rated 'CRISIL AAA/Stable' by CRISIL its revalidated letter dated December 12, 2022; 'IND AAA/Stable' by IRRPL vide its revalidated letter dated December 16, 2022; 'CARE AAA; Stable' by CARE vide its revalidated letter dated December 21, 2022; and '[ICRA] AAA (Stable)' by ICRA vide its revalidated letter dated December 15, 2022.

The Issuer declares that the ratings provided by CRISIL, CARE, IRRPL and ICRA will be valid as on the date of issuance and listing of the Bonds.

The ratings provided by CRISIL, CARE, IRRPL and ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold the Bonds and Eligible Investors should take their own decisions.

A copy of the rating letters, detailed press releases, and rating rationales are enclosed as **Annexure II** to the Private Placement Offer Letter.

#### 4.8 STATUTORY AUDITORS OF THE ISSUER

S. No	Name	Address	Auditors of the Issuer since
1	<b>M/s S.K. Mittal &amp; Co.,</b> Chartered Accountants, ICAI Firm Registration: 001135N	E-29, South Extension Part II, New Delhi-110049 Telephone: +91 98118-92964 Email: murthy@skmittal.co.in Contact Person: Mr. S. Murthy, Partner Website Link: <a href="http://skmittal.co.in/">http://skmittal.co.in/</a>	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 2, 2019.
2	<b>M/s O.P. Bagla &amp; Co. LLP.,</b> Chartered Accountants, ICAI Firm Registration: 000018N	B-225, 5th Floor, Okhla Industrial Area Phase-I, New Delhi - 110019 Telephone: +91 98100-87445 Email: atulaggarwal@opbco.in Contact Person: Mr. Atul Aggarwal, Partner Website Link: <a href="https://www.opbco.in/">https://www.opbco.in/</a>	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 3, 2019.

Being a government company, the statutory auditors of the Issuer are appointed by the CAG. The annual accounts of the Issuer are reviewed every year by the CAG and their comments are published in the Issuer's annual report.

#### 4.9 DETAILS OF CHANGE IN AUDITORS OF THE ISSUER SINCE LAST 3 (THREE) YEARS


S. No	Financial Year	Name	Address	Date of Appointment/ Cessation	Auditor of the Issuer since (in case of Cessation)	Remark (if any)
1.	2019 – 20	M/s S.K. Mittal & Co., Chartered Accountants, ICAI Firm Registration: 001135N	E-29, South Extension Part II, New Delhi-110049	Appointed on August 2, 2019	-	M/s S.K. Mittal & Co. was appointed by the CAG.
2.	2019 – 20	M/s O.P. Bagla & Co. LLP., Chartered Accountants, ICAI Firm Registration: 000018N	B-225, 5th Floor, Okhla Industrial Area Phase-I, New Delhi - 110019	Appointed on August 3, 2019	-	M/s O.P. Bagla & Co. LLP., was appointed by the CAG.
3.	2018-19	M/s A.R. & Co.*, Chartered Accountants ICAI Firm Registration: 002744C	A 403, Gayatri Apartments, Airlines Group Housing Society, Plot No.27, Sector 10, Dwarka, New Delhi- 110075	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 1, 2015	The CAG communicated the change of auditors on August 1, 2019.
4.	2018-19	M/s G.S. Mathur & Co.*, Chartered Accountants, ICAI Firm Registration: 008744N	A-160, Defence Colony, New Delhi- 110024	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 29, 2017	The CAG communicated the change of auditors on August 1, 2019.


\* M/s A.R. & Co., Chartered Accountants, and M/s G.S. Mathur & Co., Chartered Accountants, were the statutory auditors of the Issuer for the Financial Year 2017-18.





#### 4.10 ARRANGER TO THE ISSUE


##### Series 218 – A Bonds


	
Name	: ICICI Securities Primary Dealership Limited
Address	: 4th Floor, ICICI Center, HT Parekh Marg, Churchgate, Mumbai 400020
Website	: <a href="http://www.icicisecuritiespd.com">www.icicisecuritiespd.com</a>
Email	: <a href="mailto:Ashutosh.garg@isecpd.com">Ashutosh.garg@isecpd.com</a>
Telephone	: +91 9810444388
Contact Person	: Mr. Ashutosh Garg


	
Name	: Axis Bank Limited
Address	: Axis House, 4th Floor, Tower 4, Sector-128, Noida-201304
Website	: <a href="http://www.axisbank.com">www.axisbank.com</a>
Email	: <a href="mailto:vikrant5.verma@axisbank.com">vikrant5.verma@axisbank.com</a>
Telephone	: 0120-6210860 (D) 9811616269 (M)
Contact Person	: Mr. Vikrant Verma

	
Name	: ICICI Bank Limited
Address	: ICICI Bank Limited, Service Centre NBCC Palace, Bhism Pitamah Marg Pragati Vihar, New Delhi - 110003
Website	: <a href="http://www.icicibank.com">www.icicibank.com</a>
Email	: <a href="mailto:gmgfixedincome@icicibank.com">gmgfixedincome@icicibank.com</a>
Telephone	: 011-42218004
Contact Person	: Mr. Prem Singla


	
Name	: HDFC Bank Limited
Address	: Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel – (W), Mumbai – 400 013
Website	: <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
Email	: <a href="mailto:gaurav.shah2@hdfcbank.com">gaurav.shah2@hdfcbank.com</a>
Telephone	: 022 66521455
Contact Person	: Gaurav Shah

	
Name	: PNB Gilts Limited
Address	: 4th Floor, PNB House, Sir P.M. Road, Fort, Mumbai - 400 001
Website	: <a href="http://www.pnbgilts.com">www.pnbgilts.com</a>
Email	: <a href="mailto:mumbai@pnbgilts.com">mumbai@pnbgilts.com</a>
Telephone	: 022-2269 1809 / 10
Contact Person	: Mr. Uttam Kumar Saha


	
<b>Name</b>	: SBI Capital Markets Limited
<b>Address</b>	: SBI Capital Markets, 4th Floor, Sood Towers (East), Barakhamba Road, Delhi, India, Pin-110001
<b>Website</b>	: <a href="http://www.sbicaps.com">www.sbicaps.com</a>
<b>Email</b>	: <a href="mailto:Shweta.narang@sbicaps.com">Shweta.narang@sbicaps.com</a>
<b>Telephone</b>	: 011-23485261
<b>Contact Person</b>	: Ms. Shweta Narang


	
<b>Name</b>	: Trust Investment Advisors Private Limited
<b>Address</b>	: 109/110, 1st Floor, Balarama, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.  1101, Naman Centre, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.
<b>Website</b>	: <a href="http://www.trustgroup.in">www.trustgroup.in</a>
<b>Email</b>	: <a href="mailto:mhd.trust@trustgroup.in">mhd.trust@trustgroup.in</a>
<b>Telephone</b>	: +91 022 4084 5000
<b>Contact Person</b>	: Ms. Nipa Sheth

	
<b>Name</b>	: A. K. Capital Services Limited
<b>Address</b>	: 910, 9th Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, New Delhi - 110 001, India.
<b>Website</b>	: <a href="http://www.akgroup.co.in">www.akgroup.co.in</a>
<b>Email</b>	: <a href="mailto:pankaj.agrawal@akgroup.co.in">pankaj.agrawal@akgroup.co.in</a> ; <a href="mailto:akcapitals@gmail.com">akcapitals@gmail.com</a>
<b>Telephone</b>	: Board: +91-11-23739628 Mobile: +91 9999305903
<b>Contact Person</b>	: Mr. Pankaj Agrawal, Director


	
<b>Name</b>	: LKP Securities Limited
<b>Address</b>	: Suit No. 38, 3rd Floor, Indra Place, H Block, Connaught Place, New Delhi - 110001
<b>Website</b>	: <a href="http://www.lkpsec.com">www.lkpsec.com</a>
<b>Email</b>	: <a href="mailto:pallavi_kumari@lkpsec.com">pallavi_kumari@lkpsec.com</a> <a href="mailto:dcm@lkpsec.com">dcm@lkpsec.com</a>
<b>Telephone</b>	: +91 8588861110 / +91 9811718270
<b>Contact Person</b>	: Ms. Pallavi Kumari, Asst. Vice President - DCM


Series 218 – B Bonds


		
Name	:	Axis Bank Limited
Address	:	Axis House, 4th Floor, Tower 4, Sector-128, Noida-201304
Website	:	<a href="http://www.axisbank.com">www.axisbank.com</a>
Email	:	<a href="mailto:vikrant5.verma@axisbank.com">vikrant5.verma@axisbank.com</a>
Telephone	:	0120-6210860 (D) 9811616269 (M)
Contact Person	:	Mr. Vikrant Verma


		
We understand your world		
Name	:	HDFC Bank Limited
Address	:	Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel – (W), Mumbai – 400 013
Website	:	<a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
Email	:	<a href="mailto:gaurav.shah2@hdfcbank.com">gaurav.shah2@hdfcbank.com</a>
Telephone	:	022 66521455
Contact Person	:	Gaurav Shah


		
Name	:	SBI Capital Markets Limited
Address	:	SBI Capital Markets, 4th Floor, Sood Towers (East), Barakhamba Road, Delhi, India, Pin-110001
Website	:	<a href="http://www.sbicaps.com">www.sbicaps.com</a>
Email	:	<a href="mailto:Shweta.narang@sbicaps.com">Shweta.narang@sbicaps.com</a>
Telephone	:	011-23485261
Contact Person	:	Ms. Shweta Narang


		
Name	:	ICICI Securities Primary Dealership Limited
Address	:	4th Floor, ICICI Center, HT Parekh Marg, Churchgate, Mumbai 400020
Website	:	<a href="http://www.icicisecuritiespd.com">www.icicisecuritiespd.com</a>
Email	:	<a href="mailto:Ashutosh.garg@isecpd.com">Ashutosh.garg@isecpd.com</a>
Telephone	:	+91 9810444388
Contact Person	:	Mr. Ashutosh Garg

		
Name	:	YES Bank Limited
Address	:	5th Floor, Max Towers, Sector 16B, Noida (UP) - 201301
Website	:	<a href="mailto:ankush.siddhu@yesbank.in">ankush.siddhu@yesbank.in</a>
Email	:	<a href="http://www.yesbank.in">www.yesbank.in</a>
Telephone	:	+91-8826311225, 0120-6791611
Contact Person	:	Mr. Ankush Siddhu

	
Name	: A. K. Capital Services Limited
Address	: 910, 9th Floor, Ansal Bhawan, 16, Kasturba Gandhi Marg, New Delhi - 110 001, India.
Website	: <a href="http://www.akgroup.co.in">www.akgroup.co.in</a>
Email	: <a href="mailto:pankaj.agrawal@akgroup.co.in">pankaj.agrawal@akgroup.co.in</a> ; <a href="mailto:akcapitals@gmail.com">akcapitals@gmail.com</a>
Telephone	: Board: +91-11-23739628 Mobile: +91 9999305903
Contact Person	: Mr. Pankaj Agrawal, Director


	
Name	: PNB Gilts Limited
Address	: 4th Floor, PNB House, Sir P.M. Road, Fort, Mumbai - 400 001
Website	: <a href="http://www.pnbgilts.com">www.pnbgilts.com</a>
Email	: <a href="mailto:mumbai@pnbgilts.com">mumbai@pnbgilts.com</a>
Telephone	: 022-2269 1809 / 10
Contact Person	: Mr. Uttam Kumar Saha


	
Name	: Kotak Mahindra Bank Ltd
Address	: Kotak Aero City, Asset Area-9, 3 <sup>rd</sup> Floor, IBIS Commercial Block, Hospitality District, IGI Airport, New Delhi- 110 037
Website	: <a href="http://www.kotak.com">www.kotak.com</a>
Email	: <a href="mailto:anil.kumar@kotak.com">anil.kumar@kotak.com</a>
Telephone	: 011-66176370
Contact Person	: Mr. Anil Kumar.C


	
Name	: Tipsons Consultancy Services Private Limited
Address	: Shertone House, Opp Ketav Petrol Pump, Ambawadi, Ahmedabad 380015
Website	: <a href="http://www.tipsons.com">www.tipsons.com</a>
Email	: <a href="mailto:mehul.mehta@tipsons.com">mehul.mehta@tipsons.com</a>
Telephone	: 7966828070
Contact Person	: Mr. Mehul Mehta


	
Name	: ICICI Bank Limited
Address	: ICICI Bank Limited, Service Centre NBCC Palace, Bhism Pitamah Marg Pragati Vihar, New Delhi - 110003
Website	: <a href="http://www.icicibank.com">www.icicibank.com</a>
Email	: <a href="mailto:gmgfixedincome@icicibank.com">gmgfixedincome@icicibank.com</a>
Telephone	: 011-42218004
Contact Person	: Mr. Prem Singla


	
Name	: Trust Investment Advisors Private Limited
Address	: 109/110, 1st Floor, Balarama, Bandra Kurla Complex, Bandra (East), Mumbai - 400051. 1101, Naman Centre, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.
Website	: <a href="http://www.trustgroup.in">www.trustgroup.in</a>
Email	: <a href="mailto:mbd.trust@trustgroup.in">mbd.trust@trustgroup.in</a>
Telephone	: +91 022 4084 5000
Contact Person	: Ms. Nipa Sheth

		
<b>Name</b>	:	Edelweiss Financial Services Limited
<b>Address</b>	:	Edelweiss House, Off CST Road, Kalina Mumbai - 400 098, Maharashtra, India
<b>Website</b>	:	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>
<b>Email</b>	:	<a href="mailto:prakash.sharma@edelweiss.in">prakash.sharma@edelweiss.in</a>
<b>Telephone</b>	:	+91 22 4009 4400
<b>Contact Person</b>	:	Mr. Prakash Sharma

		
<b>Name</b>	:	Genev Capital Private Limited
<b>Address</b>	:	Eucharistic Congress III, 10th Floor, 5 Convent Road, Colaba, Mumbai - 400 039.
<b>Website</b>	:	<a href="http://www.genevcap.com">www.genevcap.com</a>
<b>Email</b>	:	<a href="mailto:dcn@genevcap.com">dcn@genevcap.com</a>
<b>Telephone</b>	:	(+91 22) 66064600
<b>Contact Person</b>	:	Ms. Pankhuri Agarwal

		
<b>Name</b>	:	IDBI Capital Markets and Securities Limited
<b>Address</b>	:	5 <sup>th</sup> and 6 <sup>th</sup> Floor, IDBI Tower, WTC Complex, Cuffe Parade, Mumbai – 400 005
<b>Website</b>	:	<a href="https://idbicapital.com/index.asp">https://idbicapital.com/index.asp</a>
<b>Email</b>	:	<a href="mailto:hiral.shah@idbicapital.com">hiral.shah@idbicapital.com</a>
<b>Telephone</b>	:	022-68361258
<b>Contact Person</b>	:	Ms Hiral Shah, Asst Vice President

		
<b>Name</b>	:	JM Financial Limited
<b>Address</b>	:	Sood Towers (East Tower), 6th Floor, Barakhamba Road, New Delhi-110001
<b>Website</b>	:	<a href="http://www.jmfl.com">www.jmfl.com</a>
<b>Email</b>	:	<a href="mailto:akash.sharma@jmfl.com">akash.sharma@jmfl.com</a> ; <a href="mailto:Saurav.gupta@jmfl.com">Saurav.gupta@jmfl.com</a> ; <a href="mailto:ifidops@jmfl.com">ifidops@jmfl.com</a>
<b>Telephone</b>	:	Akash - 9910069975/ 011-68135607 Saurav-9911434600/011-68135603
<b>Contact Person</b>	:	Mr. Akash Sharma / Mr. Saurav Gupta

		
<b>Name</b>	:	LKP Securities Limited
<b>Address</b>	:	Suit No. 38, 3rd Floor, Indra Place, H Block, Connaught Place, New Delhi - 110001
<b>Website</b>	:	<a href="http://www.lkpsec.com">www.lkpsec.com</a>
<b>Email</b>	:	<a href="mailto:pallavi_kumari@lkpsec.com">pallavi_kumari@lkpsec.com</a> <a href="mailto:dcn@lkpsec.com">dcn@lkpsec.com</a>
<b>Telephone</b>	:	+91 8588861110 / +91 9811718270
<b>Contact Person</b>	:	Ms. Pallavi Kumari, Asst. Vice President - DCM

## SECTION V BRIEF HISTORY OF ISSUER SINCE INCORPORATION

### 5.1 CONSTITUTION

REC is a Government of India public sector enterprise and was originally incorporated as a private limited company under the Companies Act, 1956 on July 25, 1969 at New Delhi as “Rural Electrification Corporation Private Limited”. The word “private” was deleted from the name of the Issuer on June 3, 1970. The Issuer became a deemed public limited company with effect from July 1, 1975. The Issuer was converted into a public limited company with effect from July 18, 2003. The name of the Issuer has changed from “Rural Electrification Corporation Limited” to “REC Limited” pursuant to the shareholders resolution dated September 25, 2018, with effect from October 13, 2018.

The Issuer was declared as a ‘Public Financial Institution’ under Section 4A of the Companies Act, 1956 (corresponding section 2(72) of the Companies Act) in February 1992 and registered as non-banking financial company under section 45-IA of the RBI Act, 1934 in February 1998. Further, the RBI *vide* its letter dated September 17, 2010 categorised it as a NBFC-IFC, in terms of their circular dated February 12, 2010, and REC was allotted NBFC registration number 14.000011, by the RBI. A fresh certificate of registration bearing number 14.000011 dated November 28, 2018 was allotted by the RBI in the name of REC Limited.

On September 21, 2022, the Issuer was accorded “*Maharatna*” status by the Department of Public Enterprise, GOI for the Issuer’s operational efficiency and financial strength.

The Issuer is a leading player in the Indian power infrastructure sector and is engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout India<sup>1</sup>. The Issuer is also the nodal agency for the RDSS and NEF.

### 5.2 CHANGES IN THE REGISTERED AND CORPORATE OFFICE

The registered office of the Issuer currently situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India. The registered office was initially situated at Floor No. 3, Jeevan Vihar, Parliament Street, New Delhi-110001, India, pursuant to a resolution of the Board dated September 5, 1969, and was subsequently situated at D-5, NDSE, Part-II, New Delhi 110 049, India. On February 7, 1977, the Issuer changed its registered office to 2<sup>nd</sup> and 3<sup>rd</sup> Floor, DDA Building, Nehru Place, New Delhi 110 019, India, and on May 31, 1996, the Issuer shifted to its current registered office.

The Issuer shifted to the current corporate office situated at REC Limited, Sector 29, Gurugram, Haryana, 122009, on July 25, 2021.

### 5.3 PROMOTER

The Issuer’s Promoters are:

- (i) The President of India acting through the Ministry of Power, Government of India, and
- (ii) Power Finance Corporation Limited.

In pursuance of the in-principle approval of Cabinet Committee on Economic Affairs dated December 6, 2018, the President of India, acting through Ministry of Power, Government of India entered into a Share Purchase Agreement with Power Finance Corporation Limited (PFC) on March 20, 2019 for sale of 103,93,99,343 (One Hundred Three Crores Ninety Three Lakhs Ninety Nine Thousand Three Hundred Forty Three) equity shares of Rs.10/- each of REC Limited, representing 52.63% (Fifty Two Point Six Three Percent) of the total paid-up share capital of the Company. In terms of the said Agreement, the entire shareholding of President of India in REC Limited, i.e. 103,93,99,343 equity shares representing 52.63% of the total paid-up share capital of the Issuer, was transferred by Government of India to PFC on March 28, 2019 and accordingly, PFC is treated as part of the “Promoter Group”.

<sup>1</sup> Ministry of Power, annual report for 2021-21. Chapter 23.

Available at: [https://powermin.gov.in/sites/default/files/uploads/MOP\\_Annual\\_Report\\_Eng\\_2021-22.pdf](https://powermin.gov.in/sites/default/files/uploads/MOP_Annual_Report_Eng_2021-22.pdf)

### Brief background of PFC

PFC was incorporated in July 16, 1986 under the Companies Act, 1956, as a public limited company, registered with the RoC, National Territory of Delhi and Haryana and received the certificate for commencement of business on December 31, 1987. PFC was incorporated as a financial institution to finance, facilitate and promote India's power sector development and was notified as a public financial institution under Section 4A of the Companies Act 1956 (now section 2(72) of Companies Act) on August 31, 1990. PFC is registered with RBI as a non-deposit taking systemically important NBFC and on July 28, 2010, PFC was classified as an Infrastructure Finance Company. PFC was conferred with the 'Mini Ratna' (Category – I) status in the year 1998, on June 22, 2007, PFC was notified as a Navratna company by the GoI and on October 12, 2021, PFC was notified as a Maharatna company by the GoI. The permanent account number of PFC is AAACP1570H.

### 5.4 MAJOR EVENTS AND MILESTONES

Calendar Year	Event
1969	• Incorporation of REC.
1970	• Commenced lending operations to SEBs
1974	• Authorised by the Ministry of Irrigation and Power to finance rural electrification under the "Minimum Needs Programme".
1979	• Central Institute for Rural Electrification (CIRE) set up in Hyderabad.
1988	• Launch of Kutir Jyoti programme for rural electrification.
1992	• Declared a Public Financial Institution under Section 4A of the Companies Act, 1956.
1993	• Entered into MoU with the Ministry of Power for the year 1993-1994 for the first time to achieve certain performance related targets.
1998	• Registered as a non-banking financial company by RBI under Section 45(IA) of the RBI Act, 1934.
2001	• Allowed to issue capital gains tax exemption bonds under Section 54 EC of the I.T. Act. • Upgradation from Schedule 'B' to Schedule 'A' Corporation.
2002	• Grant of Mini Ratna - I status.
2005	• Appointed as the nodal agency for RGGVY (presently known as Deen Dayal Upadhyaya Gram Jyoti Yojana - DDUGJY).
2006	• Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,629 Million. • Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 Million.
2008	• Launch of initial public offer and dilution of GOI's shareholding from 100% to 81.82%. Gross proceeds from initial public offer were Rs. 819.63 Crores. • Listed Equity Shares of the Issuer on NSE and BSE. • Accorded "Navratna" status by the Department of Public Enterprise, GOI for the Issuer's operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making. • Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,902 Million.
2009	• Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 Million. • Received 'LAAA' rating from ICRA in relation to Rs. 25,000 Crores long term borrowing programme for the Fiscal 2010.
2010	• Follow-on issue of Equity Shares resulting in (a) raising Rs. 2,647.53 Crores of gross proceeds through fresh issue and (b) GOI reducing its ownership to 66.80%. • RBI categorised REC as an IFC.
2011	• REC successfully priced a 'USD 500 Million 4.25% 5-year Reg S Senior Unsecured Notes' transaction. • REC was the first Indian NBFC-IFC to enter into the international debt market.
2012	• CHF Bonds through Reg S for CHF 200 Million were issued by REC, which were listed in the SIX Swiss Exchange, Switzerland. • Entered into an agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 100 Million. • National Electricity Fund (Interest Subsidy Scheme) has been set up by Ministry of Power to provide interest subsidy on loans disbursed to the State power utilities, DISCOMs - both in public and private sector, to improve the infrastructure in distribution sector. REC is the nodal agency for the scheme with a mandate to operationalize the scheme through which amount for interest subsidy will be provided.
2013	• REC received DSII PSU Award, 2012 for "Fastest Growing Operational Metrics" in the non-manufacturing Navratna category. • REC received CIDC Vishwakarma Award 2013 in the category of "Achievement Award for Industry Doyen". • REC received Award in the Category of "Non-Banking Financial Services" by India Pride Awards, Dainik Bhaskar and DNA.
2014	• Entered into offshore syndicated facility agreements for availing loan facility of USD 285 Million from Hong Kong and Shanghai Banking Corporation Limited, State Bank of India, Singapore Branch and Sumitomo Mitsui Banking Corporation as mandated lead arrangers and book runners in November 2014. • Nodal agency for operationalization of Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) on December 3, 2014 (including Rural Electrification ("RE") component - the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana ("RGGVY") mainly for separation of agriculture and non-agriculture feeders; strengthening and



Calendar Year	Event
	augmentation of sub-transmission and distribution infrastructure in rural areas; and rural electrification for completion of the targets laid down under RGGVY for XII and XIII Plans.
2016	<ul style="list-style-type: none"> <li>Nodal Agency for implementation of Outage Management System and 11 KV Rural Feeder Management System.</li> </ul>
2017	<ul style="list-style-type: none"> <li>REC Equity Shares included in 'Nifty Next 50' on National Stock Exchange of India Limited.</li> <li>SAUBHAGYA Scheme launched.</li> <li>USD 400 Million Reg S Bond for refinancing issued and listed on London Stock Exchange and Singapore Stock Exchange.</li> <li>Green bond of REC listed on London Stock Exchange.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Achieved 100% village electrification on April 28, 2018 under Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY).</li> <li>Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 200 Million.</li> <li>Name of company changed from Rural Electrification Corporation Limited to REC Limited on October 13, 2018.</li> <li>REC has been placed amongst top 10 Profit making CPSEs of the country by Public Enterprises Survey 2017-18.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Cabinet Committee on Economic Affairs on December 6, 2018 gave "in-principle" approval for acquisition of shares held by GOI in the Issuer to Power Finance Corporation Limited (PFC) along with management control. On March 20, 2019 Board of PFC gave its approval for acquisition of GOI's entire shareholding of 52.63% held in the Issuer to PFC and making PFC as the majority shareholder of the Issuer. In accordance with the filing done by PFC on March 28, 2019 with the Stock Exchange(s) under Regulation 10(6) of the SEBI Listing Regulations, PFC has acquired complete 52.63% shares held by GOI in the Issuer. After such acquisition the Issuer shall remain to be a Government Company pursuant to Section 2 (45) of the Companies Act.</li> <li>USD 650 Million, 5 year Reg S bond, with a semi annual coupon of 3.375% per annum, for financing power projects and listed on London Stock Exchange's International Securities Market (ISM), Singapore Exchange (SGX-ST), India International Exchange (India INX) and NSE IFSC.</li> <li>Achieved Universal Household Electrification by providing Electricity Connection to 2.63 Crores Households under Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)</li> <li>REC completed 50 (Fifty) years of its existence on July 25, 2019.</li> </ul>
2020	<ul style="list-style-type: none"> <li>During COVID-19 pandemic, REC has donated Rs. 150 Crores to the PM-Cares fund in addition to one day salary of its employees and also facilitated food and ration for over 36,500 needy people throughout the country.</li> <li>REC Foundation, the CSR arm of REC, has distributed 5000 customized packets carrying essentials for labourers and the needy, who are affected because of the lockdown due to the COVID-19 pandemic.</li> <li>REC successfully raised 3 year USD 500 Million Bond from Regulation 144A market on May 12, 2020 at a coupon of 4.75%, under its USD 7 Billion GMTN Programme. This is the first USD cross border issuance out of India following the COVID-19 pandemic (since Mar 5, 2020).</li> <li>REC recognized as the Best Organization for Women Empowerment.</li> <li>REC received "Excellent" Rating in MoU 2018-19.</li> <li>REC Limited's corporate communication team is recognized as one of the 'Top 30 Corporate Communication Teams' in India by Reputation Today.</li> </ul>
2021	<ul style="list-style-type: none"> <li>REC signs MoU for financing 600 MW Hydro Electric Project in Bhutan.</li> <li>REC's new corporate office building inaugurated at Gurugram on the occasion of its 52<sup>nd</sup> foundation day by the Hon'ble Cabinet Minister (Power, New &amp; Renewable Energy).</li> <li>REC Limited and J-PAL South Asia enter Data-sharing Agreement.</li> <li>RECTPCL has been amalgamated into RECPDCL with effect from February 6, 2021.</li> <li>REC provides funding for Tata Memorial Centre.</li> </ul>
2022	<ul style="list-style-type: none"> <li>REC achieves a 'Perfect' score on MoU parameters for FY 2020-21 - the best amongst all CPSEs</li> <li>REC closes largest-ever syndicated term loan by an Indian NBFC with USD 1,175 Million term loan<sup>2</sup>.</li> <li>Accorded "Maharatna" status by the Department of Public Enterprise, GOI for the Issuer's operational efficiency and financial strength.</li> </ul>

## 5.5 AWARDS AND ACCREDITATIONS

A few select awards and accreditations received by the Issuer are as follows:

Calendar Year	Awards/Accreditations
1994	<ul style="list-style-type: none"> <li>Received rating of "excellent" by the GOI, for the first time, for fulfilling the targets pursuant to the MoU entered into the MoP for the year 1993-1994</li> </ul>
2000	<ul style="list-style-type: none"> <li>Declared to be among the top ten public sector enterprises by the GOI*</li> </ul>
2008	<ul style="list-style-type: none"> <li>Accorded "Navratna" status by the Department of Public Enterprise, GOI for the Issuer's operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making.</li> </ul>
2009	<ul style="list-style-type: none"> <li>Received the Award for Excellence in Rural Electrification for Rural India Connect in India Pride Awards organised by Dainik Bhaskar.</li> <li>Received SCOPE Meritorious Award under the category of the Best Managed Bank, Financial Institution or Insurance Company.</li> </ul>

<sup>2</sup> Source: <https://recindia.nic.in/rec-closes-largest-ever-syndicated-term-loan-by-an-indian-nbfc-with-us-1-175-million>

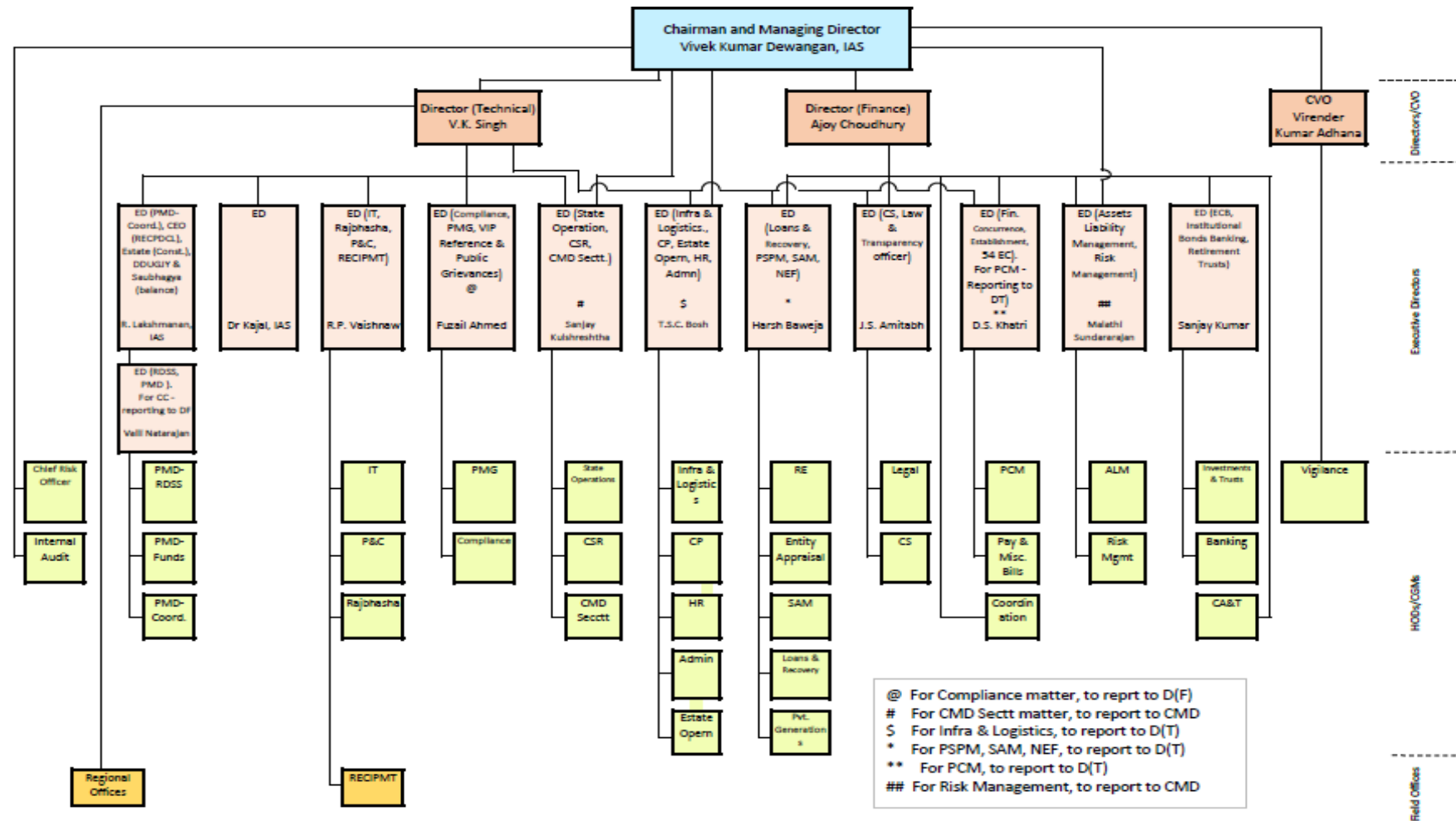


Calendar Year	Awards/Accreditations
2010	<ul style="list-style-type: none"> <li>Received Dalal Street Investment Journal (“DSIJ”), PSU Award 2010, for The Best Wealth Creator”.</li> <li>Received India Pride Award 2010 “The Best NBFC”.</li> <li>Received Asia Pacific HRM Congress Award 2010 for “Organizational Development and Leadership”.</li> <li>REC was included in the MSCI emerging marketing index.</li> </ul>
2011	<ul style="list-style-type: none"> <li>Received DSIJ PSU Award 2011 for “Speed King” for fastest growing PSUs across Maharatnas, Navratnas and Miniratnas.</li> <li>Featured in Dun &amp; Bradstreet’s India Top PSUs.</li> </ul>
2012	<ul style="list-style-type: none"> <li>Received “Best Listed CPSE Award” from Department of Public Enterprises, GOI for fiscal 2010.</li> <li>Conferred with “Best Company to work for 2012” being ranked among Top 50 Companies hiring upto 1000 employees by Great Place to Work Institute India in association with The Economic Times.</li> </ul>
2013	<ul style="list-style-type: none"> <li>Received DSIJ PSU Award, 2012 for “Fastest Growing Operational Metrics” in Non-Manufacturing Navratna Category.</li> <li>Received CIDC Vishwakarma Award 2013 in the category of “Achievement Award for Industry Doyen”.</li> <li>Received IPE_ CSR Corporate Governance Award from IPE, Hyderabad.</li> <li>Received Award in the category of “Non Banking Financial Services” by India Pride Awards, Dainik Bhaskar and DNA.</li> </ul>
2014	<ul style="list-style-type: none"> <li>Received 13<sup>th</sup> ICSI National Awards for Excellence in Corporate Governance, 2013.</li> <li>Received Award in “Energy &amp; Power Sector” from India Pride Awards, Dainik Bhaskar and DNA.</li> <li>The Issuer is rated among the “Best Employers in India” by Aon Hewitt.</li> <li>Received DSIJ PSU Award 2013 for “Best Value creating Navratna with a balance Sheet of more than Rs. 1 Lakh Crore”.</li> <li>REC named “Best Employer India 2013” and also been awarded “The Aon Hewitt Voice of Employee Award Public Sector Enterprise India 2013” by Aon Hewitt.</li> <li>Received “Best HR Practices” Award in the Navratna PSU’s category from India Today PSUs Award 2014.</li> <li>REC received DSIJ PSU Award, 2014 for “Fastest Growing Navratna of the Year in “Non-Manufacturing Category”.</li> <li>“Rural sector PSE of the Year making Grass Root Infrastructure Impact” from IPSE Award 2014.</li> <li>“Best Power Financing Company” for outstanding contribution in terms of providing financial assistance and promoting rural electrification projects all over India having consistent record of excellent all round performance growth and profitability since inception and contribution to the growth of India from CBIP.</li> <li>“Best Governed Company” by Institute of Company Secretaries of India and REC has been awarded “ICSI National Award for excellence in corporate governance”.</li> </ul>
2015	<ul style="list-style-type: none"> <li>Received award for “Operational Excellence in Financial Services” from India Pride Awards, DainikBhaskar and DNA.</li> <li>“Fastest Growing Navratna PSU” award from India Today.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Received the Central Board of Irrigation and Power award for Best Power Financing Company.</li> <li>Received a certificate of recognition for its contribution in Transforming REC by the Governance Now group (SAB TV).</li> <li>Awarded the “SCOPE Excellence Award for outstanding contribution to the Public Sector Management – Institutional Category I (Maharatna &amp; Navratna)” and “SCOPE Meritorious Award for Best Managed Bank, Financial Institution Category” at the Standing Conference of Public Enterprises (SCOPE) Awards.</li> <li>Received “Best Power Financing Company” award in CBIP Awards 2017.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Received the Dainik Bhaskar India Pride Award 2017 for being the leading Financial Services NBFC in the Central PSU category.</li> <li>Received the Central Board of Irrigation and Power award for Best Power Financing Company.</li> <li>Received the first prize for “Brand Building through Inclusive Growth Initiatives” at the Corporate Communication Excellence Awards 2017 organized by the SCOPE.</li> <li>Received “Best Power Finance Company” award in CBIP Awards 2018.</li> <li>Received “Governance Now 5th PSU Award – 2017”.</li> <li>Received “SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management” for the year 2016-17” under Special Institutional Category, Digitalization.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Received the Vishwakarma award for Gurugram World HQ project.</li> <li>Received two awards at the Dainik Bhaskar India Pride Awards 2018 for “Excellence in Navratna” and HOD in the Finance category.</li> <li>Received the most efficient NBFC award at the Chambers of Indian Micro, Small and Medium Enterprise Awards 2018.</li> <li>Received the award for “Excellence in Financial Services” at the Dun &amp; Bradstreet PSU Awards 2018.</li> <li>Received the DSIJ PSU Award 2018 for “India’s Best Public Sector Undertaking Award, 2018 – Highest Wealth Creator- Market Returns (Navratna)”.</li> <li>Received Golden Peacock Awards – 2018 for Corporate Governance &amp; Sustainability.</li> <li>Received CIMSME Banking Excellence Award.</li> <li>Received Award for Best PSU Issuer on Electronic Bidding Platform of NSE.</li> <li>Received Award for highest employee efficiency enterprise by Dalal Street Investment Journal.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Received India Smart Grid Forum (ISGF) Innovation Awards 2019 for Best Project for Household Electrification.</li> <li>Won SCOPE CC Excellence Awards 2019 under following three categories: <ul style="list-style-type: none"> <li>1<sup>st</sup> prize in Best House Journal English (for WattsUp)</li> <li>2<sup>nd</sup> prize in Best Internal Communication Campaign (for REC Engage)</li> <li>3<sup>rd</sup> prize in effective use of digital media (for SAUBHAGAYA Scheme)</li> </ul> </li> </ul>

Calendar Year	Awards/Accreditations
	<ul style="list-style-type: none"> <li>Received “PSE Excellence Award, 2018” by the Indian Chamber of Commerce (ICC), as runner up in the Navratna &amp; Maharatna category, for excellence in corporate governance.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Swachh Bharat Puraskar for contribution to the Swachh Bharat Kosh of the Ministry of Jal Shakti, Government of India.</li> <li>REC bags ICAI Award for Financial Reporting for FY 2018-19 in 'Public Sector Entities' category.</li> <li>REC has been awarded with 10<sup>th</sup> PSE Excellence Awards 2019 in Corporate Governance.</li> <li>REC bags SKOCH Award for 'Response To Covid'.</li> </ul>
2021	<ul style="list-style-type: none"> <li>Best Organization for Women Empowerment' award at Women Achievers Awards 2020 by Exchange4Media.</li> <li>Conferred the 'CSR Shining Star Award in the field of “Women Empowerment” by the Wockhardt Foundation</li> <li>Conferred the Mahatma Award for CSR Excellence 2020 in the fields of education, nutrition and health.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Named as India's Leading NBFC in Infrastructure Financing Category by Dun &amp; Bradstreet at its BFSI &amp; FinTech Award.</li> <li>Received 'Platinum' recognition at the prestigious Titan Business Awards. The Issuer was declared the winner in two categories: 'Financial Services' and 'Fastest-growing Company of the Year'.</li> <li>Accorded “Maharatna” status by the Department of Public Enterprise, GOI for the Issuer's operational efficiency and financial strength.</li> <li>REC Limited has been awarded as the 'Best PSU' in the Financial Services category and also as the 'Best Navratna' by Dun &amp; Bradstreet for FY21-22.</li> <li>REC bagged the 'Best Public Sector IT Project ' award at the Technology Excellence Awards 2022</li> </ul>

\* REC has also been ranked among the top ten profit making public sector undertakings for the Fiscals 2015, 2016, 2017, 2018 and 2020 by the Ministry of Heavy Industries and Public Enterprises, GOI.

## SECTION VI CORPORATE STRUCTURE - EXISTING CORPORATE ORGANOGRAM



## SECTION VII BRIEF SUMMARY OF BUSINESS/ACTIVITIES OF ISSUER AND ITS SUBSIDIARIES

### 7.1 OVERVIEW

The Issuer is a public financial institution in the Indian power infrastructure sector and is engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout India. The Issuer commenced operations in 1969 for the purpose of developing the power infrastructure in rural areas. The Issuer has contributed to the development of rural India and India's agriculture through its funding of transmission and distribution projects in rural areas.

The Issuer's mandate has evolved in accordance with the development priorities of the Government and, since Fiscal 2003, has permitted the Issuer to finance all segments of the power sector, including generation, transmission and distribution, throughout the country. The Issuer's mandate was further extended to include financing other activities linked to power projects, such as coal and other mining activities, fuel supply arrangements for the power sector and other power-related infrastructure. In June 2011, the Issuer set up a separate division for funding renewable projects in order to further achieve the goal of conserving fossil fuels and reducing our carbon footprint. On September 24, 2021, the Issuer's mandate was extended to cover financing of: (i) electrical and electromechanical/hydro systems, smart city electrification of railway lines and airports; (ii) energy conservation, energy efficiency and environmental aspects of power; (iii) financing activities having forward and/or backward linkage with power projects and to meet other enabling infrastructure facility(ies) that may be required for the development of the power/energy sector. The Board of the Company, on October 29, 2021, *inter alia*, approved extending the mandate of the Company to financing infrastructure development projects. However, such in-principle approval is not yet effected and remains subject to the approval of the Administrative Ministry, Ministry of Power and the shareholders.

REC is one of only 12 (twelve) Indian public sector undertakings to be granted "*Maharatna*" status by the Department of Public Enterprise by virtue of its operational efficiency and financial strength. The Government had rated the Issuer's performance as "*Excellent*" from Fiscal 1994 to Fiscal 2017, "*Very Good*" in Fiscal 2018, "*Excellent*" in Fiscal 2019, "*Very Good*" in Fiscal 2020 and "*Excellent*" in Fiscal 2021. In Fiscal 2021, the Issuer received the highest score of 100, and was the only entity evaluated with a perfect score amongst 123 public sector undertakings across 32 sectors. The Issuer has also been ranked among the top 10 public sector undertakings in India by the Ministry of Heavy Industries and Public Enterprises for Fiscal 2015, Fiscal 2016, Fiscal 2017 and Fiscal 2018. Domestically, the Issuer holds the highest credit rating for long-term borrowing consisting of domestic credit rating from each of IRRPL, CRISIL, ICRA and CARE. On an international basis, the Issuer holds long-term borrowing ratings from Fitch and Moody's that are at par with sovereign ratings for India.

The Issuer has a branch network of 19 (nineteen) regional offices and 1 (one) state office, spread across India. The Issuer's corporate office is at Gurugram. The Issuer also has 1 (one) training centre in Hyderabad. The registered office in New Delhi and corporate office in Gurugram deal with planning and policy formulation, resource mobilization and financial operations. Project, field or regional offices attend functions relating to preliminary processing of new schemes, monitoring of on-going schemes, scrutiny of loan claims, recovery of dues and maintain liaison with SEBs and state governments for effective implementation of rural electrification programme and projects funded by REC.

The Board of Directors at their meeting held on June 30, 2022 provided their in-principle approval to the proposal for setting up of a wholly owned subsidiary of the Company in Gujarat International Finance Tec-City IFSC, India.

### 7.2 BUSINESS

#### *Strengths*

The Issuer believes that the following are its primary strengths:

- strong financial position and profitable business;
- unique position to access and appraise borrowers in Indian power sector;
- key strategic position in the GOI's plans for growth of the power sector;
- experienced management team with sector expertise; and
- pan India presence through its zonal/project offices in state capitals.

## Strategy

The key elements of the business strategy are:

- fund the increased investment in the Indian power sector;
- maintain diversity of its asset portfolio and seek higher yielding loan assets;
- increased involvement in consortium lending and private sector participation in Indian power sector;
- increased fee-based income; and
- implement technological innovation.

## 7.3 PRODUCTS

### *Types of Loans*

REC offers the following types of loans:

#### **A. Long-term Loans**

REC offers its long-term loans to central-sector power utilities, state-sector power utilities, joint-sector power utilities, state power departments, private sector power utilities and rural electricity cooperatives. REC's long-term loans generally are sanctioned with respect to a specific power-related project at project inception or as bulk loans for procurement of equipment. REC's long-term loans to the public sector for transmission and distribution projects typically require the borrower to obtain a state government guarantee of the loan and/or hypothecate a portion of their existing assets or hypothecate all of their project assets to secure the loan. The percentage of guarantee and hypothecation of assets differs on a case-to-case basis.

#### **B. Short-term Loans**

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

#### **C. Medium-term Loans**

REC offers medium-term loans ("MTL") to the Central/State Government Power Utilities and State Governments that are not in default to REC for the following purposes:

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

MTL are not provided to customers (i) who are in default to REC, or, (ii) utilities categorised as Grade "C".

These loans have a loan period of more than 1 year up to a maximum of 3 years.

#### **D. Others**

##### **Debt Refinancing**

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

- **Bridge Loans**

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

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

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

- **Loans for Power Purchase through the IEX**

In December 2009, the Board of Directors approved a new scheme pursuant to which REC intends to finance power purchases made through the IEX, which is one of two energy exchanges operating in India. It is currently intended that these power purchase loans may be offered to REC's existing public sector borrowers for the purpose of non-speculative purchases of power through the IEX with a maturity of 90 (ninety) days from disbursement. Power purchase loans will be secured by escrow arrangements or bank guarantees, at the discretion of the borrower.

#### *Grading of State Power Utilities*

REC has well defined policy/guidelines for grading of state power utilities. They are reviewed periodically in view of significant changes in the power sector. REC has classified state power utilities (generation/transmission/trading utilities/joint ventures/state entities) into A++, A+, A, B and C categories. Categorization is based on evaluation of the utility's performance against operational, financial and technical performance including regulatory environment, audited financial statements. For state power distribution utilities (including SEBs/utilities with integrated operations), REC follows the Ministry of Power's "Integrated Ratings" by aligning such ratings or grading with REC's standard categories of A+, A, B and C. The categorization enables REC to determine credit exposure limits and interest rates to state power utilities etc.

#### **7.4 LENDING POLICIES**

REC has well-developed policies and/or guidelines to streamline the funding process. This is regularly reviewed based on prevailing market practices, formulation of new policies and guidelines to strengthen the funding process. The lending process is as follows: (i) loan application by the prospective borrower; (ii) credit appraisal for assessing their creditworthiness; (iii) project appraisal on technical and financial feasibility and debt servicing capability and project execution abilities; (iv) sanction letter with loan sanction including quantum of funding, pre-commitment conditions, pre-disbursement and post-disbursement conditions; (v) process of loan documentation and execution; (vi) funds are disbursed to the borrower for development and/or construction of power projects after all conditions met; (vii) on going monitoring and review of the projects, including any risk or deviation; and (viii) re-grading or re-appraisal of the project.

REC has a robust system of monitoring and collection. To monitor the progress of the projects, REC appoints a separate project management agency ("PMA") for new private projects being financed, which subsumes the entire works of lender independent engineer / project management consultant, lender financial advisor and lender insurance advisor. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of progress, review of EPC/non-EPC contracts and invoices, fund utilization and insurance for the project. Further REC also has a project monitoring division to monitor the progress and a stressed assets division to ensure speedy resolution of stressed assets. Apart from this REC has offices in every state which are in regular touch with all the utilities so as to ensure timely collection of REC's dues under close co-ordination with the recovery division at the head office.



## 7.5 PARTICIPATION IN GOVERNMENT PROGRAMMES

The Government has a number of programmes aimed at accelerating the growth and development of the power sector. REC plays a key role in implementation of the following programmes.

### *Revamped Distribution Sector Scheme*

The Government of India on July 20, 2021, approved the Revamped Distribution Sector Scheme - a Reforms-based and Results-linked Scheme (**RDSS**) with an outlay of Rs. 3,03,758 Crore and an estimated government budgetary support of Rs. 97,631 Crore from the central government over a period of five years from FY 2021-22 to FY 2025-26. The Company and PFC are the nodal agencies for facilitating the implementation of the RDSS. The RDSS seeks to improve the operational efficiencies and financial sustainability of all DISCOMs / power departments excluding private sector DISCOMs by providing conditional financial assistance to DISCOMs for the strengthening of supply infrastructure based on meeting pre-qualifying criteria as well as upon achievement of basic minimum benchmarks by the DISCOM evaluated on the basis of an agreed evaluation framework tied to financial improvements. The RDSS aims to reduce the AT&C losses to pan-India levels of 12 to 15 per cent. and the ACS-ARR gap to zero by 2024-25. The RDSS has the following components: (i) Part A: financial support for prepaid smart metering and system metering and up-gradation of the distribution infrastructure and appointment of project management agency by DISCOM, and (ii) Part B: training and capacity building and other enabling and supporting activities. The schemes of the DDUGJY along with PMDP (for the erstwhile State of Jammu and Kashmir) are subsumed in the RDSS, and will be implemented pursuant to their respective guidelines, terms and conditions. No new projects were permitted to be sanctioned under these schemes, however projects already sanctioned under the DDUGJY were eligible to receive funds up to March 31, 2022 under the RDSS. Further, projects sanctioned under the PMDP are eligible to receive funds until March 31, 2023.

### *National Electricity Fund*

NEF has an interest subsidy scheme aims to promote capital investment in the distribution sector. The scheme provides interest subsidy, linked with reform measures, for loans taken by private and public power distribution utilities for approved power distribution infrastructure projects. REC is the nodal agency for the scheme with a mandate to operationalize it and pass on the benefit of interest subsidy to eligible distribution utilities. REC receives service charges at the rate of 0.5% of the total loan amount approved by the NEF steering committee. Performance is evaluated on an annual basis during the loan tenure. Independent evaluators are appointed for evaluation of interest subsidy proposal.

Historically, REC has played a key role in the following Government programmes:

#### i) *Deendayal Upadhyaya Gram Jyoti Yojana*

DDUGJY was launched as the flagship scheme of the Government of India covering all aspects of rural power distribution launched in November 2014, and conveyed by the Ministry of Power on December 3, 2014. Under the scheme 60% of the project cost (85% for special States) was provided as a grant by Government and an additional grant of up to 15% (5% for special States) was provided by the Government on the achievement of prescribed milestones. Since the year 2014-2015, grants aggregating up to Rs. 24,410.82 Crore were released by Government of India under DDUGJY scheme. All erstwhile rural electrification schemes were subsumed in DDUGJY. REC was the nodal agency for the operationalization of DDUGJY. The outlay of the DDUGJY scheme was Rs. 785,930 million including a gross budgetary support of Rs. 630,270 million. As on April 28, 2018, all census inhabited villages were electrified.

#### ii) *Electrification of Un-electrified Villages under DDUGJY*

In the Independence Day address to India on August 15, 2015, the Honourable Prime Minister of India pledged that all remaining un-electrified villages in India would be electrified within 1,000 days with the help of states and local bodies. Accordingly, the MoP had expedited the electrification of all 18,452 villages as a priority. As these remaining 18,452 un-electrified villages were located in inaccessible areas, several measures and intensive monitoring mechanism strategies were adopted, to electrify these remaining villages in India. Since Financial Year 2015, grants aggregating to Rs. 24410.82 Crore has been released by Government of India under DDUGJY scheme. This scheme was closed on March 31, 2022.

iii) ***Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)***

The Honorable Prime Minister of India launched the SAUBHAGYA Scheme on September 25, 2017 to achieve universal household electrification in India through electrification of all households in both rural and urban areas. REC was designated by the MoP as the nodal agency for operationalization of the SAUBHAGYA Scheme. The capital outlay of the SAUBHAGYA scheme was Rs. 163,200 million including a gross budgetary support of Rs. 123,200 million. A grant of Rs. 5738.48 Crore was released by GoI under SAUBHAGYA Scheme. From the launch of SAUBHAGYA Scheme in October 2017 till March 15, 2022, 2.86 Crore households have been electrified. As on March 31, 2021, all the households considered under SAUBHAGYA Scheme including the households located in left-wing extremist areas have been electrified in India. This scheme was closed on March 31, 2022.

iv) ***GOI Fully Serviced Bonds***

Pursuant to the directions of the MoP and the Ministry of Finance, REC has issued non-convertible debentures in the nature of 'GOI Fully Serviced Bonds', through private placement. The payment of interest and repayment of principal is met by GOI by making suitable budgetary provision, therefore no separate guarantee is provided by the Government. Funds raised through these GOI Fully Serviced Bonds have been utilized exclusively for the purpose of DDUGJY and/or the SAUBHAGYA Scheme. The details of the GOI Fully Serviced Bonds are as follows:

Year	Amount (Rs. Crores)
2017-2018	4000
2018-2019	13827
2019-2020	3782.3
2020-2021	2500
2021-2022	-

v) ***The Prime Minister Development Package for Jammu and Kashmir 2015***

The Prime Minister Development Package for Jammu and Kashmir 2015, was announced by the Honorable Prime Minister of India on November 27, 2015. The project cost of Rs. 25,701.40 million (wherein 90% i.e. Rs. 23,016.20 million was covered by way of a Government's grant) was approved. The PMDP project includes distribution/system strengthening projects for rural areas and aims at connecting households by replacing barbed wires and worn-out poles, replacing underground cables at tourist locations, installing consumer metering, constructing 33/11 kV sub-stations in industrial areas and electrical infrastructure at shrines. The cost of the distribution strengthening project in rural areas amounted to Rs. 11,577.60 million, for which funds were released to REC by the Government.

## 7.6 SUBSIDIARY AND ITS SPECIAL PURPOSE VEHICLE AS ON DECEMBER 31, 2022

The Ministry of Corporate Affairs, pursuant to its order dated February 5, 2021 has accorded its approval to the scheme of amalgamation of REC Transmission Projects Company Limited (RECTPCL) (being the transferor company) with REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited (being the transferee company) with the appointed date as April 1, 2020, and the amalgamation has come into effect from February 6, 2021. In pursuance of the approved scheme of amalgamation, the SPVs which were subsidiaries of RECTPCL have now become subsidiaries of RECPDCL.

RECPDCL is a 100% wholly owned subsidiary of the Issuer and promotes, develops, constructs, owns, operates, distributes and maintains up to 66 (sixty-six) kV voltage electrification, distribution, electric supply lines and distribution systems. It provides value added project execution and consultancy services to various distribution companies/power departments across India.



As on December 31, 2022 RECPDCL has the following project specific SPVs as wholly-owned subsidiaries of RECPDCL and REC:

Sr. No.	Name of Special Purpose Vehicle	Date of Incorporation
1.	Chandil Transmission Limited	March 14, 2018
2.	Koderma Transmission Limited	March 19, 2018
3.	Dumka Transmission Limited	March 23, 2018
4.	Mandar Transmission Limited	March 26, 2018
5.	Bidar Transmission Limited	June 8, 2020
6.	MP Power Transmission Package I Limited	August 4, 2020
7.	ER NER Transmission Limited*	October 6, 2021
8.	Khavda II-A Transmission Limited	April 19, 2022
9.	Ramgarh II Transmission Limited	April 20, 2022
10.	Khavda II-B Transmission Limited	April 21, 2022
11.	Khavda II-C Transmission Limited	April 22, 2022
12.	Khavda II-D Transmission Limited	April 25, 2022
13.	Beawar Transmission Limited	April 27, 2022
14.	KPS 3 Transmission Limited	April 29, 2022
15.	KPS2 Transmission Limited	May 4, 2022
16.	KPS1 Transmission Limited	May 6, 2022
17.	Sikar Khetri Transmission Limited	May 6, 2022
18.	Khavda RE Transmission Limited	May 7, 2022
19.	Gadag II-A Transmission Limited	June 8, 2022
20.	WRSR Power Transmission Limited	September 22, 2022
21.	ERWR Power Transmission Limited	September 27, 2022

\*Note: Neemuch Transmission Limited was sold and transferred to Power Grid Corporation of India Limited, the successful bidder under the tariff based competitive bidding, on August 24, 2022.

ER NER Transmission Limited was sold and transferred to Power Grid Corporation of India Limited, the successful bidder under the tariff based competitive bidding, on October 10, 2022.

Further, Luhri Power Transmission Limited was incorporated as a subsidiary of RECPDCL on October 28, 2022

## 7.7 JOINT VENTURE

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

REC, along with three public sector undertakings, namely, Power Grid Corporation of India Limited, NTPC Limited (earlier known as National Thermal Power Corporation Limited) and Power Finance Corporation Limited, has formed a joint venture company being EESL on December 10, 2009. The equity investment of REC in EESL was increased to 14,65,00,000 equity shares of Rs. 10 each, with effect from April 25, 2016 during the Financial Year 2016-17 and this was further increased to 21,81,00,000 equity shares of Rs. 10 each during FY 2019-20. Pursuant to amendment dated September 1, 2021 in the joint venture agreement, Power Grid Corporation of India Limited has infused fresh equity into EESL resulting in reduction of REC’s share from earlier 22.18% to 15.68% as on December 31, 2021. Hence, as on September 30, 2022, REC holds 15.68% of the paid-up equity share capital of EESL.

## 7.8 ENTITIES IN WHICH REC HAS EQUITY INVESTMENT

### Investment in NHPC Limited

NHPC, a GOI enterprise plans, promotes and organizes integrated and efficient development of hydroelectric power as well as development conventional and non-conventional power sources in India and abroad. At present, NHPC is a ‘Miniratna’ (a category-I public sector enterprise). As on September 30, 2022, REC holds 1,75,57,286 equity shares of NHPC with a market value of Rs. 62.68 Crore.

### Housing and Urban Development Corporation Limited

HUDCO is notified as a public financial institution under Section 4A of the Companies Act and a ‘Miniratna’ (a category-I public sector enterprise). HUDCO promotes housing and infrastructure

development and habitat development in India. As on September 30, 2022, REC holds 3,47,429 equity shares of HUDCO Limited with a market value of Rs. 1.22 Crore.

#### **PFC Projects Limited**

The Board of Directors at their meeting held on August 4, 2022 have approved subscription by the Company of 50 per cent. equity shareholding not exceeding Rs. 50 Crore in PFC Projects Limited, a power asset management company, as a 50:50 joint venture company with PFC. Further approvals may be required at the time of investment.

## SECTION VIII MANAGEMENT

### 8.1 DETAILS OF THE BOARD

The following table sets forth details regarding the Board as on the date of this Private Placement Offer Letter:

Name, Designation, Term, Occupation, DIN, Age and Nationality	Residential Address	Date of Appointment / Reappointment	Other Directorships	Appointment / Resignation	Whether wilful defaulter (Yes/No)
<b>Shri Vivek Kumar Dewangan</b> S/o Shri Chandulal Dewangan  Chairman & Managing Director  Term: Until further orders  Occupation: IAS DIN: 01377212 Age: 55 years Nationality: Indian	C-1/69, Bapa Nagar, Dr. Zakir Hussain Marg, Behind Delhi High Court, New Delhi-110003	May 17, 2022	• REC Power Development and Consultancy Limited	ACC communication no. 36/02/2022-EO (SM-I) dated May 13, 2022 and MoP Order No. 46/2/2019-RE dated May 18, 2022 read with joining documents.	No
<b>Shri Ajoy Choudhury</b> S/o Late Shri Amarendra Narayan Choudhury  Director (Finance) Whole time Director  Term: Until the date of superannuation (i.e., January 31, 2024) or until further orders.  Occupation: Service DIN: 06629871 Age: 58 years Nationality: Indian	Flat No. 221, Power Grid Society, GH-23, Sector 21 C, Part 3 Faridabad 121002, Haryana, India	June 1, 2020	• REC Power Development and Consultancy Limited	MoP Order No. 46/9/2011-RE (228164) dated April 21, 2020	No
<b>Shri Vijay Kumar Singh</b> S/o Shri Pratap Singh  Director (Technical) Whole time Director  Term: Till the date of his superannuation i.e., June 30, 2025 or until further orders  Occupation: Service DIN: 02772733 Age: 57 years Nationality: Indian	K-003 Amrapali Sapphire, Sector-45, Noida, Gautam Buddha Nagar U.P - 201301	July 15, 2022	• REC Power Development and Consultancy Limited • Nellore Transmission Limited	MoP Order No. 46/1/2022-RE (MOP) dated July 15, 2022.	No
<b>Shri Piyush Singh</b> S/o Shri Surendra Pal Singh  Government Nominee Director  Term: Until further orders from the Ministry of Power.  Occupation: I.A.S. DIN: 07492389 Age: 45 years Nationality: Indian	Flat number B2, Type 6, Tower 6, East Kidwai Nagar, New Delhi – 110023	September 14, 2022	• NTPC Limited	MoP Office Order No. 50/1/2019-RE dated September 14, 2022	No

Name, Designation, Term, Occupation, DIN, Age and Nationality	Residential Address	Date of Appointment / Reappointment	Other Directorships	Appointment / Resignation	Whether wilful defaulter (Yes/No)
<b>Smt. Parminder Chopra</b> D/o Shri Jaidev Singh Khalsa  Nominee Director of Power Finance Corporation Limited  Term: Until further orders from the Ministry of Power.  Occupation: Service DIN: 08530587 Age: 55 years Nationality: Indian	H. No. 196, Gujranwala Town Part-2, Delhi - 110009	February 4, 2022	<ul style="list-style-type: none"> <li>PTC India Limited</li> <li>Power Finance Corporation Limited</li> <li>Chhattisgarh Surguja Power Limited</li> <li>Coastal Tamil Nadu Power Limited</li> <li>Deoghar Mega Power Limited</li> <li>PFC Consulting Limited</li> <li>Cheyur Infra Limited</li> <li>Bihar Mega Power Limited</li> </ul>	MoP Letter no. 27-46/1/2018-RE dated February 2, 2022 read with Board resolution dated February 4, 2022.	No
<b>Dr. Gambheer Singh</b> S/o Late Shri Ben Singh Sendram  Independent Director  Term: 3 years from the date of notification of appointment or until further orders.  Occupation: Doctor DIN: 02003319 Age: 54 years Nationality: Indian	Old ACS Bunglow, Kaliwadi Chauk, Near Vishesh Police Thana, Budhapara, Raipur, Chhattisgarh - 492001, India	November 15, 2021	<ul style="list-style-type: none"> <li>Samarpan Hospital Private Limited</li> </ul>	MoP Order No. 46/2/2010-RE (Vol.-II) (Part-4) dated November 15, 2021	No
<b>Dr. Manoj Manohar Pande</b> S/o Shri Manohar Vinayakrao Pande  Independent Director  Term: 3 years from the date of notification of appointment or until further orders.  Occupation: Doctor DIN: 09388430 Age: 50 years Nationality: Indian	Shinghaniya Nagar, Arni Road, Yavatmal, Maharashtra - 445001, India	November 15, 2021	-	MoP Order No. 46/2/2010-RE (Vol.-II) (Part-4) dated November 15, 2021	No
<b>Dr. Durgesh Nandini</b> W/o Shri Ramji Tiwari  Independent Director  Term: 3 years from the date of notification of appointment or until further orders.  Occupation: Educationist DIN: 09398540 Age: 51 years Nationality: Indian	Nikhil Nilyam, Near Khorabar Thana, Suba Bazar, Gorakhpur, Uttar Pradesh - 273010, India	December 30, 2021	-	MoP Order No. 46/2/2010-RE (Vol.-II) (Part-4) dated 27.12.2021 read with resolution passed by circulation on December 30, 2021	No

None of the current Directors of the Issuer appear in the RBI's defaulter list and/or Export Credit Guarantee Corporation's default list.

## 8.2 CORPORATE GOVERNANCE

The Issuer has generally been complying with the requirements of corporate governance as prescribed under the SEBI LODR. The Board of the Issuer at present, has a total of 8 (eight) directors, out of which 1 (one) is the Chairman and Managing Director, 2 (two) are whole time Directors, 1 (one) is nominee director of the Government of India, 1 (one) is nominee director of Power Finance Corporation Limited and 3 (three) are Independent Directors including a Woman Independent Director.

Being a Government company, the power to appoint Directors on the Board vests with the President of India acting through the administrative ministry, which is the Ministry of Power. As on date, the positions of the requisite number of Independent Directors are vacant. The Issuer has already requested the Ministry of Power, Government of India, i.e., the appointing authority, for appointment of requisite number of Directors and the matter is under consideration by the Ministry of Power.

## 8.3 DETAILS OF CHANGES IN DIRECTORS IN LAST 3 (THREE) YEARS

Name	DIN	Designation	Date of Appointment	Date of Completion of Tenure	Reason
Shri Ajeet Kumar Agarwal	02231613	Director (Finance) Held additional charge as CMD during March 6, 2019 to May 31, 2020.	August 1, 2012	May 31, 2020	Ceased to be CMD and Director (Finance) of REC with effect from June 1, 2020 due to superannuation.
Shri Aravamudan Krishna Kumar	00871792	Part-time non-official Independent Director	November 13, 2015	November 12, 2019	Ceased to be a Director with effect from November 13, 2019 on completion of tenure.
Prof. Tiruvallur Thattai Rammohan	00008651	Part-time non-official Independent Director	November 13, 2015	November 12, 2019	Ceased to be a Director with effect from November 13, 2019 on completion of tenure.
Smt. Asha Swarup	00090902	Part-time non-official Independent Director	February 8, 2017	February 7, 2020	Ceased to be a Director with effect from February 8, 2020 on completion of tenure.
Dr. Bhagvat Kisanrao Karad	00998839	Part-time non-official Independent Director	July 17, 2018	March 11, 2020	Ceased to be a Director with effect from March 12, 2020, as resigned due to personal reasons.
Shri Praveen Kumar Singh	03548218	Nominee Director – Power Finance Corporation Limited (PFC)	June 18, 2019	January 31, 2022	Ceased to be a Director with effect from February 1, 2022, as superannuated from the nominating authority (PFC).
Shri Mritunjay Kumar Narayan	03426753	Nominee Director – Government of India	September 2, 2019	November 5, 2020	Ceased to be a Director with effect from November 5, 2020 pursuant to MoP Order.
Shri Ajoy Choudhury	06629871	Director (Finance)	June 1, 2020	Continuing	Appointment pursuant to MoP Order.
Shri Sanjay Malhotra	00992744	Chairman & Managing Director	November 9, 2020	February 10, 2022 (F/N)	Ceased to be a Director with effect from February 10, 2022 (A/N) due to appointment as Secretary, Department of Financial Services.
Shri Tanmay Kumar	02574098	Government Nominee Director	November 5, 2020	September 7, 2021	Ceased to be a Director with effect from September 7, 2021 pursuant to MoP Order.
Shri Sanjeev Kumar Gupta	03464342	Director (Technical) Held additional charge as CMD during June 1, 2020 to November 8, 2020.	October 16, 2015	October 31, 2021	Ceased to be a Director with effect from November 1, 2021 due to superannuation.
Dr. Gambheer Singh	02003319	Independent Director	November 15, 2021	Continuing	Appointment pursuant to MoP Order.
Dr. Manoj Manohar Pande	09388430	Independent Director	November 15, 2021	Continuing	Appointment pursuant to MoP Order.
Dr. Durgesh Nandini	09398540	Independent Director	December 30, 2021	Continuing	Appointment pursuant to MoP Order read with resolution passed by circulation on December 30, 2021
Smt. Parminder Chopra	08530587	Nominee Director of Power Finance	February 4, 2022	Continuing	Appointment pursuant to MoP letter read with Board resolution dated

Name	DIN	Designation	Date of Appointment	Date of Completion of Tenure	Reason
		Corporation Limited (PFC)			February 4, 2022.
Shri Sudhir Kumar Gangadhar Rahate	05254178	Chairman & Managing Director (Additional Charge)	February 22, 2022	May 9, 2022	Ceased to be a Director with effect from May 10, 2022 on appointment as Secretary, Department of Justice, Ministry of Law & Justice
Shri Ravinder Singh Dhillon	00278074	Chairman & Managing Director (Additional Charge)	May 10, 2022	May 16, 2022	Ceased to be a Director with effect from May 17, 2022 due to appointment of Shri Vivek Kumar Dewangan in the position of CMD.
Shri Vivek Kumar Dewangan	01377212	Chairman & Managing Director	May 17, 2022	Continuing	Appointment pursuant to ACC communication no. 36/02/2022-EO (SM-I) dated May 13, 2022 and MoP Order No. 46/2/2019-RE dated May 18, 2022 read with joining documents.
Shri Vijay Kumar Singh	02772733	Director (Technical)	July 15, 2022	Continuing	Appointment pursuant to MoP Order No. 46/1/2022-RE (MOP) dated July 15, 2022.
Shri Vishal Kapoor	08700132	Government Nominee Director	September 7, 2021	September 14, 2022	Ceased to be a Director with effect from September 14, 2022 pursuant to MoP Order.
Shri Piyush Singh	07492389	Government Nominee Director	September 14, 2022	Continuing	Appointed pursuant to MoP Office Order No. 50/1/2019-RE dated September 14, 2022

## SECTION IX REGULATORY DISCLOSURES

### 9.1 INTERESTS OF DIRECTORS IN THE OFFER

Except as otherwise stated in “Financial Statements – Related Party Transactions” REC has not entered into any contract, agreements and arrangement during the 3 (three) financial years preceding the date of this Private Placement Offer Letter in which the Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts or agreements.

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them. Kindly refer to paragraph 9.4 of this Section IX “Regulatory Disclosures” below for details of remuneration paid to the Directors of REC.

Kindly refer to paragraph 11.6 of Section XI “Capital Structure” below for shareholding of the Directors in REC.

### 9.2 INTEREST OF KEY MANAGERIAL PERSONS OR PROMOTERS IN THE OFFER

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

The Promoter (i.e. PFC) may be deemed to be interested to the extent of shareholding held in the Issuer.

### 9.3 DETAILS OF ANY LITIGATION OR LEGAL ACTION PENDING OR TAKEN BY ANY MINISTRY DEPARTMENT OR OF THE GOVERNMENT OR A STATUTORY AUTHORITY AGAINST ANY PROMOTER OF THE ISSUER DURING THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF THE ISSUE OF THE PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

9.3.1 PFC may be involved in various legal proceedings including taxation related proceedings, before various courts and other forums in the ordinary course of business and may have received directions in this regard.

9.3.2 Since the GOI is a part of the Promoter Group of the Issuer, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the GOI or a statutory authority against the GOI during the last 3 (three) years.

### 9.4 REMUNERATION OF DIRECTORS

#### 9.4.1 Remuneration of Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid to the whole-time directors during April 1, 2022 to September 30, 2022:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.)##	Total (Rs.)
Shri Vivek Kumar Dewangan, IAS (MN: 1993), CMD ##### -w.e.f 17-05-2022 to Present	13,46,479	-	13,46,479
Shri Ravinder Singh Dhillon, CMD #### -w.e.f 10-05-2022 to 16-05-2022	-	-	-
Shri S.K.G. Rahate, IAS (JH:1990), CMD -w.e.f 22-02-2022 to 09-05-2022	-	-	-
Shri Ajoy Choudhury, Director (Finance) -w.e.f. 01-06-2020 to Present	55,23,137	3,20,251	58,43,388
Shri. V K Singh, Director (Tech) -w.e.f. 15-07-2022 to Present	22,66,092	1,38,797	24,04,890

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2021-22:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.)##	Total (Rs.)
Shri S.K.G. Rahate, CMD (w.e.f. February 22, 2022 to present)*****	-	-	-
Shri Sanjay Malhotra, CMD (w.e.f. November 09, 2020 to February 10, 2022)### Additional Charge of Director (Technical) (w.e.f. November 1, 2021 to January 31, 2022****)	32,21,518	67,492	32,89,010
Shri Sanjeev Kumar Gupta Director (Technical)*****(w.e.f. December 1, 2015 to October 31, 2021. Superannuated on October 31, 2021)	73,32,051	16,72,778	90,04,829
Shri Ajoy Choudhury, Director (Finance) (w.e.f. June 1, 2020 to present)	82,37,779	7,11,577	89,49,356

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2020-21:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.)##	Total (Rs.)
Shri Sanjay Malhotra, CMD (w.e.f. Nov 09, 2020)**	11,78,250	19,500	11,97,750
Shri Ajeet Kumar Agarwal, CMD/Director (Finance) (up to May 31, 2020)	41,50,960	10,15,148	51,66,108
Shri Sanjeev Kumar Gupta, CMD (June 1, 2020 to November 08, 2020) / Director (Technical)***	71,48,568	14,34,052	85,82,620
Shri Ajoy Choudhury, Director (Finance) (w.e.f. June 1, 2020) *	67,55,084	394,742	71,49,826

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2019-20:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.)##	Total (Rs.)
Shri Ajeet Kumar Agarwal, CMD/Director (Finance)	70,58,470	13,65,025	84,23,495
Shri Sanjeev Kumar Gupta, Director (Technical)	76,93,801	16,00,829	92,94,630

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2018-19:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.) ##	Total (Rs.)
Shri Ajeet Kumar Agarwal, CMD (w.e.f. March 6, 2019)/ Director (Finance)	67,75,921	14,07,350	81,83,271
Shri P.V. Ramesh, CMD (upto March 5, 2019)	29,34,000	6,942	29,40,942
Shri Sanjeev Kumar Gupta, Director (Technical)	67,56,012	14,87,401	82,43,413

Note to tables above:

# The above salaries and allowances are in accordance with section 17(1) of the I.T. Act, include allowances exempt under section 10 of the I.T. Act and employer contribution towards superannuation fund.

## This includes perquisites accordance with section 17(2) of the I.T. Act and employer share towards provident fund but excludes electricity, entertainment and house attendant payments, travel allowance related payments, exempt medical and uniform reimbursements, gratuity contribution paid by REC, based on an actuarial valuation to the REC gratuity fund.

\* Shri Ajoy Choudhury has been appointed as Director (Finance) with effect from June 1, 2020 and accordingly, the salary & allowances have been reported with effect from June 1, 2020.



\*\* Shri Sanjay Malhotra has been appointed as CMD with effect from November 9, 2020 and accordingly, the salary & allowances have been reported with effect from November 9, 2020.

\*\*\* Shri Sanjeev Kumar Gupta, Director (Technical), had taken the additional charge of CMD for the period June 1, 2020 to November 8, 2020.

\*\*\*\* Ministry of Power, Government of India Vide its order dated October 21, 2021 has assigned additional charge of Director (Technical) to Shri Sanjay Malhotra, CMD for a period of three months with effect from November 1, 2021 to January 31, 2022 or until further orders, whichever is earlier.

\*\*\*\*\* Shri Sanjeev Kumar Gupta, Director (Technical), superannuated from the services of the corporation on October 31, 2021 and ceased to be a Director on the Board of the Issuer.

\*\*\*\*\* In pursuance of Ministry of Power communication No. 46/02/2019- RE dated February 22, 2022, issued with the approval of Hon'ble Minister of Power, GOI Shri S.K.G. Rahate, IAS (JH:1990) has taken over the charge of Chairman and Managing Director, REC Ltd. w.e.f. February 22, 2022 (F/N) in addition to his current job responsibilities for a period of three months or until further orders, whichever is earlier.

### In pursuance of communication No. 36/01/2022-EO(SM-) dated February 8, 2022 issued by the Secretariat of the Appointments Committee of the Cabinet, Ministry of Personnel, Public Grievances and Pensions, Department of Personnel and Training notifying the appointment of Shri Sanjay Malhotra, IAS (RJ:90), Chairman and Managing Director, REC Ltd. as Secretary, Department of Financial Services, Ministry of Finance, Shri Sanjay Malhotra is relieved from the charge of CMD, REC Ltd. w.e.f. February 10, 2022 (A/N).

#### Pursuant to Ministry of Power Order N o.46/2/2019-RE dated 10.05.2022 conveying the decision of Hon'ble Minister of Power and New & Renewable Energy regarding Shri Ravinder Singh Dhillon, CMD ,PFC Ltd. to look after the work of CMD ,REC Ltd. in addition to his current post responsibilities w.e.f. 10.05.2022, Shri Ravinder Singh Dhillon has assumed the additional charge of Chairman & Managing Director ,REC Ltd. w.e.f. 10.05.2022 for a period of three months or until further orders , whichever is earlier.

##### In pursuance of communication no. 36/02/2022-EO (SM-I) dated 13.05.2022 of the sect. of the Appointments committee of the cabinet, ministry of personnel, public grievances and pensions, department of personnel and training, government of india regarding appointment of shri Vivek Kumar Dewangan, IAS (MN: 1993), additional secretary, ministry of power as Chairman and Managing Director, REC limited in the rank and pay of additional secretary to the Government of India, shri Vivek Kumar Dewangan, IAS (MN: 1993) has assumed the charge of chairman and managing director, REC Limited w.e.f. 17.05.2022(F/N).

#### 9.4.2 Remuneration of Part-time Non official Directors

Set forth below are the details of the sitting fees paid to Independent Directors during FY 2022-23 until September 30, 2022:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Dr. Gambheer Singh, Independent Director	2,40,000	4,80,000	7,20,000
2.	Dr. Manoj Manohar Pande, Independent Director	2,40,000	4,50,000	6,90,000
3.	Dr. Durgesh Nandini, Independent Director	2,40,000	3,00,000	5,40,000
	Total	7,20,000	12,30,000	19,50,000

Set forth below are the details of the sitting fees paid to Independent / Nominee Director during FY 2021-22:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Dr. Gambheer Singh, Independent Director	1,20,000	3,60,000	4,80,000
2.	Dr. Manoj Manohar Pande, Independent Director	1,20,000	3,30,000	4,50,000
3.	Dr. Durgesh Nandini, Independent Director	80,000	1,50,000	2,30,000
4.	Shri P K Singh, Nominee Director of PFC (ceased to be Director of the Company w.e.f. February 1, 2022)	3,60,000	4,20,000	7,80,000
5.	Smt. Parminder Chopra, Nominee Director of PFC (appointed w.e.f. February 4, 2022)*	--	--	--
	Total	6,80,000	12,60,000	19,40,000

\*No sitting fees is being paid to PFC Nominee Director since February, 2022 by REC for attending Board/ Committee(s) meeting of REC.

Set forth below are the details of the sitting fees paid to Independent / Nominee Director during FY 2020-21:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri P K Singh, Nominee Director of PFC	4,00,000	5,40,000	9,40,000
	Total	4,00,000	5,40,000	9,40,000

Set forth below are the details of the sitting fees paid to Independent / Nominee Directors during FY 2019-20<sup>#</sup>:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri A. Krishna Kumar	1,40,000	3,00,000	4,40,000
2.	Prof. T.T. Ram Mohan	1,40,000	2,00,000	3,40,000
3.	Smt. Asha Swarup	1,60,000	2,80,000	4,40,000
4.	Dr. Bhagvat Kisanrao Karad*	1,40,000	2,00,000	3,40,000
5.	Shri P K Singh, Nominee Director of PFC	1,80,000	0	1,80,000
	Total	7,60,000	9,80,000	17,40,000

\* An honorarium of Rs. 15,000/- was paid to Dr. B K Karad for attending a meeting of the departmental promotion committee held on February 24, 2020.

# The Board of Directors of the Issuer in its 466<sup>th</sup> meeting held on February 4, 2020 has revised the sitting fee, with immediate effect, as under:

- (i) For a Board Meeting from Rs. 20,000 to Rs. 40,000/- for each meeting.  
(ii) For a committee meeting from Rs. 20,000/- to Rs. 30,000/- for each meeting.  
The revised fee paid for Board meeting held on March 25, 2020.

Set forth below are the details of the sitting fees paid to Independent Directors during FY 2018-19:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri A. Krishna Kumar	3,00,000	4,40,000	7,40,000
2.	Prof. T.T. Ram Mohan	2,60,000	3,00,000	5,60,000
3.	Smt. Asha Swarup	3,00,000	3,60,000	6,60,000
4.	Dr. Bhagvat Kisanrao Karad	2,80,000	1,40,000	4,20,000
	Total	11,40,000	12,40,000	23,80,000

## 9.5 RELATED PARTY TRANSACTIONS

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

### FY 2022-21, 2020-21, and 2019-18

Details of amount due from or to the related parties:

(Rs.in Crores)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
<b>Power Finance Corporation Ltd.</b>			
Loan Repayable on Demand	-	3000.49	-
<b>RECPDCL</b>			
Debt Securities	57.44	57.44	10.44
Other Financial Assets	5.98	4.16	2.73
Other Financial Liabilities	6.10	5.57	3.77
<b>REC TPCL</b>			
Debt Securities	-	-	47
Other Financial Assets	-	-	1.26
<b>Post-employment Benefit Plan Trusts</b>			
Debt Securities	8.70	8.7	8.7
Debt Securities- Holding Company	19.90	19.9	19.9
Other financial liabilities- GOI Serviced Bonds	29.30	29.3	29.3
Other financial liabilities- Others	1.05	9	0.38
Other financial assets	-	-	4.21
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>			
Debt Securities	1.90	4.1	4.1
<b>Key Managerial Personnel</b>			

Debt Securities	0.16	0.15	0.1
Staff Loans & Advances	0.18	0.28	0.33
<b>Key Managerial Personnel of Ultimate Holding Company</b>			
Debt Securities	0.17	0.12	0.12
<b>REC Foundation</b>			
Other Non Financial Assets	1.20	1.54	0.92
<b>Companies in which Key Managerial Personnel are Directors</b>			
Debt Securities	-	-	-

Details of transactions with related parties:

(Rs.in Crores)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
<b>Power Finance Corporation Ltd.</b>			
Dividend Paid	1,269.22	1,143.44	1,143.44
Directors' Sitting Fee	0.08	0.10	0.02
Loan Repayable on Demand Raised	-	3,000.00	-
Finance Cost	14.47	0.49	-
<b>REC PDCL</b>			
Govt. funds disbursed	0.11	-	0.02
Apportionment of Employee Benefit and Other Expenses	19.97	8.96	7.37
Dividend Income	22.43	8.43	-
Rental Income	4.88	-	-
Finance Costs - Interest Paid	4.56	0.85	0.84
Other Expenses	12.45	7.98	9.68
<b>REC TPCL</b>			
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
<b>EESL</b>			
Investment in Equity	-	-	71.60
Dividend Income	-	-	2.10
<b>Post-employment Benefits Plan Trusts</b>			
Contributions made by the Company during the year	18.28	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	3.28	0.74	1.70
<b>Post-employment Benefits Plan Trusts of Holding Company</b>			
Redemption of the bonds of Company	2.20	-	-
Finance Costs - Interest Paid	0.38	0.38	0.33
<b>Key Managerial Personnel</b>			
Repayment/ Recovery of Staff Loans & Advances	0.10	-	-
Interest Income on Staff Loans	0.04	-	0.01
Finance Cost	0.02	0.01	0.02
Employee Benefits Expense - Managerial Remuneration	3.05	3.21	2.45
Directors' Sitting Fee	0.13	-	0.17
<b>Key Managerial Personnel of Ultimate Holding Company</b>			
Finance Cost	0.01	-	0.01
<b>REC Foundation</b>			
Payment towards Corporate Social Responsibility (CSR) Expenses	112.00	90.00	152.49
<b>Companies in which Key Managerial Personnel are Directors</b>			
Finance Cost	0.35	-	-
Dividend Income	4.13	-	-

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

There have been no inquiry, inspection or investigation initiated or conducted against the Issuer or its subsidiaries under the Companies Act or any previous company law in the last 3 (three) years immediately preceding the year of circulation of Private Placement Offer Letter. Further there was no prosecution filed, fines imposed, compounding of offences against the Issuer or its subsidiaries in the last 3 (three) years immediately preceding the year of circulation of Private Placement Offer Letter.

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

There has been no act of material fraud committed against the Issuer in the last 3 (three) years immediately preceding the year of circulation of Private Placement Offer Letter.

**9.8 ANY DEFAULT IN ANNUAL FILING OF THE ISSUER UNDER THE COMPANIES ACT AND THE RULES MADE THEREUNDER**

There has been no default in annual filing of the Issuer under the Companies Act and the rules made thereunder.

**9.9 NAME AND ADDRESS OF THE VALUER WHO PERFORMED VALUATION OF THE SECURITY OFFERED, AND BASIS ON WHICH THE PRICE HAS BEEN ARRIVED AT ALONG WITH REPORT OF THE REGISTERED VALUER, AND RELEVANT DATE WITH REFERENCE TO WHICH THE PRICE HAS BEEN ARRIVED AT**

Not applicable.

**9.10 CHANGE IN CONTROL, IF ANY, IN THE ISSUER THAT WOULD OCCUR SUBSEQUENT TO THE PRIVATE PLACEMENT OF DEBENTURES**

There will be no change in control in the Issuer pursuant to the private placement of the Bonds.

**9.11 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE ISSUER AND ITS FUTURE OPERATIONS**

As on the date of this Private Placement Offer Letter, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of the Issuer and its future operations.

**9.12 PROJECT COST AND MEANS OF FINANCING IN CASE OF FUNDING OF NEW PROJECT**

REC is in the business of on-lending to the power sector. Accordingly, the project costs of the relevant borrower(s) in the power sector is not relevant to REC.

**9.13 ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS/CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER/PROMOTERS, LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT ETC) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE NON-CONVERTIBLE SECURITIES**

There are no material events or development or change as on date of this Private Placement Offer Letter, which affects the Issue or an Eligible Investor's decision to invest / continue to invest in the Bonds.

#### 9.14 AUDITORS' QUALIFICATIONS

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

Financial Year	Auditors' qualifications, reservations and adverse remarks
2021-22	Nil
2020-21	Nil
2019-20	Nil
2018-19	Nil
2017-18	Nil

#### 9.15 IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT / LETTER WITH SIMILAR INTENT, A COPY OF THE SAME SHALL BE DISCLOSED. IN CASE SUCH DOCUMENT DOES NOT CONTAIN DETAILED PAYMENT STRUCTURE (PROCEDURE OF INVOCATION OF GUARANTEE AND RECEIPT OF PAYMENT BY THE INVESTOR ALONG WITH TIMELINES), THE SAME SHALL BE DISCLOSED IN THE OFFER DOCUMENT

Not Applicable as the Bonds are unsecured.

#### 9.16 PROJECT DETAILS: GESTATION PERIOD OF THE PROJECT; EXTENT OF PROGRESS MADE IN THE PROJECT; DEADLINES FOR COMPLETION OF THE PROJECT; THE SUMMARY OF THE PROJECT APPRAISAL REPORT (IF ANY), SCHEDULE OF IMPLEMENTATION OF THE PROJECT

Not applicable.

#### 9.17 DECLARATION

The Issuer confirms that the permanent account number of PFC and permanent account number of directors have been submitted to the stock exchange on which the Bonds are proposed to be listed, at the time of filing this Private Placement Offer Letter.

#### 9.18 GOVERNMENT APPROVAL UNDER THE FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) RULES, 2019, AS AMENDED, FOR INVESTMENT IN THE DEBENTURES

Not applicable.

#### 9.19 ANNUAL REPORTS

The annual reports of the Issuer for the last 3 (three) Financial Years are available at:  
<https://recindia.nic.in/annual-reports>

#### 9.20 REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD

Not applicable.

#### 9.21 OBJECTS OF THE ISSUE

Particulars	Percentage
To augment long-term resources of the Issuer for the purpose of carrying out its functions authorized under the object clause of the Memorandum of Association of the Issuer.	100%

## SECTION X RISK FACTORS

*The management of the Issuer believe that the following factors may affect the Issuer's ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. These risks may include, among others, business aspects, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Prospective Investors should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below, before making an investment in the Bonds. To obtain a complete understanding, prospective Investors should read this section in conjunction with the remaining sections of this Private Placement Offer Letter, as well as the other financial and statistical information contained in this Private Placement Offer Letter. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, the Issuer's business, results of operations and financial condition could suffer, the price of the Bonds could decline, and the Investor may lose all or part of their investment. More than one risk factor may have simultaneous effect with regard to the Bonds such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Bonds. The inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to them or which they may not currently be able to anticipate. The Investor must rely on its own examination of the Issuer and this Issue, including the risks and uncertainties involved. The Investor should carefully consider all the information in this Private Placement Offer Letter, including the risks and uncertainties described below before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that the Issuer currently faces. Additional risks and uncertainties not known to the Issuer or that it currently believes to be immaterial may also have an adverse effect on its business, prospects, results of operations and financial condition.*

### RISK RELATING TO BUSINESS OR INDUSTRY

1. The Issuer's business, and the industry in which it conducts its business, are dependent on the policies and support of the Government and the Issuer is susceptible to changes to such policies and the level of support we receive. If the changes in Government policies, are not in favour of the Issuer's business, then the same are likely to adversely affect its business, financial condition and results of its operations. A situation may occur where GoI may withdraw its support, tax incentives, etc., and can come up with the policies, regulations or laws which may be inconsistent with the Issuer's business objectives. Any such adverse change in policies of the GoI may affect the Issuer's business.
2. The Issuer has a significant concentration of outstanding loans to certain borrowers and if the loans to these borrowers become non-performing, the quality of the Issuer's asset portfolio may be adversely affected.
3. The Issuer's competitive efficiency is dependent on its ability to maintain a low and effective cost of funds; if it is unable to do so, it could have a material adverse effect on the Issuer's business, financial condition and results of operations.
4. The Issuer may face asset liability mismatches, which could affect its liquidity and consequently have a material and adverse effect on its business, financial performance and results of operations.
5. If the Issuer is unable to manage its growth effectively, its business and financial results could be adversely affected.
6. The Issuer is currently engaged in foreign currency borrowings and is likely to do so at increased levels in the future, which will expose the Issuer to fluctuations in foreign exchange rates and if it is unable to hedge the risk effectively, it could adversely affect the Issuer's business, financial condition and results of operations.
7. Any negative trends or financial difficulties, particularly among the borrowers and borrower groups to whom the Issuer has the greatest exposure, including state electricity boards and public sector undertakings, could increase the level of non-performing assets in its portfolio and that may make it unable to service its

outstanding indebtedness. Certain state electricity boards which were the Issuer's borrowers have been restructured and the Issuer may not have transferred liabilities related with loans to the newly formed entity, which may affect the Issuer's ability to enforce the applicable provisions of the original agreement.

8. The Issuer is involved in large number of litigations and any adverse decision in these cases may affect its financial conditions.
9. The Issuer may not have obtained sufficient security and collateral from its borrowers, or it may not be able to recover or enforce, or there may be a delay in recovering or enforcing, the expected value from any security and collateral which could have a material adverse effect on its business, financial condition and results of operations.
10. The Issuer is susceptible to the volatility in interest rates in its operations and therefore may be adversely affected due to the fluctuation in interest rates.
11. The Government, through PFC continues to exercise control over the Issuer, and therefore it can determine the outcome of shareholder voting and influence the Issuer's operations.
12. There may be challenges as a result of, or difficulties in realising the benefits of the acquisition by PFC, or any future merger of the Issuer with PFC's business and/or successfully integrating the Issuer's business with PFC's or (in the event of a merger) the merged business.
13. The Government may sell all or part of its shareholding in PFC, and/or PFC may sell all or part of its shareholding in the Issuer, which may result in a change in control of the Issuer.
14. Failure to manage any acquisition that the Issuer makes may cause its profitability to suffer.
15. An inability to develop or implement effective risk management policies and procedures could expose the Issuer to unidentified risks or unanticipated levels of risk.
16. The Issuer takes advantage of certain tax benefits available to it as a lending institution. If these tax benefits were reduced or are no longer available to the Issuer, it would adversely affect its profitability.
17. The Directors may have interests in companies/entities similar to the Issuer, which may result in a conflict of interest that may adversely affect future financing opportunity referrals and there can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.
18. The Issuer has entered and may enter into certain transactions with related parties, which may not be on an arm's length basis or may lead to conflicts of interest.
19. The Issuer is subject to restrictive covenants in the agreements entered into with certain banks and financial institutions for its borrowings, such as maintaining credit ratings, financial ratios, etc. Such restrictive covenants may restrict its operations or ability to expand and may adversely affect its business. Further non-compliance by the Issuer's borrowers to comply with terms and conditions such as security and insurance etc. will affect the Issuer's ability to recover the loan.
20. The escrow account mechanism for the payment obligations of the Issuer's state sector borrowers may not be effective, which may reduce its recourse in the event of defaulted loans and could have a material adverse effect on the Issuer's business, financial condition and results of operations.
21. The Issuer has granted loans to the private sector on a non-recourse or limited recourse basis, which may increase the risk of non-recovery and could expose us to significant losses.
22. The Issuer's contingent liabilities could adversely affect its financial condition.
23. The Issuer's cash flow reflects negative cash flows from operations in view of presentation of borrowings and lending in different categories. There is no assurance that such negative cash flow from operations shall not recur in future Fiscal periods and in case it recurs then it may adversely affect the Issuer's business.



24. The Issuer's success depends largely upon its management team and skilled personnel. The Issuer's ability to attract and retain such persons and disassociation of its key personnel could adversely affect its business and ability to pursue growth strategies.
25. The Issuer's borrowers' insurance of assets may not be adequate to protect these borrowers against all potential losses to which they may be subject, which could affect the Issuer's ability to recover the loan amounts due to the Issuer from these borrowers.
26. The power sector financing industry is becoming increasingly competitive and the Issuer's profitability and growth will depend on its ability to compete effectively and maintain a low effective cost of funds so as to maintain its interest income and grow its portfolio of assets.
27. Power projects carry certain risks that, to the extent they materialize, could adversely affect the Issuer's business, financial condition and results of operations.
28. Negative trends in the Indian power sector or the Indian economy could adversely affect the Issuer's business, financial condition and results of operations.
29. Material changes in the regulations that govern the Issuer and its borrowers could cause the Issuer's business to suffer.
30. The Issuer may fail to obtain certain regulatory approvals in the ordinary course of its business in a timely manner or at all, or to comply with the terms and conditions of its existing regulatory approvals and licences, which may have a material adverse effect on the continuity of the Issuer's business and may impede its effective operations in the future and may affect the Bonds.
31. The Issuer has been granted exemption from the applicability of certain prudential norms by the RBI. The Issuer cannot assure Eligible Investors that such exemption shall continue to be granted by the RBI which may affect the Issuer's business.
32. There are a number of legal and tax-related proceedings involving the Issuer. Any unfavourable development in these proceedings or in other proceedings in which the Issuer becomes involved could have a material adverse effect on the Issuer's business, financial condition and results of operation.
33. The Issuer is subject to stringent labour laws and trade union activity and any work stoppage could have an adverse material effect on its business, financial condition and results of operations.
34. Some of the Issuer's immovable properties may have certain irregularities in title, as a result of which its operations may be impaired.
35. The Issuer has invested in debt instruments that may carry interest at a lower rate than the prevailing market rate.
36. Changes in legislation or policies applicable to the Issuer could adversely affect its results of operations.
37. The Issuer's insurance may not be adequate to protect it against all potential losses to which it may be subject.
38. Any cross default of financial indebtedness may trigger payment to all other borrowings made by the Issuer, thereby adversely affecting the liquidity position of the Issuer, and which may adversely affect its financial condition.
39. Any downgrading of the Issuer's debt rating or India's sovereign rating by a credit rating agency could have a negative impact on the Issuer's business.
40. If the level of credit impaired assets or non-performing assets in the Issuer's loan portfolio were to increase, the Issuer's financial condition would be adversely affected.



41. Power projects carry various project specific and general risk, which are beyond control of the Issuer including non-conversion of letter of assurance or memorandum of understanding by coal suppliers into binding fuel supply agreement, delays in development of captive coal mines, adverse changes in demand for, or the price of, power generated or distributed by the projects to which the Issuer lends, the willingness and ability of consumers to pay for the power produced by projects to which the Issuer lends, increased cost due to environmental changes, etc. Any adverse change in such conditions may affect the Issuer's business.
42. The Issuer may in the future conduct additional business through joint ventures and strategic partnerships, exposing it to certain regulatory and operating risks.
43. The Issuer may not be in compliance with certain regulations such as corporate governance, etc., and the same may result in imposition of penalties.
44. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Issuer. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.
45. The Issuer may have a risk of prepayment penalty in respect of its financial indebtedness.
46. The security of the Issuer's information technology systems may fail and adversely affect its business, operations, financial condition and reputation.
47. This Placement Memorandum includes certain unaudited financial information, which has been subject to limited review, in relation to the Issuer. Reliance on such information should, accordingly, be limited.

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

1. There has been only limited trading in these Bonds. Further, there is no guarantee that these Bonds will be listed on the stock exchanges in a timely manner or at all.
2. The Issuer's ability to pay Coupon and Redemption Amounts depends on variety of factors including its financial conditions, Indian and global market conditions, event of bankruptcy, winding up and liquidation. The Issuer cannot assure Eligible Investors of payment of Coupon or Redemption Amount in a timely manner or at all.
3. No debenture redemption reserve is envisaged against the Bonds being issued under the terms of this Private Placement Offer Letter. In absence of a debenture redemption reserve, the Eligible Investors may find it difficult to recover their money.
4. Any down grading in rating of bonds will affect the prices of these Bonds.

#### **EXTERNAL RISK FACTORS**

1. A slow-down in economic growth of India including due to the COVID-19 pandemic, shortages in the supply of crude oil, natural gas or coal, political instability, labour unrest, strikes, or changes in the government, international financial regulations, natural calamity, pandemic, epidemic, act of terrorism, war, riot etc. may affect the Issuer's business. Any adverse change in such conditions may result in difficulties in obtaining funding on attractive terms.
2. Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial terms at which such financing is available to the Issuer.
3. The Indian capital market is developing and maturing at good pace and the same may cause a shift in the pattern of power sector financing. In case the Issuer's borrowers start directly accessing the market, it may affect the Issuer's business.

## SECTION XI CAPITAL STRUCTURE

### 11.1 DETAILS OF SHARE CAPITAL AS AT LAST QUARTER END

The equity share capital of the Issuer, as at the Quarter End dated December 31, 2022, is set forth below:

(Rs.in Crores, except share data)

	Aggregate value at nominal value
<b>A) AUTHORISED SHARE CAPITAL</b>	
500,00,00,000 Equity Shares of face value of Rs.10/- each	5,000.00
<b>B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>	
197,49,18,000 Equity Shares of face value of Rs.10/- each fully paid up	1,974.92
<b>C) SECURITIES PREMIUM ACCOUNT</b>	2,236.54

**Note:** Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid-up Equity Share capital or share premium account of the Issuer after the offer.

### 11.2 CHANGES IN THE CAPITAL STRUCTURE FOR LAST 3 (THREE) YEARS AT THE QUARTER END DATED DECEMBER 31, 2022

There is no change in the capital structure of the Issuer for the last 3 (three) years, as on Quarter End dated December 31, 2022.

However, the Board of Directors, in its meeting held on June 30, 2022 had recommended the issue of bonus shares in the ratio 1:3 i.e. 1 (one) bonus Equity Share of Rs. 10 (Rupees Ten) each fully paid-up for every 3 (three) existing Equity Shares of Rs. 10 (Rupees Ten) each fully paid-up. On August 9, 2022, the shareholders of the Company approved the issuance of bonus shares in the ratio 1:3 (at a face value of Rs. 10 per equity share) and the Company declared August 18, 2022 as the record date for determining the eligibility of shareholders for allotment of the bonus shares. The dispatch of physical share certificates/credit of bonus Equity Shares was completed within 2 (two) months of approval of the Board.

### 11.3 EQUITY SHARE CAPITAL HISTORY OF THE COMPANY, FOR THE LAST THREE YEARS

There is no change in the capital structure of the Issuer for the last 3 (three) years, as on Quarter End dated December 31, 2022.

Date of Issue/ allotment	No. of Equity Shares issued by the Issuer	Face Value (Rs.)	Issue price (Rs.)	Nature for allotment	Consideration in Cash/ other than cash	Cumulative number of Equity Shares	Cumulative Share Premium	Equity Share Capital issued by the Issuer (Rs.)	Cumulative Equity Share Capital (Rs.)
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

The Issuer has issued bonus shares in the ratio 1:1 to the shareholders of the Issuer on September 30, 2016. Further, the Board of Directors, in its meeting held on June 30, 2022 had recommended the issue of bonus shares in the ratio 1:3 i.e. 1 (one) bonus Equity Share of Rs. 10 (Rupees Ten) each fully paid-up for every 3 (three) existing Equity Shares of Rs. 10 (Rupees Ten) each fully paid-up. On August 9, 2022, the shareholders of the Company approved the issuance of bonus shares in the ratio 1:3 (at a face value of Rs. 10 per equity share) and the Company had declared August 18, 2022 as the record date for determining the eligibility of shareholders for allotment of the bonus shares.

### 11.4 ACQUISITION OR AMALGAMATION IN THE LAST 1 (ONE) YEAR

The Issuer has not undertaken any acquisition or amalgamation in the last 1 (one) year prior to filing of this Private Placement Offer Letter.

### 11.5 DETAILS OF REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 (ONE) YEAR

The Issuer has not undergone any reorganization or reconstruction in the last 1 (one) year prior to issue of this Private Placement Offer Letter.

**11.6 EXCEPT AS SET FORTH BELOW, NONE OF THE DIRECTORS HOLD ANY EQUITY SHARES IN THE ISSUER AS ON SEPTEMBER 30, 2022**

Shri Ajoy Choudhury - 1,200 Equity Shares\*

\*As on the date of this Private Placement Offer Letter, Shri Ajoy Choudhury holds 1600 Equity Shares.

**11.7 SHAREHOLDING PATTERN AS AT THE QUARTER ENDED SEPTEMBER 30, 2022**

There will be no change in the shareholding pattern of the Issuer pursuant to the Issue of Bonds. The table below represents the shareholding pattern of the Issuer as on Quarter ended September 30, 2022:



Table I - Summary Statement Holding of Specified Securities

Category	Category of Shareholder	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)	
(A)	Promoter & Promoter Group	1	1385993662	0	0	1385993662	52.63	1385993662	0	1385993662	52.63	0	52.63	0	0.00	0	0.00	1385993662
(B)	Public	520506	1247230338	0	0	1247230338	47.37	1247230338	0	1247230338	47.37	0	47.37	0	0.00	NA	NA	1247199178
(C)	Non Promoter-Non Public																	
(C 1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C 2)	Shares held by Employees Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total:	520507	2633224000	0	0	2633224000	100.00	2633224000	0	2633224000	100.00	0	100.00	0	0.00	0	0.00	2633192840

Table II - Statement showing Shareholding Pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV + V + VI)	Shareholding as a % of total no. of shares (calculated as per SEBI, 1957 (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total							
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)			(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian																	
(a)	Individuals/Hindu undivided Family		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(b)	Central Government/State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
	President OF India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(c)	Financial Institutions/Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(d)	Any Other		1	1385993662	0	0	1385993662	52.63	1385993662	0	1385993662	52.63	0	52.63	0	0.00	0	0.00
	POWER FINANCE CORPORATION LTD	AAACP1570H	1	1385993662	0	0	1385993662	52.63	1385993662	0	1385993662	52.63	0	52.63	0	0.00	0	0.00
	<b>Sub-Total (A)(1)</b>		<b>1</b>	<b>1385993662</b>	<b>0</b>	<b>0</b>	<b>1385993662</b>	<b>52.63</b>	<b>1385993662</b>	<b>0</b>	<b>1385993662</b>	<b>52.63</b>	<b>0</b>	<b>52.63</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
(2)	Foreign																	
(a)	Individuals (Non-Resident Individuals/Foreign Individuals		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
	<b>Sub-Total (A)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>		<b>1</b>	<b>1385993662</b>	<b>0</b>	<b>0</b>	<b>1385993662</b>	<b>52.63</b>	<b>1385993662</b>	<b>0</b>	<b>1385993662</b>	<b>52.63</b>	<b>0</b>	<b>52.63</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

Table III - Statement showing Shareholding Pattern of the Public Shareholders

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV + V + VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form		Sub-categorization of shares		
									No of Voting Rights			Total as a % of (A+B+C2)		No.	As a % of total Shares held	No.	As a % of total Shares held			Shareholding (No. of shares) under		
									Class X	Class Y	Total									Subcategory y (i)	Subcategory y (ii)	Subcategory y (iii)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(XV)	(XVI)	(XVII)	(XVIII)	(XIX)	(XX)	(XXI)	(XXII)	(XXIII)
(1)	Institutions (Domestic)																					
(1a)	Mutual Funds		21	208949809	0	0	208949809	7.94	208949809	0	208949809	7.94	0	7.94	0	0.00	NA	NA	208949809	0	0	0
	HDPC TRUSTEE COMPANY LIMITED-HDPC FLEXI CAP FUND	AAATH1809 A	1	182775961	0	0	182775961	6.94	182775961	0	182775961	6.94	0	6.94	0	0.00	NA	NA	182775961	0	0	0
(b)	Venture Capital Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Alternate Investment Funds		1	10262	0	0	10262	0.00	10262	0	10262	0.00	0	0.00	0	0.00	NA	NA	10262	0	0	0
(d)	Banks		4	1919784	0	0	1919784	0.07	1919784	0	1919784	0.07	0	0.07	0	0.00	NA	NA	1919784	0	0	0
(e)	Insurance Companies		14	101266494	0	0	101266494	3.85	101266494	0	101266494	3.85	0	3.85	0	0.00	NA	NA	101266494	0	0	0
	LICI CHILD FORTUNE PLUS GROWTH FUND	AAACL0582H	1	70235478	0	0	70235478	2.67	70235478	0	70235478	2.67	0	2.67	0	0.00	NA	NA	70235478	0	0	0
(f)	Provident Funds/Pension Funds		1	2457786	0	0	2457786	0.09	2457786	0	2457786	0.09	0	0.09	0	0.00	NA	NA	2457786	0	0	0
(g)	Asset Reconstruction Companies		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(h)	Sovereign Wealth Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(i)	NBFC Registered with RBI		4	7674	0	0	7674	0.00	7674	0	7674	0.00	0	0.00	0	0.00	NA	NA	7674	0	0	0
(j)	Other Financial Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(k)	Any Other																					
	Sub Total (B)(1)		45	314611809	0	0	314611809	11.95	314611809	0	314611809	11.95	0	11.95	0	0.00	NA	NA	314611809	0	0	0
(2)	Institutions (Foreign)																					
(2a)	Foreign Direct Investment		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	Foreign Venture Capital		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Sovereign Wealth Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(d)	Foreign Portfolio Investors Category I		344	615788423	0	0	615788423	23.39	615788423	0	615788423	23.39	0	23.39	0	0.00	NA	NA	615788423	0	0	0
	THE PRUDENTIAL ASSURANCE COMPANY LIMITED	AACCP0514H	1	30293785	0	0	30293785	1.15	30293785	0	30293785	1.15	0	1.15	0	0.00	NA	NA	30293785	0	0	0
	THE WINDACRE PARTNERSHIP MASTER FUND LP	AAHAT8121F	1	114497333	0	0	114497333	4.35	114497333	0	114497333	4.35	0	4.35	0	0.00	NA	NA	114497333	0	0	0
(e)	Foreign Portfolio Investors Category II		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(f)	Overseas Depositories (holding DRs) (balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(g)	Any Other																					
	FOREIGN INSTITUTIONAL INVESTORS		1	487705	0	0	487705	0.02	487705	0	487705	0.02	0	0.02	0	0.00	NA	NA	487705	0	0	0
	FOREIGN PORTFOLIO INVESTORS		1	800	0	0	800	0.00	800	0	800	0.00	0	0.00	0	0.00	NA	NA	800	0	0	0
	Sub Total (B)(2)		346	616276928	0	0	616276928	23.40	616276928	0	616276928	23.40	0	23.40	0	0.00	NA	NA	616276928	0	0	0
(3)	Central Government/State Government/s/President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(4)	Central Government / President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(5)	State Government / Governor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter		2	1082812	0	0	1082812	0.04	1082812	0	1082812	0.04	0	0.04	0	0.00	NA	NA	1082812	0	0	0
	Sub Total (B)(3)		2	1082812	0	0	1082812	0.04	1082812	0	1082812	0.04	0	0.04	0	0.00	NA	NA	1082812	0	0	0
(4)	Non-Institutions																					
(a)	Associate companies / Subsidiaries		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(b)	Directors and their relatives (excluding independent directors and nominee directors)		1	1600	0	0	1600	0.00	1600	0	1600	0.00	0	0.00	0	0.00	NA	NA	1600	0	0	0
(c)	Key Managerial Personnel		1	4322	0	0	4322	0.00	4322	0	4322	0.00	0	0.00	0	0.00	NA	NA	4322	0	0	0
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(f)	Investor Education and Protection Fund (IEPF)		1	174370	0	0	174370	0.01	174370	0	174370	0.01	0	0.01	0	0.00	NA	NA	174370	0	0	0
(g)	Resident Individuals holding nominal share capital up to Rs. 2 lakhs		499382	200154946	0	0	200154946	7.60	200154946	0	200154946	7.60	0	7.60	0	0.00	NA	NA	200154946	0	0	0
(h)	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs		924	55946845	0	0	55946845	2.12	55946845	0	55946845	2.12	0	2.12	0	0.00	NA	NA	55946845	0	0	0
(i)	Non-Resident Indians (NRIs)		6354	11868579	0	0	11868579	0.45	11868579	0	11868579	0.45	0	0.45	0	0.00	NA	NA	11868579	0	0	0
(j)	Foreign Nationals		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(k)	Foreign Companies		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0	0	0	0
(l)	Bodies Corporate		1466	27924268	0	0	27924268	1.06	27924268	0	27924268	1.06	0	1.06	0	0.00	NA	NA	27924268	0	0	0
(m)	Any Other																					
	CLEARING MEMBERS		142	2682511	0	0	2682511	0.10	2682511	0	2682511	0.10	0	0.10	0	0.00	NA	NA	2682511	0	0	0
	HUF		11706	14827614	0	0	14827614	0.56	14827614	0	14827614	0.56	0	0.56	0	0.00	NA	NA	14827614	0	0	0
	TRUSTS		46	1673734	0	0	1673734	0.06	1673734	0	1673734	0.06	0	0.06	0	0.00	NA	NA	1673734	0	0	0
	Sub Total (B)(4)		520113	315258789	0	0	315258789	11.97	315258789	0	315258789	11.97	0	11.97	0	0.00			315258789	0	0	0
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)		520566	124723033	0	0	124723033	47.37	124723033	0	124723033	47.37	0	47.37	0	0.00			1247199178	0	0	0



Table IV - Statement showing Shareholding Pattern of the Non Promoter - Non Public Shareholder

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Underlying Depository Receipts	Total No of Shares Held (IV+V+VI)	Shareholding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities			No of Shares Underlying Outstanding convertible securities (Including Warrants)	Shareholding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting Rights			Total as a % of (A+B+C)		No.	As a % of total Shares held	No.	As a % of total Shares held		
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)			(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)			
(1)	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	Employee Benefit Trust (under SEBI/Share based Employee Benefit) Regulations 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00			0



**11.8 TOP TEN SHAREHOLDERS OF THE ISSUER AND THE NUMBER OF EQUITY SHARES HELD BY THEM, AS ON THE QUARTER END DATED SEPTEMBER 30, 2022**

Sr. No.	Name of shareholder	No. of Equity Shares held*	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of the total number of Equity Shares
1.	POWER FINANCE CORPORATION LTD	1385993662	1385993662	52.6349%
2.	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	182775961	182775961	6.9411%
3.	THE WINDACRE PARTNERSHIP MASTER FUND LP	114497333	114497333	4.3482%
4.	LIFE INSURANCE CORPORATION OF INDIA	70235478	70235478	2.6673%
5.	THE PRUDENTIAL ASSURANCE COMPANY LIMITED	30293785	30293785	1.1504%
6.	INDIA CAPITAL FUND LIMITED	20568034	20568034	0.7811%
7.	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	18760080	18760080	0.7124%
8.	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES	17192452	17192452	0.6529%
9.	HDFC LIFE INSURANCE COMPANY LIMITED	16666666	16666666	0.6329%
10.	CIM INVESTMENT FUND ICAV	13299999	13299999	0.5051%
	<b>Total</b>	1870283450	1870283450	71.0263%

\*PAN based shareholding.

## SECTION XII FINANCIAL INDEBTEDNESS

### 12.1 RESOURCE MOBILISATION

As on September 30, 2022, the Issuer had total outstanding borrowing of Rs. 3,38,250.02 Crores. The following table sets forth the Issuer's indebtedness classified by Rupee-denominated and foreign currency-denominated sources and the percentages such resources constituting the total indebtedness as on March 31, 2022, 2021, and 2020. The Rupee equivalents of foreign currency-denominated debts (other than those that are already fully hedged) are translated with reference to rates of exchange prevailing as at the end of all the periods indicated.

(All figures are in (Rs.) Crores, except percentages)

Resource Denomination	As on September 30, 2022		As on March 31					
			2022		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Rupee	2,56,290.11	75.77%	251,031.92	76.80%	2,69,695.47	83.62%	2,28,364.25	81.64%
Foreign currency	81,959.91	24.23%	75812.36	23.20%	52,815.53	16.38%	51,351.66	18.36%
Total	3,38,250.02	100.00%	326,844.28	100%	3,22,511	100%	2,79,715.91	100%

### 12.2 DOMESTIC BORROWINGS

(All figures are in (Rs.) Crores, except in percentages)

Rupee Denominated	As on September 30, 2022		As on March 31					
			2022		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Taxable bonds	1,46,581.90	57.19%	152,692.30	60.83%	179989.3	66.74%	158148.26	69.25%
54EC Capital Gain Tax Exemption bonds	31,058.32	12.12%	25,437.67	10.13%	18121.59	6.72%	21976.13	9.62%
Infrastructure bonds	3.96	0.00%	3.96	0.00%	11.07	0.00%	16.45	0.01%
Tax-free bonds	11,808.74	4.61%	11,808.74	4.70%	12648.41	4.69%	12648.41	5.54%
Term loans	63,942.19	24.95%	59,678.33	23.77%	45738.58	16.96%	29900	13.09%
Commercial paper	0.00	0.00%	0.00	0.00%	0	0.00%	2925	1.28%
Working Capital Demand Loan	2,895.00	1.13%	1,410.93	0.56%	13186.52	4.89%	2750	1.20%
Total	2,56,290.11	100.00%	251,031.92	100.00%	269695.47	100%	228364.25	100%

### 12.3 DISCLOSURES SET OUT IN ANNEXURE V AS ON SEPTEMBER 30, 2022

- Details of secured loan facilities;
- Details of unsecured loan facilities;
- Details of non-convertible securities;
- The amount of corporate guarantee issued by the issuer along with the name of the counter party on behalf of whom it has been issued;
- Details of commercial paper;
- Working capital demand loan from banks;
- Short term loan from banks;
- FCNR(B) loans from banks;
- Details of rest of the borrowings (if any including hybrid debt like FCCB, optionally convertible debentures/preference shares);
- List of top ten debenture holders of the Issuer;
- Details of any outstanding borrowings taken or debt securities issued where taken or issued for consideration other than cash, whether in whole or part, at a premium or discount, or in pursuance of an option.

**12.4 DETAILS OF ALL DEFAULT/S AND/OR DELAY IN PAYMENTS OF STATUTORY DUES, INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER, IN THE PAST 3 (THREE) YEARS, UPTO DECEMBER 31, 2022**

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

## SECTION XIII FINANCIAL INFORMATION

### 13.1 FINANCIAL INDICATORS (ON STANDALONE BASIS)

(All figures are in (Rs.) Crores, except percentages)

Particulars	As on/for the half- year ended 30.09.2022 (Un-Audited) IND-AS	As on/for the year ended 31.03.2022 (Audited) IND-AS	As on/for the year ended 31.03.2021 (Audited) IND-AS	As on/for the year ended 31.03.2020 (Audited) IND-AS
<b>BALANCE SHEET</b>				
Net Fixed assets*	626.57	633.99	602.66	450.19
Current assets	-	42,265.44	40,274.67	35,880.23
Non-current assets	-	367,513.18	359,355.86	310,157.17
<b>Total assets</b>	<b>424,444.39</b>	<b>410,412.61</b>	<b>400,233.19</b>	<b>346,487.59</b>
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	-	189,994.14	192,270.72	171,402.58
Non-Current Liabilities Financial borrowings, trade payables, and other financial liabilities	-	108230.97	82,107.14	63,777.23
Provisions (non current)	-	47.51	41.32	38.7
Deferred tax liabilities (net)	-	Nil	Nil	Nil
Other non-current liabilities	-	7083.01	7,452.68	5,921.04
Current Liabilities (including maturities of long-term borrowings)	-	29639.43	45,057.34	48,574.64
Current Liabilities Financial borrowings, trade payables, and other financial liabilities	-	23996.46	29,343.33	21,329.08
Provisions	-	57	62.64	67.81
Current tax liabilities (net)	73.91	10.25	10.62	Nil
Other current liabilities	-	368.24	461.03	299.95
Equity (equity and other equity)	53456.94	50,985.60	43426.37	35076.56
<b>Total equity and liabilities</b>	<b>424444.39</b>	<b>410412.61</b>	<b>400,233.19</b>	<b>346,487.59</b>
<b>PROFIT AND LOSS</b>				
Total revenue from operations	19399.9	39132.49	35387.89	29765.21
Other income	17.16	97.96	22.55	63.92
Total Expenses	13048.48	26805.55	24654.31	22845.84
Total comprehensive income	3689.83	9986.85	8818.3	4336.37
Profit / loss	6368.58	12,424.90	10756.13	6983.29
Other comprehensive income	-1485.81	-59.07	456.52	-549.79
Profit / loss after tax	5175.64	10045.92	8361.78	4886.16
Earnings per equity share: (a) basic; and (b) diluted:				
Continuing operations	19.66	50.87	42.34	24.74
Total Continuing and discontinued operations	19.66	50.87	42.34	24.74
<b>CASH FLOW</b>				
Net cash generated from operating activities	-5889.17	-3962.66	-43,520.42	-32,448.26
Net cash used in / generated from investing activities	-189.32	-210.32	863.83	-135.73
Net cash used in financing activities	8327.38	3158.89	42119.05	33919.08
Cash and cash equivalents	126.4	1,140.49	1,678.03	342.94
Balance as per statement of cash flows	2375.28	126.40	1,140.49	1,678.03
<b>ADDITIONAL INFORMATION</b>				
Net worth	53456.94	50,985.60	43426.37	35076.56
Cash and Cash Equivalents and Other bank Balances	4510.9	2,421.70	3069.55	3699.99
Current Investments	-	61.28	37.28	1,500.62
Assets Under Management (Loan Asset)	380964.43	371,930.54	365261.49	312083.5
Off Balance Sheet Assets	Nil	Nil	Nil	Nil
Total Debts to Total assets	80%	80%	82.40%	82.64%
Debt Service Coverage Ratios	NA	NA	NA	NA
Interest Income	19062.07	38186.46	34683.78	29663.07
Interest Expense	11105.36	22052.91	21489.08	18997.05
Interest service coverage ratio	-	1.56	1.50	1.37
Provisioning & Write-offs	-	3473.31	2419.62	889.56
Bad debts to Account receivable ratio	NA	NA	NA	NA
Gross NPA (%)	4.03%	4.45%	4.84%	6.59%
Net NPA (%)	1.24%	1.45%	1.71%	3.32%
Tier I Capital Adequacy Ratio (%)	-	19.58%	16.31%	13.17%
Tier II Capital Adequacy Ratio (%)	-	4.03%	3.41%	2.89%

\*Net Fixed Asset = Property, Plant and Equipment + Capital Work in Progress + Intangible Assets Under Development + Other Intangible Assets

\*\* Figures related to current and non-current classification is not applicable to the Issuer as it is preparing its financial statements in compliance with division III of Schedule III of Companies Act.

### 13.2 FINANCIAL INDICATORS (ON CONSOLIDATED BASIS)

(All figures are in (Rs.) Crores, except percentages)

Particulars	As on/for the half-year ended 30.09.2022 (Un-Audited) IND-AS	As on/for the year ended 31.03.2022 (Audited) IND-AS	As on/for the year ended 31.03.2021 (Audited) IND-AS	As on/for the year ended 31.03.2020 (Audited) IND-AS
<b>BALANCE SHEET</b>				
Net Fixed assets*	626.86	634.39	603.29	454.18
Current assets	-	42,578.58	40,803.76	36,313.47
Non-current assets	-	367,647.12	359,459.82	310,262.43
<b>Total assets</b>	<b>425097.87</b>	<b>410,860.09</b>	<b>400,866.87</b>	<b>347,030.08</b>
Non-Current Liabilities (including maturities of long-term borrowings and short term borrowings)	-	189,936.70	192,213.28	171,345.14
Non-Current Financial borrowings, trade payables, and other financial liabilities	-	108,232.30	82,108.47	63,779.55
Provisions	-	48.07	42.03	39.13
Deferred tax liabilities (net)	-	Nil	Nil	Nil
Other non-current liabilities	-	7,083.27	7,452.94	5,921.46
Current Liabilities (including maturities of long-term borrowings)	-	29,637.91	45,055.83	48,573.11
Financial (borrowings, trade payables, and other financial liabilities)	-	24,127.93	29,682.75	21,599.47
Provisions	-	57.60	62.65	67.96
Current tax liabilities (net)	73.91	10.25	14.4	-
Other current liabilities	-	411.96	470.59	307.83
Equity (equity and other equity)	53,796.08	51,314.10	43,763.93	35,396.43
<b>Total equity and liabilities</b>	<b>425097.87</b>	<b>410,860.09</b>	<b>400,866.87</b>	<b>347,030.08</b>
<b>PROFIT AND LOSS</b>				
Total revenue From operations	19,453.44	39,269.05	35,552.68	29,903.93
Other income	16.62	70.15	22.72	77.27
Total Expenses	13,083.85	26,896.86	24,793.84	22,960.36
Total comprehensive income	3,700.47	9,977.80	8836	4,418.42
Profit / loss	6,386.21	12,430.53	10,779.59	7,029.98
Other comprehensive income	-1,485.81	-57.90	457.76	-553.85
Profit / loss after tax	5,186.28	10,035.70	8,378.24	4,972.27
Earnings per equity share: (a) basic; and (b) diluted:				
Continuing operations	19.70	50.82	42.42	25.18
Total Continuing and discontinued operations	19.70	50.82	42.42	25.18
<b>CASH FLOW</b>				
Net cash generated from operating activities	-5,875.69	-3,909.68	-43,512.33	-32,441.57
Net cash used in / generated from investing activities	-195.15	-287.46	860.52	-148.91
Net cash used in financing activities	8,327.38	3,158.89	42,113.34	33,926.2
Cash and cash equivalents (beginning of the period)	140.99	1,179.24	1,717.71	381.99
Balance as per statement of cash flows	2,397.53	140.99	1,179.24	1,717.71
<b>ADDITIONAL INFORMATION</b>				
Net worth	53,796.08	51,314.10	43,763.93	35,397.11
Cash and Cash Equivalents and Other bank Balances	4958.74	2,659.95	3,402.82	3,699.99
Current Investments	-	62.11	38.10	1,501.45
Assets Under Management	380,964.43	371,930.54	365,261.49	312,083.5
Off Balance Sheet Assets	Nil	Nil	Nil	Nil
Total Debts to Total assets	80%	80%	82.25%	82.50%
Debt Service Coverage Ratios	NA	NA	NA	NA
Interest Income	19,066.18	38,194.49	34,693.95	29,671.78
Interest Expense	11,103.17	22,050.96	21,489.05	18,991.3
Interest service coverage ratio	-	1.56	1.5	1.37
Provisioning & Write-offs	-	3,470.02	2,445.94	919.49
Bad debts to Account receivable ratio	NA	NA	NA	NA
Gross NPA (%)	4.03%	4.45%	4.84%	6.59%
Net NPA (%)	1.24%	1.45%	1.71%	3.32%
Tier I Capital Adequacy Ratio (%)	-	19.58%	16.31%	13.17%
Tier II Capital Adequacy Ratio (%)	-	4.03%	3.41%	2.89%

\*Net Fixed Asset = Property, Plant and Equipment + Capital Work in Progress + Intangible Assets Under Development + Other Intangible Assets

\*\*Figures related to current and non-current classification is not applicable to the Issuer as it is preparing its financial statements in compliance with division III of Schedule III of Companies Act.

### 13.3 OTHER FINANCIAL PARAMETERS

Particulars	FY 2021-2022	FY 2020-2021	FY 2019-2020
Dividend declared (As %age of face value)	153%	127%	110%
Interest coverage ratio (times)	1.56	1.50	1.37

### 13.4 COLUMNAR FINANCIAL STATEMENTS

#### 13.4.1 Standalone Balance Sheet

(Rs.in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	2375.28	126.40	1,140.49	1,678.03
(b) Bank balances other than (a) above	2135.62	2,295.30	1,929.06	2,021.96
(c) Derivative financial instruments	7436.88	5,510.17	2,311.22	3,318.85
(d) Loans	380964.43	371,930.54	365,261.49	312,083.50
(e) Investments	2540.54	2,157.97	1,909.77	2,313.21
(f) Other financial assets	24393.57	24,396.94	24,399.21	22,081.59
<b>Total - Financial Assets (1)</b>	<b>419,846.32</b>	<b>406,417.32</b>	<b>396,951.24</b>	<b>343,497.14</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	259.76	179.64	160.07	392.66
(b) Deferred tax assets (net)	3655.54	3,134.74	2,437.71	2,034.32
(c) Investment Property	0	-	0.01	0.01
(d) Property, Plant & Equipment	616.98	623.67	260.12	153
(e) Capital Work-in-Progress	6.79	6.07	335.67	287.62
(f) Intangible Assets Under Development	0	-	0.77	0.77
(g) Other Intangible Assets	2.8	4.25	6.1	8.8
(h) Other non-financial assets	55.48	46.06	81.5	113.27
<b>Total - Non-Financial Assets (2)</b>	<b>4597.35</b>	<b>3,994.43</b>	<b>3,281.95</b>	<b>2,990.45</b>
<b>(3) Assets classified as held for sale</b>	<b>0.72</b>	<b>0.86</b>	<b>-</b>	<b>-</b>
<b>Total ASSETS (1+2+3)</b>	<b>424,444.39</b>	<b>410,412.61</b>	<b>400,233.19</b>	<b>346,487.59</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	1244.87	553.14	846.31	1,325.73
(b) Debt Securities	220797.87	219,633.57	237,328.06	219,977.22
(c) Borrowings (other than debt securities)	116441.94	106,651.59	85,507.36	61,543.61
(d) Subordinated Liabilities	6554.04	6,816.47	6,946.89	4,819.65
(e) Other financial liabilities	25597.21	25,575.84	25,943.11	23,562.70
<b>Total - Financial Liabilities (1)</b>	<b>370,635.93</b>	<b>359,230.61</b>	<b>356,571.73</b>	<b>311,228.91</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	73.91	10.25	10.62	-
(b) Provisions	214.85	104.51	103.96	106.51
(c) Other non-financial liabilities	62.76	81.64	120.51	75.61
<b>Total - Non-Financial Liabilities (2)</b>	<b>351.52</b>	<b>196.40</b>	<b>235.09</b>	<b>182.12</b>
<b>(3) EQUITY</b>				
(a) Equity Share Capital	2633.22	1,974.92	1,974.92	1,974.92
(b) Instruments Entirely Equity In Nature	558.4	558.40	558.4	-
(c) Other equity	50265.32	48,452.28	40,893.05	33,101.64
<b>Total - Equity (3)</b>	<b>53,456.94</b>	<b>50,985.60</b>	<b>43,426.37</b>	<b>35,076.56</b>
<b>Total - LIABILITIES AND EQUITY (1+2+3)</b>	<b>424,444.39</b>	<b>410,412.61</b>	<b>400,233.19</b>	<b>346,487.59</b>

#### 13.4.2 Consolidated Balance Sheet

(Rs.in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	2397.53	140.99	1,179.24	1,717.71
(b) Bank balances other than (a) above	2561.21	2,518.96	2,223.58	2,257.45
(c) Trade receivables	85.68	94.55	140.07	109.07
(d) Derivative financial instruments	7436.88	5,510.17	2,311.22	3,318.85
(e) Loans	380964.43	371,930.54	365,261.49	312,083.50
(f) Investments	2573.45	2,190.44	1,723.68	2,127.11
(g) Other financial assets	24407.88	24,415.31	24,419.88	22,101.32
<b>Total - Financial Assets (1)</b>	<b>420,427.06</b>	<b>406,800.96</b>	<b>397,259.16</b>	<b>343,715.01</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	274.33	191.56	168.92	409.94
(b) Deferred tax assets (net)	3680.16	3,160.12	2,461.03	2,050.57
(c) Investment Property	0	-	0.01	0.01
(d) Property, Plant & Equipment	617.2493	624.04	260.7	156.97
(e) Capital Work-in-Progress	6.79	6.07	335.67	287.62
(f) Intangible Assets Under Development	0	-	0.77	0.77

(g) Other Intangible Assets	2.82	4.28	6.15	8.82
(h) Other non-financial assets	76.4	68.68	102.67	132.37
(i) Investments accounted for using equity method	0	-	257.74	258.47
<b>Total - Non-Financial Assets (2)</b>	<b>4,657.75</b>	<b>4,054.75</b>	<b>3,593.66</b>	<b>3,305.54</b>
<b>(3) Assets classified as held for sale</b>	<b>13.06</b>	<b>4.38</b>	<b>14.05</b>	<b>9.53</b>
<b>Total ASSETS (1+2+3)</b>	<b>425097.87</b>	<b>410,860.09</b>	<b>400,866.87</b>	<b>347,030.08</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	1244.87	553.14	846.31	1,325.73
(b) Trade Payables				
(i) total outstanding dues of MSMEs		-	0.01	0.15
(ii) total outstanding dues of creditors other than MSMEs	29.41	36.48	61.5	46
(c) Debt Securities	220738.8	219,574.61	237,269.11	219,918.25
(d) Borrowings (other than debt securities)	116441.94	106,651.59	85,507.36	61,550.66
(e) Subordinated Liabilities	6554.04	6,816.47	6,946.89	4,819.65
(f) Other financial liabilities	25936.94	25,708.64	26,222.35	23,782.21
<b>Total - Financial Liabilities (1)</b>	<b>370,946.00</b>	<b>359,340.93</b>	<b>356,853.53</b>	<b>311,442.65</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	73.91	10.25	14.4	-
(b) Provisions	215.22	105.67	104.68	107.09
(c) Other non-financial liabilities	66.65	89.13	130.25	83.23
<b>Total - Non-Financial Liabilities (2)</b>	<b>355.78</b>	<b>205.05</b>	<b>249.33</b>	<b>190.32</b>
<b>(3) Liabilities directly associated with assets classified as held for sale</b>	<b>0.01</b>	<b>0.01</b>	<b>0.08</b>	<b>0.68</b>
<b>(4) EQUITY</b>				
(a) Equity Share Capital	2633.22	1,974.92	1,974.92	1,974.92
(b) Instruments Entirely Equity In Nature	558.40	558.40	558.4	-
(c) Other equity	50604.46	48,780.78	41,230.61	33,421.51
<b>Total - Equity (4)</b>	<b>53,796.08</b>	<b>51,314.10</b>	<b>43,763.93</b>	<b>35,396.43</b>
<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>	<b>425,097.87</b>	<b>410,860.09</b>	<b>400,866.87</b>	<b>347,030.08</b>

### 13.4.3 Standalone Statement of Profit and Loss

(Rs.in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>Revenue from Operations</b>				
(i) Interest Income	19,062.07	38,186.46	34,683.78	29,663.07
(ii) Dividend Income	9.90	26.64	36.4	89.04
(iii) Fees and Commission Income	90.07	572.82	95.38	38.95
(iv) Net translation/ transaction exchange gain	0.00	0	-	-
(iv) Net gain/ (loss) on fair value changes	237.86	346.57	572.33	-25.85
<b>I. Total Revenue from Operations (i to iv)</b>	<b>19,399.90</b>	<b>39,132.49</b>	<b>35,387.89</b>	<b>29,765.21</b>
II. Other Income	17.16	97.96	22.55	63.92
<b>III. Total Income (I+II)</b>	<b>19,417.06</b>	<b>39,230.45</b>	<b>35,410.44</b>	<b>29,829.13</b>
<b>Expenses</b>				
(i) Finance Costs	11,105.36	22,052.91	21,489.08	18,997.05
(ii) Net translation/ transaction exchange loss	936.34	799.05	330.26	2,357.90
(iii) Fees and commission Expense	6.92	16.73	9.95	25.44
(iv) Net loss on fair value changes	0.00	0	0	0
(iv) Impairment on financial instruments	728.38	3,473.31	2,419.62	889.56
(v) Employee Benefits Expenses	105.40	158.86	144.84	175.79
(vi) Depreciation and amortization	11.74	17.96	9.53	10
(vii) Corporate Social Responsibility Expenses	94.45	170.67	144.32	258.4
(viii) Other Expenses	59.89	116.06	106.71	131.7
<b>IV. Total Expenses (i to viii)</b>	<b>13,048.48</b>	<b>26,805.55</b>	<b>24,654.31</b>	<b>22,845.84</b>
<b>V. Profit before Tax (III-IV)</b>	<b>6,368.58</b>	<b>12,424.90</b>	<b>10,756.13</b>	<b>6,983.29</b>
<b>VI. Tax Expense</b>				
(i) Current tax	1,227.12	3,047.37	2,906.90	1,615.87
(ii) Deferred Tax	-34.18	-668.39	-512.55	481.26
<b>Total Tax Expense (i+ii)</b>	<b>1,192.94</b>	<b>2,378.98</b>	<b>2,394.35</b>	<b>2,097.13</b>
<b>VII. Profit for the year</b>	<b>5,175.64</b>	<b>10,045.92</b>	<b>8,361.78</b>	<b>4,886.16</b>
<b>Other comprehensive Income/(Loss)</b>				
<b>(i) Items that will not be reclassified to profit or loss</b>				
(a) Re-measurement gains/(losses) on defined benefit plans	-2.36	-8.33	-14.26	-2.87
(b) Changes in Fair Value of FVOCI Equity Instruments	-36.71	22.19	166.53	-129.2
(c) Income tax relating to these items				
- Re-measurement gains/(losses) on defined benefit plans	0.59	2.1	3.59	0.72
- Changes in Fair Value of FVOCI Equity Instruments	-0.11	2.55	-6.01	12.39
<b>Sub-Total (i)</b>	<b>-38.59</b>	<b>18.51</b>	<b>149.85</b>	<b>-118.96</b>
<b>(ii) Items that will be reclassified to profit or loss</b>				
(a) Effective Portion of Cash Flow Hedges	718.40	480.84	80.81	-302.12
(b) Cost of hedging reserve	-2,652.35	-584.51	329	-273.61
(c) Income tax relating to these items				
- Effective Portion of Cash Flow Hedges	-180.81	-121.02	-20.34	76.04
- Cost of hedging reserve	667.54	147.11	-82.8	68.86



Sub-Total (ii)	-1,447.22	-77.58	306.67	-430.83
VIII. Other comprehensive Income/(Loss) for the year (i+ii)	-1,485.81	-59.07	456.52	-549.79
IX. Total comprehensive Income for the year (VII+VIII)	3,689.83	9,986.85	8,818.30	4,336.37
X. Basic & Diluted Earnings per Equity Share of Rs. 10 each (in Rs.)				
(1) For continuing operations	19.66	50.87	42.34	24.74
(2) For continuing and discontinued operations	19.66	50.87	42.34	24.74

#### 13.4.4 Consolidated Statement of Profit and Loss

(Rs.in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>Revenue from Operations</b>				
(i) Interest Income	19,066.18	38,194.49	34,693.35	29,671.78
(ii) Dividend Income	0.99	4.21	27.97	36.94
(iii) Fees and Commission Income	90.07	572.82	95.38	38.95
(iv) Net gain/ (loss) on fair value changes	237.86	346.57	572.33	-25.85
(v) Sale of services	58.34	150.96	163.65	182.11
<b>I. Total Revenue from Operations (i to v)</b>	<b>19,453.44</b>	<b>39,269.05</b>	<b>35,552.68</b>	<b>29,903.93</b>
II. Other Income	16.62	70.15	22.72	77.27
<b>III. Total Income (I+II)</b>	<b>19,470.06</b>	<b>39,339.20</b>	<b>35,575.40</b>	<b>29,981.20</b>
<b>Expenses</b>				
(i) Finance Costs	11,103.17	22,050.96	21,489.05	18,991.30
(ii) Net translation/ transaction exchange loss	936.34	799.05	330.26	2,357.90
(iii) Fees and commission Expense	6.92	16.73	9.95	25.44
(iv) Impairment on financial instruments	727.13	3,470.02	2445.94	919.49
(v) Cost of services rendered	23.83	65.11	88.51	71.61
(vi) Employee Benefits Expenses	117.86	180.09	163.62	193.15
(vii) Depreciation and amortization	11.86	18.24	10.86	11.77
(viii) Corporate Social Responsibility Expenses	95.22	172.35	146.27	259.29
(ix) Other Expenses	61.53	124.31	109.38	130.41
<b>IV. Total Expenses (i to ix)</b>	<b>13,083.85</b>	<b>26,896.86</b>	<b>24,793.84</b>	<b>22,960.36</b>
<b>V. Profit before Tax (III-IV)</b>	<b>6,386.21</b>	<b>12,442.34</b>	<b>10,781.56</b>	<b>7,020.84</b>
<b>V. Share of Profit/Loss of Joint Venture accounted for using equity method</b>		<b>-11.81</b>	<b>-1.97</b>	<b>9.14</b>
<b>VI. Profit before Tax (III-IV+V)</b>	<b>6,386.21</b>	<b>12,430.53</b>	<b>10,779.59</b>	<b>7,029.98</b>
<b>VII. Tax Expense</b>				
(i) Current tax	1,233.36	3,065.27	2,920.97	1,645.06
(ii) Deferred Tax	-33.43	-670.44	-519.62	412.65
<b>Total Tax Expense (i+ii)</b>	<b>1,199.93</b>	<b>2,394.83</b>	<b>2,401.35</b>	<b>2,057.71</b>
<b>VIII. Profit for the period</b>	<b>5,186.28</b>	<b>10,035.70</b>	<b>8,378.24</b>	<b>4,972.27</b>
<b>IX. Other comprehensive Income/(Loss)</b>				
(i) Items that will not be reclassified to profit or loss				
(a) Re-measurement gains/(losses) on defined benefit plans	-2.36	-8.33	-14.26	-2.87
(b) Changes in Fair Value of FVOCI Equity Instruments	-36.71	22.19	166.53	-129.2
(c) Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		-0.02	-0.05	-0.12
(d) Income tax relating to these items				
- Re-measurement gains/(losses) on defined benefit plans	0.59	2.10	3.59	0.72
- Changes in Fair Value of FVOCI Equity Instruments	-0.11	2.55	-6.01	12.39
<b>Sub-Total (i)</b>	<b>-38.59</b>	<b>18.49</b>	<b>149.8</b>	<b>-119.08</b>
(ii) Items that will be reclassified to profit or loss				
(a) Effective Portion of Cash Flow Hedges	718.40	480.84	80.81	-302.12
(b) Cost of hedging reserve	-2,652.35	-584.51	329	-273.61
(c) Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	-	1.19	1.29	-3.94
(d) Income tax relating to these items				
-Effective Portion of Cash Flow Hedges	-180.81	-121.02	-20.34	76.04
- Cost of hedging reserve	667.54	147.11	-82.8	68.86
<b>Sub-Total (ii)</b>	<b>-1,447.22</b>	<b>-76.39</b>	<b>307.96</b>	<b>-434.77</b>
<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>	<b>-1,485.81</b>	<b>-57.90</b>	<b>457.76</b>	<b>-553.85</b>
<b>X. Total comprehensive Income for the period (VIII+IX)</b>	<b>3,700.47</b>	<b>9,977.80</b>	<b>8,836.00</b>	<b>4,418.42</b>
<b>XI. Basic &amp; Diluted Earnings per Equity Share of Rs. 10 each (in Rs.)</b>				
(1) For continuing operations	19.70	50.82	42.42	25.18
(2) For continuing and discontinued operations	19.70	50.82	42.42	25.18

### 13.4.5 Standalone Statement of Cash Flows

(Rs.in Crores)

Particulars	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before Tax	6368.58	12,424.90	10,756.13	6,983.29
<b>Adjustments for:</b>				
1. Loss on derecognition of Property, Plant and Equipment (net)	1.39	0.97	4.03	1.69
2. Loss on derecognition of Asset held for sale (net)	-1.46	-30.19		
3. Loss /(Gain) on cessation of significant influence in Joint Venture (EESL)		-29.01		
3. Depreciation & Amortization	11.74	17.96	9.53	10
4. Impairment losses on Financial Instruments	728.38	3473.31	2,419.62	889.56
5. Adjustments towards Effective Interest Rate in respect of Loans	32.98	-11.95	32.61	53.02
6. Adjustments towards Effective Interest Rate in respect of Borrowings		-111.31	152.19	62.31
7. Fair Value Changes in Derivatives	-237.57	-351.36	-545.92	47.72
8. Fair Value Changes in FVTPL Instruments		12.78	-2.43	-6.4
9. Interest on Commercial Paper		14.76	35.32	463.66
10. Interest Accrued on Zero Coupon Bonds			81.78	105.29
11 Loss/ (Gain) on Exchange Rate fluctuation	-1,137.06	-2164.42	526.71	2,342.27
12. Dividend Income	-11.76			
13. Interest Income on Investments				
14. Provision made for Interest on Advance Income Tax			22.71	-
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>5755.22</b>	<b>13,246.44</b>	<b>13,492.28</b>	<b>10,952.41</b>
<b>Inflow / (Outflow) on account of :</b>				
1. Loan Assets	-9304.45	-9,877.12	-56,522.42	-41,664.59
2. Derivatives	442.46	-2,460.52	711.2	-407.7
3. Other Operating Assets	-485.77	-631.18	-1,706.71	-5,372.97
4. Operating Liabilities	-1,053.68	-1,186.90	3,187.83	5,776.56
<b>Cash flow from Operations</b>	<b>-4646.22</b>	<b>-909.28</b>	<b>-40,837.82</b>	<b>-30,716.29</b>
1. Income Tax Paid (including TDS)	-1242.96	-3,076.64	-2,694.33	-1,748.64
2. Income Tax refund		23.26	11.73	16.67
<b>Net Cash Flow from Operating Activities</b>	<b>-5889.17</b>	<b>-3,962.66</b>	<b>-43,520.42</b>	<b>-32,448.26</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Property, Plant & Equipment	0.05	0.10	0.16	0.11
2. Sale of assets held for sale	1.60	31.24		
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	-5.19	-47.84	-73.18	-97.09
4. Investment in Intangible Assets (including intangible assets under development & Capital Advances)		-0.25	-0.9	-2.75
5. Finance Costs Capitalised		-5.1	-22.04	-15.79
6. Investment in Equity Shares of Joint Venture (EESL)			-	-71.6
7. Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76	431.17	249.92	4.23
8. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)		-716.17	-872.28	47.16
9. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	-190.54	96.53	1582.15	-
10 Interest Income from investments				
11. Dividend Income				
<b>Net Cash Flow from Investing Activities</b>	<b>-189.32</b>	<b>-210.32</b>	<b>863.83</b>	<b>-135.73</b>
<b>C. Cash Flow from Financing Activities</b>				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	-489.76	-20,844.10	15,499.66	21,280.39
2. Issue/ (Redemption) of Commercial Paper (net)		-14.76	-2,925.00	-5,270.30
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks / FIs (net )	5747.94	2164.16	26,275.47	7,899.65
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3070.02	24310.58	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			558.4	-

7. Issue Expenses on Perpetual Debt Instruments entirely equity in nature				-0.94		-	
8. Coupon Expenses on Perpetual Debt Instruments entirely equity in nature			-45.6				
8. Payment of Dividend on Equity Shares			-2411.37	-2,172.41		-2,172.41	
9. Payment of Corporate Dividend Tax				-		-435.78	
10. Repayment towards Lease Liability			-0.02	-0.02		-0.04	
11. Repayment towards Lease Liability Interest amount							
12. Issue Expenses on Bonus Issue of Equity Shares	-0.82						
<b>Net Cash flow from Financing Activities</b>		<b>8327.38</b>		<b>3,158.89</b>		<b>42,119.05</b>	<b>33,919.08</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>2248.88</b>		<b>-1,014.09</b>		<b>-537.54</b>	<b>1,335.09</b>
<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>		<b>126.40</b>		<b>1,140.49</b>		<b>1,678.03</b>	<b>342.94</b>
<b>Cash &amp; Cash Equivalents as at the end of the year</b>		<b>2375.28</b>		<b>126.40</b>		<b>1,140.49</b>	<b>1,678.03</b>

### 13.4.6 Consolidated Statement of Cash Flows

(Rs.in Crores)

PARTICULARS	As at 30-09-2022	As at 31-03-2022	As at 31-03-2021	As at 31-03-2020
<b>A. Cash Flow from Operating Activities:</b>				
Net Profit before Tax	6386.21	12,430.53	10,779.59	7,029.98
<b>Adjustments for:</b>				
1.Loss on derecognition of Property, Plant and Equipment (net)	1.39	0.97	4.69	1.69
2. Loss on derecognition of Asset held for sale (net)	-1.46	-30.19		
3.Loss /(Gain) on cessation of significant influence in Joint Venture (EESL)				
4.Depreciation & Amortization	11.86	18.24	10.86	11.78
5.Impairment losses on Financial Instruments	727.13	3,470.02	2,445.94	919.48
4. Impairment allowance on Assets Classified as Held for Sale		9.71		
6.Adjustments towards Effective Interest Rate in respect of Loans	32.98	-11.95	32.61	53.02
7.Adjustments towards Effective Interest Rate in respect of Borrowings		-111.31	152.19	62.31
8.Fair Value Changes in Derivatives	-237.57	-351.36	-545.92	47.72
9.Fair Value Changes in FVTPL Instruments		12.78	-2.43	-6.4
10.Interest on Commercial Paper		14.76	35.32	463.66
11Interest Accrued on Zero Coupon Bonds			81.78	105.29
12. Loss/ (Gain) on Exchange Rate fluctuation	-1137.06	-2,164.42	526.71	2,342.27
13. Loss/ (Gain) on sale of investments			-	-3.16
14. Dividend Income	-11.76			
15. Interest Income on Investments & others				
16. Provision made for Interest on Advance Income Tax			22.71	-
17. Liabilities written back	1.30			
18. Interest expense on other liabilities				
19. Share of Profit/Loss of Joint Venture accounted for using equity method		11.81	1.97	-9.14
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>5773.02</b>	<b>13,299.59</b>	<b>13,546.02</b>	<b>11,018.50</b>
<b>Inflow / (Outflow) on account of :</b>				
1.Loan Assets	-9304.45	-9,877.12	-56,522.42	-41,664.59
2.Derivatives	442.46	-2,460.52	711.20	-407.7
3.Other Operating Assets	-675.39	-433.09	-1,827.24	-5,112.80
4.Operating Liabilities	-859.49	-1,360.41	3,264.58	5,485.70
<b>Cash flow from Operations</b>	<b>-4623.85</b>	<b>-831.55</b>	<b>-40,827.86</b>	<b>-30,680.89</b>
1.Income Tax Paid (including TDS)	-1251.84	-3,101.39	-2,696.20	-1,777.35
2.Income Tax refund		23.26	11.73	16.67
<b>Net Cash Flow from Operating Activities</b>	<b>-5875.69</b>	<b>-3,909.68</b>	<b>-43,512.33</b>	<b>-32,441.57</b>
<b>B. Cash Flow from Investing Activities</b>				
1.Sale of Property, Plant & Equipment	0.05	0.10	0.35	0.11
2.Sale of assets held for sale	1.60			
		31.24		
3.Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	-5.20	-47.90	-73.30	-97.51

4. Investment in Intangible Assets (including intangible assets under development)			-0.25		-0.95		-2.75	
5. Finance Costs Capitalised			-5.10		-22.04		-15.79	
6. Investment in Equity Shares of Joint Venture (EESL)					-		-71.6	
7. Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76		431.17		249.92		4.23	
8. Sale/ (Investment) of/in shares of associate companies (Net)	-8.80		0.82		-0.40		0.3	
9. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)			-716.17		-872.28		50.31	
10. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	-190.54		96.07		1,582.15		-	
11. Maturity/ (Investment) of/in Corporate and Term deposits			-77.44		-2.93		-18.31	
12. Realisation of investments accounted for using equity method					-		2.1	
13. Sale of Investments in bonds								
14. Maturity/ (Investment) of Corporate and Term deposits	2.98							
15. Dividend Income								
16. Realisation of investments accounted for using equity method								
<b>Net Cash Flow from Investing Activities</b>		<b>-195.15</b>		<b>-287.46</b>		<b>860.52</b>		<b>-148.91</b>
<b>C. Cash Flow from Financing Activities</b>								
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	-489.76		-20,844.10		15,499.66		21,293.39	
2. Issue/ (Redemption) of Commercial Paper (net)			-14.76		-2,925.00		-5,270.30	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	5747.94		2,164.16		26,270.47		7,904.65	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3070.02		24,310.58		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. Coupon Expenses on Perpetual Debt Instruments entirely equity in nature			-45.60					
8. Payment of Dividend on Equity Shares			-2,411.37		-2,172.41		-2,172.41	
9. Payment of Corporate Dividend Tax					-		-446.06	
10. Repayment towards Lease Liability			-0.02		-0.73		-0.64	
11. Issue Expenses on Bonus Issue of Equity Shares	-0.82							
<b>Net Cash flow from Financing Activities</b>		<b>8327.38</b>		<b>3,158.89</b>		<b>42,113.34</b>		<b>33,926.20</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>2256.54</b>		<b>-1,038.25</b>		<b>-538.47</b>		<b>1,335.72</b>
<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>		<b>140.99</b>		<b>1,179.24</b>		<b>1,717.71</b>		<b>381.99</b>
<b>Cash &amp; Cash Equivalents as at the end of the year</b>		<b>2397.53</b>		<b>140.99</b>		<b>1,179.24</b>		<b>1,717.71</b>

### 13.5 DEBT EQUITY RATIO (ON A STANDALONE BASIS)

Particulars	Pre-Issue*	Post-Issue#
<b>Debt / Equity (A/B)</b>	<b>6.28</b>	<b>6.58</b>

\* Pre issue figures are as on September 30, 2022.

# No effect has been given for changes in equity and debt instruments subsequent to September 30, 2022, except Rs. 3000 Crore towards Institutional Bond Series 214-B (Re-issue) and Rs. 3,889 Crore towards Institutional Bond Series 215 and Rs. 1,701.50 Crore towards Institutional Bond Series 216-A and Rs. 2,000 Crore towards Institutional Bond Series 216-B and Rs. 500 Crore towards Institutional Bond Series 217 and Rs. 3000 Crore towards proposed Institutional Bond Series 218-A and Rs. 2004.40 Crore towards proposed Institutional Bond Series 218-B.

### 13.6 CHANGES IN ACCOUNTING POLICIES DURING THE LAST 3 (THREE) YEARS AND THEIR EFFECT ON THE PROFITS AND THE RESERVES OF THE COMPANY

Financial Year	Change in accounting policies and their effect
2021-22	There has not been any change in accounting policies of the Issuer in FY 2021-22.
2020-21	<p><b>Non-current assets held for sale</b></p> <p>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 Issuer; 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.</p> <p>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.</p> <p><b>Intangible Assets under Development</b></p> <p>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. <i>Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'</i></p> <p><b>Dividend and Other Payments to holders of Instruments classified as Equity</b></p> <p>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. <i>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.</i></p> <p><b>Taxation</b></p> <p>Paragraph on 'dividend distribution' is deleted as redundant after renouncement of dividend distribution tax.</p>
2019-20	The Issuer has implemented newly effective Ind-AS accounting standards during the year 2019-20. Further, the Company has applied hedge accounting requirements in Ind AS 109 prospectively from 1 January 2020, 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.

### 13.7 AUDITED FINANCIAL STATEMENTS (I.E. PROFIT & LOSS STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT) AUDITORS REPORT ALONG WITH THE REQUISITE SCHEDULES, FOOTNOTES, SUMMARY, ETC, ON A STANDALONE AND CONSOLIDATED BASIS FOR A PERIOD OF THREE COMPLETED YEARS

The details are enclosed as Annexure VI to this Private Placement Offer Letter.

### 13.8 LIMITED REVIEW FINANCIAL INFORMATION AS ON SEPTEMBER 30, 2022

The limited review financial information as on September 30, 2022 is available at: <https://recindia.nic.in/uploads/files/FY-results-22-23-Q2.pdf>

The hyperlink set out above, relating to the limited review financial information as on September 30, 2022, is incorporated by reference to this Private Placement Offer Letter.

### 13.9 DETAILS OF ANY OTHER CONTINGENT LIABILITIES OF THE ISSUER BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY

Contingent Liabilities not provided for in respect of:

(Rs.in Crores)

	Particulars	As at 31.03.2022	As at 31.03.2021
<b>A</b>	<b>Claims against REC not acknowledged as debts</b>	0.78	0.24
<b>B</b>	<b>Taxation Demands</b>		
B (i)	- Demands raised by the Income Tax Department	152.77	10.49
B (ii)	- Demands against appeals filed by the Income Tax Department against the relief allowed to REC	0.90	0.30
B (iii)	- Demands raised in respect of GST	17.89	-
	Guarantees	-	-
	<b>Others</b>		
	- Letters of Comfort	4,068.95	2,608.85

Notes:

- 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(i) above are against the various demands raised by Income Tax Department. REC is contesting these demands and the management believes that its position will likely be upheld in the appellate process.
- The amount referred to in B(ii) above are against the appeal filed by Income Tax Department in High Court against the relief allowed to REC at ITAT level.
- The amount referred to in B(iii) above is against the GST refund appeal filed by REC.

Commitments not provided in respect of:

(Rs.in Crores)

	Particulars	As at 31.03.2022	As at 31.03.2021
<b>A</b>	<b>Contracts remaining to be executed on capital account</b>		
A (i)	- Towards Property, Plant & Equipment	129.13	225.95
A (ii)	- Towards Intangible Assets	-	0.16
<b>B</b>	<b>Other Commitments</b>		
B (i)	- CSR Commitments	399.13	259.26

## SECTION XIV WILFUL DEFAULTER

Neither the Issuer, PFC, nor any of the current directors of the Issuer have been declared as wilful defaulters.

Name of Bank declaring entity to be wilful defaulter	Year in which entity is declared as wilful defaulter	Outstanding amount at the time of declaration	Name of entity declared as wilful defaulter	Steps taken for removal from list of wilful defaulter	Other disclosures	Any other disclosures
NIL	NIL	NIL	NIL	NIL	NIL	NIL



## SECTION XV NBFC DISCLOSURES

Sr. No.	Particulars of Disclosure	Details	Paragraph Number
1.	Details with regard to lending done out of the issue proceeds of earlier issuances of debt securities (whether public issue or private placement) by NBFC	Lending Policy	7.4 and 15.1.1
		Classification of loans given to associate or entities related to board, senior management, promoters, etc	15.1.2
		Classification of loans into several maturity profile denomination	15.1.3
		Aggregated exposure to top 20 borrowers	15.1.4
		Details of loans, overdue and classified as NPA	15.1.3 (H)
2.	Details of borrowings made by NBFC	Portfolio summary of borrowings made by NBFC	7.3 and 15.2.1
		Quantum and percentage of secured vs. unsecured borrowings	15.2.3
3.	Details of change in shareholding	Any change in promoters holding in NBFC during last financial year beyond the threshold prescribed by Reserve Bank of India	15.2.4
4.	Disclosures of assets under management	Segment wise break up and type of loans	15.1.3 (C)
5.	Details of borrowers	Geographical location wise	15.1.3 (E)
6.	Details of Gross NPA	Segment wise	15.1.3 (F)
7.	Details of Assets and Liabilities	Residual maturity profile wise into several bucket	15.1.3 (G)
8.	Disclosure of latest ALM statements to stock exchange	-	15.2.5

### 15.1 DETAILS WITH REGARD TO THE LENDING DONE BY THE ISSUER OUT OF THE ISSUE PROCEEDS OF DEBT SECURITIES IN LAST THREE YEARS

#### 15.1.1 Lending Policy

Please see Section 7.4 on ‘Lending Policies’ in Chapter VIII “Brief Summary of Business / Activities of Issuer and its Subsidiaries”.

#### 15.1.2 Classification of loans / advances given to associates, entities / person relating to board, senior management, promoters, others, etc.

There have not been any loans / advances given to associates, entities / person relating to board, senior management, promoters, others, etc

15.1.3 **Classification of loans/advances given, according to type of loans, denomination of loan outstanding by loan to value, sectors, denomination of loans outstanding by ticket size, geographical classification of borrowers, maturity profile etc.**

**A. TYPE OF LOANS**

Type of loans/advances (principal outstanding) given by the Issuer as on March 31, 2022:

Sl. No.	Type of Loans	Rs. in Crores
1	Secured	354,766.88
2	Unsecured	30,604.12
	Total assets under management (AUM)*^	385,371.00

\*Information disclosed at borrower level (and not by loan account). ^ There are no off-balance sheet items in this respect.

**B. DENOMINATION OF LOANS OUTSTANDING BY LOAN TO VALUE (LTV)**

Denomination of loans outstanding by LTV\* as on March 31, 2022: Not applicable\*\*

Sl. No.	LTV	Percentage of AUM
1	Upto 40%	-
2	40-50%	-
3	50-60%	-
4	60-70%	-
5	70-80%	-
6	80-90%	-
7	>90%	-
	<b>Total</b>	-

\*LTV at the time of origination.

\*\* The Issuer's lending policy does not evaluate loans based on LTV, given the nature of wholesale lending that the Issuer provides. Consequently, calculation based on LTV is not applicable to the Issuer.

**C. DETAILS OF SECTORAL EXPOSURE**

Types of loans according to sectoral exposure as on March 31, 2022 is as follows:

Sl. No.	Segment-wise break-up of AUM	Percentage of AUM
<b>1</b>	<b>Retail</b>	-
A	Mortgages (home loans and loans against property)	-
B	Gold loans	-
C	Vehicle finance	-
D	MFI	-
E	MSME	-
F	Capital market funding (loans against shares, margin funding)	-
G	Others	-
<b>2</b>	<b>Wholesale</b>	-
A	Infrastructure (Power)	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector	-
E	Others	-
	Generation	39%
	Renewable	3%
	Transmission & Distribution	58%
	<b>Total</b>	<b>100%</b>

**D. DENOMINATION OF LOANS OUTSTANDING BY TICKET SIZE\***

Denomination of loans outstanding by ticket size as on March 31, 2022:

Sl. No.	Ticket size	Percentage of AUM
1	Upto Rs. 2 Lakh	-
2	Rs. 2-5 Lakh	-
3	Rs. 5 - 10 Lakh	-
4	Rs. 10 - 25 Lakh	0.0001%
5	Rs. 25 - 50 Lakh	0.0001%
6	Rs. 50 Lakh - 1 Crore	0.0009%
7	Rs. 1 - 5 Crore	0.0133%
8	Rs. 5 - 25 Crore	0.0979%
9	Rs. 25 - 100 Crore	0.4561%
10	>Rs. 100 Crore	99.4315%
	<b>Total</b>	<b>100%</b>

Note: Information provided at borrower level (and not loan account as a customer may have multiple loan accounts).

**E. GEOGRAPHICAL CLASSIFICATION OF BORROWERS (TOP 5 STATES BORROWER WISE)**

Geographical classification of borrowers as on March 31, 2022:

Sl. No.	Top 5 states	Percentage of AUM
1	Telangana	15.30%
2	Tamil Nadu	13.41%
3	Uttar Pradesh	12.68%
4	Rajasthan	10.70%
5	Maharashtra	9.14%
	<b>Total</b>	<b>61.22%</b>

**F. SEGMENT WISE GROSS STAGE 3 ASSETS AS ON MARCH 31, 2022**

Sl. No.	Segment-wise break-up of Gross Stage 3 Assets	Gross Stage 3 Assets %
<b>1</b>	<b>Retail</b>	-
A	Mortgages (home loans and loans against property)	-
B	Gold loans	-
C	Vehicle finance	-
D	MFI	-
E	MSME	-
F	Capital market funding (loans against shares, margin funding)	-
G	Others	-
<b>2</b>	<b>Wholesale</b>	-
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector	-
E	Others	-
	Generation	94.28%
	Renewable	0.34%
	Transmission & Distribution	5.37%
	<b>Total</b>	<b>100%</b>

## G. RESIDUAL MATURITY PROFILE OF ASSETS AND LIABILITIES (IN LINE WITH THE RBI FORMAT)

Rs. in Crores

As at 31 March 2022	1 to 7 days	8-14 days	Over 15 Days & up to 1 Month	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	158.66	-	2,077.03	2,142.80	6,181.63	8,892.93	19,691.55	74,970.39	74,346.88	183,368.77	371,830.64
Investments	-	-	-	-	2.81	2.82	55.65	80.05	180.59	1,836.05	2,157.97
Non-Derivative Financial Liabilities:											
Rupee Borrowings											
Debt Securities	19.34	367.83	330.52	993.71	7,777.02	4,636.58	15,212.32	53,696.32	39,118.89	67,453.84	189,606.38
Other Borrowings	6.56	-	200.55	1,150.00	1,000.00	2,149.40	5,165.59	17,836.77	15,155.52	18,796.23	61,460.63
Subordinated Liabilities	-	-	-	168.38	126.46	-	2.11	2,499.73	-	4,019.79	6,816.47
Foreign Currency Borrowings											
Debt Securities	-	-	-	172.81	40.17	89.14	-	17,755.78	6,805.78	5,163.50	30,027.17
Other Borrowings	5.62	2.42	4.43	2,747.65	2,910.57	2,680.96	4,506.16	8,499.93	20,837.27	2,996.02	45,191.04
Foreign Currency Assets (other than Borrowings)	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	-	-	-

## H. DETAILS OF LOANS, OVERDUE AND CLASSIFIED AS NON-PERFORMING IN ACCORDANCE WITH RBI STIPULATIONS

- (i) Movement of Gross Stage 3 Assets in accordance with IND-AS as on March 31, 2022

Movement of Gross Stage 3 Assets*	Rs. in Crores
(a) Opening balance of Gross Stage 3 Assets*	18,256.93
(b) Additions during the Financial Year ended on March 31, 2022	1516.73
(c) Reductions during the Financial Year ended on March 31, 2022	-2,613.75
(d) Closing balance of Gross Credit Impaired Assets*	17,159.90

For the policy related to recognition of stage 3 assets, please refer to Annexure VI: Financial Information.

- (ii) Movement of provisions for Gross Stage 3 Assets in accordance with IND-AS as on March 31, 2022

Movement of Provisions for Gross Stage 3 Assets*	Rs. in Crores
(a) Opening balance	11,791.31
(b) Provisions made during the Financial Year ended on March 31, 2022	1,732.64
(c) Write-off/write-back of excess provisions	-1,958.21
(d) Closing balance	11,565.73

### 15.1.4 Aggregated exposure to the top 20 borrowers with respect to the concentration of advances, exposures to be disclosed in the manner as prescribed by RBI in its stipulations on corporate governance for NBFCs

Concentration of Advances as on March 31, 2022	Amount
Total advances to top twenty borrowers (Rs. in Crores)	239,602.97
Percentage of advances to twenty largest borrowers to total exposure of the Issuer on borrowers	62.17%

Concentration of Exposures as on March 31, 2022	Amount
Total exposure to top twenty borrowers (Rs. in Crores)	329,335.41
Percentage of exposures to twenty largest borrowers to total exposure of the Issuer on borrowers	61.93%

Concentration of Credit Impaired Assets as on March 31, 2022	Amount
Total Outstanding to top four credit-impaired assets (Rs. in Crores)	8,645.97
Total Exposure to the above four credit-impaired assets (Rs. in Crores)	8,645.97

## 15.2 ADDITIONAL DISCLOSURES

### 15.2.1 A portfolio summary with regard to industries/sectors to which borrowings have been made

Please see Section 7.3 on 'Products' in Chapter VIII "Brief Summary of Business / Activities of Issuer and its Subsidiaries".

15.2.2 NPA exposures of the Issuer for the last three financial years (both gross and net exposures) and provisioning made for the same as per the last audited financial statements of the Issuer

*Rs. in Crore*

As on	March 31, 2022	March 31, 2021	March 31, 2020
Gross Stage-3	17,160.00	18,256.93	21,255.55
Provision	11,566.00	11,791.31	10,552.13
Net Credit Impaired Assets	5,594.00	6,465.62	10,703.42

15.2.3 Quantum and percentage of secured vis-à-vis unsecured borrowings made as on March 31, 2022

Sr. No.	Particulars	Amount in Crore	Percentage to total
1	Secured Borrowings	39,201.44	11.99%
2	Unsecured Borrowings	287,642.56	88.01%
	<b>Total</b>	<b>326,844.00</b>	<b>100%</b>

15.2.4 Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI

There has been no change in the Promoters' holdings during the last Financial Year beyond the 26% (twenty six percent) threshold, as prescribed by RBI as on March 31, 2022.

15.2.5 Disclosure of latest ALM statements to stock exchange as on March 31, 2022

*Rs. In Crore*

Time-Buckets as per RBI	Cash Inflows	Cash Outflows
Opening Cash & Bank balance		
1-7 days	770	280
8-14 days	-	386
15-30/31 days	2,969	595
Over 1 month upto 2 Month	3,702	5,679
Over 2 months upto 3 months	12,276	12,913
Over 3 month & up to 6 month	17,969	11,114
Over 6 Month & up to 1 year	36,944	32,865
Over 1 year & upto 3 years	134,954	130,974
Over 3 years & upto 5 years	119,010	102,659
Over 5 Years	255,311	126,750
<b>Total</b>	<b>583,906</b>	<b>424,216</b>

## SECTION XVI SUMMARY TERM SHEET

REC Limited (formerly known as Rural Electrification Corporation Limited) proposes to raise bonds with Base Issue Size of Rs. 500 Crore under Series 218-A (with maturity of 3 years, 5 months and 18 days) and Base Issue Size of Rs. 500 Crore under Series 218-B (with maturity of 10 years and 19 days) with Green Shoe Option to retain oversubscription up to Rs. 2500 Crore for Series 218-A and Rs. 1504.40 Crore for Series 218-B.

Series	218-A	218-B
Security Name	7.56% REC Limited 2026	7.69% REC Limited 2033
Issuer	REC Limited (formerly known as Rural Electrification Corporation Limited)	
Type of Instrument	Unsecured, redeemable, non-convertible, non-cumulative, taxable bonds in the nature of debentures.	
Seniority	Unsecured, senior and unsubordinated bond.	
Mode of Issue	Private placement.	
Eligible Investors	<ol style="list-style-type: none"> <li>1. Mutual Funds;</li> <li>2. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013;</li> <li>3. Scheduled Commercial Banks;</li> <li>4. State Industrial Development Corporations;</li> <li>5. Insurance Companies registered with the Insurance Regulatory and Development Authority;</li> <li>6. Provident Funds, Pension Funds, authorized to invest in the Issue;</li> <li>7. National Investment Funds set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;</li> <li>8. Insurance funds set up and managed by army, navy or air force of the Union of India;</li> <li>9. Companies and Bodies Corporate authorized to invest in bonds / debentures;</li> <li>10. Co-operative Banks and Regional Rural Banks authorized to invest in bonds / debentures;</li> <li>11. Gratuity Funds and Superannuation Funds, authorized to invest in the Issue;</li> <li>12. Societies authorized to invest in bonds/ debentures;</li> <li>13. Trusts authorized to invest in bonds/ debentures;</li> <li>14. Foreign Portfolio Investors (not being an individual or family offices);</li> <li>15. Statutory Corporations/ Undertakings established by Central / State legislature authorized to invest in bonds/ debentures.</li> </ol>	
Non-Eligible classes of Investors	<ol style="list-style-type: none"> <li>1. Minors;</li> <li>2. Non-resident investors being an individual including NRIs, QFIs which are individual, and FPIs which are individual or family offices;</li> <li>3. Venture capital fund and foreign venture capital investor;</li> <li>4. Overseas corporate bodies;</li> <li>5. Person ineligible to contract under applicable statutory/regulatory requirements;</li> <li>6. Resident individual investors;</li> <li>7. Hindu Undivided Families; and,</li> <li>8. Partnership firms.</li> </ol>	
Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	BSE and NSE. The Bonds will be listed on the BSE and NSE on or before 3 (three) trading days from the Issue Closing Date.	
Rating of the Instrument	ICRA AAA by ICRA. CRISIL AAA by CRISIL CARE AAA by CARE IND AAA by IRRPL	
Total Issue Size	Rs. 3000 Crore with green-shoe option to retain oversubscription	Rs. 2004.40 Crore with green-shoe option to retain oversubscription
Base Issue Size	Rs. 500 Crores	Rs. 500 Crores
Option to retain oversubscription (Amount)	Rs. 2500 Crores. The Issuer confirms that the Green Shoe Option does not exceed five times the Base Issue Size.	Rs. 1504.40 Crores. The Issuer confirms that the Green Shoe Option does not exceed five times the Base Issue Size.

Reasons of retaining oversubscription	To meet the Issuer's fund requirements for lending and repayment of liabilities.	
Minimum Subscription	Not applicable as the Issue is being made on private placement basis.	
Minimum Application and in multiples of Debt Securities thereafter	Application must be for a minimum size of Rs. 1 Crore (100 Bonds) and in multiple of Rs. 1 Lakh (1 Bond) thereafter.	Application must be for a minimum size of Rs. 1 Crore (100 Bonds) and in multiple of Rs. 1 Lakh (1 Bond) thereafter.
Objects of the Issue	100% of the amount raised through this private placement shall be used to augment long-term resources of the Issuer for the purpose of carrying out its functions authorized under the object clause of the Memorandum of Association of the Issuer.	100% of the amount raised through this private placement shall be used to augment long-term resources of the Issuer for the purpose of carrying out its functions authorized under the object clause of the Memorandum of Association of the Issuer.
Details of the utilization of the Proceeds	The funds raised through this private placement are not meant for any specific project as such and therefore the proceeds of this Issue shall be utilized for the regular business activities of the Issuer. Therefore, the management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfillment of the Objects of the Issue.	The funds raised through this private placement are not meant for any specific project as such and therefore the proceeds of this Issue shall be utilized for the regular business activities of the Issuer. Therefore, the management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfillment of the Objects of the Issue.
Tenure	3 years, 5 months and 18 days.	10 years and 19 days.
Redemption Date **	30 June 2026.	31 January 2033.
Coupon Rate	7.56%	7.69%
Step Up/Step Down Coupon Rate	Not applicable.	Not applicable.
Coupon Payment Frequency	Annually each year.	Annually each year.
Coupon Payment Date*	First interest payment on 30 June 2023, and then on 30 June every year, and the last interest payment on 30 June 2026 along with maturity proceeds.	First interest payment on 31 January 2024, and then on 31 January every year, and the last interest payment on 31 January 2033 along with maturity proceeds.
Coupon Type	Fixed, payable annually.	Fixed, payable annually.
Coupon Reset Frequency	Not applicable.	Not applicable.
Coupon Reset Process	Not applicable.	Not applicable.
Day Count Basis	Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis	
Interest on Application money	Not applicable.	
Interest on Refunded Money against which Allotment is not made	Not applicable.	
Default Interest Rate	<p>2% per annum over the Coupon Rate will be payable by the Issuer for the defaulting period in case of default in payment of Coupon or Redemption Amount.</p> <p>2% per annum over the Coupon Rate will be payable by the Issuer for the period of delay in cases where the bond trust deed is not executed in accordance with the timeline under applicable law.</p> <p>1% (one percent) per annum over the Coupon Rate will be payable by the Issuer for the period of delay between the Deemed Date of Allotment and the date of listing, in accordance with the timeline under applicable law.</p>	

	In case of delay of allotment of debt securities beyond the stipulated time period, the Issuer will comply with applicable regulatory requirements, if any, with respect to such delay.	
Redemption Amount	Redeemed at the face value of Bonds	Redeemed at the face value of Bonds
Redemption Premium /Discount	Nil	Nil
Issue Premium/Discount	Nil	Nil
Issue Price	Rs.1 Lakh per Bond	Rs.1 Lakh per Bond
Face Value	Rs.1 Lakh per Bond	Rs.1 Lakh per Bond
Discount at which security is issued and the effective yield as a result of such discount.	Nil	Nil
Put Option Payment Date	Not Applicable.	Not Applicable.
Put Option Price	Not Applicable.	Not Applicable.
Put Notification Time	Not Applicable.	Not Applicable.
Put Option	Not Applicable.	Not Applicable.
Call Option Payment Date	Not Applicable.	Not Applicable.
Call Option Price	Not Applicable.	Not Applicable.
Call Notification Time	Not Applicable.	Not Applicable.
Call Option	Not Applicable.	Not Applicable.
Bidding Date	10 January 2023	10 January 2023
Issue Opening Date	10 January 2023	10 January 2023
Issue Closing Date	10 January 2023	10 January 2023
Pay-in Date	12 January 2023	12 January 2023
Deemed Date of Allotment	12 January 2023	12 January 2023
Settlement Cycle	T + 2 day ('T' being the bidding date as set out above)	T + 2 day ('T' being the bidding date as set out above)
No. of Applications	N.A.***	N.A.***
Issuance mode of the Instrument	In dematerialized mode.	In dematerialized mode.
Trading mode of the Instrument	In dematerialized mode.	In dematerialized mode.
Settlement mode of the Instrument	Payment of interest and repayment of principal shall be made by way of cheque(s)/ warrant(s)/ demand draft(s)/direct credit/ RTGS/ NECS/ NEFT or any other electronic mode offered by banks.	
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).	
Holiday Convention	<p>If the Coupon Payment Date falls on a holiday, the payment of Coupon up to original scheduled date, will be made on the following working day, however the dates of the future Coupon payments would be in accordance with the schedule originally stipulated at the time of issuing the security.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p> <p>It is clarified that Interest/redemption with respect to the Bonds shall be made only on the days when commercial banks are open for business in Mumbai.</p>	



	If the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.	
Record Date	15 (Fifteen) days prior to each Coupon Payment Date or Redemption Date.	15 (Fifteen) days prior to each Coupon Payment Date or Redemption Date.
All covenants of the Issue (including side letters, accelerated payment clauses etc).	<p>In addition to those set out in this summary term sheet, the covenants in relation to the Issue of Bonds are as set out in Annexure IV (Clause A) to the Private Placement Offer Letter.</p> <p><i>Side Letters:</i> The Issuer has not entered into any side letters containing separate covenants for the Bonds.</p> <p><i>Accelerated payment:</i> The payment of the Bonds can be accelerated only on the occurrence of an 'Event of Default'. For further details, please refer to Annexure IV (Clause B) to the Private Placement Offer Letter.</p>	
Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/hypothecation/mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the Bondholder over and above the coupon rate as specified in the Bond Trust Deed and disclosed in the Private Placement Offer Letter.	The Bonds are unsecured.	
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> <li>1. Letter appointing Bond Trustee to the Bondholders;</li> <li>2. Bond trustee agreement;</li> <li>3. Bond Trust Deed;</li> <li>4. Rating letter from CARE;</li> <li>5. Rating letter from IRPPL;</li> <li>6. Rating letter from CRISIL;</li> <li>7. Rating letter from ICRA;</li> <li>8. Tripartite agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>9. Tripartite agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form;</li> <li>10. Letter appointing the Registrar;</li> <li>11. Application made to BSE and NSE for seeking their in-principle approval for listing of Bonds;</li> <li>12. Listing Agreement with BSE and NSE;</li> </ol>	

	13. Letters appointing Arrangers to the Issue; and 14. Electronic bidding platform agreements with BSE and NSE dated August 24, 2016 and December 07, 2016, respectively.
Events of Default (including manner of voting /conditions of joining Inter Creditor Agreement)	As set out in Annexure IV (Clause D) to the Private Placement Offer Letter.
Creation of Recovery Expense Fund	The Issuer will create a recovery expense fund with the BSE as the Designated Stock Exchange, in the manner as specified by the SEBI pursuant to circular number SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 and circular number SEBI/HO/MIRSD/CRADT/CIR/P/2022/67 dated May 19, 2022, as amended from time to time, and inform the Bond Trustee about the same.
Conditions for Breach of Covenants (as specified in the Bond Trust Deed)	In cases of default by the Issuer in the performance or observance of any covenant, obligation, condition or provision contained in the Bond Trust Deed (other than the obligation to pay principal and Interest) and such default continues for 30 (thirty) business days or is not rectified within 7 (seven) business days after written notice has been given thereof by the Bond Trustee to the Issuer requiring the same to be remedied, the same will be construed as an Event of Default. In cases of default committed in payment of the principal amount or two consecutive defaults on payment of Interest of the Bonds on the due date(s), unless it is due to technical error beyond control of the Issuer, the same will be construed as an Event of Default. The Bond Trustee may waive any breach by the Issuer of any of the covenants and provisions in the Bond Trust Deed.
Remedies on Events of Default	As mentioned in the Bond Trust Deed.
Cross Default	Not applicable.
Bond Trustee	BEACON Trusteeship Limited.
Registrar	Kfin Technologies Limited.
Role and Responsibilities of Bond Trustee	The Bond Trustee shall protect the interest of the Bondholders as stipulated in the Bond Trust Deed and in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Issuer.  No Bondholder shall be entitled to proceed directly against REC unless the Bond Trustee, having become so bound to proceed, fail to do so.
Risk Factors Pertaining to the Issue of Bonds	Please refer to Section X ( <i>Risk Factors</i> ) of the Private Placement Offer Letter for details in respect of risks relating to the Issue of Bonds.
Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letters from CARE, IRPPL, ICRA and CRISIL will be valid as on the date of issuance and listing of the Bonds; 2. Seek a written consent letter from the Bond Trustee conveying their consent to act as Bond Trustee for the Bondholders; and 3. Making an application to BSE and NSE for seeking their in-principle approval for listing of Bonds.
Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed in accordance with the time frame mentioned elsewhere in the Private Placement Offer Letter: 1. Maintaining a complete record of private placement offers in Form PAS-5; 2. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under Section 42(8) of the Companies Act, with the Registrar of Companies, National Capital Territory of Delhi and Haryana within 15 (fifteen) days of the Deemed Date of Allotment along with fee as provided in the Fees Rules; 3. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within the stipulated time period from the Deemed Date of Allotment; 4. Making listing application for Bonds and receiving listing permission with BSE and NSE on or before 3 (three) trading days from the Issue Closing Date; and 5. Submission of Bond Trust Deed with BSE and NSE within 5 (five) working days of execution of the same for uploading on their website.

	Further, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in the Private Placement Offer Letter.	
Mode of Subscription	Successful bidders are required to do the funds pay-in from their same bank account which is updated by them in the BSE Bond-EBP Platform while placing the bids and into the relevant designated bank account. In case of mismatch in the bank account details between the BSE Bond-EBP Platform and the bank account from which payment is done by the successful bidder, the payment will be returned back. Payment should be made by the deadline specified by the BSE. Successful bidders should do the funds pay-in to the bank accounts of the clearing corporation of the relevant Exchanges as further set out under the 'Issue Procedure' section of the Private Placement Offer Letter.	Successful bidders are required to do the funds pay-in from their same bank account which is updated by them in the BSE Bond-EBP Platform while placing the bids and into the relevant designated bank account. In case of mismatch in the bank account details between the BSE Bond-EBP Platform and the bank account from which payment is done by the successful bidder, the payment will be returned back. Payment should be made by the deadline specified by the BSE. Successful bidders should do the funds pay-in to the bank accounts of the clearing corporation of the relevant Exchanges as further set out under the 'Issue Procedure' section of the Private Placement Offer Letter.
Settlement Mechanism	Through clearing corporation of BSE.	Through clearing corporation of BSE.
Allocation Option	Uniform yield.	Uniform yield.
Bidding type	Closed bidding.	Closed bidding.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of courts of New Delhi.	

\* Under the SEBI Operational Circular, if the Coupon Payment Date falls on a holiday or Sunday, the payment may be made on the following working day without including the interest for holiday or Sunday and the dates of the future coupon payments would be in accordance with the schedule originally stipulated at the time of issuing the security. Under the SEBI Operational Circular, the second and fourth Saturday will not be considered as working days for the purpose of payment of the interest amount.

\*\* Under the SEBI Operational Circular, as amended, if the redemption date falls on a holiday or Sunday, then such payment shall be made on the previous working date along with interest is required to be paid till the redemption date. Under the SEBI Operational Circular, the second and fourth Saturday will not be considered as working days for the purpose of payment of the redemption amount.

\*\*\* Under the NBFC Directions, there shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of Rs.1 Crore and above.

Note: If there is any change in Coupon Rate pursuant to any event then such new Coupon Rate and events which lead to such change shall be disclosed. The list of documents which has been executed in connection with the issue and subscription of Bonds are set out in Section XVIII. The principal and Interest amount of the Bonds is unsecured. The recovery of 100% of the amount of the Bonds shall depend on the market scenario prevalent at the time of enforcement. The Issuer has provided granular disclosures in PPOL, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "Object of the Issue" in Section XVI "Summary Term Sheet" and Paragraph 9.17.

#### Illustration of Bond Cash Flows for Bond Series 218 - A

Issuer	REC Limited
Face Value (per security)	Rs.1,00,000/-
Date of Allotment	12 January 2023
Date of Redemption	30 June 2026
Tenure	3 years, 5 months and 18 days
Coupon Rate	7.56%
Frequency of the Interest Payment with specified dates	Annual. First interest payment on 30 June 2023, and then on 30 June every year, and the last interest payment on 30 June 2026 along with maturity proceeds.
Day Count Convention	Actual / Actual

#### Cash Flows For One Bond With A Face Value of Rs. 1,00,000 for Bond Series 218 - A

Particulars	Original		Revised		No. of Days	Cash Flow
	Day	Date	Day	Date		
1st Coupon	Friday	6/30/2023	Friday	6/30/2023	169	3,500
2nd Coupon	Sunday	6/30/2024	Monday	7/1/2024	366	7,560
3rd Coupon	Monday	6/30/2025	Monday	6/30/2025	365	7,560
4th Coupon	Tuesday	6/30/2026	Tuesday	6/30/2026	365	7,560
Redemption	Tuesday	6/30/2026	Tuesday	6/30/2026	365	100,000
<b>TOTAL:</b>						<b>126,180</b>

**Illustration of Bond Cash Flows for Bond Series 218 - B**

<b>Issuer</b>	REC Limited
<b>Face Value (per security)</b>	Rs.1,00,000/-
<b>Date of Allotment</b>	12 January 2023
<b>Date of Redemption</b>	31 January 2033
<b>Tenure</b>	10 years and 19 days
<b>Coupon Rate</b>	7.69%
<b>Frequency of the Interest Payment with specified dates</b>	Annual. First interest payment on 31 January 2024, and then on 31 January every year, and the last interest payment on 31 January 2033 along with maturity proceeds.
<b>Day Count Convention</b>	Actual / Actual

**Cash Flows For One Bond With A Face Value of Rs. 1,00,000 for Bond Series 218 - B**

Particulars	Original		Revised		No. of Days	Cash Flow
	Day	Date	Day	Date		
1st Coupon	Wednesday	1/31/2024	Wednesday	1/31/2024	384	8,090
2nd Coupon	Friday	1/31/2025	Friday	1/31/2025	366	7,690
3rd Coupon	Saturday	1/31/2026	Saturday	1/31/2026	365	7,690
4th Coupon	Sunday	1/31/2027	Monday	2/1/2027	365	7,690
5th Coupon	Monday	1/31/2028	Monday	1/31/2028	365	7,690
6th Coupon	Wednesday	1/31/2029	Wednesday	1/31/2029	366	7,690
7th Coupon	Thursday	1/31/2030	Thursday	1/31/2030	365	7,690
8th Coupon	Friday	1/31/2031	Friday	1/31/2031	365	7,690
9th Coupon	Saturday	1/31/2032	Saturday	1/31/2032	365	7,690
10th Coupon	Monday	1/31/2033	Monday	1/31/2033	366	7,690
Redemption	Monday	1/31/2033	Monday	1/31/2033	366	100,000
<b>TOTAL:</b>						<b>177,300</b>

## SECTION XVII ISSUE PROCEDURE

The terms of the Issue are set out under Section XVI “*Summary Term Sheet*”. This section provides an overview of the Issue process and certain disclosures of the Issuer and Investor in respect of the Bonds and the Issue.

### 17.1 GENERAL ISSUE RELATED INFORMATION

#### Eligibility for the Issue

The present Issue of Bonds is being made pursuant to:

- (i) resolution passed by the Board of Directors of the Issuer on March 21, 2022 and delegation provided thereunder;
- (i) special resolution passed by the shareholders of the Issuer under section 42 of the Companies Act and sub-rule 2 of Rule 14 of the PAS Rules, as amended in the annual general meeting held on September 24, 2021; and
- (ii) Article 95(xxii), 96 (i) and 96 (ii) of the Articles of Association of the Issuer.

The Issuer, its Directors and authorized officers have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. The Issuer can issue the Bonds proposed by it in view of the present approvals and no further approvals is required from any GOI authority are required by the Issuer to undertake the proposed activity save and except those approvals which may be required to be taken in the normal course of business from time to time. Further the NBFC Directions, permit a NBFC to issue unsecured bonds.

#### Contribution made by Promoters or Directors

NIL.

#### Interest on Application Money

As the pay-in date and the Deemed Date of Allotment fall on the same date, interest on Application money shall not be applicable. Further, no interest on Application money will be payable in case the Issue is withdrawn by the Issuer in accordance with the EBP Operational Guidelines.

#### Depository Arrangements

The Issuer has entered into depository arrangements with NSDL and CDSL. The securities shall be issued in dematerialized form in accordance with the provisions of Depositories Act.

The Issuer has signed two tripartite agreements in this connection:

- (i) Tripartite agreement dated November 15, 2007 between the Issuer, NSDL and the Registrar.
- (ii) Tripartite agreement dated October 16, 2007 between the Issuer, CDSL and the Registrar.

The Bonds will be issued and allotted in dematerialised form and the same shall be in accordance with the provisions of the NCS Regulations, Depositories Act and the regulations made thereunder and are to be issued in accordance with the terms and conditions stipulated under this Private Placement Offer Letter. The Bondholder will have the right to convert the dematerialized Bonds into physical form in accordance with applicable law.

#### Bond/Debenture Redemption Reserve

Under the Companies (Share Capital and Debentures) Rules, 2014, as amended, a debenture redemption reserve account is not required to be created in the case of privately placed debentures issued by NBFC's registered with the RBI under section 45-IA of the RBI Act.

## Issue Price

Each Bond has a face value of Rs. 1 (One) Lakh each and is issued at par. The Bonds shall be redeemable at par i.e. for Rs. 1 (One) Lakh per Bond. Since there is no discount or premium on either issue price or redemption value of the Bonds, the effective yield for the Investors shall be the same as the coupon rate on the Bonds. This Issue of Bonds does not form part of ‘non-equity regulatory capital’ as set out under Chapter V of the NCS Regulations.

## Terms of Payment

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

Minimum Application Size	Amount Payable on Application per Bond
Application must be for a minimum of INR 1 (One) Crore (100 (One Hundred) Bonds) and in multiples of INR 1 (One) Lakh (1 (One) Bond) thereafter.	Full Issue Price i.e. INR 1 (One) Lakh per Bond.

## Minimum Subscription

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

## Retention of oversubscription

The Issuer shall have an option at its sole discretion to retain over-subscription up to the Issue Size. The Issuer confirms that the Green Shoe Option does not exceed five times the Base Issue Size.

## 17.2 ISSUE PROCESS

### Who Can Apply

The Investors as specified in Section XVI “*Summary Term Sheet*” are eligible to apply for the Bonds. All Applicants are required to comply with the relevant regulations/guidelines applicable to them for investing in the Issue in accordance with the norms approved by GOI, RBI or any other statutory body from time to time, including but not limited to BSE EBP Guidelines / NSE EBP Guidelines as published by BSE / NSE on its website for investing in this Issue. The contents of this Private Placement Offer Letter and any other information supplied in connection with this Private Placement Offer Letter are intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

### Who Cannot Apply

The persons/entities as set out in Section XVI “*Summary Term Sheet*” as non-eligible classes of investors, shall not be eligible to participate in the Issue and any Applications from such persons and entities shall be rejected.

### Documents to be provided by Eligible Investors

In order to be able to bid under the BSE Bond - EPB Platform / NSE Bond - EBP Platform, Eligible Investors must have provided the requisite documents (including but not limited to know your customer) in accordance with the EBP Operational Guidelines or applicable law or as requested by the Issuer. The Issuer is entitled at any time to require an Eligible Investor to provide any know your customer or other documents as may be required to be maintained by it or delivered to a third party by it in accordance with applicable laws.

### Application under Power of Attorney or by Eligible Investors

In case of Applications made under a power of attorney or by a company or a body corporate or registered society or mutual fund, and scientific and/or industrial research organizations or trusts etc., the relevant power of attorney or the

relevant resolution or authority to make the Application, as the case may be, together with the certified true copy thereof along with the certified copy of the memorandum and articles of association and/or bye-laws, as the case may be, shall be attached to the Application Form or lodged for scrutiny separately with the photocopy of the Application Form, quoting the serial number of the Application Form, failing which the applications are liable to be rejected.

### **Confirmation by Eligible Investor**

Each Eligible Investors confirms that it is not using any software, algorithm, bots or other automation tools, which would give unfair access for placing bids on the BSE Bond - EPB Platform / NSE Bond - EBP Platform.

### **How to Apply or Bid**

All Eligible Investors should refer the operating guidelines for issuance of debt securities on private placement basis through an electronic book mechanism as available on the website of BSE / NSE. Investors will also have to complete the mandatory know your customer verification process. Investors should refer to the BSE EBP Guidelines / NSE EBP Guidelines in this respect.

The Issue details shall be entered on the BSE Bond - EPB Platform / NSE Bond - EBP Platform by the Issuer at least 2 (two) Business Days prior to the Issue opening date, in accordance with the EBP Operational Guidelines.

The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the BSE Bond EPB - Platform / NSE Bond – EBP Platform, at least 1 (one) Business Day before the start of the Issue opening date. Provided that such changes in bidding date or time shall be allowed for a maximum of 2 (two) times in accordance with the EBP Operational Guidelines.

Some of the key guidelines in terms of the current EBP Operational Guidelines on issuance of securities on private placement basis through an EBP mechanism, are as follows:

#### **(i) Bidding Process**

- (a) The bidding process on the BSE Bond - EPB Platform / NSE Bond - EBP Platform shall be on an anonymous order driven system.
- (b) Bid shall be made by way of entering bid in:
  - (A) Price; or
  - (B) Coupon (in %), up to four decimal places; or
  - (C) Spread in basis points (bps).

Further, the bid amount shall be specified in Indian Rupees.

- (c) The bidding process, in cases where the coupon / spread is discovered during bidding, shall be based on the following: the face value remaining constant, bids / quotes shall be placed by the Eligible Investors in terms of coupon / spread.

#### **(ii) Modification of Bid**

- (a) Eligible Investors may note that modification of bid is allowed during the bidding period.
- (b) However, in the last 10 (ten) minutes of the bidding period, revision of bid is only allowed for:
  - (A) downward revision of coupon/ spread or upward modification of price; and/or
  - (B) Upward revision in terms of the bid size.

#### **(iii) Cancellation of Bid**

Investors may note that cancellation of bid is allowed during the bidding period. However, in the last 10 (ten) minutes of the bidding period, no cancellation of bids is permitted.



(iv) **Multiple Bids**

Investors may note that multiple bids are permitted. An Arranger can bid on behalf of multiple participants, subject to the limits of more than 5% (five per cent.) of the Base Issue Size or Rs. 100,00,00,000 (Rupees One Hundred Crores), whichever is lower (or such revised limits as may be specified in the EBP Operational Guidelines from time to time), for each Eligible Investor.

(v) **Offer or Issue of executed Private Placement Offer Letter to successful Eligible Investors**

The signed copy of the Private Placement Offer Letter along with the Application Form will be issued to the successful Eligible Investors, who are required to complete and submit the Application Form to the Issuer in order to accept the offer of the Bonds.

However, Investors should refer to the EBP Operational Guidelines as prevailing on the date of the bid.

**Bids by the Arranger**

The Arrangers as mapped on BSE Bond EPB - Platform / NSE Bond – EBP Platform by the Issuer are allowed to bid on a proprietary, client and consolidated basis. At the time of bidding, the Arranger is required to disclose the following details to the BSE Bond EPB - Platform / NSE Bond – EBP Platform:

- (i) Whether the bid is:
  - (a) proprietary bid; or
  - (b) a client bid, i.e. being entered on behalf of an Eligible Investor; or
  - (c) a consolidated bid, i.e., an aggregate bid consisting of proprietary bid and bid(s) on behalf of Eligible Investors.
- (ii) For consolidated bids, the Arranger shall disclose breakup between proprietary bid and client bid(s) (i.e. bids made on behalf of Eligible Investors).
- (iii) For client bids (i.e. bids entered on behalf of Eligible Investors), the Arranger shall disclose the following:
  - (a) Names of such Eligible Investors;
  - (b) Category of the Eligible Investors (whether qualified institutional buyers or non- qualified institutional buyers); and
  - (c) Quantum of bid of each Eligible Investor.

Provided that the Arranger shall not allowed to bid on behalf of any Eligible Investor if the bid amount exceeds 5% (five per cent.) of the Base Issue Size or Rs. 100,00,00,000 (Rupees One Hundred Crores), whichever is lower (or such revised limits as may be specified in the EBP Operational Guidelines from time to time). An Arranger can bid, on behalf of multiple Eligible Investor, subject to the above limits, as may be specified in the EBP Operational Guidelines.

**Withdrawal of Issue**

The Issuer reserves the right to withdraw the Issue prior to the Issue closing date, at its discretion, and including but not limited to the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law, due to pandemic, epidemic, etc., pursuant to the conditions set out under the EBP Operational Guidelines. A withdrawal

Further, the Issuer shall be permitted to withdraw from the Issue process on the following events:

- (i) The Issuer is unable to receive the bids up to the Base Issue Size; or
- (ii) A bidder has defaulted on payment towards the Allotment, within stipulated timeframe, due to which the Issuer is unable to fulfill the Base Issue Size; or
- (iii) The cut-off yield (i.e. the highest yield at which a bid is accepted) in the Issue is higher than the estimated cut-off yield (i.e. the yield estimated by the Issuer, prior to opening of the Issue) disclosed to the EBP, where the Base Issue Size is fully subscribed.



Disclosure of estimated cut-off yield on the BSE Bond EPB - Platform / NSE Bond – EBP Platform to the Eligible Investors, pursuant to closure of the Issue, shall be at the discretion of the Issuer.

If the Issuer has withdrawn the Issue pursuant to point (iii), where the cut-off yield of the Issue is higher than the estimated cut-off yield disclosed to the BSE Bond EPB - Platform / NSE Bond – EBP Platform, the estimated cut-off yield shall be mandatorily disclosed by the BSE Bond EPB - Platform / NSE Bond – EBP Platform to the Eligible Investors.

However, Eligible Investors should refer to the EBP Operational Guidelines prevailing on the date of the bid.

### **Determination of Coupon**

The Coupon will be decided in accordance with the EBP Operational Guidelines.

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

The Issuer reserves its full, unqualified and absolute right to accept or reject the application, in part or in full, without assigning any reason thereof. The rejected Applicant will be intimated along with the refund warrant, if applicable. No interest on Application money will be paid on rejected Applications. The Application Form that is not complete in all respects is liable to be rejected and would not be paid any interest on the Application money. For further instructions regarding the application for the Bonds, Eligible Investors are requested to read the instructions provided in the Application Form.

Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- (i) Number of Bonds applied for is less than the minimum application size; and
- (ii) Bondholder details as may be required is not given.

### **Basis of Allocation**

Allocation shall be made as approved by the Issuer in accordance with applicable SEBI regulations, EBP Operational Guidelines, and applicable laws. Post completion of bidding process, the Issuer will upload the provisional allocation on the BSE Bond EPB - Platform / NSE Bond – EBP Platform. Post receipt of details of the successful Eligible Investors, the Issuer will upload the final allocation file on the BSE Bond EPB - Platform / NSE Bond – EBP Platform. For issuances with open bidding, the details of bids shall be disseminated on a real time basis; however, for issuances with closed bidding, the information shall be disseminated after closure of bidding.

The Issuer shall have an option at its sole discretion to retain over-subscription up to the Issue Size. The Issuer confirms that the Green Shoe Option does not exceed five times the Base Issue Size.

The allotment of valid applications received on the closing day shall be done in the following manner:

- (i) all bids shall be arranged in accordance with “yield priority” basis, further,
  - (a) in case of in case of ‘uniform yield allotment’, allotment and settlement value shall be based on the face value;
  - (b) in case of ‘multiple yield allotment’, allotment and settlement value shall be based on the price adjusted as per the coupon/ spread quoted by each Eligible Investor in the bidding process.
- (ii) where two or more bids have the same coupon/price/spread and time, then allotment shall be done on “pro-rata” basis.

### **Anchor Portion within the Base Issue Size**

There no anchor investor for this Issue of Bonds.

### Applications by Successful Investors

Original Application Forms complete in all respects must be submitted to the corporate office of Issuer before the last date indicated in the Issue time-table or such extended time as decided by the Issuer accompanied by details of remittance of the Application money. The Application Form will constitute the acceptance required under Section 42 of the Companies Act and the PAS Rules. Successful Investors should ensure to do the funds pay-in from their same bank account which is updated by them in the BSE Bond - EBP Platform / NSE Bond – EBP Platform while placing the bids. In case of mismatch in the bank account details between BSE Bond - EBP Platform / NSE Bond – EBP Platform and the bank account from which payment is done by the successful investor, the payment would be returned back. Payment should be made by the deadline specified by the BSE/ NSE. Successful bidders should do the funds pay-in to the bank accounts of the clearing corporation of the relevant Exchanges (“**Designated Bank Account**”).

Upon final allocation by the Issuer, and confirmation by the Issuer to go ahead with the Allotment, the Issuer or the Registrar on behalf of the Issue shall instruct the Depositories on the pay-in date, and the Depositories shall accordingly credit the allocated Bonds to the demat account of the successful Investor(s). Upon instructions of the Registrar or the Issuer, the Depositories shall confirm to the clearing corporation of the relevant Exchanges that the Bonds have been transferred to the demat account(s) of the successful Investor(s). Upon confirmation from the Depository, the clearing corporation of the relevant Exchanges shall transfer funds to the Designated Bank Account of the Issuer.

Successful bidders must do the funds pay-in to the Designated Bank Account up to 10:30 am on the pay-in date (“**Pay-in Time**”). Successful bidders should ensure to do the funds pay-in from their same bank account which is updated by them in the BSE Bond - EBP Platform / NSE Bond – EBP Platform while placing the bids. In case of mismatch in the bank account details between BSE Bond – EBP Platform / NSE Bond – EBP Platform and the bank account from which payment is done by the successful bidder, the payment would be returned back. Provided that, in case of bids made by the Arranger on behalf of an Eligible Investor, funds pay-in shall be made from the bank account of such Eligible Investors. Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Issuer assumes no responsibility for any applications lost in mail.

**Note:** In case of failure of any successful Investor to complete the funds pay-in by the Pay-in Time or the funds are not received in the Designated Bank Account of the clearing corporation of the relevant Exchanges by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Issuer and/or the Arranger shall not be liable to the successful Investor.

Further, in case of non-fulfillment of pay-in obligations by Eligible Investors, such Eligible Investors shall be debarred from accessing the bidding platform across all EBPs for a period of 30 (thirty) days from the date of such default. In case of 3 (three) instances of non-fulfillment of pay-in obligations, across all EBPs, by Eligible Investors for whom an Arranger has bid, then such Arranger shall be debarred from accessing all EBPs, for a period of 7 (seven) days from the date of the such third or subsequent default.

### Post-Allocation Disclosures by the EBP

Upon final allocation by the Issuer, the Issuer shall disclose the Issue Size, coupon rate, ISIN, number of successful bidders, category of the successful bidder(s), etc., in accordance with the Chapter VI of the SEBI Operational Circular. The EBP shall upload such data, as provided by the Issuer, on its website to make it available to the public.

### Terms of Payment

The full-face value of the Bonds applied for is to be paid along with the Application Form as set out above.

### Acknowledgements

No separate receipts will be provided by the Issuer for the Application money.

### Deemed Date of Allotment

The cut-off date declared by the Issuer from which all benefits under the Bonds including Coupon on the Bonds shall be available to the Bondholders is the Deemed Date of Allotment. The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment. The Issuer reserves the right to keep multiple allotment date(s)/deemed date(s) of allotment at its sole and absolute discretion without any notice. If in case, the issue closing date changes (i.e. preponed/postponed), then the Deemed Date of Allotment may also be changed (preponed/ postponed) by the Issuer, at its sole and absolute discretion.

### Letter(s) of Allotment/ Bond Certificate(s)

The beneficiary account of the Investor(s) with NSDL or CDSL or Depository Participant will be given initial credit within 2 (two) days from the Deemed Date of Allotment. The initial credit in the account will be akin to a letter of Allotment. On completion of the all-statutory formalities, such credit in the account will be akin to a Bond certificate.

### Fictitious applications

Any person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the Bonds, or otherwise induced a body corporate to allot, register any transfer of Bonds therein to them or any other person in a fictitious name, shall be punishable under the extant laws.

## 17.3 INSTRUMENT SPECIFIC DETAILS

### Market Lot

The market lot will be one Bond. Since the Bonds are being issued only in dematerialised form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

### Trading of Bonds

The marketable lot for the purpose of trading shall be one Bond that is, in denomination of Rs. 1 (One) Lakh. Trading of Bonds will be permitted in dematerialised mode only and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In the event of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nation-wide trading terminal or such other platform as may be specified by SEBI.

### Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules or procedures as prescribed by the NSDL, CDSL or Depository Participant of the transferor and transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his Depository Participant. The provisions of the Depositories Act, and the Companies Act, and all other applicable laws shall apply for transfer and transmission of Bonds.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, Coupon will be paid or Redemption Amount will be paid to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

### Interest on the Bonds

The Bonds shall carry interest at the Coupon rates in accordance with Section XVI “*Summary Term Sheet*” (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the I.T. Act or any other statutory modification or re-enactment thereof for which a certificate will be issued by the Issuer) on the outstanding principal amount of Bonds until final maturity.

### **Default Interest on the Bonds**

2% per annum over the coupon rate will be payable by the Issuer for the defaulting period in case of default in payment of Coupon or Redemption Amount.

2% per annum over the coupon rate will be payable by the Issuer for the period of delay in cases where the bond trust deed is not executed in accordance with the timeline under applicable law.

1% (one percent) per annum over the Coupon Rate will be payable by the Issuer for the period of delay between the Deemed Date of Allotment and the date of listing, in accordance with the timeline under applicable law.

In case of delay of allotment of debt securities beyond the stipulated time period, the Issuer will comply with applicable regulatory requirements, if any, with respect to such delay.

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

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

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as “Interest on Securities” in accordance with the rules under the I.T. Act. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/document (if any), under the I.T. Act, at the head office of the Issuer, at least 45 (forty-five) days before the payment becoming due. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective Investors are advised to consult their own tax consultant(s).

### **List of Beneficial Owners**

The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date to the Registrar and the Issuer. This list shall be considered for payment of Coupon or Redemption Amount, as the case may be.

### **Record Date**

Record date of Coupon shall be 15 (fifteen) days prior to each Coupon Payment Date and 15 (fifteen) days prior to the Redemption Date. Coupon shall be paid to the person whose name appears as sole/first in the Register of Debentureholders/beneficiaries position of the Depositories on the Record Date or to the Bondholders who have converted the Bonds to physical form and their name is registered on the registers maintained by the Issuer or the Registrar.

In the event of the Issuer not receiving any notice of transfer at least 15 (fifteen) days prior to each Coupon Payment Date and at least 15 (fifteen) days prior to the Redemption Date, the transferees for the Bond shall not have any claim against the Issuer in respect of Coupon so paid to the registered Bondholder.

### **Undertaking regarding transfer**

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

If the Bonds are rematerialized and held in physical form, transfer of Bonds shall be as per the relevant provisions of Companies Act, and Ministry of Corporate Affairs notification number GSR 463(E) dated June 5, 2015 issued

in respect of government companies or any other relevant law. However, the Issuer reserves it right to duly confirm the identity of the transferor and conduct necessary due diligence wherever required.

### **Redemption and Computation**

The face value of the Bonds will be redeemed in accordance with details in Section XVI “*Summary Term Sheet*” from the Deemed Date of Allotment. The Bonds will not carry any obligation, for interest, or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the Redemption Amount by the Issuer on maturity to the registered Bondholders whose names appear in the Register of Debentureholders on the Record Date or the Beneficial Owners in accordance with the list provided by the Depositories. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders.

If the Redemption Date falls on a day which is not a Business Day, then the payment due shall be made on the previous Business Day but without liability for making payment of interest after actual date of redemption. It is clarified that any Coupon or Redemption Amount with respect to Bonds, Coupon or Redemption Amount payments shall be made only on the days when commercial banks are open for business in Mumbai.

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

Payment on the Redemption Date will be made by way of cheque(s) or redemption warrants(s) or demand draft(s) or credit through RTGS system in the name of the Bondholders whose name appear on the list of Beneficial Owners given by Depository to the Issuer or the Bondholders (who have converted the Bonds to physical form), whose names are registered on the Register of Debentureholders maintained by the Issuer or Registrar as on the Record Date. The Bonds shall be taken as discharged on payment of the Redemption Amount by the Issuer on maturity to the list of Bondholders as provided by NSDL or CDSL or Depository Participant. Such payment will be a legal discharge of the liability of the Issuer towards the Bondholders. On such payment being made, the Issuer shall inform NSDL or CDSL or Depository Participant and accordingly the account of the Bondholders with NSDL or CDSL or Depository Participant shall be adjusted.

The Issuer’s liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the Redemption Date in all events. Further the Issuer will not be liable to pay any Coupon, or compensation from the Redemption Date on the Issuer dispatching / crediting the amount to the Beneficiary(s) as specified above in respect of the Bonds, the liability of the Issuer shall stand extinguished.

It is clarified that Coupon or Redemption Amount with respect to the Bonds, the Coupon or Redemption Amount payments shall be made only on the days when commercial banks are open for business in Mumbai.

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

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

Further, the Bonds shall be subject to the provisions of the Companies Act, and the relevant rules and regulations, the Articles of Association of the Issuer, the terms of this issue of Bonds and the other terms and conditions as may be incorporated in the Bond trustee agreement and other documents that may be executed in respect of these Bonds.

### **Modification of Rights**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold majority of the outstanding amount of the Bonds (or any limit as specified under Companies Act or any other provision of law) or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

### **Right to further issue under the ISINs**

The Issuer reserves right to effect multiple issuances under the same ISIN with reference to the SEBI Operational Circular. The Issue can be made either by way of creation of a fresh ISIN or by way of issuance under the existing ISIN at premium, par or discount as the case may be in line with the SEBI Operational Circular.

### **Right to Buyback, Re-purchase and Re-issue**

The Issuer will have the right, power and authority, exercisable at its sole and absolute discretion from time to time, to buyback or re-purchase a part or all of its Bonds from the secondary markets or through a tender offer or any other method permitted under applicable law, at any time prior to the Redemption Date, subject to applicable law and in accordance with the applicable guidelines or regulations, if any.

In the event of a part or all of the Issuer's Bonds being bought back or repurchased as aforesaid or redeemed under any circumstances whatsoever, the Issuer shall have, and shall be deemed always to have had, the right, power and authority to re-issue the Bonds, either by re-issuing the same Bonds or by issuing other debentures in their place.

Further the Issuer, in respect of such bought back or re-purchased or re-deemed Bonds shall have the right, power and authority, exercisable either for a part or all of those Bonds, to cancel, keep alive, appoint nominee(s) to hold or re-issue at such price and on such terms and conditions as it may deem fit and as permitted under the SEBI Operational Circular or by applicable laws or regulations.

### **Future Borrowings**

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

### **Ranking of Bonds**

The Bonds are unsecured, redeemable, non-convertible, non-cumulative, taxable, bonds in the nature of debentures. The Bonds shall rank *pari-passu* inter se and, subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, shall also as regards repayment of principal and payment of interest, rank *pari-passu* with all other existing unsecured borrowings of the Issuer.

### **Notices**

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

All notices required to be given by the Bondholder(s), shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time.

### **Investor Relations and Grievance Redressal**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Issuer endeavours to resolve the Investors' grievances within 30 (thirty) days of its receipt. All grievances related to the issue quoting the Application number (including prefix), number of Bonds applied for, amount paid on application and bank and branch / the Issuer collection centre where the Application was submitted, may be addressed to the resource mobilization unit at the corporate office of the Issuer.

## SECTION XVIII MATERIAL CONTRACTS AND AGREEMENTS

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

### MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of the Issuer, as amended to date.
2. Certificate of incorporation dated July 3, 1969 and fresh Certificate of incorporation dated July 18, 2003.
3. Copy of shareholders resolution obtained for overall borrowing limit.
4. Credit rating letters issued by ICRA, CARE, IRRPL and CRISIL respectively.
5. Auditor's report and standalone financial statements prepared under IND-AS for the Financial Years ended March 31, 2022, 2021, and 2020.
6. Auditor's report and consolidated financial statements prepared under IND-AS for the Financial Years ended March 31, 2022, 2021, and 2020.
7. Annual report of the Issuer for the last three Fiscals.
8. Board resolution dated March 21, 2022 authorizing issue of Bonds offered on private placement basis.
9. Letter of consent from the Bond Trustee dated April 5, 2022 for acting as Bond Trustee for and on behalf of Bondholders.
10. Tripartite agreement between the Issuer, NSDL and KFin Technologies Limited for issue of Bonds in dematerialized form.
11. Tripartite agreement between the Issuer, CDSL and KFin Technologies Private Limited for issue of Bonds in dematerialized form.
12. Bond trustee agreement between the Issuer and Bond Trustee.
13. Bond trust deed in favour of Bond Trustee.
14. Electronic bidding platform agreements with BSE and NSE dated August 24, 2016 and December 07, 2016, respectively.



## SECTION XIX DECLARATION

It is hereby declared that:

- (i) the Issuer is in compliance with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, and Companies Act and the rules and regulations made thereunder.
- (ii) the compliance with the Companies Act and the rules does not imply that payment of interest or repayment of Bonds, is guaranteed by the central government of India.
- (iii) the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer Letter.
- (iv) whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is in accordance with the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Issuer.

The undersigned has been authorized by the Board of Directors of the Issuer vide resolution number 488.2.5 dated March 21, 2022, by the Board to sign this Private Placement Offer Letter and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with.

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

**For and on behalf of the Board of Directors of REC Limited (formerly known as Rural Electrification Corporation Limited)**

**RAJESH  
KUMAR**

Digitally signed by RAJESH KUMAR  
DN: c=IN, o=Personid,  
2.5.4.20=78564002a38c4d709090a382  
684e6c505e6d06027d63e7508a0a096  
94da, email=rajesh.kumar@rec.co.in,  
serialNumber=81, uid=90909090, cn=RAJESH KUMAR,  
2.5.4.20=78564002a38c4d709090a382  
684e6c505e6d06027d63e7508a0a096  
94da, cn=RAJESH KUMAR,  
Date: 2023.01.10 10:29:04 +05'30'

Mr. Rajesh Kumar,  
CGM (Finance)  
Place: Gurugram  
Date: January 10, 2023

- (i) Copy of resolution of the Board of Directors authorizing the present Issue of Bonds.
- (ii) Copy of special resolution passed by the shareholders of the Issuer under section 42 of the Companies Act, and sub-rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, dated September 16, 2022.
- (iii) Copy of rating letters rating rationales and press releases from ICRA, CARE, IRRPL and CRISIL.
- (iv) Copy of consent letter from BEACON Trusteeship Limited to act as Bond Trustee for the Bondholders.



**SECTION XX  
ANNEXURES**

- A. APPLICATION FORM ALONGWITH GENERAL INSTRUCTIONS – SHALL BE ISSUED SEPARATELY**
- B. CONSENT LETTER AND DUE DILIGENCE LETTER OF BOND TRUSTEE**  
Annexed as Annexure – I
- C. CREDIT RATING LETTERS, PRESS RELEASES AND RATING RATIONALES**  
Annexed as Annexure- II
- D. COPY OF SHAREHOLDERS SPECIAL RESOLUTION DATED SEPTEMBER 16, 2022 AND BOARD RESOLUTION DATED MARCH 21, 2022**  
Annexed as Annexure – III
- E. COVENANTS FOR THE ISSUE**  
Annexed as Annexure - IV
- F. FINANCIAL INDEBTEDNESS**  
Annexed as Annexure – V
- G. FINANCIAL INFORMATION**  
Annexed as Annexure – VI

Annexure I

Debenture Trustee Consent Letter

and Due Diligence Letter

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CL/MUM/22-23/BT/2  
Date: 04 April 2022

Ref No: BTL/OPR/22-23/20453

**REC Limited**

Core - 4, Scope Complex,  
7, Lodhi Road, CGO Complex  
Pragati Vihar, New Delhi-110 003

**Kind Attn: Mr. Sumit Mehra**

Dear Sir,

**Sub : - Consent to act as Debenture/Bond Trustee for REC's Secured/ Un-secured, Non-convertible, Non-cumulative, Taxable, Institutional Bonds to be issued by REC Limited (REC) during FY 2022-23 on private placement basis**

This is with reference to your email dated Feb 08<sup>th</sup> 2022 and discussion we had regarding appointment of Beacon Trusteeship Limited as Debenture Trustee for REC's Secured/ Un-secured, Non-convertible, Non-cumulative, Taxable, Institutional Bonds/Debentures for FY 2022-23, we hereby confirm to act as Debenture /Bond Trustee for FY 2022-23 on the following commercials.

- A consolidated annual Service Charge of Rs. 1100/- (Eleven Hundred only) per Bond Issue/Per Tranche/Per Annum (Inclusive of Out of Pocket Expenses) Plus applicable Taxes which shall be paid yearly until final repayment/final redemption of bonds is done and its satisfaction of charge is completed on full. No travelling expenses shall be paid for attending REC's office in relation to the said assignment. However, in case of travel outside Delhi in connection with scope of work, the travelling expenditure shall be paid/reimbursed on actual basis (Air Travel – Economy Class only)
- GST/Tax shall be paid extra as applicable.

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

It is indeed our pleasure to continue to be associated with your esteemed organization as Debenture/Bond Trustee and we look forward to a fruitful association.

Thanking You,

Yours faithfully,

For **Beacon Trusteeship Limited**



**Authorised Signatory**

**BEACON TRUSTEESHIP LTD.**

Corporate Office : 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (E), Mumbai - 400 051.

Regd Off : 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (E), Mumbai - 400 051. | CIN : U74999MH2015PLC271288

Phone : 022-26558759 | Email : [contact@beacontrustee.co.in](mailto:contact@beacontrustee.co.in) | Website : [www.beacontrustee.co.in](http://www.beacontrustee.co.in)

**DUE DILIGENCE CERTIFICATE – ANNEXURE A**  
**(Pursuant to Regulation 44(3)(b) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2022)**

Ref. No.: BTL/OPR/22-23/27619

Date: January 05, 2023

To,  
BSE Limited  
25th Floor, P. J. Towers,  
Dalal Street,  
Mumbai -400001

To,  
National Stock Exchange of India Ltd.  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai- 400051

Dear Sir /Madam,

**SUB: ISSUE OF UNSECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE, BONDS UNDER SERIES 218-A OF INR 500 CRORES FOR CASH AT PAR WITH AN OPTION TO RETAIN OVERSUBSCRIPTION BY WAY OF GREEN SHOE OPTION UPTO INR 2500 CRORES, AGGREGATING TO INR 3000 CRORE AND UNSECURED, REDEEMABLE, NON-CONVERTIBLE, NON-CUMULATIVE, TAXABLE, BONDS UNDER SERIES 218-B OF INR 500 CRORES FOR CASH AT PAR WITH AN OPTION TO RETAIN OVERSUBSCRIPTION BY WAY OF GREEN SHOE OPTION UPTO INR 2500 CRORE, AGGREGATING TO INR 3000 CRORE BY WAY OF A PRIVATE PLACEMENT BY REC LIMITED**

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

- 1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.
- 2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:

WE CONFIRM that:

- a) All disclosures made in the offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.
- b) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), in the offer document.
- c) Issuer has given an undertaking that debenture trust deed shall be executed before filing of listing application.

For Beacon Trusteeship Limited



Name: Jaydeep Bhattacharya  
Designation: Executive Director

Place: Mumbai



## BEACON TRUSTEESHIP LIMITED

Registered & Corporate Office: 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (E), Mumbai - 400 051.

Phone : 022-26558759 | Email : [contact@beacontrustee.co.in](mailto:contact@beacontrustee.co.in) | Website : [www.beacontrustee.co.in](http://www.beacontrustee.co.in)

CIN : U74999MH2015PLC271288

Annexure II

Credit Rating Letters,  
Press Releases and Rationales

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**Shri Ajoy Choudhury**  
**Director**  
**REC Limited**  
 I-4, SECTOR-29,  
 Gurgaon,  
 Haryana 122007.

December 21, 2022

**Confidential**

Dear Sir,


**Credit rating for Market Borrowing Programme for FY23**

Please refer to our letter no. CARE/DRO/RL/2022-23/1430 dated June 30, 2022 and your request for revalidation of the rating assigned to the Market Borrowing Programme for FY23 of company, for a limit of Rs.95,005.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
1.	Market Borrowing Programme	90,005.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
2.	Short Term Borrowing	5,000.00	CARE A1+ (A One Plus)	Reaffirmed
	<b>Total Instruments</b>	<b>95,005.00 (Rs. Ninety-Five Thousand Five Crore Only)</b>		

3. The NCDs are repayable as per **Annexure 1**.

4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** for long term rating and **two months** for short term rating from the date of this letter. 

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors
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6. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

7. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and in other CARE Ratings Ltd.'s publications.

CARE Ratings Limited

such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website [www.careedge.in](http://www.careedge.in) for latest update on the outstanding rating.
10. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

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

Thanking you,

Yours faithfully,

*Deepshi Panda*

**Deepshi Panda**

Lead Analyst

[deepshi.panda@careedge.in](mailto:deepshi.panda@careedge.in)

*Neha Kadiyan*

**Neha Kadiyan**

Associate Director

[neha.kadiyan@careedge.in](mailto:neha.kadiyan@careedge.in)

Encl.: As above

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings Limited

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Jhandewalan Extension, New Delhi - 110055  
Phone: +91-11-4533 3200

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off  
Eastern Express Highway, Sion (East), Mumbai - 400 022  
Phone: +91-22-6754 3456  
Email: [care@careedge.in](mailto:care@careedge.in) • [www.careedge.in](http://www.careedge.in)

## Annexure 1

### Details of instruments rated

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)
54EC CGTE Bonds Series XVI	INE020B07MQ6	30-04-2022	5.00%	30-04-2027	797.29
54EC CGTE Bonds Series XVI	INE020B07MR4	31-05-2022	5.00%	31-05-2027	942.45
54EC CGTE Bonds Series XVI	INE020B07MS2	30-06-2022	5.00%	30-06-2027	929.80
54EC CGTE Bonds Series XVI	INE020B07MT0	31-07-2022	5.00%	31-07-2027	1,230.09
54EC CGTE Bonds Series XVI	INE020B07MU8	31-08-2022	5.00%	31-08-2027	697.04
54EC CGTE Bonds Series XVI	INE020B07MV6	30-09-2022	5.00%	30-09-2027	1,018.29
54EC CGTE Bonds Series XVI	INE020B07MW4	31-10-2022	5.00%	31-10-2027	770.93
Series 214-A	INE020B08DW1	23-09-2022	7.32%	28-02-2026	500.00
Series 214-B	INE020B08DX9	23-09-2022	7.50%	28-02-2033	1,947.60
Series 214-B (reissue)	INE020B08DX9	21-10-2022	7.50%	28-02-2033	3,000.00
Series 215	INE020B08DZ4	25-11-2022	7.65%	30-11-2037	3,889.00
Series 216 A	INE020B08EA5	02-12-2022	7.55%	31-03-2028	1,701.50
Series 216 B	INE020B08EB3	02-12-2022	7.67%	30-11-2037	2,000.00
Series 217	INE020B08EC1	16-12-2022	7.53%	31-03-2033	500.00
ICICI Bank (Long term Loan)	-	-	-	15-06-2028	1,150.00
Karnataka Bank (Long term Loan)	-	-	-	15-06-2025	500.00
Deutsche Bank (Long term Loan)	-	-	-	15-06-2027	500.00
IIFCL (Long term Loan)	-	-	-	29-07-2027	500.00
South Indian Bank (Long term Loan)	-	-	-	05-08-2027	200.00
Indian Bank (Long term Loan)	-	-	-	05-08-2029	345.00
Indian Bank (Long term Loan)	-	-	-	06-08-2029	320.00
Indian Bank (Long term Loan)	-	-	-	08-08-2029	175.00
Indian Bank (Long term Loan)	-	-	-	04-08-2029	420.00
HDFC Bank (Long term Loan)	-	-	-	07-09-2027	2000.00
Indian Bank (Long term Loan)	-	-	-	04-08-2029	240.00
Central Bank (Long term Loan)	-	-	-	26-03-2024	1,500.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	1,540.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	1,100.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	360.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	500.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	600.00
Central Bank (Long term Loan)	-	-	-	17-10-2025	400.00
Bank Of Baroda (Long term Loan)	-	-	-	29-09-2029	500.00
Punjab & Sind Bank (Long term Loan)	-	-	-	09-12-2025	320.00
Punjab & Sind Bank (Long term Loan)	-	-	-	09-12-2025	380.00
ECB Loan from State Bank of India, Singapore	-	-	-	13-06-2027	778.02
ECB Loan from State Bank of India, London	-	-	-	28-07-2027	1594.87
ECB Loan from State Bank of India, London	-	-	-	13-09-2027	1195.02
ECB Loan from DBS Bank Ltd., Singapore	-	-	-	27-10-2027	1,247.54
ECB Loan from MUFG Bank Ltd., Singapore	-	-	-	31-10-2027	1,036.38
ECB Loan from State Bank of India, London	-	-	-	31-10-2027	418.74
ECB Loan from HSBC, Gift City Branch	-	-	-	31-10-2027	638.58
FCNR from State Bank of India (USD 200 Million)	-	-	-	24-05-2023	1,550.40
FCNR from ICICI Bank (USD 150 Million)	-	-	-	26-05-2023	1,162.39
FCNR from ICICI Bank (USD 200 Million)	-	-	-	02-06-2023	1,551.41
FCNR from State Bank of India (USD 75 Million)	-	-	-	07-06-2023	581.77

CARE Ratings Limited

13th Floor, E-1 Block, Videocon Tower,  
Jhandewalan Extension, New Delhi - 110055  
Phone: +91-11-4533 3200

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off  
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CIN-L67190MH1993PLC071691



Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)
FCNR from ICICI Bank (USD 150 Million)	-	-	-	21-06-2023	1,170.98
FCNR from State Bank of India (USD 200 Million)	-	-	-	10-12-2023	1,650.96
FCNR from State Bank of India (USD 300 Million)	-	-	-	13-12-2023	2,464.58
FCNR from State Bank of India (USD 75 Million)	-	-	-	13-12-2023	620.38
FCNR from State Bank of India (USD 100 Million)	-	-	-	16-12-2023	824.24
HDFC Bank	-	-	-	Sanctioned yet to disburse	50.00
ICICI Bank	-	-	-		1,200.00
IDBI Bank	-	-	-		750.00
IDFC First	-	-	-		300.00
Indian Bank	-	-	-		1,000.00
IndusInd	-	-	-		500.00
Karnataka Bank	-	-	-		250.00
Mizuho	-	-	-		850.00
PNB	-	-	-		900.00
RBL	-	-	-		500.00
South Indian Bank	-	-	-		500.00
State Bank of India - CC	-	-	-		210.00
Union Bank	-	-	-		750.00
YES Bank	-	-	-		1,000.00
Proposed	-	-	-	-	29,284.75
<b>Long-term Market Borrowing Programme Sub Total (FY23)</b>	-	-	-	-	<b>90,005.00</b>
HDFC Bank	-	-	-	July 2023	1,150.00
KEB Hana Bank	-	-	-	October 2023	100.00
Proposed	-	-	-	-	3,750.00
<b>Short-term Market Borrowing Programme Sub Total (FY23)</b>	-	-	-	-	<b>5,000.00</b>

## CARE Ratings Limited

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Jhandewalan Extension, New Delhi - 110055  
Phone: +91-11-4533 3200

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Email: care@careedge.in • www.careedge.in

**CONFIDENTIAL**

RL/RURECLT/295649/LTBP/0622/35792/106239635/5

December 12, 2022

**Mr. Ajoy Choudhary**

Director Finance

**REC Limited**

Core-4, SCOPE Complex 7

Lodhi Road

North Delhi - 110003

9819031234

Dear Mr. Ajeet Agarwal,

**Re: CRISIL Rating on the Rs.90000 Crore Long-Term Borrowing Programme<sup>&</sup> of REC Limited**

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

Please refer to our rating letter dated November 17, 2022 bearing Ref. no.:RL/RURECLT/295649/LTBP/0622/35792/106239635/4

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

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Long-TermBorrowing Programme	90000	CRISIL AAA/Stable

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

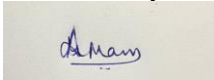
As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at [debtissue@crisil.com](mailto:debtissue@crisil.com) for any clarification you may need.

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

With warm regards,

Yours sincerely,



Aesha Maru

Associate Director - CRISIL Ratings



Nivedita Shibu

Associate Director - CRISIL Ratings



*&Borrowing programme for fiscal 2023 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs 1,00,000.0 crore, of which market borrowing programme is of Rs 75,000.0 crore. Total incremental long-term market borrowing not to exceed Rs 75,000.0 crore at any point in time during fiscal 2023.*

*&Long-term borrowing includes Rs 15,000.0 crore of bank limits (CC/WCDL) over and above market borrowing programme.*

*&Short-term borrowing including total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs 10,000.0 crore at any point during fiscal 2023. It also includes commercial paper limit not exceeding Rs 5,000 crore at any point during fiscal 2023.*

**Disclaimer:** A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, [www.crisilratings.com](http://www.crisilratings.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit [www.crisilratings.com](http://www.crisilratings.com) or contact Customer Service Helpdesk at [CRISILratingdesk@crisil.com](mailto:CRISILratingdesk@crisil.com) or at 1800-267-1301



ICRA Limited

Ref No: ICRA/REC Limited/15122022/1

December 15, 2022

Mr. Sanjay Kumar  
Executive Director (Finance)  
**REC Limited**  
Core 4 A, SCOPE Complex  
7, Lodhi Road, New Delhi – 110003

Dear Sir,

**Re: ICRA Credit Rating for the Rs. 75,000 crore Long Term Borrowing Programme of REC Limited for the financial year 2022-23**

Please refer to your request for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated March 30, 2022 stands. Instruments with **[ICRA]AAA** rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is **Stable**.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]AAA (Stable)**.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 75,000 crore only. Further, the total utilisation of the rated Long-Term Borrowings programme and Short-Term borrowing programme should not exceed Rs. 100,005 crore for financial year 2022-23.

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter dated March 30, 2022.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

For ICRA Limited

**KARTHIK  
SRINIVASAN**

Digitally signed by  
KARTHIK SRINIVASAN  
Date: 2022.12.15  
13:44:45 +05'30'

**KARTHIK SRINIVASAN**  
Senior Vice President  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

Mr. Vivek Kumar Dewangan  
Chairman and Managing Director  
REC Limited  
Core-4, SCOPE Complex, 7-Lodhi Road,  
New Delhi - 110003

December 16, 2022

*Dear Sir,*

**Re: Rating Letter for borrowing programme of REC Limited**

**This is in reference to the rating action commentary released on 31st March 2022**

India Ratings and Research (Ind-Ra) is pleased to communicate the following rating:

Instrument Type	Size of Issue(INR billion)	Rating/Outlook
Long Term Annual Borrowing programme (FY23)	INR750	IND AAA/Stable
Short Term Annual Borrowing programme (Including bank guarantee) (FY23)	INR50	IND A1+

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

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

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

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

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

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

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

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

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

Sincerely,

India Ratings



**Dr Devendra Pant**  
**Senior Director**

# India Ratings Assigns REC's FY23 Borrowing Programme 'IND AAA'/Stable; Affirms Existing Ratings

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Mar 31, 2022 | Public Finance

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India Ratings and Research (Ind-Ra) has taken the following rating actions on REC Limited:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Affirmed
Long-term annual borrowing programme (FY23) *#	-	-	-	INR750	IND AAA/Stable	Assigned
Short-term borrowing programme (including bank guarantee) (FY23)& *#	-	-	-	INR50	IND A1+	Assigned
Short-term borrowing programme - commercial paper (FY23) *#	-	-	-	INR50	IND A1+	Assigned
Proposed short term loans*#	-	-	-	INR150	IND A1+	Assigned
Government of India (GoI) fully-serviced bonds#	-	-	-	INR268.27	IND AAA/Stable	Affirmed
Long-term annual borrowing programmes (FY11-FY21)#@	-	-	-	INR2,068.8 (reduced from INR2,428.91)	IND AAA/Stable	Affirmed
Long-term annual borrowing programme (FY22)# ^	-	-	-	INR1,000	IND AAA/Stable	Affirmed
Short-term borrowing programme (including bank guarantee) (FY22)& #	-	-	-	INR50	IND A1+	Affirmed
Short-term borrowing programme - commercial paper* (FY22)*#	-	-	-	INR50	IND A1+	Affirmed

\*unutilised

#Details in annexure

@includes term loans totaling INR338.33 billion from financial institutions and National Small Saving Fund & includes short-term working capital demand loan limit of INR50 billion (INR12.5 billion utilised)

^ includes long term loans totaling INR196 billion from financial institutions

**Analytical Approach:** The ratings continue to factor in REC's systemic importance to the Gol to address the financing-related issues of the power sector, particularly general and rural electrification in India.

## Key Rating Drivers

**Growth in Loan Book:** REC's loan book increased 3.01% yoy to INR3,887.60 billion in 9MFY22. However, the disbursements declined 22.50% yoy to INR486.64 billion in 9MFY22. During 9MFY22, REC disbursed 29.72% of the total disbursements towards generation (9MFY21: 27.85%, FY21: 28.99), 44.25% towards distribution (55.80%, 56.64%) and 26.02% towards renewable, transmission and short-term loans (16.35%, 14.36%). The sanctions declined 68.30% yoy to INR435.97 billion in 9MFY22 (9MFY21: INR1,375.26 billion, FY21: INR1,548.21 billion). During 9MFY22, REC sanctioned 44.19% of the loans towards transmission and distribution (9MFY21: 59.36%, FY21: 59.27%), 31.62% towards generation (28.70%, 28.61%) and 24.19% towards renewable and short-term loans (11.55%, 11.76%). REC is planning to extend loans to other sectors classified as infrastructure. The company is planning to lend to metro and irrigation projects, and is focussing on private sector for loan book growth. Ind-Ra believes the loan book will continue to grow in the long term.

**New Initiative for Revival of Discoms:** The Gol announced a new scheme for revival of the power distribution sector in India with an outlay of more than INR3 trillion for five years till FY26. The reforms-based and results-linked revamped distribution sector scheme seeks to improve operational efficiencies and financial sustainability of all distribution companies (discoms). REC and Power Finance Corporation Limited (PFC) expect disbursements of INR800 billion-900 billion under the Gol's revamped distribution scheme. Ind-Ra believes these new initiative will provide REC a new opportunity to increase its loan book size.

**Strong Sovereign Ties:** PFC acquired 52.63% stake in REC in March 2019 from the Gol to become REC's promoter. However, the ratings continue to reflect REC's linkages with the Gol, in terms of legal ties, strategic importance, control and integration. Also, the ability and willingness of the Gol to support REC remains undiluted. Therefore, Ind-Ra believes that under the current scenario, the financial and operational strengths/weaknesses of PFC are unlikely to have a material impact on REC's ratings.

The acquisition took place to bring in operational synergies between PFC and REC. Since then, REC has been operating as it did prior to the acquisition, along with better coordination with PFC. Ind-Ra does not see any change in the operating environment of REC at least in the foreseeable future.

**Nodal Public Policy Institution:** REC continues to act as the nodal agency for financing rural electrification projects under centrally-sponsored schemes. It has been the nodal agency for the operationalisation of the National Electricity Fund Scheme for monitoring grants, implementing Deen Dayal Upadhyaya Gram Jyoti Yojana, operationalising the Saubhagya Scheme, National Electricity Fund - Interest Subsidy Scheme, 24 x 7 Power for All, among others. REC continues to be the key source of low-cost funding available to the financially-strapped power entities and a vital medium for the government to route its subsidies. REC is the second-largest Gol institution supporting liquidity and funding requirements of the state power entities. REC has been raising extra budgetary resources in the form of Gol-fully serviced bonds on the direction of the Ministry of Power and will continue to tap these resources, as and when required, by the Gol. Furthermore, REC continues to enjoy the benefits of being a Navratna Central Public Sector Enterprise and a public financial institution – infrastructure finance company. REC is also a joint nodal agency along with PFC for implementing revamped distribution scheme. REC played a key role as a government agency along with PFC in disbursing the relief package announced by the Gol in FY21 for stressed discoms, reiterating its importance and linkages with the Gol.

**Sovereign Support:** REC continues to enjoy sovereign support in terms of (i) raising low-cost funds via capital gain tax bonds (54EC bonds), and (ii) Gol's budgetary support, if required. Also, the presence of a Gol nominee on REC's board indicates the former's oversight and control over the latter's operational and financial linkages, and its relevance as a policy institution to operationalise various government initiatives in the power sector.

**Liquidity Indicator - Adequate:** At 3QFY22, there is no mismatch on cumulative basis in any of the asset-liability



bucket after adjusting bank balance of INR80.54 billion. The company has been tapping the commercial paper and bond markets, and raising short-term loans from banks and financial institutions for liquidity requirements. As on 7 February 2022, REC had unutilised working capital limits of INR141.67 billion, sufficient to address its short-term liquidity requirements. Ind-Ra believes REC's liquidity will remain adequate in the medium-to-long term.

**Improvement in Net NPA/Average Equity:** The net non-performing asset (NPA)/average equity improved to 16.47% in FY21 (FY20: 30.52%), due to (i) a decline in gross NPAs, (ii) adequate provisioning, and (iii) an expansion in the equity base on the back of strong profitability growth. As of 3QFY22, REC had 28 projects in stage-III with a total outstanding of INR197.57 billion. The company has already created provisioning of 65.72% on stage-III accounts as of 3QFY22. Resolution for 15 projects under stage-III is already going under National Company Law Tribunal, while resolution for 13 projects in stage-III is outside the National Company Law Tribunal. Ind-Ra expects the net NPA/average equity to improve by FYE23, if (a) there are no major slippages in 4QFY22, (b) recovery/upgrade in the existing stage-III accounts, and (c) REC maintains the same profitability growth as per past trend.

**Adequate Capitalisation:** REC's capital risk adequacy ratio (CRAR) at 23.22% (Tier – I: 19.01% & Tier – II: 4.21%) in 3QFY22 (3QFY21:19.27%, FY21: 19.72%), is well above the regulatory threshold of 15%. Ind-Ra believes it will remain so in the near term. REC's average CRAR over FY17-FY21 was 18.82%.

**Marginal Improvement in Net Interest Margin:** In 9MFY22, REC's yield on loans increased by 6bp to 10.52% from FYE21 (9MFY21: 10.69%). REC's cost of funds declined to 6.87% in 9MFY22 (9MFY21: 7.33%, FY21: 7.13%). This helped net interest margins (NIMs) to increase to 4.31% in 9MFY22 (9MFY21: 3.93%, FY21: 3.89%). Ind-Ra believes REC's NIM could remain at 3.5%-4% in FY22, due to hardening of government securities yield, which may adversely impact REC's borrowing cost but increasing yield may moderate the impact on NIMs.

**Improving Asset Quality:** REC's gross non-performing assets (GNPA) increased to INR197.15 billion in 3QFY22 (FY21: INR182.57 billion) and its GNPA as a percentage of gross advances increased to 5.07% (4.84%). There were new slippages of INR15.04 billion (provisioning cover: 17.89%) during 3QFY22. The stress in REC's loan book continues to be mainly from its private sector exposure. However, REC's declining exposure to the private sector (3QFYE22: 9.81%, FYE21: 10.23, FYE15: 17.43%) gives comfort. At 3QFYE22, the company maintained an adequate provisioning coverage ratio of 65.72% (3QFY21: 61.87%, FY21: 64.59%), against the impaired assets. As a result, the net NPA ratio increased to 1.74% in 3QFY22 (3QFY21: 1.95%, FY21: 1.71%). Any new power sector specific risk such as slow pace of completion of projects may adversely impact REC's asset quality.

**Corporate Governance:** REC's board currently does not have an requisite independent director. However, REC has already requested to the Ministry of Power, GoI for the appointment of the requisite number of independent directors on its board and pursuing it with the ministry.

## Rating Sensitivities

**Negative:** Events that could, individually or collectively, lead to a negative rating action are as follows:

- weakening of REC's linkages with the GoI,
- dilution in REC's role as a public policy institution,
- net NPA/equity remaining in excess of 35% for two consecutive years,
- CRAR falling below 17% for two consecutive years.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on REC Limited, either due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For

answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## Company Profile

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

### FINANCIAL SUMMARY

Particulars (INR billion)	FY20	FY21
Total assets	3,464.87	4,002.33
Net interest income*	80.67	124.83
Net income	48.86	83.62
Gross NPA (%)	6.59	4.84
CRAR (%)	16.06	19.72
Source: REC		
* calculated considering the impact of amortisation of transaction exchange losses on long-term foreign currency monetary items		

## Solicitation Disclosures

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

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

## Rating History

Instrument Type	Current Rating/Outlook			Sep 2022
	Rating Type	Rated Limits (billion)	Rating	
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA
Gol-fully serviced bonds	Long-term	INR268.27	IND AAA/Stable	IND AAA
Long-term annual borrowing programmes (FY11-FY21)	Long-term	INR2,068.8	IND AAA/Stable	IND AAA
Long-term annual borrowing programmes (FY22)	Long-term	INR1,000	IND AAA/Stable	IND AAA
Short-term borrowing programme (including bank guarantee) (FY22)	Short-term	INR50	IND A1+	IND A1+
Short-term borrowing programme (FY22) -commercial paper	Short-term	INR50	IND A1+	IND A1+
Long-term annual borrowing programme (FY23)	Long-term	INR750	IND AAA/Stable	

Short-term borrowing programme (including bank guarantee) (FY23)	Short-term	INR50	IND A1+	
Short-term borrowing programme - commercial paper (FY23)	Short-term	INR50	IND A1+	
Proposed short-term loans	Short-term	INR150	IND A1+	

## Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issu (billion)
Bonds (FY11)	INE020B08427	8 June 2010	8.75	9 June 2025	INR12.50
Bonds (FY11)	INE020B08443	12 July 2010	8.75	14 July 2025	INR18.00
Bonds (FY13)	INE020B08740	15 June 2012	9.35	15 June 2022	INR23.78
Bonds (FY13)	INE020B08807	19 November 2012	9.02	19 November 2022	INR22.11
Bonds (FY14)	INE020B08831	12 April 2013	8.82	12 April 2023	INR43.00
Bonds (FY14)	INE020B08849	31 May 2013	8.06	31 May 2023	INR25.00
Bonds (FY15)	INE020B07IZ5	25 August 2014	9.34	23 August 2024	INR19.55
Bonds (FY15)	INE020B08880	22 December 2014	8.57	21 December 2024	INR22.50
Bonds (FY15)	INE020B08898	23 January 2015	8.23	23 January 2025	INR19.25
Bonds (FY15)	INE020B08906	6 February 2015	8.27	6 February 2025	INR23.25
Bonds (FY15)	INE020B08914	23 February 2015	8.35	21 February 2025	INR22.85
Bonds (FY16)	INE020B08930	10 April 2015	8.3	10 April 2025	INR23.96
Bonds (FY16)	INE020B08963	7 October 2015	8.11	7 October 2025	INR25.85
Bonds (FY17)	INE020B08AA3	7 November 2016	7.52	7 November 2026	INR21.00
Bonds (FY17)	INE020B08AC9	30 December 2016	7.54	30 December 2026	INR30.00
Bonds (FY17)	INE020B08AH8	14 March 2017	7.95	12 March 2027	INR27.45
Bonds (FY18)	INE020B08AK2	7 September 2017	7.03	7 September 2022	INR26.70
Bonds (FY18)	INE020B08AM8	17 October 2017	7.09	17 October 2022	INR12.25
Bonds (FY18)	INE020B08AP1	30 November 2017	7.45	30 November 2022	INR19.12
Bonds (FY18)	INE020B08AQ9	12 December 2017	7.7	10 December 2027	INR35.33
Bonds (FY18)	INE020B08AT3	23 February 2018	7.99	23 February 2023	INR9.50
Gol fully serviced bonds (FY18)	INE020B08AX5	21 March 2018	8.09	21 March 2028	INR18.37
Gol fully serviced bonds (FY18)	INE020B08AY3	26 March 2018	8.01	24 March 2028	INR14.10
Gol fully serviced bonds (FY18)	INE020B08AZ0	27 March 2018	8.06	27 March 2028	INR7.53

Bonds (FY19)	INE020B08BA1	9 August 2018	8.55	9 August 2028	INR25.00
Bonds (FY19)	INE020B08BB9	27 August 2018	8.63	25 August 2028	INR25.00
Gol fully serviced bonds (FY19)	INE020B08BC7	28 September 2018	8.7	28 September 2028	INR30.00
Gol fully serviced bonds (FY19)	INE020B08BE3	15 November 2018	8.54	15 November 2028	INR36.00
Bonds (FY19)	INE020B08BG8	29 November 2018	8.56	29 November 2028	INR25.52
Bonds (FY19)	INE020B08BH6	7 December 2018	8.37	7 December 2028	INR25.54
Gol fully serviced bonds (FY19)	INE020B08BJ2	22 January 2019	8.8	22 January 2029	INR20.27
Gol fully serviced bonds (FY19)	INE020B08BL8	8 March 2019	8.6	8 March 2029	INR12.00
Gol fully serviced bonds (FY19)	INE020B08BO2	25 March 2019	8.3	25 March 2029	INR40.00
Bonds (FY19)	INE020B08BP9	28 March 2019	8.97	28 March 2029	INR21.51
Bonds (FY20)	INE020B08BQ7	16 April 2019	8.85	16 April 2029	INR16.01
Bonds (FY20)	INE020B08BS3	14 May 2019	8.8	14 May 2029	INR10.97
Bonds (FY20)	INE020B08BT1	10 June 2019	8.15	10 June 2022	INR10.00
Bonds (FY20)	INE020B08BV7	25 June 2019	8.1	25 June 2024	INR10.18
Bonds (FY20)	INE020B08BU9	25 June 2019	8.3	25 June 2029	INR20.71
Bonds (FY20)	INE020B08BW5	22 August 2019	8.18	22 August 2034	INR50.63
Bonds (FY20)	INE020B08BX3	16 September 2019	8.29	16 September 2034	INR30.28
Bonds (FY20)	INE020B08DS9	26 September 2019	8.25	26 September 2029	INR8.71
Bonds (FY20)	INE020B08CB7	26 September 2019	7.55	26 September 2022	INR3.00
Bonds (FY20)	INE020B08CC5	26 September 2019	7.55	26 September 2023	INR3.00
Bonds (FY20)	INE020B08CD3	13 November 2019	7.09	13 December 2022	INR27.69
Bonds (FY20)	INE020B08CE1	26 November 2019	6.9	30 June 2022	INR25.00
Bonds (FY20)	INE020B08CF8	26 November 2019	7.4	26 November 2024	INR15.00
Bonds (FY20)	INE020B08CG6	26 December 2019	7.24	31 December 2022	INR20.90
Bonds (FY20)	INE020B08CH4	8 January 2020	7.12	31 March 2023	INR14.00
Bonds (FY20)	INE020B08CI2	8 January 2020	7.89	31 March 2030	INR11.00
Bonds (FY20)	INE020B08CJ0	28 January 2020	7.92	31 March 2030	INR30.55
Bonds (FY20)	INE020B08CK8	10 February 2020	6.88	20 March 2025	INR25.00
Bonds (FY20)	INE020B08CN2	25 February 2020	6.8	30 June 2023	INR11.00
Bonds (FY20)	INE020B08CM4	25 February 2020	6.99	30 September 2024	INR11.00
Gol fully serviced bonds (FY20)	INE020B08CO0	2 March 2020	7.14	2 March 2030	INR15.00
Bonds (FY20)	INE020B08CP7	6 March 2020	7.5	28 February 2030	INR23.82
Gol fully serviced bonds (FY20)	INE020B08CR3	26 March 2020	8.25	26 March 2030	INR5.32

Gol fully serviced bonds (FY20)	INE020B08CS1	31 March 2020	7.2	31 March 2030	INR17.50
Bonds (FY21)	INE020B08CT9	22 April 2020	6.92	22 April 2023	INR29.85
Bonds (FY21)	INE020B08CU7	11 May 2020	7.55	11 May 2030	INR37.40
Bonds (FY21)	INE020B08CW3	21 May 2020	7.79	21 May 2030	INR15.69
Bonds (FY21)	INE020B08CX1	8 June 2020	7.96	15 June 2030	INR20.00
Bonds (FY21)	INE020B08CZ6	30 July 2020	5.9	31 March 2025	INR9.00
Bonds (FY21)	INE020B08DA7	30 July 2020	6.9	31 March 2031	INR13.00
Bonds (FY21)	INE020B08DB5	28 August 2020	7.25	30 September 2030	INR35.00
Bonds (FY21)	INE020B08DC3	28 August 2020	5.69	30 September 2023	INR24.74
Bonds (FY21)	INE020B08DE9	29 October 2020	6.8	20 December 2030	INR50.00
Bonds (FY21)	INE020B08DF6	29 October 2020	5.85	20 December 2025	INR27.77
Bonds (FY21)	INE020B08DG4	15 December 2020	6.9	31 January 2031	INR25.00
Bonds (FY21)	INE020B08DH2	15 December 2020	5.81	31 December 2025	INR20.82
Gol fully serviced bonds (FY21)	INE020B08DI0	7 January 2021	6.45	7 January 2031	INR10.00
Bonds (FY21)	INE020B08DJ8	13 January 2021	4.99	31 January 2024	INR21.35
Bonds (FY21)	INE020B08DK6	13 January 2021	5.94	31 January 2026	INR20.00
Bonds (FY21)	INE020B08DM2	28 January 2021	7.02	31 January 2036	INR45.90
Gol fully serviced bonds (FY21)	INE020B08DN0	28 January 2021	6.63	28 January 2031	INR10.00
Bonds (FY21)	INE020B08DO8	12 March 2021	7.4	15 March 2036	INR36.14
Bonds (FY21)	INE020B08DP5	19 March 2021	5.79	20 March 2024	INR15.50
Gol fully serviced bonds (FY21)	INE020B08DQ3	26 March 2021	6.5	26 March 2031	INR5.00
Bonds (FY22)	INE020B08DR1	22 April 2021	5.74	20 June 2024	INR40.00
Bonds (FY22)	INE020B08DT7	21 October 2021	6.23	31 October 2031	INR12.00
Bonds (FY22)	INE020B08DU5	18 November 2021	floating	31 October 2024	INR25.00
Bonds (FY22)	INE020B08DV3	15 December 2021	6.92	20 March 2032	INR13.80
Bonds (FY19)	INE020B07KU2	30 April 2018	5.75	30 April 2023	INR2.78
Bonds (FY19)	INE020B07KV0	31 May 2018	5.75	31 May 2023	INR4.39
Bonds (FY19)	INE020B07KW8	30 June 2018	5.75	30 June 2023	INR5.05
Bonds (FY19)	INE020B07KX6	31 July 2018	5.75	31 July 2023	INR6.84
Bonds (FY19)	INE020B07KY4	31 August 2018	5.75	31 August 2023	INR4.99
Bonds (FY19)	INE020B07KZ1	30 September 2018	5.75	30 September 2023	INR4.94
Bonds (FY19)	INE020B07LA2	31 October 2018	5.75	31 October 2023	INR5.08
Bonds (FY19)	INE020B07LB0	30 November 2018	5.75	30 November 2023	INR4.81

Bonds (FY19)	INE020B07LC8	31 December 2018	5.75	31 December 2023	INR5.66
Bonds (FY19)	INE020B07LD6	31 January 2019	5.75	31 January 2024	INR5.50
Bonds (FY19)	INE020B07LE4	28 February 2019	5.75	28 February 2024	INR5.70
Bonds (FY19)	INE020B07LF1	31 March 2019	5.75	31 March 2024	INR10.78
Bonds (FY20)	INE020B07LG9	30 April 2019	5.75	30 April 2024	INR3.91
Bonds (FY20)	INE020B07LH7	31 May 2019	5.75	31 May 2024	INR4.59
Bonds (FY20)	INE020B07LI5	30 June 2019	5.75	30 June 2024	INR4.13
Bonds (FY20)	INE020B07LJ3	31 July 2019	5.75	31 July 2024	INR5.94
Bonds (FY20)	INE020B07LK1	31 August 2019	5.75	31 August 2024	INR5.00
Bonds (FY20)	INE020B07LL9	30 September 2019	5.75	30 September 2024	INR4.98
Bonds (FY20)	INE020B07LM7	31 October 2019	5.75	31 October 2024	INR5.18
Bonds (FY20)	INE020B07LN5	30 November 2019	5.75	30 November 2024	INR5.53
Bonds (FY20)	INE020B07LO3	31 December 2019	5.75	31 December 2024	INR5.27
Bonds (FY20)	INE020B07LP0	31 January 2020	5.75	31 January 2025	INR4.81
Bonds (FY20)	INE020B07LQ8	28 February 2020	5.75	28 February 2025	INR5.40
Bonds (FY20)	INE020B07LR6	31 March 2020	5.75	31 March 2025	INR6.83
Bonds (FY21)	INE020B07LS4	30 April 2020	5.75	30 April 2025	INR0.53
Bonds (FY21)	INE020B07LT2	31 May 2020	5.75	31 May 2025	INR2.06
Bonds (FY21)	INE020B07LU0	30 June 2020	5.75	30 June 2025	INR5.80
Bonds (FY21)	INE020B07LV8	31 July 2020	5.75	31 July 2025	INR4.40
Bonds (FY21)	INE020B07LW6	31 August 2020	5.00	31 August 2025	INR2.30
Bonds (FY21)	INE020B07LX4	30 September 2020	5.00	30 September 2025	INR3.53
Bonds (FY21)	INE020B07LY2	31 October 2020	5.00	31 October 2025	INR2.90
Bonds (FY21)	INE020B07LZ9	30 November 2020	5.00	30 November 2025	INR3.30
Bonds (FY21)	INE020B07MA0	31 December 2020	5.00	31 December 2025	INR5.44
Bonds (FY21)	INE020B07MB8	31 January 2021	5.00	31 January 2026	INR5.09
Bonds (FY21)	INE020B07MC6	28 February 2021	5.00	28 February 2026	INR5.62
Bonds (FY21)	INE020B07MD4	31 March 2021	5.00	31 March 2026	INR12.14
Bonds (FY22)	INE020B07ME2	30 April 2021	5.00	30 April 2026	INR4.35
Bonds (FY22)	INE020B07MF9	31 May 2021	5.00	31 May 2026	INR3.35
Bonds (FY22)	INE020B07MG7	30 June 2021	5.00	30 June 2026	INR5.06
Bonds (FY22)	INE020B07MH5	31 July 2021	5.00	31 July 2026	INR6.00
Bonds (FY22)	INE020B07MI3	31 August 2021	5.00	31 August 2026	INR2.17

Bonds (FY22)	INE020B07MN3	31 January 2022	5.00	31 January 2027	INR5.83
Bonds (FY22)	INE020B07MO1	28 February 2022	5.00	28 February 2027	INR6.40
Bonds (FY12)	INE020B07GH7	27 March 2012	8.12/8.32	27 March 2027	INR21.60
Bonds (FY13)	INE020B07GU0	21 November 2012	7.21	21 November 2022	INR2.55
Bonds (FY13)	INE020B07GV8	21 November 2012	7.38	21 November 2027	INR2.45
Bonds (FY13)	INE020B07GW6	19 December 2012	7.22/7.72	19 December 2022	INR11.65
Bonds (FY13)	INE020B07GX4	19 December 2012	7.38/7.88	19 December 2027	INR8.52
Bonds (FY13)	INE020B07GY2	25 March 2013	6.88/7.38	25 March 2023	INR0.81
Bonds (FY13)	INE020B07GZ9	25 March 2013	7.04/7.54	25 March 2028	INR0.50
Bonds (FY14)	INE020B07HM5	29 August 2013	8.01	29 August 2023	INR2.09
Bonds (FY14)	INE020B07HN3	29 August 2013	8.46	29 August 2028	INR11.41
Bonds (FY14)	INE020B07HO1	24 September 2013	8.01	24 September 2023	INR2.46
Bonds (FY14)	INE020B07HR4	24 September 2013	8.01/8.26	24 September 2023	INR3.30
Bonds (FY14)	INE020B07HP8	24 September 2013	8.46	24 September 2028	INR16.39
Bonds (FY14)	INE020B07HS2	24 September 2013	8.46/8.71	24 September 2028	INR11.71
Bonds (FY14)	INE020B07HQ6	24 September 2013	8.37	24 September 2033	INR0.14
Bonds (FY14)	INE020B07HT0	24 September 2013	8.37/8.62	24 September 2033	INR0.42
Bonds (FY14)	INE020B07HU8	11 October 2013	8.18	11 October 2023	INR1.05
Bonds (FY14)	INE020B07HV6	11 October 2013	8.54	11 October 2028	INR0.45
Bonds (FY14)	INE020B07IC4	24 March 2014	8.19	24 March 2024	INR2.89
Bonds (FY14)	INE020B07IF7	24 March 2014	8.19/8.44	24 March 2024	INR1.30
Bonds (FY14)	INE020B07ID2	24 March 2014	8.63	24 March 2029	INR2.38
Bonds (FY14)	INE020B07IG5	24 March 2014	8.63/8.88	24 March 2029	INR2.93
Bonds (FY14)	INE020B07IE0	24 March 2014	8.61	24 March 2034	INR0.25
Bonds (FY14)	INE020B07IH3	24 March 2014	8.86	24 March 2034	INR0.85
Bonds (FY16)	INE020B07JO7	23 July 2015	7.17	23 July 2025	INR3.00
Bonds (FY16)	INE020B07JP4	5 November 2015	6.89	5 November 2025	INR0.51
Bonds (FY16)	INE020B07JQ2	5 November 2015	6.89/7.14	5 November 2025	INR0.55
Bonds (FY16)	INE020B07JR0	5 November 2015	7.09	5 November 2030	INR1.34
Bonds (FY16)	INE020B07JS8	5 November 2015	7.09/7.34	5 November 2030	INR0.39
Bonds (FY16)	INE020B07JT6	5 November 2015	7.18	5 November 2035	INR2.35
Bonds (FY16)	INE020B07JU4	5 November 2015	7.18/7.43	5 November 2035	INR1.86
Bonds (FY12)	INE020B08724	15 February 2012	9.15	15 February 2027	INR0.03

Bonds (FY12)	INE020B08732	15 February 2012	9.15	15 February 2027	INR0.01
Gol fully serviced bonds (unutilised)					INR27.18
FY22 long term borrowing programme (unutilised)					INR680.04
FY22 short term borrowing programme- Bank loans (Unutilised)					INR37.5.01
FY22 short term borrowing programme-Commercial Paper (Unutilised)					INR50.00
FY23 long term borrowing programme(unutilised)					INR750.00
FY23 short term borrowing programme- Bank loans (unutilised)					INR50.00
FY23 short term borrowing programme-Commercial Paper (unutilised)					INR50.00
Proposed short-term bank loans (unutilised)					INR150.00
					INR3,890.24

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating
Bonds (FY12)	INE020B08708	15 February 2012	8.95	15 February 2022	INR0.06	WD (Paid in full)
Bonds (FY12)	INE020B08716	15 February 2012	8.95	15 February 2022	INR0.01	WD (Paid in full)
Bonds (FY15)	INE020B08872	4 December 2014	8.44	4 December 2021	INR15.50	WD (Paid in full)
Bonds (FY15)	INE020B08922	9 March 2015	8.27	9 March 2022	INR7.00	WD (Paid in full)
Bonds (FY17)	INE020B08997	21 October 2016	7.24	21 October 2021	INR25.00	WD (Paid in full)
Bonds (FY17)	INE020B08AB1	9 December 2016	7.14	9 December 2021	INR10.20	WD (Paid in full)
Bonds (FY17)	INE020B08AF2	28 February 2017	7.46	28 February 2022	INR6.25	WD (Paid in full)
Bonds (FY19)	INE020B08BD5	22 October 2018	8.83	21 January 2022	INR21.71	WD (Paid in full)
Bonds (FY19)	INE020B08BM6	13 March 2019	8.35	13 March 2022	INR25.00	WD (Paid in full)
Bonds (FY20)	INE020B08BR5	6 May 2019	8.5	20 December 2021	INR12.45	WD (Paid in full)
Bonds (FY20)	INE020B08CL6	10 February 2020	6.32	31 December 2021	INR24.89	WD (Paid in full)



Bonds (FY20)	INE020B08CQ5	13 March 2020	6.99	31 December 2021	INR11.15	WD (Paid in full)
Bonds (FY21)	INE020B08CV5	21 May 2020	6.6	21 March 2022	INR25.96	WD (Paid in full)
Bonds (FY12)	INE020B08641	11 November 2011	9.75	11 November 2021	INR39.22	WD (Paid in full)
Bonds (FY19)	INE020B08BF0	22 November 2018	8.45	22 March 2022	25.72	WD (Paid in full)
Bonds (FY12)	INE020B07GG9	27 March 2012	7.93/8.13	27 March 2022	8.40	WD (Paid in full)

## Bank wise Facilities Details

Click here to see the details

## Complexity Level of Instruments

Instrument Type	Complexity Indicator
Bank loan	Low
Gol-serviced bonds	Low
Tax Free	Low
Taxable Bond	Low
Commercial paper	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

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## **APPLICABLE CRITERIA**

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### **Evaluating Corporate Governance**

### **Rating of Public Sector Entities**

### **Revenue-Supported Rating Criteria**

## **DISCLAIMER**

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## REC Limited (Revised)

March 29, 2022

## Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Market Borrowing Programme for FY23	90,005.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Assigned
Long Term Bonds (GoI Fully Serviced Bonds)	15,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY11)	9,969.78	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY12)	8,623.50	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY13)	4,589.40	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY14)	7,250.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY15)	14,505.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY16)	7,731.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Program (FY17)	16,125.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Market Borrowing Programme (FY21)	97,000.00**	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long term Market Borrowing Programme (FY22)	1,00,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Long Term Perpetual Bonds	3,000.00^**	CARE AA+; Stable (Double A Plus; Outlook: Stable)	Reaffirmed
Total Long Term Instruments	3,73,798.68 (Rs. Three lakhs seventy-three thousand seven hundred ninety-eight crore and sixty-eight lakhs only)		
Commercial Paper (FY23)	5,000.00	CARE A1+ (A One Plus)	Assigned
Commercial Paper Issue (FY21)	4,000.00\$	CARE A1+ (A One Plus)	Reaffirmed
Commercial Paper Issue (FY22)	5,000.00	CARE A1+ (A One Plus)	Reaffirmed
Short Term Market Borrowing Programme (FY23)	5,000.00	CARE A1+ (A One Plus)	Assigned
Short Term Market Borrowing Programme (FY21)	6,000.00\$	CARE A1+ (A One Plus)	Reaffirmed
Short Term Market Borrowing Programme (FY22)	5,000.00	CARE A1+ (A One Plus)	Reaffirmed
Total Short Term Instruments	30,000.00 (Rs. Thirty Thousand Crore Only)		
Long Term / Short Term Market Borrowing Programme (FY18)	55,000.00	CARE AAA; Stable / CARE A1+ (Triple A; Outlook: Stable / A One Plus)	Reaffirmed

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications.

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Market Borrowing Programme (FY19)	85,000.00	CARE AAA; Stable / CARE A1+ (Triple A; Outlook: Stable/ A One Plus)	Reaffirmed
Long Term / Short Term Market Borrowing Programme (FY20)	94,000.00	CARE AAA; Stable / CARE A1+ (Triple A; Outlook: Stable/ A One Plus)	Reaffirmed
Total Long Term /Short Term Instruments	2,34,000.00 (Rs. Two Lakhs Thirty- Four Thousand Crore Only)		

Details of instruments/facilities in Annexure-1

\*\*The overall market borrowing programme (MBP) for FY 21 at Rs.1,00,000 crore.

^Long Term Perpetual Debt of upto Rs.3,000 crore that has been carved out of MBP FY21 of Rs.1,00,000 crore and assigned a rating of CARE AA+; Stable

\$To be withdrawn subject to receipt of confirmation

### Detailed Rationale & Key Rating Drivers

The rating assigned to the market borrowing programme of REC Limited (REC) continues to factor in its parentage as well as its strategic importance to Government of India (GoI) in the development of power sector in India. The ratings also draw comfort from REC's quasi-sovereign status that allows it to have a diversified resource profile, adequate profitability and comfortable capitalization levels. However, the ratings also factor in the risks associated with weakness in REC's asset quality in exposure to private sector, high exposure to weak state power utilities and high sector-wise as well as borrower concentration risk.

With respect to the acquisition of GoI's then existing 52.63% equity shareholding in REC Limited by Power Finance Corporation Limited (PFC; rated 'CARE AAA; Stable/ CARE A1+'), the acquisition transaction was completed on March 28, 2019. PFC is majority owned by GoI and post the transaction, REC became a subsidiary of PFC. CARE Ratings expects REC's strategic importance to GoI and its role in development of power sector to continue as earlier. The ratings on borrowing programme of REC factor in sovereign ownership/economic interest and hence an expectation of continued strong support from GoI given their strategic importance. Going forward, continued sovereign ownership (indirectly through PFC) and support from GoI in maintaining comfortable capital structure and asset quality will remain the key rating sensitivities

### Rating Sensitivities

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Any major change in the shareholding pattern and/or expectation of reduced support from the Government of India (indirectly through PFC)
- Deterioration in the standalone credit profile of REC thereby adversely affecting financial metrics

### Detailed description of the key rating drivers

#### Key Rating Strengths

Parentage and status of nodal agency: REC plays a pivotal role in financing power projects from both the state and private sector, thereby being instrumental in strengthening the power infrastructure of the country. REC has been designated as the nodal agency by the Ministry of Power (MoP), GoI for implementing the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), [formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)], National Electricity Fund (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid task force etc. REC is also designated as joint nodal agency in the new Revamped Distribution Sector Scheme announced by GoI. The company was conferred the Navratna status in 2008-09.

As on December 31, 2021, PFC held majority shareholding owning 52.63% stake of REC. This was after GoI's share was transferred to PFC in March 2019. However, CARE expects REC's strategic importance to GoI and its role in development of power sector to continue as earlier. CARE will closely monitor the developments in this regard and continue to assess any impact on credit and financial profile of REC. While the ownership change is not expected to impact the financial profile of REC, given that majority ownership of REC has transferred from GoI to PFC, REC's credit profile has linkages with that of PFC.

Diversified resource profile: As a quasi-sovereign financial institution, REC is able to manage a well-diversified resource profile and can mobilize funds at cost effective rates from various sources such as external commercial borrowings (ECB), domestic financial institutions, long-term bonds, bank loans, commercial paper, capital gains tax exemption bonds, infrastructure bonds

and tax-free bonds etc. After getting the status of Infrastructure Finance Company in September 2010, REC has become eligible for issuance of infrastructure bonds and for raising funds up to USD 750 million through ECB in a year under automatic route.

**REC's total borrowing stood at Rs. 3,35,917 crore** as on December 31, 2021, up by 9% YOY. Of the total borrowings, the share of bonds (institutional, subordinate and zero-coupon bonds) remains high at 49%, followed by another 18% via borrowings from banks & FIs and another 19% via foreign currency borrowings. The company reported weighted average cost of funds at 6.87% as on December 31, 2021 down from 7.13% as on March 31, 2021. During 9MFY22, REC raised Rs. 66,109 crore of funds, which included Rs. 19,300 crore via term loans from banks and FIs, Rs. 3,950 crore as short-term loans from banks, Rs. 13,883 crore via capital gains bonds, Institutional Bonds/ Subordinate debt and Rs. 26,976 crore by way of foreign currency borrowings and FCNR loan. Commercial paper borrowings of Rs. 2,000 crore were raised during the year.

**Adequate capitalization:** REC had comfortable capitalization marked by healthy Tier I capital adequacy ratio (CAR) due to large net worth base and comfortable internal accruals. End nine months of FY22, the Tier 1 and total CAR stood at 19.01% and 23.22%, respectively, up from 16.31% and 19.72%, respectively, as on March 31, 2021. As a part of its liquidity relief package, the GoI announced Rs. 120,000 crore liquidity injection to state discoms in the form of State government guaranteed loans through REC/PFC to clear outstanding dues of Power generation and Transmission companies. REC has sanctioned and disbursed amounts of Rs. 67,838 crore and Rs. 54,660 crore, respectively, till February 02, 2022, as part of this liquidity package to discoms. These loans can be granted only if they are backed by state guarantee (state government guaranteed exposures carry risk weights of 20%).

**As on December 31, 2021, the company's net** worth stood at Rs. 50,258 crore translating into gearing ratio of 6.81x improved from 7.59x as on March 31, 2021.

**Stable profitability metric:** In 9MFY22, the company reported 23.30% YOY in net profit to Rs. 7,758 crore underpinned by a growth in the total income by 12.83% YOY, despite increase in the operating expenses (including net translation/ transaction losses) by 44.69% YOY. The loan book registered healthy growth with yield on loans rising to 10.41% as on December 31, 2021 up from 10.24% as on March 31, 2021 and decline in borrowing cost at 6.63% as on December 31, 2021 down from 6.98% as on March 31, 2021, leading to spread of 3.78% in 9MFY22 up from 3.27% in FY21. The net interest income grew by 26% YOY in 9MFY22 and RoTA improved to 2.53% in 9MFY22 from 2.24% in FY21.

End Q3FY22, REC reported net profit of Rs. 2,773 crore (+23% YOY and 11% QOQ) on total income (net of interest and expenses) of Rs. 4,240 crore (+18% YOY and -3% QOQ). There was a gain in net fair value charges of Rs. 247 crore. However, the company reported a loss on foreign exchange transaction of Rs. 115 crore in Q3FY22 as against gain on foreign exchange transaction of Rs. 78 crore reported in Q2FY22, leading to significant increase in total expenses to Rs. 463 crore from Rs. 140 crore previous quarter and Rs. 61 crore previous year.

**ESG initiatives:** REC is a non-banking financial company (NBFC) offering financial products, which include loans to Renewable Energy projects for environmental sustainability. As a part of its appraisal process for all the power projects it finances, the company identifies and assesses the potential environmental risks of the projects. REC also finances 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. Furthermore, CSR activities are carried out in the areas of sanitation and hygiene, promotion of healthcare, skill development, women empowerment, environmental sustainability and rural infrastructural development.

#### Key Rating Weaknesses

Growth in credit portfolio though borrower wise concentration remains high: REC is the nodal agency engaged in financing projects in the complete power sector value chain. The product portfolio of REC includes financial products and services such as project term loan, short-term loan, equipment lease financing and consultancy services, etc, for various power projects **in generation, transmission and distribution sector. REC's clients mainly include state power utilities, private power sector** utilities (including independent power producers), joint sector power utilities and power equipment manufacturers. As on December 31, 2021, **REC's gross loans and advances stood at Rs. 3,88,760 crore, remaining at same level on quarterly basis with registering** degrowth on all segments except generation. On yearly basis, REC reported 9% growth on gross loans and advances with growth on all segments except renewable. The loans towards renewable segment has been declining over the quarters since December 31, 2020. The loan towards Transmission and Distribution has remained majority as on December 31, 2021 with 56% of gross loans and advances followed by loan towards Generation with 40% gross loans and advances.

In respect of Central/State Government entities, RBI dated June 16, 2016, had exempted REC from applicability of RBI's concentration of credit/investment norms till March 31, 2022. In view of the above, REC's maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal. Subsequently, REC continues to remain exposed to high sector and borrower concentration risk as it caters only to the power sector with approximately 85% of the total advances as on June 30, 2021, towards state power utilities (SPUs), up from 75% in fiscal 2017. The share of private sector exposure has been coming down and stood at 10% as on December 31, 2021. Furthermore, the single borrower concentration continues to remain high with top ten borrowers constituting around 42.82% of the loan book as on December 31, 2021 with the largest borrower Tamil Nadu Generation and Distribution Corporation accounting for 9.50% of the loan book as on December 31, 2021 up from 7.5% of the loan book as on June 30, 2021

Moderate asset quality metrics: GNPA and NNPA ratios as on December 31, 2021, remained largely similar to December 31, 2020 levels, though they have deteriorated as compared to March 31, 2021 level. As on December 30, 2021, the absolute gross NPA stood at Rs. 19,715 crore up by 8% YOY and QOQ (GNPA ratio of 5.07% vs 4.84% as on March 31, 2021 and 5.1% as on December 31, 2020), whereas, the net NPA on yearly basis came down to Rs. 6,758 crore by 3% at 1.74% as on December 31, 2021 vs 1.71% as on March 31, 2021 and 1.95% as on December 31, 2020), Consequently, PCR as on December 30, 2021 increased to 66% from 62% previous year. The asset quality remains comfortable with no NPA in its state sector exposures and **all NPAs emanating from company's private sector exposure. Of the total GNPA as on December 30, 2021, 95% are from gencons** while the remaining is from transcos and renewable.

Liquidity: Adequate

The liquidity profile of REC is expected to remain comfortable with REC's strong financial flexibility; arising from sovereign ownership and diversified funding profile as well as undrawn sanctioned bank lines. As per provisional Asset Liability Maturity (ALM) statement on June 30, 2021, REC had positive cumulative mismatches upto 1 month in its ALM maturity buckets. However, **REC's ability to mobilize resources from diversified sources** and financial flexibility arising from GoI ownership provides cushion to the liquidity profile. Additionally, REC has cash and bank balances of Rs. 3,700 crore as on December 31, 2021.

RBI vide its Liquidity Framework dated November 4, 2019, had stipulated the implementation of Liquidity Coverage Ratio (LCR) for Non-Deposit taking NBFCs with asset size of more than Rs.10,000 crore w.e.f December 1, 2020. LCR aims to ensure that the 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 liquidity stress scenario. Accordingly, REC has started computing and making investments in HQLA under LCR Regime of the regulator. The company is maintaining the LCR at 65% as on December 31, 2021 as per RBI Guidelines under different class of HQLAs such as Govt.-Securities/SDRs/AAA/AA Corporate and auto swap balances with banks

Analytical approach: Standalone, factoring in the sovereign ownership (indirectly through PFC) and support from GoI

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Notching by factoring linkages with Government](#)

[Financial Ratios – Financial Sector](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Non Banking Finance Companies \(NBFCs\)](#)

About the Company

REC was established in 1969 under the Companies Act, 1956, in pursuance of the recommendations of the All India Rural Credit Review Committee constituted by the Reserve Bank of India. It was declared a Public Financial Institution in 1992 under Sec. 4A of the Companies Act and also registered as "systemically important" NBFC under Sec. 45-IA of the RBI Act in 1998. The company received from RBI the status of an Infrastructure Finance Company (NBFC-ND-IFC) in September 2010. REC plays an important role in partnering with Ministry of Power (MoP), GoI, in their major initiatives to improve the power distribution sector in the country, by its involvement in programmes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (Nodal Agency) [formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)], National Electricity Fund (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid task force, etc. The company was conferred the Navratna status in 2008-09. The product portfolio of REC includes financial products and services like project term loan, short-term loan, equipment lease financing and consultancy services, etc., for various power projects in generation, transmission and distribution sector. **REC's clients mainly include** state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	29,829	35,410	29,629
PAT	4,886	8,362	7,758
Interest coverage (times)	1.37	1.50	1.57
Total Assets	3,46,488	4,00,233	4,18,790
Net NPA (%)	3.32	1.71	1.74
ROTA (%)	1.52	2.24	2.53

A: Audited, UA: UnAudited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Rating assigned along with Rating Outlook
					(Rs. Cr)	
Bonds (FY11)	INE020B08427	08-06-2010	8.75%	09-06-2025	1250	CARE AAA; Stable
Bonds (FY11)	INE020B08443	12-07-2010	8.75%	14-07-2025	1800	CARE AAA; Stable
Bonds (FY11)	INE020B08450	25-10-2010	8.80%	26-10-2020	1150	CARE AAA; Stable
Bonds (FY11)	INE020B08468	29-11-2010	8.80%	30-11-2020	2120.5	CARE AAA; Stable
Bonds (FY11)	INE020B08476	15-12-2010	0%	15-12-2020	533.208	CARE AAA; Stable
Bonds (FY11)	INE020B08484	03-02-2011	0%	03-02-2021	116.07	CARE AAA; Stable
Bonds (FY11)	INE020B08492	15-03-2011	9.18%	15-03-2021	3000	CARE AAA; Stable
<i>Sub Total</i>					<i>9,969.78</i>	
Bonds (FY12)	INE020B08567	15-07-2011	9.63%	15-07-2021	1500	CARE AAA; Stable
Bonds (FY12)	INE020B08591	10-08-2011	9.48%	10-08-2021	3171.8	CARE AAA; Stable
Bonds (FY12)	INE020B08641	11-11-2011	9.75%	11-11-2021	3922.2	CARE AAA; Stable
Proposed					29.5	CARE AAA; Stable
<i>Sub Total</i>					<i>8,623.50</i>	
Bonds (FY13)	INE020B08740	15-06-2012	9.35%	15-06-2022	2378.2	CARE AAA; Stable
Bonds (FY13)	INE020B08807	19-11-2012	9.02%	19-11-2022	2211.2	CARE AAA; Stable
<i>Sub Total</i>					<i>4,589.40</i>	
Bonds (FY14)	INE020B08831	12-04-2013	8.82%	12-04-2023	4300	CARE AAA; Stable
Bonds (FY14)	INE020B08849	31-05-2013	8.06%	31-05-2023	2500	CARE AAA; Stable
Proposed					450	CARE AAA; Stable
<i>Sub Total</i>					<i>7,250.00</i>	
Bonds (FY15)	INE020B07IW2	17-07-2014	9.40%	17-07-2021	1515	CARE AAA; Stable
Bonds (FY15)	INE020B07IZ5	25-08-2014	9.34%	23-08-2024	1955	CARE AAA; Stable
Bonds (FY15)	INE020B08872	04-12-2014	8.44%	04-12-2021	1550	CARE AAA; Stable
Bonds (FY15)	INE020B08880	22-12-2014	8.57%	21-12-2024	2250	CARE AAA; Stable
Bonds (FY15)	INE020B08898	23-01-2015	8.23%	23-01-2025	1925	CARE AAA; Stable
Bonds (FY15)	INE020B08906	06-02-2015	8.27%	06-02-2025	2325	CARE AAA; Stable
Bonds (FY15)	INE020B08914	23-02-2015	8.35%	21-02-2025	2285	CARE AAA; Stable
Bonds (FY15)	INE020B08922	09-03-2015	8.27%	09-03-2022	700	CARE AAA; Stable
<i>Sub Total</i>					<i>14,505.00</i>	
Bonds (FY16)	INE020B08930	10-04-2015	8.30%	10-04-2025	2396	CARE AAA; Stable
Bonds (FY16)	INE020B08955	22-09-2015	8.36%	22-09-2020	2750	CARE AAA; Stable
Bonds (FY16)	INE020B08963	07-10-2015	8.11%	07-10-2025	2585	CARE AAA; Stable



Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Rating assigned along with Rating Outlook
					(Rs. Cr)	
<i>Sub Total</i>					<i>7,731.00</i>	
Bonds (FY17)	INE020B08997	21-10-2016	7.24%	21-10-2021	2500	CARE AAA; Stable
Bonds (FY17)	INE020B08AA3	07-11-2016	7.52%	07-11-2026	2100	CARE AAA; Stable
Bonds (FY17)	INE020B08AB1	09-12-2016	7.14%	09-12-2021	1020	CARE AAA; Stable
Bonds (FY17)	INE020B08AC9	30-12-2016	7.54%	30-12-2026	3000	CARE AAA; Stable
Bonds (FY17)	INE020B08AE5	20-02-2017	7.13%	21-09-2020	835	CARE AAA; Stable
Bonds (FY17)	INE020B08AF2	28-02-2017	7.46%	28-02-2022	625	CARE AAA; Stable
Bonds (FY17)	INE020B08AH8	14-03-2017	7.95%	12-03-2027	2745	CARE AAA; Stable
Proposed					3300	CARE AAA; Stable
<i>Sub Total</i>					<i>16,125.00</i>	
Bonds (FY18)	INE020B08AJ4	24-08-2017	6.87%	24-09-2020	2,485.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AK2	07-09-2017	7.03%	07-09-2022	2,670.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AM8	17-10-2017	7.09%	17-10-2022	1,225.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AN6	31-10-2017	6.99%	31-12-2020	2,850.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AO4	21-11-2017	7.18%	21-05-2021	600	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AP1	30-11-2017	7.45%	30-11-2022	1,912.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AQ9	12-12-2017	7.70%	10-12-2027	3,533.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AR7	17-01-2018	7.60%	17-04-2021	1,055.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AS5	12-02-2018	7.70%	15-03-2021	2,465.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AT3	23-02-2018	7.99%	23-02-2023	950	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AW7	15-03-2018	7.73%	15-06-2021	800	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AX5	21-03-2018	8.09%	21-03-2028	1,837.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AY3	26-03-2018	8.01%	24-03-2028	1,410.00	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B08AZ0	27-03-2018	8.06%	27-03-2028	753	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KN7	30-09-2017	5.25%	30-09-2020	598.42	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KO5	31-10-2017	5.25%	31-10-2020	614.12	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KP2	30-11-2017	5.25%	30-11-2020	656.33	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KQ0	31-12-2017	5.25%	31-12-2020	745.84	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KR8	31-01-2018	5.25%	31-01-2021	708.49	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KS6	28-02-2018	5.25%	28-02-2021	869.16	CARE AAA; Stable / CARE A1 +
Bonds (FY18)	INE020B07KT4	31-03-2018	5.25%	31-03-2021	2,559.32	CARE AAA; Stable / CARE A1 +
Proposed					23,703.32	CARE AAA; Stable / CARE A1 +
<i>Sub Total</i>					<i>55,000.00</i>	
54 EC Capital Gain Bonds	INE020B07KU2	30-04-2018	5.75%	30-04-2023	278.472	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07KV0	31-05-2018	5.75%	31-05-2023	438.649	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07KW8	30-06-2018	5.75%	30-06-2023	504.737	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07KX6	31-07-2018	5.75%	31-07-2023	683.918	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07KY4	31-08-2018	5.75%	31-08-2023	499.334	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07KZ1	30-09-2018	5.75%	30-09-2023	493.836	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07LA2	31-10-2018	5.75%	31-10-2023	507.788	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07LB0	30-11-2018	5.75%	30-11-2023	480.953	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07LC8	31-12-2018	5.75%	31-12-2023	565.709	CARE AAA; Stable / CARE A1 +
54 EC Capital Gain Bonds	INE020B07LD6	31-01-2019	5.75%	31-01-2024	549.945	CARE AAA; Stable / CARE A1 +



Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Rating assigned along with Rating Outlook
					(Rs. Cr)	
54 EC Capital Gain Bonds	INE020B07LE4	28-02-2019	5.75%	29-02-2024	569.946	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LF1	31-03-2019	5.75%	31-03-2024	1078.478	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BC7	28-09-2018	8.70%	28-09-2028	3000	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BE3	15-11-2018	8.54%	15-11-2028	3600	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BJ2	22-01-2019	8.80%	22-01-2029	2027	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BL8	08-03-2019	8.60%	08-03-2029	1200	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BM6	13-03-2019	8.35%	13-03-2022	2500	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BN4	18-03-2019	8.15%	18-06-2021	2720	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BO2	25-03-2019	8.30%	25-03-2029	4000	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BA1	09-08-2018	8.55%	09-08-2028	2500	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BB9	27-08-2018	8.63%	25-08-2028	2500	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BD5	22-10-2018	8.83%	21-01-2022	2171	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BF0	22-11-2018	8.45%	22-03-2022	2571.8	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BG8	29-11-2018	8.56%	29-11-2028	2552.4	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BH6	07-12-2018	8.37%	07-12-2028	2554	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BP9	28-03-2019	8.97%	28-03-2029	2151.2	CARE AAA; Stable / CARE A1+
Term Loans					16500	CARE AAA; Stable / CARE A1+
Proposed					25800.835	CARE AAA; Stable / CARE A1+
<i>Sub Total</i>					<i>85,000.00</i>	
Institutional Bonds	INE020B08BQ7	16-04-2019	8.85%	16-04-2029	1,600.70	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BR5	06-05-2019	8.50%	20-12-2021	1,245	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BS3	14-05-2019	8.80%	14-05-2029	1,097	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BT1	10-06-2019	8.15%	10-06-2022	1,000	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BV7	25-06-2019	8.10%	25-06-2024	1,018	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BU9	25-06-2019	8.30%	25-06-2029	2,070.90	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BW5	22-08-2019	8.18%	22-08-2034	5,063	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BX3	16-09-2019	8.29%	16-09-2034	3,028	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BY1	26-09-2019	8.25%	26-09-2029	290.2	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08BZ8	26-09-2019	7.55%	26-09-2020	300	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CA9	26-09-2019	7.55%	26-09-2021	300	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CB7	26-09-2019	7.55%	26-09-2022	300	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CC5	26-09-2019	7.55%	26-09-2023	300	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CD3	13-11-2019	7.09%	13-12-2022	2,769.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CE1	26-11-2019	6.90%	30-06-2022	2,500.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CF8	26-11-2019	7.40%	26-11-2024	1,500.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CG6	26-12-2019	7.24%	31-12-2022	2,090.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CH4	08-01-2020	7.12%	31-03-2023	1,400.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CI2	08-01-2020	7.89%	31-03-2030	1,100.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CJ0	28-01-2020	7.92%	31-03-2030	3,054.90	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CK8	10-02-2020	6.88%	20-03-2025	2,500.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CL6	10-02-2020	6.32%	31-12-2021	2,489.40	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CN2	25-02-2020	6.80%	30-06-2023	1,100.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CM4	25-02-2020	6.99%	30-09-2024	1,100.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CO0	02-03-2020	7.14%	02-03-2030	1,500.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CP7	06-03-2020	7.50%	28-02-2030	2,382.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CQ5	13-03-2020	6.99%	31-12-2021	1,115.00	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CR3	26-03-2020	8.25%	26-03-2030	532.3	CARE AAA; Stable / CARE A1+
Institutional Bonds	INE020B08CS1	31-03-2020	7.20%	31-03-2030	1,750.00	CARE AAA; Stable / CARE A1+
54 EC Capital Gain	INE020B07LG9	30-04-2019	5.75%	30-04-2024	391.12	CARE AAA; Stable / CARE A1+

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Rating assigned along with Rating Outlook
					(Rs. Cr)	
Bonds						
54 EC Capital Gain Bonds	INE020B07LH7	31-05-2019	5.75%	31-05-2024	459.1	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LI5	30-06-2019	5.75%	30-06-2024	413.49	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LJ3	31-07-2019	5.75%	31-07-2024	594.94	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LK1	31-08-2019	5.75%	31-08-2024	500.25	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LL9	30-09-2019	5.75%	30-09-2024	497.55	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LM7	31-10-2019	5.75%	31-10-2024	518.4	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LN5	30-11-2019	5.75%	30-11-2024	552.73	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LO3	31-12-2019	5.75%	31-12-2024	527.04	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LP0	31-01-2020	5.75%	31-01-2025	481	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LO8	29-02-2020	5.75%	28-02-2025	540.1	CARE AAA; Stable / CARE A1+
54 EC Capital Gain Bonds	INE020B07LR6	31-03-2020	5.75%	31-03-2025	682.3	CARE AAA; Stable / CARE A1+
Proposed					41,346.58	CARE AAA; Stable / CARE A1+
<i>Sub Total</i>					<i>94,000.00</i>	
195	INE020B08CT9	22-04-2020	6.92%	22-04-2023	2985.00	CARE AAA; Stable
197	INE020B08CU7	11-05-2020	7.55%	11-05-2030	3740.00	CARE AAA; Stable
198A	INE020B08CV5	21-05-2020	6.60%	21-03-2022	2596.00	CARE AAA; Stable
198B	INE020B08CW3	21-05-2020	7.79%	21-05-2030	1569.00	CARE AAA; Stable
199	INE020B08CX1	08-06-2020	7.96%	15-06-2030	1999.50	CARE AAA; Stable
201A	INE020B08CZ6	30-07-2020	5.90%	31-03-2025	900.00	CARE AAA; Stable
201B	INE020B08DA7	30-07-2020	6.90%	31-03-2031	1300.00	CARE AAA; Stable
202A	INE020B08DB5	28-08-2020	7.25%	30-09-2030	3500.00	CARE AAA; Stable
202B	INE020B08DC3	28-08-2020	5.69%	30-09-2023	2474.00	CARE AAA; Stable
203A	INE020B08DE9	29-10-2020	6.80%	20-12-2030	5000.00	CARE AAA; Stable
203B	INE020B08DF6	29-10-2020	5.85%	20-12-2025	2777.00	CARE AAA; Stable
204A	INE020B08DG4	15-12-2020	6.90%	31-01-2031	2500.00	CARE AAA; Stable
204B	INE020B08DH2	15-12-2020	5.81%	31-12-2025	2082.00	CARE AAA; Stable
205A	INE020B08DJ8	13-01-2021	4.99%	31-01-2024	2135.00	CARE AAA; Stable
205B	INE020B08DK6	13-01-2021	5.94%	31-01-2026	2000.00	CARE AAA; Stable
207	INE020B08DM2	28-01-2021	7.02%	31-01-2036	4589.90	CARE AAA; Stable
208	INE020B08DO8	12-03-2021	7.40%	15-03-2036	3613.80	CARE AAA; Stable
209	INE020B08DP5	19-03-2021	5.79%	20-03-2024	1550.00	CARE AAA; Stable
54EC Series XIV	INE020B07LS4	30-Apr-20	5.75	30-Apr-25	52.58	CARE AAA; Stable
54EC Series XIV	INE020B07LT2	31-May-20	5.75	31-May-25	206.41	CARE AAA; Stable
54EC Series XIV	INE020B07LU0	30-Jun-20	5.75	30-Jun-25	579.60	CARE AAA; Stable
54EC Series XIV	INE020B07LV8	31-Jul-20	5.75	31-Jul-25	440.46	CARE AAA; Stable
54EC Series XIV	INE020B07LW6	31-Aug-20	5.00	31-Aug-25	229.98	CARE AAA; Stable
54EC Series XIV	INE020B07LX4	30-Sep-20	5.00	30-Sep-25	353.17	CARE AAA; Stable
54EC Series XIV	INE020B07LY2	31-Oct-20	5.00	31-Oct-25	290.28	CARE AAA; Stable
54EC Series XIV	INE020B07LZ9	30-Nov-20	5.00	30-Nov-25	330.11	CARE AAA; Stable
54EC Series XIV	INE020B07MA0	31-Dec-20	5.00	31-Dec-25	543.64	CARE AAA; Stable
54EC Series XIV	INE020B07MB8	31-Jan-21	5.00	31-Jan-26	509.48	CARE AAA; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Rating assigned along with Rating Outlook
					(Rs. Cr)	
54EC Series XIV	INE020B07MC6	28-Feb-21	5.00	28-Feb-26	562.04	CARE AAA; Stable
54EC Series XIV	INE020B07MD4	31-Mar-21	5.00	31-Mar-26	1214.02	CARE AAA; Stable
Proposed					44377.03	CARE AAA; Stable
<i>Sub Total</i>					<i>97,000.00</i>	
206-PDI	INE020B08DL4	22-01-2021	7.97%	-	558.40	CARE AA+; Stable
Proposed PDI					2441.60	CARE AA+; Stable
<i>Sub Total</i>					<i>3,000.00</i>	
54EC Series XV	INE020B07ME2	30-Apr-21	5.00	30-Apr-26	434.65	CARE AAA; Stable
54EC Series XV	INE020B07MF9	31-May-21	5.00	31-May-26	334.08	CARE AAA; Stable
54EC Series XV	INE020B07MG7	30-Jun-21	5.00	30-Jun-26	504.44	CARE AAA; Stable
54EC Series XV	INE020B07MH5	31-Jul-21	5.00	31-Jul-26	584.50	CARE AAA; Stable
54EC Series XV	INE020B07MI3	31-Aug-21	5.00	31-Aug-26	216.53	CARE AAA; Stable
Institutional Bond - 210	INE020B08DR1	22-04-2021	5.74%	20-06-2024	4000.00	CARE AAA; Stable
Proposed					93925.8	CARE AAA; Stable
<i>Sub Total</i>					<i>1,00,000.00</i>	
Long term bonds (GoI fully serviced bonds)					15,000.00	CARE AAA; Stable
Commercial Paper issue (FY21)					4,000.00	CARE A1+
Commercial Paper issue (FY22)					5,000.00	CARE A1+
Short Term Market Borrowing Programme (FY21)					6,000.00	CARE A1+
Short term Market Borrowing Programme (FY22)					5,000.00	CARE A1+
Long term Market Borrowing Programme (FY23)	Proposed				90,005.00	CARE AAA; Stable
Short term Market Borrowing Programme (FY23)	Proposed				5,000.00	CARE A1+
Commercial Paper issue (FY23)	Proposed				5,000.00	CARE A1+

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Borrowings-Unsecured Long Term	LT	-	-	-	-	-	1)Withdrawn (03-Oct-18)
2	Borrowings-Secured Long-Term Borrowings	LT	-	-	-	1)Withdrawn (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
3	Borrowings-Secured Long-Term Borrowings	LT	-	-	-	1)Withdrawn (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
4	Borrowings-Secured Long-Term Borrowings	LT	9969.78	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
5	Borrowings-Market Borrowing Programme	LT	8623.50	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
6	Borrowings-Market Borrowing Programme	LT	4589.40	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
7	Borrowings-Market Borrowing Programme	LT	7250.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
8	Borrowings-Market Borrowing Programme	LT	14505.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
9	Borrowings-Market Borrowing Programme	LT	7731.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
10	Borrowings-Market Borrowing Programme	LT	16125.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)
11	Borrowings-Market Borrowing Programme	LT/ST*	55000.00	CARE AAA; Stable /	1)CARE AAA;	1)CARE AAA; Stable / CARE A1+	1)CARE AAA;	1)CARE AAA; Stable / CARE A1+

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
				CARE A1+	Stable / CARE A1+ (20-Sep-21)	(21-Sep-20)	Stable / CARE A1+ (24-Sep-19)	(13-Dec-18) 2)CARE AAA; Stable / CARE A1+ (03-Oct-18)
12	Borrowings-Market Borrowing Programme	LT/ST*	85000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (20-Sep-21)	1)CARE AAA; Stable / CARE A1+ (21-Sep-20)	1)CARE AAA; Stable / CARE A1+ (24-Sep-19) 2)CARE AAA; Stable / CARE A1+ (01-Apr-19)	1)CARE AAA; Stable / CARE A1+ (26-Feb-19) 2)CARE AAA; Stable / CARE A1+ (13-Dec-18) 3)CARE AAA; Stable / CARE A1+ (03-Oct-18) 4)CARE AAA; Stable / CARE A1+ (05-Apr-18)
13	Bonds	LT	15000.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (24-Sep-19)	1)CARE AAA; Stable (31-Jan-19)
14	Borrowings-Market Borrowing Programme	LT/ST*	94000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (20-Sep-21)	1)CARE AAA; Stable / CARE A1+ (21-Sep-20)	1)CARE AAA; Stable / CARE A1+ (28-Mar-20) 2)CARE AAA; Stable / CARE A1+ (24-Sep-19) 3)CARE AAA; Stable / CARE A1+ (01-Apr-19)	-
15	Borrowings-Market Borrowing Programme	LT	97000.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (16-Oct-20) 2)CARE AAA; Stable (21-Sep-20)	1)CARE AAA; Stable (28-Mar-20)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
16	Short Term Instruments-Short Term Borrowing	ST	6000.00	CARE A1+	1)CARE A1+ (20-Sep-21)	1)CARE A1+ (21-Sep-20)	1)CARE A1+ (28-Mar-20)	-
17	Commercial Paper-Commercial Paper (Standalone)	ST	4000.00	CARE A1+	1)CARE A1+ (20-Sep-21)	1)CARE A1+ (21-Sep-20)	1)CARE A1+ (28-Mar-20)	-
18	Bonds-Perpetual Bonds	LT	3000.00	CARE AA+; Stable	1)CARE AA+; Stable (20-Sep-21)	1)CARE AA+; Stable (16-Oct-20)	-	-
19	Commercial Paper-Commercial Paper (Standalone)	ST	5000.00	CARE A1+	1)CARE A1+ (20-Sep-21)	1)CARE A1+ (30-Mar-21)	-	-
20	Short Term Instruments-Short Term Borrowing	ST	5000.00	CARE A1+	1)CARE A1+ (20-Sep-21)	1)CARE A1+ (30-Mar-21)	-	-
21	Borrowings-Market Borrowing Programme	LT	100000.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Sep-21)	1)CARE AAA; Stable (30-Mar-21)	-	-
22	Borrowings-Market Borrowing Programme	LT	90005.00	CARE AAA; Stable				
23	Short Term Instruments-Short Term Borrowing	ST	5000.00	CARE A1+				
24	Commercial Paper-Commercial Paper (Standalone)	ST	5000.00	CARE A1+				

\*Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities- Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Bonds-Perpetual Bonds	Complex
2	Bonds	Simple
3	Borrowings-Market Borrowing Programme	Simple
4	Borrowings-Secured Long Term Borrowings	Simple
5	Commercial Paper-Commercial Paper (Standalone)	Simple
6	Short Term Instruments-Short Term Borrowing	Simple

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

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



## Rating Rationale

March 31, 2022 | Mumbai

### REC Limited

*'CRISIL AAA/Stable' assigned to Long-term borrowing programme; 'CRISIL A1+' assigned to Short term borrowing programme*

#### Rating Action

<b>Rs.90000 Crore Long-Term Borrowing Programme&amp;</b>	<b>CRISIL AAA/Stable (Assigned)</b>
<b>Rs.10000 Crore Short Term Borrowing programme&amp;</b>	<b>CRISIL A1+ (Assigned)</b>
<b>Rs.100000 Crore Long-Term Borrowing Programme\$</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.100000 Crore Long-Term Borrowing Programme^</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.1000 Crore Long Term Principal Protected Market Linked Debentures^</b>	<b>CRISIL PPMLD AAA r /Stable (Reaffirmed)</b>
<b>Rs.15000 Crore Bond@@</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.3000 Crore Perpetual Non Convertible Debentures^</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>
<b>Rs.10000 Crore Short Term Borrowing programme\$</b>	<b>CRISIL A1+ (Reaffirmed)</b>
<b>Long-Term Borrowing Programme Aggregating Rs.194514.83 Crore#**</b>	<b>CRISIL AAA/Stable (Reaffirmed)</b>

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

& Borrowing programme for fiscal 2023 (refers to financial year, April 1 to March 31). The overall limit for the long term borrowing programme and the short-term borrowing programme is Rs.100000.0 crore, of which market borrowing programme is of Rs. 75000.0 crore. Total incremental long-term market borrowing not to exceed Rs.75000.0 crore any point in time during fiscal 2023.

&Long term borrowing includes Rs. 15000.0 crore of Bank limits (CC/WCDL) over and above market borrowing programme.

&Short-term borrowing including total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.10000.0 crore at any point during fiscal 2023. It also includes commercial paper limit not exceeding Rs 5000 crore at any point during fiscal 2023

\$ Borrowing programme for fiscal 2022

^Borrowing programme for fiscal 2021

#Past year's borrowing programme

\*\*Includes Rs.9259.30 crore of extra budgetary resources raised by REC on behalf of Ministry of Power

@@ GOI Fully serviced bonds

#### Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL AAA/Stable**' rating to the long term borrowing programme of REC Limited (REC) and its '**CRISIL A1+**' rating to the short term borrowing programme of the company. CRISIL Ratings has also reaffirmed its ratings on the other debt instruments of REC at '**CRISIL AAA/Stable/CRISIL A1+**'.

The nationwide lockdown imposed by the government to contain the Covid-19 pandemic had impacted power consumption across the country, hence funding requirements from distribution companies (discoms) were lower. Although lockdown has been eased in a phased manner revenue collections of distribution companies (discoms) were impacted severely which also adversely affected their ability to repay their dues to the generating companies (gencos). To improve the liquidity position of discoms, GoI announced a Rs 90,000 crore discoms package with REC and PFC as lending partners, which was further increased to 1.25 lakhs crore. As of September 2021, REC along with PFC have sanctioned around Rs 1.35 lakh crore, of which disbursements stood at around Rs 85,000 crore. The package is expected to support discoms in meeting their payment obligations to generation companies (gencos), which in turn would improve the ability of gencos to meet their debt obligations, including their dues to PFC and REC. Also, given that REC would be incrementally lending to borrowers with state government guarantee which have a lower risk weightage at 20%, it will help in improving capital ratios. CRISIL will continue to monitor developments in this regards.

Government of India had announced, Revamped Distribution Sector Scheme(RDSS) reforms-based and results-linked scheme with an outlay of 3.04 lakh crore over a period of 5 years, which would be available till fiscal 2026. REC & Power Finance Corporation has been appointed as nodal lending agencies for facilitating implementation this vital scheme. The scheme aims to improve operational efficiencies and financial sustainability of DISCOMs by providing reform linked financial assistance for strengthening of supply

Asset quality has been improving led by recoveries in large delinquent private sector exposures, however it has slightly increased due to further slippages in Q3 of fiscal 2022. Gross non-performing assets (NPAs) and net NPAs stood at 5.1% and 1.7%, respectively, as on December 31, 2021 versus 5.1% and 2.0%, respectively, a year earlier (4.8% and 1.7%, respectively, as on March 31, 2021). Most of the credit impaired accounts are under a resolution process/or at advanced stages of resolution, as most of the stress in the private sector recognized, and the current stage 2 accounts likely to benefit from the discoms



package, there may not be further large private sector slippages in the near to medium term. Nevertheless, the performance of the loan book and recovery from resolution will remain a key monitorable.

The ratings continue to reflect the strategic importance to the Gol given the key role the company plays in financing the Indian power sector, and majority ownership by the government. The ratings also factor in a strong market position and adequate capitalisation and resource profile. These strengths are partially offset by inherent vulnerability of the asset quality to the weak credit risk profiles of borrowers and significant sectoral and customer concentration in revenue.

### **Analytical Approach**

For arriving at the ratings, CRISIL Ratings has combined the business and financial risk profile of REC and its subsidiaries. Furthermore, currently, CRISIL factors in support from the ultimate parent, Gol given its key role in financing the Indian power sector and expectation of continued support to REC by Gol, albeit routed through PFC.

*Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

### **Key Rating Drivers & Detailed Description**

#### **Strengths:**

- **Strategic importance to Gol, given REC's key role in financing India's power sector**

REC is strategically important to Gol as it plays an important role in the Indian power sector, not only by providing finance but also by implementing Gol's power sector policies. It is the nodal agency for channeling finance towards its rural electrification programme under the Deendayal Upadhyaya Gram Jyoti Yojana (formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (translated as the Prime Minister's Programme to provide easy electricity access to all households), or 'Saubhagya'. Furthermore, the company has been nominated as the sole nodal agency to operate the National Electricity Fund Scheme—an interest subsidy scheme introduced by Gol—to promote capital investment in the power distribution sector. REC, along with Power Finance Corporation are two organisation designated as nodal agency for reform based result linked Revamped Distribution Sector Scheme. REC is the second-largest lender to the sector. The company plays a developmental role in channeling finance to meet the power sector's large funding requirement, particularly of State Power Utilities (SPUs), which constitute 90% of its portfolio as on December 31, 2021.

The government supports the company financially and operationally in various ways, including conferring special status to raise capital gains tax exemption bonds. Even after stake sale to PFC, Gol indirectly controls REC. CRISIL believes that Gol has strong strategic reasons and a moral obligation to support REC, both on an ongoing basis and in the event of distress, given the latter's role in implementing the government's power sector policies.

- **Dominant market position in the power financing segment**

REC plays an important role in the Indian power sector, not only by providing finance but also by implementing Gol's power sector policies. REC provides project-based long-term loans for generation, transmission and distribution activities and renewable energy. Besides, the company also offers short-term loans for working capital requirement, bridge loans, and debt refinancing. REC's outstanding loan book had exposure of 86%, 4%, and 10% to state sector, joint sector units, and private sector, respectively, as on December 31, 2021. The importance of REC in channelling financing to the domestic power sector is underscored by the fact that REC, together with PFC, accounted for a significant portion of the aggregate debt raised by SPUs. To support this role, REC has also received exemption from single and group borrower exposure norms for exposures to state power utilities (SPUs) till March 2022. Clearly, REC will remain a key financier to SPUs and, therefore, play a crucial role in sustaining their operations. Loans outstanding to government sector stood at Rs 3.50 lakh crore as on December 31, 2021 (Rs 3.39 lakh crore as on March 31, 2021; Rs 2.85 lakh crore as on March 31, 2020). As on December 31, 2021, overall loan book stood at Rs 3.89 lakh crore (Rs 3.77 lakh crore as on March 31, 2021; Rs 3.22 lakh crore as on March 31, 2020)

- **Strong resource profile**

REC's credit risk profile is supported by its sound resource profile, with competitive borrowing costs and a diversified, albeit wholesale, resource base. As on December 31, 2021, overall borrowings stood at Rs 3.36 lakh crore with domestic bonds forming the largest share at 49%, foreign currency borrowings at 22%, funding from banks/FIs at 18% and capital gains/tax free bonds at 11%. The company raised Rs 2000 crore of short-term commercial paper borrowings as on December 31, 2021 (Nil as on March 31, 2021). On a steady state, CP borrowings are likely to remain within 5% of the total borrowings. REC's debt instruments have wide market acceptability and the company typically borrows at low spreads over government securities. Its cost of borrowing is lower than that of most of its peers, and stood at 6.87% in the first nine months of fiscal 2022 (7.24% in fiscal 2021; 8.23% in fiscal 2020).

- **Adequate capitalisation**

REC's capital profile provides a cushion against asset-side risks arising from high sectoral and customer concentration. The net worth was Rs 50,258 crore as on December 31, 2021 (Rs 43,426 crore as on March 31, 2021). The overall capital adequacy ratio (CAR) and Tier 1 CAR stood at 23.22% and 19.01%, respectively, as on December 31, 2021 (19.72% and 16.31%, respectively, as on March 31, 2021). Gearing stood at 6.7 times as on December 31, 2021 (7.4 times as on March 31, 2021). The net worth/net NPA ratio was around 7.4 times as on December 31, 2021 (6.7 times as on March 31, 2021). Capitalisation is expected to remain adequate over the medium term, supported by a demonstrated ability to raise capital through private placement). Accretion to net worth will be supported by the company's ability to maintain good interest spreads and a low operating expense ratio. The return on assets (RoA) ratio was 2.2% in fiscal 2021 as against 1.5% in fiscal 2020 (RoA (annualised) stood at 2.5% in the first nine months of fiscal 2022). Profitability was impacted in fiscal 2020

due to increase in credit costs and foreign exchange (forex) losses. Ability to contain credit costs and hence improve profitability and capitalisation will remain a key monitorable.

**Weakness:**

- **Inherent vulnerability in asset quality, and significant sectoral and customer concentration**

REC's asset quality remains inherently vulnerable as it caters only to the power sector and faces inherent asset quality challenges because of the weak financial risk profiles of its main customers, SPUs, comprising around 90% of overall advances as on December 31, 2021. Further, top 10 borrowers constitute ~43% of total loan book. Effective execution of various reform measures is extremely critical for SPUs to produce the desired positive impact, and broad-based political consensus is necessary to implement the much-needed tariff hikes to ensure sustained improvement in the performance of SPUs. However, REC has been able to manage overall asset quality risks in this segment owing to its criticality to borrowers and through various asset protection mechanisms.

REC also has around 10% exposure to the private sector as on December 31, 2021 (10% as on March 31, 2021), which has been vulnerable to asset quality risks owing to issues such as lack of fuel availability, inability to pass on fuel price increases, and absence of long-term power purchase agreements for assured power offtake. As on December 31, 2021, the overall gross NPAs and Net NPAs decreased to 5.1% and 1.7%, respectively, from 5.1% and 2.0%, respectively, a year ago (4.8% and 1.7%, respectively, as on March 31, 2021) led by recovery from large private delinquent accounts. As on December 31, 2021, 52% of private sectors loans have been recognized as stage III assets on which the company has a provision coverage of 66%.

Overall, CRISIL believes that the asset quality will remain vulnerable over the medium term primarily because of the increased challenges likely to be faced with private sector borrowers. The ability to resolve stressed accounts will also be a key monitorable going ahead.

**Liquidity: Superior**

Asset Liability Maturity (ALM) profile of REC shows that liquidity position is superior. The mismatches in the ALM buckets up to one year given the relatively long tenure of its assets are managed mainly through unutilised bank lines. Additionally, the debt repayments are well staggered across months, supporting its liquidity profile.

As on February 07, 2022, REC had a liquidity cushion of Rs 21340 crore on a standalone basis (Rs 7173 crore of cash and equivalents including liquid investments and Rs 14167 crore of unutilised bank lines including undrawn term loans) as against debt obligation of Rs 13138 crore in the next two months till April 30, 2022.

REC continues to tap debt capital markets for fresh issuances. Around Rs 13,883 crore were raised as domestic bonds in the first nine months of fiscal 2022. REC also raised term loans of Rs 19,300 crore and foreign currency borrowings of Rs 17,226 crore over the same period.

**Outlook: Stable**

CRISIL Ratings believes that REC will continue to benefit from Gol's support, given its strategic role in the implementation of Gol's power sector initiatives. Moreover, REC will maintain its healthy position in the infrastructure-financing segment along with comfortable capitalisation and earnings.

In addition, the rating on the perpetual bonds remains sensitive to the capital buffer maintained by REC over regulatory capital requirements; rating transition on these instruments could potentially be sharper than that on other debt instruments and bank facilities.

**Rating Sensitivity factors**

**Downward Factors:**

- Decline in REC's strategic importance to, or in the direct or indirect support it receives from, Gol by way of reduction in PFC's shareholding below 50%
- Significant deterioration in asset quality, thereby impacting profitability and capitalisation.

**About the Company**

Incorporated in 1969, REC is a public financial institution under the administrative control of the Ministry of Power, Gol. The company is registered with Reserve Bank of India as a non-banking infrastructure finance company (NBFC-IFC). Until 2003, its primary objective was to provide financial assistance on concession to SPUs for rural electrification. Its mandate was broadened in 2003 to include financing of all segments of the power sector; REC finances generation projects, including independent power projects. Since September 2009, the company's mandate has been further widened to include financing activities allied to the power sector, and power-related infrastructure, such as coal and other mining activities, and fuel supply arrangements.

In March 2019, Power Finance Corporation completed the acquisition of Government of India's (Gol's) 52.63% stake in REC. The rating reaffirmation is driven by strategic importance of REC to Gol and support, if any, required will be provided by Gol. Even post the sale of Gol stake in REC to PFC, the company continues to play its respective policy role and remains nodal agencies for implementing Gol's power sector policies. Further, it is expected to operate all functions independently as is it did prior to the acquisition. Gol will continue to appoint the Board and CMD of REC and also have representation on the Board even after the stake sale.

Further, REC continues to operate as public financial institution (PFI), Infrastructure Finance Company (NBFC-IFC) and a Central Public Sector Enterprise (CPSE). Also, the entity continues to accrue all the benefits it was eligible for prior to stake sale by GoI, including raising bonds under Section 54EC. Capital support, if required, by REC, will be provided by government, albeit through PFC.

Even after the proposed stake sale, given that PFC is majority owned by GoI, CRISIL believes that GoI will continue to be involved in matters related to REC and that PFC and GoI would act in concert to support REC, if required. The rating also reflect REC's sound resource profile and adequate capitalisation. The rating strengths are partially offset by the company's exposure to risks relating to inherent vulnerability of asset quality, and significant customer and sectoral concentration.

For fiscal 2021, REC reported a profit after tax (PAT) of Rs 8,362 crore and total income (net of interest) of Rs 13,921 crore (Rs 4,886 crore and Rs 10,832 crore, respectively in the previous fiscal). For the nine months ended December 31, 2021, REC reported a PAT of Rs 7,758 crore on a total income (net of interest expense) of Rs 12,929 crore as against a PAT of Rs 6,292 crore on a total income (net of interest expense) of Rs 10,210 crore for the corresponding period of the previous fiscal.

#### Key Financial Indicators

As on / for the period ended December 31	Unit	2021	2020
Total Assets	Rs. Cr.	418790	3,79,193
Total income (net of interest)	Rs. Cr.	12,929	10,210
Profit after tax	Rs. Cr.	7758	6,292
Gross NPA	%	5.1	5.1
Gearing	Times	6.7	7.4
Overall capital adequacy ratio	%	23.2	19.3

#### Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

#### Annexure - Details of Instrument(s)

ISIN	Name of the Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Complexity level	Rating with Outlook
INE020B08DR1	Bonds	22-Apr-21	5.74%	20-Jun-24	4000	Simple	CRISIL AAA/Stable
INE020B08DO8	Bonds	12-Mar-21	7.40%	15-Mar-36	3613.8	Simple	CRISIL AAA/Stable
INE020B08682	Bonds	15-Feb-12	0.0915	15-Feb-27	2500	Simple	CRISIL AAA/Stable
INE020B07LS4	Bonds	30-Apr-20	5.75%	30-Apr-25	2500	Simple	CRISIL AAA/Stable
INE020B07LT2	Bonds	31-May-20	5.75%	31-May-25	2500	Simple	CRISIL AAA/Stable
INE020B07LU0	Bonds	30-Jun-20	5.75%	30-Jun-25	2500	Simple	CRISIL AAA/Stable
INE020B07LV8	Bonds	31-Jul-20	5.75%	31-Jul-25	2500	Simple	CRISIL AAA/Stable
INE020B07LW6	Bonds	31-Aug-20	5%	31-Aug-25	2500	Simple	CRISIL AAA/Stable
INE020B07LZ9	Bonds	30-Nov-20	5%	30-Nov-25	2500	Simple	CRISIL AAA/Stable
INE020B07MA0	Bonds	31-Dec-20	5%	31-Dec-25	2500	Simple	CRISIL AAA/Stable
INE020B07MB8	Bonds	31-Jan-21	5%	31-Jan-26	2500	Simple	CRISIL AAA/Stable
INE020B07MC6	Bonds	28-Feb-21	5%	28-Feb-26	2500	Simple	CRISIL AAA/Stable
INE020B07MD4	Bonds	31-Mar-21	5%	31-Mar-26	2500	Simple	CRISIL AAA/Stable
INE020B08DP5	Bonds	19-Mar-21	5.79%	20-Mar-24	1550	Simple	CRISIL AAA/Stable
INE020B08DD1	Bonds	26-Sep-19	8.25%	26-Sep-29	1451	Simple	CRISIL AAA/Stable
INE020B08DT7	Bonds	21-Oct-21	6.23%	31-Oct-31	1200	Simple	CRISIL AAA/Stable
INE020B08DQ3	Bonds	26-Mar-21	6.50%	26-Mar-31	500	Simple	CRISIL AAA/Stable
INE020B07ME2	Bonds	30-Apr-21	0.05	30-Apr-26	385.56	Simple	CRISIL AAA/Stable
INE020B07MJ1	Bonds	30-Sep-21	5%	30-Sep-26	341.82	Simple	CRISIL AAA/Stable

INE020B07MH5	Bonds	31-Jul-21	5%	31-Jul-26	282.3	Simple	CRISIL AAA/Stable
INE020B07MF9	Bonds	31-May-21	5%	31-May-26	141.41	Simple	CRISIL AAA/Stable
INE020B07LY2	Bonds	31-Oct-20	5%	31-Oct-25	25	Simple	CRISIL AAA/Stable
INE020B08BO2	Bonds (Gol Fully Serviced)@@	25-Mar-19	8.30%	25-Mar-29	4,000.00	Simple	CRISIL AAA/Stable
INE020B08CS1	Bonds (Gol Fully Serviced)@@	31-Mar-20	7.20%	31-Mar-30	1,750.00	Simple	CRISIL AAA/Stable
INE020B08CO0	Bonds (Gol Fully Serviced)@@	2-Mar-20	7.14%	2-Mar-30	1,500.00	Simple	CRISIL AAA/Stable
INE020B08BL8	Bonds (Gol Fully Serviced)@@	8-Mar-19	8.60%	8-Mar-29	1,200.00	Simple	CRISIL AAA/Stable
INE020B08DI0	Bonds (Gol Fully Serviced)@@	7-Jan-21	6.45%	7-Jan-31	1,000.00	Simple	CRISIL AAA/Stable
INE020B08DN0	Bonds (Gol Fully Serviced)@@	28-Jan-21	6.63%	28-Jan-31	1,000.00	Simple	CRISIL AAA/Stable
INE020B08CR3	Bonds (Gol Fully Serviced)@@	26-Mar-20	8.25%	26-Mar-30	532.3	Simple	CRISIL AAA/Stable
NA	Bonds (Gol Fully Serviced)@@^	NA	NA	NA	4,017.70	Simple	CRISIL AAA/Stable
INE020B07LX4	Debentures	30-Sep-20	5.75%	30-Sep-25	10000	Simple	CRISIL AAA/Stable
INE020B08724	Infrastructure Bonds	15-Feb-12	9.15%	15-Feb-27	2.8	Simple	CRISIL AAA/Stable
INE020B08732	Infrastructure Bonds	15-Feb-12	9.15%	15-Feb-27	1.1	Simple	CRISIL AAA/Stable
INE020B08DE9	Institutional Bond#	29-Oct-20	6.80%	20-Dec-30	5,000.00	Simple	CRISIL AAA/Stable
INE020B08DM2	Institutional Bond#	28-Jan-21	7.02%	31-Jan-36	4,589.90	Simple	CRISIL AAA/Stable
INE020B08CU7	Institutional Bond#	11-May-20	7.55%	11-May-30	3,740.00	Simple	CRISIL AAA/Stable
INE020B08DB5	Institutional Bond#	28-Aug-20	7.25%	30-Sep-30	3,500.00	Simple	CRISIL AAA/Stable
INE020B08CT9	Institutional Bond#	22-Apr-20	6.92%	22-Apr-23	2,985.00	Simple	CRISIL AAA/Stable
INE020B08DF6	Institutional Bond#	29-Oct-20	5.85%	20-Dec-25	2,777.00	Simple	CRISIL AAA/Stable
INE020B08CV5	Institutional Bond#	21-May-20	6.60%	21-Mar-22	2,596.00	Simple	CRISIL AAA/Stable
INE020B08DG4	Institutional Bond#	15-Dec-20	6.90%	31-Jan-31	2,500.00	Simple	CRISIL AAA/Stable
INE020B08DC3	Institutional Bond#	28-Aug-20	5.69%	30-Sep-23	2,474.00	Simple	CRISIL AAA/Stable
INE020B08DJ8	Institutional Bond#	13-Jan-21	4.99%	31-Jan-24	2,135.00	Simple	CRISIL AAA/Stable
INE020B08DH2	Institutional Bond#	15-Dec-20	5.81%	31-Dec-25	2,082.00	Simple	CRISIL AAA/Stable
INE020B08DK6	Institutional Bond#	13-Jan-21	5.94%	31-Jan-26	2,000.00	Simple	CRISIL AAA/Stable
INE020B08CX1	Institutional Bond#	8-Jun-20	7.96%	15-Jun-30	1,999.50	Simple	CRISIL AAA/Stable
INE020B08CW3	Institutional Bond#	21-May-20	7.79%	21-May-30	1,569.00	Simple	CRISIL AAA/Stable
INE020B08DA7	Institutional Bond#	30-Jul-20	6.90%	31-Mar-31	1,300.00	Simple	CRISIL AAA/Stable
INE020B08CZ6	Institutional Bond#	30-Jul-20	5.90%	31-Mar-25	900	Simple	CRISIL AAA/Stable
INE020B08831	Institutional Bonds	12-Apr-13	8.82%	12-Apr-23	4,300.00	Simple	CRISIL AAA/Stable
INE020B08AQ9	Institutional Bonds	12-Dec-17	7.70%	10-Dec-27	3,533.00	Simple	CRISIL AAA/Stable
INE020B08AC9	Institutional Bonds	30-Dec-16	7.54%	30-Dec-26	3,000.00	Simple	CRISIL AAA/Stable
INE020B08AH8	Institutional Bonds	14-Mar-17	7.95%	12-Mar-27	2,745.00	Simple	CRISIL AAA/Stable
INE020B08AK2	Institutional Bonds	7-Sep-17	7.03%	7-Sep-22	2,670.00	Simple	CRISIL AAA/Stable
INE020B08963	Institutional Bonds	7-Oct-15	8.11%	7-Oct-25	2,585.00	Simple	CRISIL AAA/Stable
INE020B08BF0	Institutional Bonds	22-Nov-18	8.45%	22-Mar-22	2,571.80	Simple	CRISIL AAA/Stable
INE020B08BH6	Institutional Bonds	7-Dec-18	8.37%	7-Dec-28	2,554.00	Simple	CRISIL AAA/Stable

INE020B08BG8	Institutional Bonds	29-Nov-18	8.56%	29-Nov-28	2,552.40	Simple	CRISIL AAA/Stable
INE020B08849	Institutional Bonds	31-May-13	8.06%	31-May-23	2,500.00	Simple	CRISIL AAA/Stable
INE020B08BA1	Institutional Bonds	9-Aug-18	8.55%	9-Aug-28	2,500.00	Simple	CRISIL AAA/Stable
INE020B08BB9	Institutional Bonds	27-Aug-18	8.63%	25-Aug-28	2,500.00	Simple	CRISIL AAA/Stable
INE020B08BM6	Institutional Bonds	13-Mar-19	8.35%	13-Mar-22	2,500.00	Simple	CRISIL AAA/Stable
INE020B08930	Institutional Bonds	10-Apr-15	8.30%	10-Apr-25	2,396.00	Simple	CRISIL AAA/Stable
INE020B08740	Institutional Bonds	15-Jun-12	9.35%	15-Jun-22	2,378.20	Simple	CRISIL AAA/Stable
INE020B08906	Institutional Bonds	6-Feb-15	8.27%	6-Feb-25	2,325.00	Simple	CRISIL AAA/Stable
INE020B08914	Institutional Bonds	23-Feb-15	8.35%	22-Feb-25	2,285.00	Simple	CRISIL AAA/Stable
INE020B08880	Institutional Bonds	22-Dec-14	8.57%	21-Dec-24	2,250.00	Simple	CRISIL AAA/Stable
INE020B08807	Institutional Bonds	19-Nov-12	9.02%	19-Nov-22	2,211.20	Simple	CRISIL AAA/Stable
INE020B08BP9	Institutional Bonds	28-Mar-19	8.97%	28-Mar-29	2,151.20	Simple	CRISIL AAA/Stable
INE020B08AA3	Institutional Bonds	7-Nov-16	7.52%	7-Nov-26	2,100.00	Simple	CRISIL AAA/Stable
INE020B07IZ5	Institutional Bonds	25-Aug-14	9.34%	25-Aug-24	1,955.00	Simple	CRISIL AAA/Stable
INE020B08898	Institutional Bonds	23-Jan-15	8.23%	23-Jan-25	1,925.00	Simple	CRISIL AAA/Stable
INE020B08AP1	Institutional Bonds	30-Nov-17	7.45%	30-Nov-22	1,912.00	Simple	CRISIL AAA/Stable
INE020B08443	Institutional Bonds	12-Jul-10	8.75%	12-Jul-25	1,800.00	Simple	CRISIL AAA/Stable
INE020B08427	Institutional Bonds	8-Jun-10	8.75%	8-Jun-25	1,250.00	Simple	CRISIL AAA/Stable
INE020B08AM8	Institutional Bonds	17-Oct-17	7.09%	17-Oct-22	1,225.00	Simple	CRISIL AAA/Stable
INE020B07LF1	Institutional Bonds	31-Mar-19	5.75%	31-Mar-24	1,078.50	Simple	CRISIL AAA/Stable
INE020B08AT3	Institutional Bonds	23-Feb-18	7.99%	23-Feb-23	950	Simple	CRISIL AAA/Stable
INE020B08922	Institutional Bonds	9-Mar-15	8.27%	9-Mar-22	700	Simple	CRISIL AAA/Stable
INE020B07KX6	Institutional Bonds	31-Jul-18	5.75%	31-Jul-23	683.9	Simple	CRISIL AAA/Stable
INE020B08AF2	Institutional Bonds	28-Feb-17	7.46%	28-Feb-22	625	Simple	CRISIL AAA/Stable
INE020B07LE4	Institutional Bonds	28-Feb-19	5.75%	28-Feb-24	570	Simple	CRISIL AAA/Stable
INE020B07LC8	Institutional Bonds	31-Dec-18	5.75%	31-Dec-23	565.7	Simple	CRISIL AAA/Stable
INE020B07LD6	Institutional Bonds	31-Jan-19	5.75%	31-Jan-24	550	Simple	CRISIL AAA/Stable
INE020B07LA2	Institutional Bonds	31-Oct-18	5.75	31-Oct-23	507.8	Simple	CRISIL AAA/Stable
INE020B07KW8	Institutional Bonds	30-Jun-18	5.75%	30-Jun-23	504.7	Simple	CRISIL AAA/Stable
INE020B07KY4	Institutional Bonds	31-Aug-18	5.75%	31-Aug-23	499.3	Simple	CRISIL AAA/Stable
INE020B07KZ1	Institutional Bonds	30-Sep-18	5.75%	30-Sep-23	493.8	Simple	CRISIL AAA/Stable
INE020B07LB0	Institutional Bonds	30-Nov-18	5.75%	30-Nov-23	481	Simple	CRISIL AAA/Stable
INE020B07KV0	Institutional Bonds	31-May-18	5.75%	31-May-23	438.7	Simple	CRISIL AAA/Stable
INE020B07KU2	Institutional Bonds	30-Apr-18	5.75%	30-Apr-23	278.5	Simple	CRISIL AAA/Stable
INE020B08BE3	Institutional Bonds (GoI Serviced)	15-Nov-18	8.54%	15-Nov-28	3,600.00	Simple	CRISIL AAA/Stable
INE020B08BC7	Institutional Bonds (GoI Serviced)	28-Sep-18	8.70%	28-Sep-28	3,000.00	Simple	CRISIL AAA/Stable
INE020B08BJ2	Institutional Bonds (GoI Serviced)	22-Jan-19	8.80%	22-Jan-29	2,027.00	Simple	CRISIL AAA/Stable
INE020B08AX5	Institutional Bonds (GoI Serviced)	21-Mar-18	8.09%	21-Mar-28	1,837.00	Simple	CRISIL AAA/Stable
INE020B08AY3	Institutional Bonds (GoI Serviced)	26-Mar-18	8.01%	24-Mar-28	1,410.00	Simple	CRISIL AAA/Stable
INE020B08AZ0	Institutional Bonds (GoI Serviced)	27-Mar-18	8.06%	27-Mar-28	753	Simple	CRISIL AAA/Stable

INE020B08BW5	Institutional Bonds&	22-Aug-19	8.18%	22-Aug-34	5,063.00	Simple	CRISIL AAA/Stable
INE020B08CJ0	Institutional Bonds&	28-Jan-20	7.92%	31-Mar-30	3,054.90	Simple	CRISIL AAA/Stable
INE020B08BX3	Institutional Bonds&	16-Sep-19	8.29%	16-Sep-34	3,028.00	Simple	CRISIL AAA/Stable
INE020B08CD3	Institutional Bonds&	13-Nov-19	7.09%	13-Dec-22	2,769.00	Simple	CRISIL AAA/Stable
INE020B08CE1	Institutional Bonds&	26-Nov-19	6.90%	30-Jun-22	2,500.00	Simple	CRISIL AAA/Stable
INE020B08CK8	Institutional Bonds&	10-Feb-20	6.88%	20-Mar-25	2,500.00	Simple	CRISIL AAA/Stable
INE020B07LR6	Institutional Bonds&	31-Mar-20	5.75%	31-Mar-25	2,500.00	Simple	CRISIL AAA/Stable
INE020B08CP7	Institutional Bonds&	6-Mar-20	7.50%	28-Feb-30	2,382.00	Simple	CRISIL AAA/Stable
INE020B08CG6	Institutional Bonds&	26-Dec-19	7.24%	31-Dec-22	2,090.00	Simple	CRISIL AAA/Stable
INE020B08BU9	Institutional Bonds&	25-Jun-19	8.30%	25-Jun-29	2,070.90	Simple	CRISIL AAA/Stable
INE020B08BQ7	Institutional Bonds&	16-Apr-19	8.85%	16-Apr-29	1,600.70	Simple	CRISIL AAA/Stable
INE020B08CF8	Institutional Bonds&	26-Nov-19	7.40%	26-Nov-24	1,500.00	Simple	CRISIL AAA/Stable
INE020B08CH4	Institutional Bonds&	8-Jan-20	7.12%	31-Mar-23	1,400.00	Simple	CRISIL AAA/Stable
INE020B08CI2	Institutional Bonds&	8-Jan-20	7.89%	31-Mar-30	1,100.00	Simple	CRISIL AAA/Stable
INE020B08CN2	Institutional Bonds&	25-Feb-20	6.80%	30-Jun-23	1,100.00	Simple	CRISIL AAA/Stable
INE020B08CM4	Institutional Bonds&	25-Feb-20	6.99%	30-Sep-24	1,100.00	Simple	CRISIL AAA/Stable
INE020B08BS3	Institutional Bonds&	14-May-19	8.80%	14-May-29	1,097.00	Simple	CRISIL AAA/Stable
INE020B08BV7	Institutional Bonds&	25-Jun-19	8.1	25-Jun-24	1,018.00	Simple	CRISIL AAA/Stable
INE020B07LJ3	Institutional Bonds&	31-Jul-19	5.75%	31-Jul-24	594.62	Simple	CRISIL AAA/Stable
INE020B07LN5	Institutional Bonds&	30-Nov-19	5.75%	30-Nov-24	552.73	Simple	CRISIL AAA/Stable
INE020B07LO3	Institutional Bonds&	31-Dec-19	5.75%	31-Dec-24	527.04	Simple	CRISIL AAA/Stable
INE020B07LM7	Institutional Bonds&	31-Oct-19	5.75%	31-Oct-24	518.4	Simple	CRISIL AAA/Stable
INE020B07LQ8	Institutional Bonds&	28-Feb-20	5.75%	28-Feb-25	501.2	Simple	CRISIL AAA/Stable
INE020B07LK1	Institutional Bonds&	31-Aug-19	5.75%	31-Aug-24	500.25	Simple	CRISIL AAA/Stable
INE020B07LL9	Institutional Bonds&	30-Sep-19	5.75%	30-Sep-24	497.55	Simple	CRISIL AAA/Stable
INE020B07LP0	Institutional Bonds&	31-Jan-20	5.75%	31-Jan-25	480.2	Simple	CRISIL AAA/Stable
INE020B07LH7	Institutional Bonds&	31-May-19	5.75%	31-May-24	459.1	Simple	CRISIL AAA/Stable
INE020B07LI5	Institutional Bonds&	30-Jun-19	5.75%	30-Jun-24	413.49	Simple	CRISIL AAA/Stable
INE020B07LG9	Institutional Bonds&	30-Apr-19	5.75%	30-Apr-24	391.12	Simple	CRISIL AAA/Stable
INE020B08CB7	Institutional Bonds&	26-Sep-19	7.55%	26-Sep-22	300	Simple	CRISIL AAA/Stable
INE020B08CC5	Institutional Bonds&	26-Sep-19	7.55%	26-Sep-23	300	Simple	CRISIL AAA/Stable
INE020B08BY1	Institutional Bonds&	26-Sep-19	8.25%	26-Sep-29	290.2	Simple	CRISIL AAA/Stable
INE020B08BT1	Institutional Bonds&	10-Jun-19	8.15%	10-Jun-22	1,000.00	Simple	CRISIL AAA/Stable
NA	Long term borrowing programme (FY22)^A	NA	NA	NA	80943.24	Simple	CRISIL AAA/Stable
NA	Long term borrowing programme (FY23)^A	NA	NA	NA	90000	Simple	CRISIL AAA/Stable
NA	Short term	NA	NA	NA	10000	Simple	CRISIL A1+

	borrowing programme (FY23) <sup>^^</sup>						
INE020B08CY9	Long Term Principal Protected Market Linked Debentures#	8-Jul-20	Linked to 10 year G-Sec	30-Jun-23	500	Highly Complex	CRISIL PP-MLD AAAR/Stable
NA	Long Term Principal Protected Market Linked Debentures <sup>^^</sup> #	NA	NA	NA	500	Highly Complex	CRISIL PP-MLD AAAR/Stable
NA	Perpetual Non-Convertible Debentures#	NA	NA	NA	2,441.60	Highly Complex	CRISIL AAA/Stable
INE020B08DL4	Perpetual Non-Convertible Debentures#	44218	0.0797	Perpetual	558.4	Highly Complex	CRISIL AAA/Stable
NA	Short term borrowing programme (FY22) <sup>^^</sup>	NA	NA	NA	7,645.00	Simple	CRISIL A1+
INE020B07GH7	Tax Free Bonds	27-Mar-12	8.12%/8.32%	27-Mar-27	2,160.30	Simple	CRISIL AAA/Stable
INE020B07HP8	Tax Free Bonds	24-Sep-13	8.46%	24-Sep-28	1,721.20	Simple	CRISIL AAA/Stable
INE020B07GW6	Tax Free Bonds	19-Dec-12	7.22%/7.72%	19-Dec-22	1,165.30	Simple	CRISIL AAA/Stable
INE020B07HN3	Tax Free Bonds	29-Aug-13	8.46%	29-Aug-28	1,141.00	Simple	CRISIL AAA/Stable
INE020B07HS2	Tax Free Bonds	24-Sep-13	8.71%	24-Sep-28	1,089.10	Simple	CRISIL AAA/Stable
INE020B07GX4	Tax Free Bonds	19-Dec-12	7.38%/7.88%	19-Dec-27	852	Simple	CRISIL AAA/Stable
INE020B07GG9	Tax Free Bonds	27-Mar-12	7.93%/8.13%	27-Mar-22	839.7	Simple	CRISIL AAA/Stable
INE020B07HR4	Tax Free Bonds	24-Sep-13	8.26%	24-Sep-23	317.9	Simple	CRISIL AAA/Stable
INE020B07JO7	Tax Free Bonds	23-Jul-15	7.17%	23-Jul-25	300	Simple	CRISIL AAA/Stable
INE020B07IC4	Tax Free Bonds	24-Mar-14	8.19%	24-Mar-24	290.3	Simple	CRISIL AAA/Stable
INE020B07IG5	Tax Free Bonds	24-Mar-14	8.88%	24-Mar-29	282.3	Simple	CRISIL AAA/Stable
INE020B07JT6	Tax Free Bonds	5-Nov-15	7.18%	5-Nov-35	276.6	Simple	CRISIL AAA/Stable
INE020B07HO1	Tax Free Bonds	24-Sep-13	8.01%	24-Sep-23	257.2	Simple	CRISIL AAA/Stable
INE020B07GU0	Tax Free Bonds	21-Nov-12	7.21%	21-Nov-22	255	Simple	CRISIL AAA/Stable
INE020B07ID2	Tax Free Bonds	24-Mar-14	8.63%	24-Mar-29	248.1	Simple	CRISIL AAA/Stable
INE020B07GV8	Tax Free Bonds	21-Nov-12	7.38%	21-Nov-27	245	Simple	CRISIL AAA/Stable
INE020B07HM5	Tax Free Bonds	29-Aug-13	8.01%	29-Aug-23	209	Simple	CRISIL AAA/Stable
INE020B07JU4	Tax Free Bonds	5-Nov-15	7.43%	5-Nov-35	144.6	Simple	CRISIL AAA/Stable
INE020B07JR0	Tax Free Bonds	5-Nov-15	7.09%	5-Nov-30	133.7	Simple	CRISIL AAA/Stable
INE020B07IF7	Tax Free Bonds	24-Mar-14	8.44%	24-Mar-24	129.1	Simple	CRISIL AAA/Stable
INE020B07HU8	Tax Free Bonds	11-Oct-13	8.18%	11-Oct-23	105	Simple	CRISIL AAA/Stable
INE020B07IH3	Tax Free Bonds	24-Mar-14	8.86%	24-Mar-34	83.3	Simple	CRISIL AAA/Stable
INE020B07GY2	Tax Free Bonds	25-Mar-13	6.88%/7.38%	25-Mar-23	81.4	Simple	CRISIL AAA/Stable
INE020B07JQ2	Tax Free Bonds	5-Nov-15	7.14%	5-Nov-25	54.7	Simple	CRISIL AAA/Stable
INE020B07JP4	Tax Free Bonds	5-Nov-15	6.89%	5-Nov-25	51.3	Simple	CRISIL AAA/Stable
INE020B07GZ9	Tax Free Bonds	25-Mar-13	7.04%/7.54%	25-Mar-28	49.7	Simple	CRISIL AAA/Stable

INE020B07HV6	Tax Free Bonds	11-Oct-13	8.54%	11-Oct-28	45	Simple	CRISIL AAA/Stable
INE020B07JS8	Tax Free Bonds	5-Nov-15	7.34%	5-Nov-30	39.3	Simple	CRISIL AAA/Stable
INE020B07HT0	Tax Free Bonds	24-Sep-13	8.62%	24-Sep-33	38.9	Simple	CRISIL AAA/Stable
INE020B07IE0	Tax Free Bonds	24-Mar-14	8.61%	24-Mar-34	26.4	Simple	CRISIL AAA/Stable
INE020B07HQ6	Tax Free Bonds	24-Sep-13	8.37%	24-Sep-33	16.4	Simple	CRISIL AAA/Stable
NA	Short Term Loan	NA	NA	NA	2350.0	Simple	CRISIL A1+
NA	Overdraft Facility	NA	NA	NA	5	Simple	CRISIL A1+
NA	Working Capital Demand Loan	NA	NA	NA	1,200.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	1,200.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	750.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	300.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	100.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	300.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	900.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	500.0	Simple	CRISIL AAA/Stable
NA	Working Capital Demand Loan	NA	NA	NA	4,500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	27-Sep-28	750.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	18-Dec-23	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	21-May-24	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	30-Sep-22	650.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	15-Jun-23	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	30-Sep-23	1,500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	4-Dec-22	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	19-Jun-23	1,500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	29-Sep-23	300.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	11-Oct-23	350.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	5-Nov-23	350.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	15-Jan-24	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	17-Nov-26	850.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	19-May-25	565.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	6-Jul-26	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	25-Mar-30	85.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	18-Dec-25	187.5	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	25-Mar-	900.0	Simple	CRISIL AAA/Stable



				26			
NA	Long Term Loan	NA	NA	9-Jul-26	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	28-Mar-30	665.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	28-Sep-31	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	9-Dec-31	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	23-Jun-23	800.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	3-Jun-22	1,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	9-Aug-26	1,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	25-Feb-24	1,500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	14-Mar-24	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	25-Mar-26	1,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	29-Mar-26	1,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	28-Oct-26	300.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	26-Mar-24	1,500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	250.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	29-Oct-26	250.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	21-Jan-27	300.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	13-Dec-28	5,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	4-Oct-29	5,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	27-Aug-25	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	11-Nov-26	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	1,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	5-Mar-23	500.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	5-Mar-24	5,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	14-Jul-25	2,300.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	8-Nov-26	4,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	29-Oct-31	5,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	2,000.0	Simple	CRISIL AAA/Stable
NA	Long Term Loan	NA	NA	NA	750.0	Simple	CRISIL AAA/Stable

Notes: Institutional bonds, 54EC Capital Gain Tax Exemption Bonds, Tax free bonds, Zero coupon bonds, infrastructure bonds and term loans from banks/financial institution are part of long-term borrowing programme,

^^Not yet issued

#Part of borrowing programme for fiscal 2021

&Part of borrowing programme for fiscal 2020

@@ GOI fully serviced bonds

#### Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
REC Power Development and Consultancy Limited*	Full	Subsidiary
Energy Efficiency Services Limited	Part	Joint Venture

\* Formerly known as REC Power Distribution Company Limited

#### Annexure - Rating History for last 3 Years

	Current			2022 (History)		2021		2020		2019		Start of 2019
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	15000.0	CRISIL AAA/Stable	24-03-22	CRISIL AAA/Stable	31-03-21	CRISIL AAA/Stable	08-10-20	CRISIL AAA/Stable	29-03-19	CRISIL AAA/Stable	--
			--		--		--	10-08-20	CRISIL AAA/Stable	05-03-19	CRISIL AAA/Stable	--
			--		--		--	26-05-20	CRISIL		--	--

									AAA/Stable			
			--		--		--	30-03-20	CRISIL AAA/Stable		--	--
Long-Term Borrowing Programme	LT	484514.83	CRISIL AAA/Stable	24-03-22	CRISIL AAA/Stable	31-03-21	CRISIL AAA/Stable	08-10-20	CRISIL AAA/Stable	29-03-19	CRISIL AAA/Stable	CRISIL AAA/Stable
			--		--		--	10-08-20	CRISIL AAA/Stable	05-03-19	CRISIL AAA/Stable	--
			--		--		--	26-05-20	CRISIL AAA/Stable	21-02-19	CRISIL AAA/Stable	--
			--		--		--	30-03-20	CRISIL AAA/Stable	15-02-19	CRISIL AAA/Stable	--
Perpetual Non Convertible Debentures	LT	3000.0	CRISIL AAA/Stable	24-03-22	CRISIL AAA/Stable	31-03-21	CRISIL AAA/Stable	08-10-20	CRISIL AAA/Stable		--	--
Short Term Borrowing programme	ST	20000.0	CRISIL A1+	24-03-22	CRISIL A1+	31-03-21	CRISIL A1+	08-10-20	CRISIL A1+	29-03-19	CRISIL A1+	CRISIL A1+
			--		--		--	10-08-20	CRISIL A1+	05-03-19	CRISIL A1+	--
			--		--		--	26-05-20	CRISIL A1+	21-02-19	CRISIL A1+	--
			--		--		--	30-03-20	CRISIL A1+	15-02-19	CRISIL A1+	--
Short Term Debt	ST		--		--		--	30-03-20	Withdrawn	29-03-19	CRISIL A1+	CRISIL A1+
			--		--		--		--	05-03-19	CRISIL A1+	--
			--		--		--		--	21-02-19	CRISIL A1+	--
			--		--		--		--	15-02-19	CRISIL A1+	--
Long Term Principal Protected Market Linked Debentures	LT	1000.0	CRISIL PPMLD AAA r /Stable	24-03-22	CRISIL PPMLD AAA r /Stable	31-03-21	CRISIL PPMLD AAA r /Stable	08-10-20	CRISIL PPMLD AAA r /Stable		--	--
			--		--		--	10-08-20	CRISIL PPMLD AAA r /Stable		--	--
			--		--		--	26-05-20	CRISIL PPMLD AAA r /Stable		--	--

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities\*

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Short Term Loan	700	Central Bank Of India	CRISIL A1+
Short Term Loan	400	Sumitomo Mitsui banking Corporation	CRISIL A1+
Short Term Loan	250	The South Indian Bank Limited	CRISIL A1+
Short Term Loan	1,000	YES Bank Limited	CRISIL A1+
Overdraft Facility	5	ICICI Bank Limited	CRISIL A1+
Working Capital Demand Loan	1,200	HDFC Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	1,200	ICICI Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	750	IDBI Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	300	IDFC FIRST Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	100	KEB Hana Bank	CRISIL AAA/Stable
Working Capital Demand Loan	300	Mizuho Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	900	Punjab National Bank	CRISIL AAA/Stable
Working Capital Demand Loan	500	RBL Bank Limited	CRISIL AAA/Stable
Working Capital Demand Loan	4,500	State Bank of India	CRISIL AAA/Stable

Long Term Loan	250	The Karnataka Bank Limited	CRISIL AAA/Stable
Long Term Loan	500	IndusInd Bank Limited	CRISIL AAA/Stable
Long Term Loan	750	Bank of India	CRISIL AAA/Stable
Long Term Loan	500	Central Bank Of India	CRISIL AAA/Stable
Long Term Loan	1,500.00	Deutsche Bank AG	CRISIL AAA/Stable
Long Term Loan	12,000.00	HDFC Bank Limited	CRISIL AAA/Stable
Long Term Loan	3,402.50	HSBC Bank	CRISIL AAA/Stable
Long Term Loan	4,000.00	ICICI Bank Limited	CRISIL AAA/Stable
Long Term Loan	6,800.00	IIFCL	CRISIL AAA/Stable
Long Term Loan	300	The Jammu and Kashmir Bank Limited	CRISIL AAA/Stable
Long Term Loan	1,500.00	JP Morgan	CRISIL AAA/Stable
Long Term Loan	250	Karur Vysya Bank	CRISIL AAA/Stable
Long Term Loan	300	Mizuho Bank Limited	CRISIL AAA/Stable
Long Term Loan	5,000.00	Punjab National Bank	CRISIL AAA/Stable
Long Term Loan	16,300.00	State Bank of India	CRISIL AAA/Stable
Long Term Loan	500	The South Indian Bank Limited	CRISIL AAA/Stable
Long Term Loan	2,750.00	Union Bank of India	CRISIL AAA/Stable
Long Term Loan	10,000.00	National Small Savings Fund	CRISIL AAA/Stable

\*Bank Lenders are part of Borrowing program of company

This Annexure has been updated on 31-Mar-22 in line with the lender-wise facility details as on 26-Aug-21 received from the rated entity.

## Criteria Details

<b>Links to related criteria</b>
<a href="#">CRISILs Bank Loan Ratings - process, scale and default recognition</a>
<a href="#">Rating Criteria for Banks and Financial Institutions</a>
<a href="#">CRISILs Criteria for rating short term debt</a>
<a href="#">Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support</a>
<a href="#">CRISILs Criteria for Consolidation</a>

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March 31, 2022

## REC Limited: [ICRA]AAA(Stable)/[ICRA]A1+ assigned; earlier ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term borrowing programme FY2023	-	75,000	[ICRA]AAA(Stable); assigned
Short-term borrowing programme%	-	5,000	[ICRA]A1+; assigned
Commercial Paper	-	5,000	[ICRA]A1+; assigned
Bank Facilities	-	15,005	[ICRA]AAA(Stable)/[ICRA]A1+; assigned
Long-term borrowing programme FY2022	100,000	100,000	[ICRA]AAA(Stable); reaffirmed
Short-term borrowing programme FY2022	10,000	10,000	[ICRA]A1+; reaffirmed
Long-term borrowing programme FY2021	1,00,000	1,00,000	[ICRA]AAA(Stable); reaffirmed
Short-term borrowing programme FY2021	10,000	10,000	[ICRA]A1+; reaffirmed
LT-Market Linked Debenture	1,000	1,000	PP-MLD[ICRA]AAA (Stable); reaffirmed
Long-term borrowing programme FY2020	76,350	76,350	[ICRA]AAA(Stable); reaffirmed
LT borrowing programmes from earlier years	112,409.71	112,409.71	[ICRA]AAA(Stable); reaffirmed
LT borrowing programmes from earlier years	28,143.08	-	[ICRA]AAA(Stable); reaffirmed and withdrawn#
Gol fully serviced bonds	15,000	15,000	[ICRA]AAA(Stable); reaffirmed
<b>Total</b>	<b>452,902.8</b>	<b>524,764.7</b>	

\*Instrument details are provided in Annexure-1; #Withdrawn as instruments/ISINs stand fully redeemed basis publicly available information and/or confirmation from the company; %Short term loans

### Rationale

While arriving at the ratings, ICRA takes a consolidated view of the credit profiles of Power Finance Corporation Ltd. (PFC) and REC Limited (REC), as REC is a subsidiary of PFC and both entities are in a similar line of business with strategic importance to the Government of India (Gol) and overlapping clientele.

The ratings continue to draw significant strength from REC's sovereign ownership, its importance to the Gol, given its role as a nodal agency for various power sector schemes, and its dominant market position (including REC) in the power sector financing segment. The ratings also continue to draw comfort from the diversified borrowing mix, healthy financial flexibility by virtue of ownership, adequate liquidity and established track record of healthy profitability. The aforesaid strengths are partly offset by the moderate capitalisation with a consolidated gearing of about 7.0x as on December 31, 2021. The group also remains exposed to risks arising from exposure to a single sector (i.e. power) with a high concentration towards relatively weak state power utilities as well as the vulnerability of its exposure to private sector borrowers. This is reflected by the elevated asset quality indicators with the gross stage 3 assets at 5.1% of total advances at standalone level as of December 31, 2021, despite having improved significantly over last two years. REC is also exposed to risks arising from fluctuations in foreign exchange rates, given the sizeable foreign currency denominated borrowings, nonetheless the risk is somewhat mitigated with 88% of foreign exchange borrowings with residual maturity of up to 5 years fully hedged as on date.

ICRA believes that prudent capitalisation is a key mitigant against the risks arising out of the sectoral and credit concentration. In this context, cognizance has been taken of the Atamnirbhar Discom Scheme with PFC and REC as lending partners, wherein Rs. 1.33 lakh crore has been sanctioned and Rs. 1.04 lakh crore has been disbursed up till February 2022. The impact on the capitalisation ratios has been cushioned by the lower risk weight applicable to the exposures backed by state government guarantees. Based on discussions with the managements and stakeholders of both entities, including the principal shareholder, ICRA understands that PFC and REC remain important vehicles for the implementation of the GoI's various power sector schemes. Moreover, support will be forthcoming from the GoI if needed. Support to REC, if required, will be extended by the GoI through PFC. Thus, the Stable outlook reflects ICRA's expectation that PFC, along with REC, will remain strategically important to the GoI and will continue to play a major role in various power sector schemes of the Government. Consequently, PFC and REC are likely to retain a dominant position in power sector financing while maintaining an adequate profitability, borrowing and capitalisation profile.

Notwithstanding the ratings of [ICRA]AAA(Stable) and [ICRA]A1+ outstanding on the other borrowing programmes of the company, the one notch lower rating for the perpetual debt programme reflects the specific features of these instruments as per the guidelines issued by the Reserve Bank of India (RBI) for hybrid debt capital instruments.

## Key rating drivers and their description

### Credit strengths

**Majority ownership by GoI and importance, given the role played in implementing various GoI schemes and dominant position in power sector financing** – As nodal agencies for implementing various GoI schemes aimed at developing the country's power sector (such as Revamped Distribution Sector Scheme (RDSS), Saubhagya (Sahaj Har Ghar Bijli Yojana), Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), REC remains strategically important to the GoI for achieving its objective of augmenting the power capacity across the country.

Given the GoI's support, REC has been able to raise funds at competitive rates. REC has maintained a dominant position in power sector financing with a large share of funding to state power utilities. At the same time, with PFC and REC being a part of the same group, sustained challenges in incremental fund-raising owing to the group exposure limits of lenders will remain a monitorable.

**Good financial flexibility and resource profile** – The group enjoys good financial flexibility, given its sovereign ownership, which augurs well for raising long-term funding from both domestic and international financial institutions at competitive rates. The funding mix remains adequately diversified and includes long term market instruments, foreign currency borrowings, Banks and FIs. REC has hedged 88% of its foreign currency borrowing with residual maturity of up to 5 years, as on date.

**Established track record of healthy profitability** – More than commensurate decline in cost of funds as compared to the decline in yields and decline in gearing resulted in improvement in NIMs to 3.4% FY2021 as compared to 2.4% in FY2020. Notwithstanding the elevated levels (though declining) share of gross stage 3 assets resulting in increased credit costs 0.8% in FY2021 as compared to 0.3% in FY2020 on a consolidated basis. Given the wholesale nature of business, the operating expenses remained stable at 0.1% in FY2021 (0.1% in FY2020) on a consolidated basis. REC's profitability remains healthy with a return on equity (RoE) of 22% at the standalone level in FY2021. At the standalone level, REC's three-year average RoA and RoE for FY2018-FY2021 stood at 1.9% and 18%, respectively. Further, profitability remained strong in 9MFY2022 with RoA and RoE of 2.5% and 22% respectively for REC on standalone basis.

### Credit challenges

**High concentration risk and portfolio vulnerability** – REC and PFC's exposure to a single sector (i.e. power), large ticket size of loans, high concentration of exposure towards financially weak state power utilities and the vulnerability of its exposure to private sector borrowers increase the portfolio vulnerability. The independent power producer (IPP) portfolio remains



impacted by concerns regarding fuel availability, disputed and competitive power sale tariffs, absence of power purchase agreements (PPAs), environmental clearance and land acquisition issues.

The gross stage 3 assets as on December 31, 2021 stood elevated at 5.1% of total advances at standalone level though, having improved from peak of over 8%. With provision cover of 66%, the net stage 3 assets as of December 31, 2021 stood at 1.7% of total advances. As on December 31, 2021, about 52% of the consolidated private sector book is recognised as a part of the Stage III assets on which the company has made sizeable provisions of 66%. ICRA, however, believes that any incremental stress in the loan book is likely to be restricted to the private sector book, wherein most of the stressed loans are already in stage 3. Going forward, the Group's ability to grow its loan book, while controlling the credit costs and maintaining the profitability, would be imperative.

**Moderate capitalisation** – In the past, the acquisition of REC by PFC impacted the Group's consolidated capitalisation. While a considerable recovery has been witnessed since then, nonetheless leverage remains moderate with a consolidated gearing of about 7x as on December 31, 2021. Comparatively, REC's capitalisation as of December 31, 2021 was, characterised by a CRAR of 23.2%. ICRA believes that prudent capitalisation is a key mitigant against the risks arising out of the sectoral and credit concentration. In this context, cognizance has been taken of the Atamnirbhar Discom Scheme with PFC and REC as lending partners, wherein Rs. 1.33 lakh crore has been sanctioned and Rs. 1.04 lakh crore has been disbursed up till February 2022. The impact on the capitalisation ratios will be cushioned by the lower risk weight applicable to the exposures backed by state government guarantees.

## Liquidity position: Adequate

As of December 31, 2021, REC's ALM profile is typically characterised by sizeable cumulative negative mismatches in the up to one-year buckets, given the relatively long tenure of the loans extended by it. As on December 31, 2021, the company's ALM reflected debt maturities (principal only) of about Rs. 73,275 crore for the 12-month period ending December 31, 2022, against which its scheduled inflows from advances were Rs. 80,584 crore. Any gaps between outflows and inflows are partially bridged through sizeable unutilised bank lines (about Rs. 6,882 crore as of December 31, 2021) and cash & equivalents (Rs. 6,685 crore as of December 31, 2021), REC also relies on interest income and refinancing to repay its maturing debt. Nevertheless, the healthy financial flexibility, supported by the sovereign ownership and ability to raise funds at short notice, provides comfort.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – ICRA could change the rating outlook to Negative or downgrade the ratings on a change in ownership and/or a change in REC's strategic role or importance to the GoI. The ratings would also be revised if there is any change in the credit profile of REC's parent i.e. PFC. A deterioration in the consolidated solvency (Net Stage III/Tier I Capital), to a level above 40% on a sustained basis, will be a negative for the credit profile.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-Banking Finance Companies</a> <a href="#">Rating Approach - Implicit parent or group support</a> <a href="#">Rating Approach - Consolidation</a> <a href="#">Policy of Withdrawal of Credit Ratings</a>
Parent/Group Support	While arriving at the ratings, ICRA has taken a consolidated view of the credit profiles of PFC and REC as REC is a subsidiary of PFC and both entities are in a similar line of business with strategic importance to the GoI and overlapping clientele. The ratings derive strength from the strategic importance of PFC and REC to the GoI and their role as nodal agencies for various power sector schemes of the Government, and likely



	support from the GoI, if required. The GoI ownership supports the financial flexibility of PFC and REC.
<b>Consolidation/Standalone</b>	Consolidation

## About the company

REC Limited, incorporated in 1969, is a non-banking financial company (NBFC) with infrastructure finance company status. It is majority owned by Power Finance Corporation Ltd. (52.63% as of December 31, 2021), which, in turn, is majority owned by the Government of India (56% as of December 31, 2021).

REC's main objective is to finance and promote power sector projects across the country. While the initial mandate was to finance village electrification, pump-set energising and transmission and distribution projects, the mandate was extended in FY2003 to cover IPPs and power generation projects larger than 25 MW. REC provides loans to various state power utilities, private sector project developers, Central power sector utilities and state governments for investment in power generation, transmission, distribution and other system improvement schemes/initiatives. While its corporate office is in New Delhi, the company has 18 project offices and three sub-offices, located in most states in the country.

REC reported a PAT of Rs. 8,362 crore in FY2021 against PAT of Rs. 4,886 crore in FY2020. Subsequently, in 9MFY2022, it has achieved a PAT of Rs. 7,758 crore. As of December 31, 2021, its reported capital adequacy was 23.2% with Tier 1 of 19.0%, and it had a total loan book of Rs. 374,225 crore (Rs. 377,418 crore as of March 31, 2021).

## Key financial indicators - REC

Amounts in Rs. Crore	FY2020	FY2021	9MFY2022
	Audited	Audited	Provisional
PAT	4,886	8,362	7,758
Net Worth	35,077	43,426	50,258
Loan Book	322,425	377,418	388,760
CRAR (%)	16.1%	19.7%	23.2%
Tier I (%)	13.2%	16.3%	19.0%
Gearing (ex. GoI FSBs; times)	8.0	7.4	6.7
Return on Net Worth (%)	14.1%	21.3%	22.1%
Gross Stage 3 (%)	6.6%	4.8%	5.1%
Net Stage 3 (%)	3.4%	1.7%	1.7%
Net Stage 3/Net Worth	31%	15%	13%
Net Stage 3/NOF^	34%	19%	15%

**Source:** Financial statements of REC; Amounts in Rs. Crore; ^ Reported basis – Not adjusted for reserve available in the form of reserve for bad & doubtful debt

## Power Finance Corporation Limited

PFC, incorporated in 1986, is a non-banking financial company (NBFC) with infrastructure finance company status. It was set up by the Government of India (GoI) as a specialised development financial institution to fund projects in the domestic power sector. The GoI held a 56% stake in the company as on December 31, 2021.

PFC provides loans for a range of power sector activities including generation, distribution, transmission, and plant renovation and maintenance. It finances state sector entities including generating and distribution companies as well as IPPs. PFC is also the nodal agency for the development of Ultra Mega Power Projects (UMPPs) and the Integrated Power Development Scheme (IPDS) and the bid process coordinator for the Independent Transmission Projects (ITP) Scheme.

PFC is the promoter and holding company of REC Limited. In March 2019, it acquired 103.94-crore equity shares of REC from the President of India constituting 52.63% of the paid-up share capital of REC.

At the consolidated level, PFC achieved a PAT of Rs. 15,716 crore in FY2021 compared to PAT of Rs. 9,477 crore in FY2020. Subsequently, in 9M FY2022, it has reported a PAT of Rs. 14,483 crore. As of December 31, 2021, it had a total loan book of Rs. 760,409 crore (Rs. 748,190 crore as on March 31, 2021)

### Key financial indicators - PFC

Amounts in Rs. crore	Consolidated			
	FY2019	FY2020	FY2021	6M FY2022
	Audited	Audited	Audited	Provisional
PAT	12,640	9,477	15,716	9,578
Net Worth	63,484	66,165	81,790	90311
Loan Book	5,96,142	6,67,330	7,48,190	7,59,009
CRAR (%)				
Tier I (%)				
Gearing (ex. Gol FSBs; times)	8.5	9.0	8.1	7.4
Return on Net Worth (%)	21%	15%	21%	11%
Gross Stage 3 (%)	8.4%	7.4%	5.3%	5.2%
Net Stage 3 (%)	4.4%	3.7%	1.9%	1.7%
Net Stage 3/Net Worth	39%	36%	17%	14%
Net Stage 3/NOF^	50%	44%	20%	16%

**Source:** Financial statements of PFC and REC; Amounts in Rs. Crore; ^ Reported basis – Not adjusted for reserve available in the form of reserve for bad & doubtful debt

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

	Instrument	Current Rating (FY2022)				Rating History for the Past 3 Years							
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	31-Mar-22	FY2022 1-Apr-21	FY2021		FY2019				
							5-Jun-20	1-Apr-20	28-Mar-19	7-Mar-19	12-Dec-18	3-Oct-18	2-Apr-18
1	LT borrowing programme FY2023	LT	75,000	-	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-
2	ST borrowing programme	LT	5,000	-	[ICRA]A1+	-	-	-	-	-	-	-	-
3	Commercial Paper	ST	5,000	-	[ICRA]A1+	-	-	-	-	-	-	-	-
4	Bank Facilities	ST	15,005	-	[ICRA]AAA (Stable) / [ICRA]A1+	-	-	-	-	-	-	-	-
3	LT borrowing programme FY2022	LT	1,00,000	74944.73	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-	-
4	ST borrowing programme FY2022	ST	10,000	4,870	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-	-	-
5	LT borrowing programme FY2021	LT	1,00,000	55,070.69	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-
6	ST borrowing programme FY2021	ST	10,000	0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-
7	LT borrowing programme FY2020	LT	76,350	62,796.25	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-
10	LT borrowing programmes of earlier years	LT	112,409.71	112,409.71	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA &	[ICRA]AAA &	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
11	LT borrowing programmes of earlier years	LT	28,143.08	-	[ICRA]AAA (Stable); Withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA &	[ICRA]AAA &	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
12	GoI FSBs	LT	15,000	7,232.3	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-
13	LT-Market Linked Debenture	LT	1,000	500	PP-MLD [ICRA]AAA (Stable)	PP-MLD [ICRA]AAA (Stable)	PP-MLD [ICRA]AAA (Stable)	-	-	-	-	-	-

**Source:** ICRA research; **Note:** LT: Long term, ST: Short term, Long-term/short-term borrowing programmes include bonds, commercial papers, bank lines and other instruments; & Under Rating Watch with Developing Implications; Outstanding as on December 31, 2021

### Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term borrowing programme	Simple
Short-term borrowing programme	Simple
LT-Market Linked Debenture	Complex
GoI fully serviced bonds	Simple
Commercial Paper	Simple
Bank Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [www.icra.in](http://www.icra.in)

## Annexure-1: Instrument details as on December 31, 2021

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
INE020B07IW2	NCD	17-Jul-14	9.40%	17-Jul-21	1,515.00	[ICRA]AAA (Stable)
INE020B07IZ5	NCD	25-Aug-14	9.34%	25-Aug-24	1,955.00	[ICRA]AAA (Stable)
INE020B08427	NCD	8-Jun-10	8.75%	8-Jun-25	1,250.00	[ICRA]AAA (Stable)
INE020B08443	NCD	12-Jul-10	8.75%	12-Jul-25	1,800.00	[ICRA]AAA (Stable)
INE020B08567	NCD	15-Jul-11	9.63%	15-Jul-21	1,500.00	[ICRA]AAA (Stable)
INE020B08591	NCD	10-Aug-11	9.48%	10-Aug-21	3,171.80	[ICRA]AAA (Stable)
INE020B08641	NCD	11-Nov-11	9.75%	11-Nov-21	3,922.20	[ICRA]AAA (Stable)
INE020B08740	NCD	15-Jun-12	9.35%	15-Jun-22	2,378.20	[ICRA]AAA (Stable)
INE020B08807	NCD	19-Nov-12	9.02%	19-Nov-22	2,211.20	[ICRA]AAA (Stable)
INE020B08831	NCD	12-Apr-13	8.82%	12-Apr-23	4,300.00	[ICRA]AAA (Stable)
INE020B08872	NCD	4-Dec-14	8.44%	4-Dec-21	1,550.00	[ICRA]AAA (Stable)
INE020B08880	NCD	22-Dec-14	8.57%	21-Dec-24	2,250.00	[ICRA]AAA (Stable)
INE020B08898	NCD	23-Jan-15	8.23%	23-Jan-25	1,925.00	[ICRA]AAA (Stable)
INE020B08906	NCD	6-Feb-15	8.27%	6-Feb-25	2,325.00	[ICRA]AAA (Stable)
INE020B08914	NCD	23-Feb-15	8.35%	22-Feb-25	2,285.00	[ICRA]AAA (Stable)
INE020B08930	NCD	10-Apr-15	8.30%	10-Apr-25	2,396.00	[ICRA]AAA (Stable)
INE020B08963	NCD	7-Oct-15	8.11%	7-Oct-25	2,585.00	[ICRA]AAA (Stable)
INE020B08997	NCD	21-Oct-16	7.24%	21-Oct-21	2,500.00	[ICRA]AAA (Stable)
INE020B08AA3	NCD	7-Nov-16	7.52%	7-Nov-26	2,100.00	[ICRA]AAA (Stable)
INE020B08AB1	NCD	9-Dec-16	7.14%	9-Dec-21	1,020.00	[ICRA]AAA (Stable)
INE020B08AC9	NCD	30-Dec-16	7.54%	30-Dec-26	3,000.00	[ICRA]AAA (Stable)
INE020B08AF2	NCD	28-Feb-17	7.46%	28-Feb-22	625	[ICRA]AAA (Stable)
INE020B08AH8	NCD	14-Mar-17	7.95%	12-Mar-27	2,745.00	[ICRA]AAA (Stable)
INE020B08AK2	NCD	7-Sep-17	7.03%	7-Sep-22	2,670.00	[ICRA]AAA (Stable)
INE020B08AM8	NCD	17-Oct-17	7.09%	17-Oct-22	1,225.00	[ICRA]AAA (Stable)
INE020B08AO4	NCD	21-Nov-17	7.18%	21-May-21	600	[ICRA]AAA (Stable)
INE020B08AQ9	NCD	12-Dec-17	7.70%	10-Dec-27	3,533.00	[ICRA]AAA (Stable)
INE020B08AR7	NCD	17-Jan-18	7.60%	17-Apr-21	1,055.00	[ICRA]AAA (Stable)
INE020B08AT3	NCD	23-Feb-18	7.99%	23-Feb-23	950	[ICRA]AAA (Stable)
INE020B08AW7	NCD	15-Mar-18	7.73%	15-Jun-21	800	[ICRA]AAA (Stable)
INE020B08BA1	NCD	9-Aug-18	8.55%	9-Aug-28	2,500.00	[ICRA]AAA (Stable)
INE020B08BB9	NCD	27-Aug-18	8.63%	25-Aug-28	2,500.00	[ICRA]AAA (Stable)
INE020B08AP1	NCD	30-Nov-17	7.45%	30-Nov-22	1,912.00	[ICRA]AAA (Stable)
INE020B08BD5	NCD	22-Oct-18	8.83%	21-Jan-22	2,171.00	[ICRA]AAA (Stable)
INE020B08BF0	NCD	22-Nov-18	8.45%	22-Mar-22	2,571.80	[ICRA]AAA (Stable)
INE020B08BG8	NCD	29-Nov-18	8.56%	29-Nov-28	2,552.40	[ICRA]AAA (Stable)
INE020B08BH6	NCD	7-Dec-18	8.37%	7-Dec-28	2,554.00	[ICRA]AAA (Stable)
INE020B08BM6	NCD	13-Mar-19	8.35%	13-Mar-22	2,500.00	[ICRA]AAA (Stable)
INE020B08BN4	NCD	18-Mar-19	8.15%	18-Jun-21	2,720.00	[ICRA]AAA (Stable)
INE020B08BQ7	NCD	16-Apr-19	8.85%	16-Apr-29	1,600.70	[ICRA]AAA (Stable)
INE020B08BR5	NCD	6-May-19	8.50%	20-Dec-21	1,245.00	[ICRA]AAA (Stable)
INE020B08BS3	NCD	14-May-19	8.80%	14-May-29	1,097.00	[ICRA]AAA (Stable)
INE020B08BT1	NCD	10-Jun-19	8.15%	10-Jun-22	1,000.00	[ICRA]AAA (Stable)
INE020B08BU9	NCD	25-Jun-19	8.30%	25-Jun-29	2,070.90	[ICRA]AAA (Stable)
INE020B08BV7	NCD	25-Jun-19	8.10%	25-Jun-24	1,018.00	[ICRA]AAA (Stable)
INE020B08BW5	NCD	22-Aug-19	8.18%	22-Aug-34	5,063.00	[ICRA]AAA (Stable)
INE020B08BX3	NCD	16-Sep-19	8.29%	16-Sep-34	3,028.00	[ICRA]AAA (Stable)

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
INE020B08CD3	NCD	13-Nov-19	7.09%	13-Dec-22	2,769.00	[ICRA]AAA (Stable)
INE020B08CE1	NCD	26-Nov-19	6.90%	30-Jun-22	2,500.00	[ICRA]AAA (Stable)
INE020B08CF8	NCD	26-Nov-19	7.40%	26-Nov-24	1,500.00	[ICRA]AAA (Stable)
INE020B08CG6	NCD	26-Dec-19	7.24%	31-Dec-22	2,090.00	[ICRA]AAA (Stable)
INE020B08CH4	NCD	8-Jan-20	7.12%	31-Mar-23	1,400.00	[ICRA]AAA (Stable)
INE020B08CI2	NCD	8-Jan-20	7.89%	31-Mar-30	1,100.00	[ICRA]AAA (Stable)
INE020B08CJ0	NCD	28-Jan-20	7.92%	31-Mar-30	3,054.90	[ICRA]AAA (Stable)
INE020B08CK8	NCD	10-Feb-20	6.88%	20-Mar-25	2,500.00	[ICRA]AAA (Stable)
INE020B08CL6	NCD	10-Feb-20	6.32%	31-Dec-21	2,489.40	[ICRA]AAA (Stable)
INE020B08CM4	NCD	25-Feb-20	6.99%	30-Sep-24	1,100.00	[ICRA]AAA (Stable)
INE020B08CN2	NCD	25-Feb-20	6.80%	30-Jun-23	1,100.00	[ICRA]AAA (Stable)
INE020B08CP7	NCD	6-Mar-20	7.50%	28-Feb-30	2,382.00	[ICRA]AAA (Stable)
INE020B08CQ5	NCD	13-Mar-20	6.99%	31-Dec-21	1,115.00	[ICRA]AAA (Stable)
INE020B08CT9	NCD	22-Apr-20	6.92%	22-Apr-23	2,985.00	[ICRA]AAA (Stable)
INE020B08CU7	NCD	11-May-20	7.55%	11-May-30	3,740.00	[ICRA]AAA (Stable)
INE020B08CV5	NCD	21-May-20	6.60%	21-Mar-22	2,596.00	[ICRA]AAA (Stable)
INE020B08CW3	NCD	21-May-20	7.79%	21-May-30	1,569.00	[ICRA]AAA (Stable)
INE020B08CS1	NCD	31-Mar-20	7.20%	31-Mar-30	1,750.00	[ICRA]AAA (Stable)
INE020B08922	NCD	9-Mar-15	8.27%	9-Mar-22	700	[ICRA]AAA (Stable)
INE020B08CA9	NCD	26-Sep-19	7.55%	26-Sep-21	300	[ICRA]AAA (Stable)
INE020B08CB7	NCD	26-Sep-19	7.55%	26-Sep-22	300	[ICRA]AAA (Stable)
INE020B08CC5	NCD	26-Sep-19	7.55%	26-Sep-23	300	[ICRA]AAA (Stable)
INE020B08BY1	NCD	26-Sep-19	8.25%	26-Sep-29	290.2	[ICRA]AAA (Stable)
INE020B07GG9	Tax Free Bonds	27-Mar-12	7.93%/8.13%	27-Mar-22	839.67	[ICRA]AAA (Stable)
INE020B07GH7	Tax Free Bonds	27-Mar-12	8.12%/8.32%	27-Mar-27	2160.33	[ICRA]AAA (Stable)
INE020B07GU0	Tax Free Bonds	21-Nov-12	7.21%	21-Nov-22	255.00	[ICRA]AAA (Stable)
INE020B07GV8	Tax Free Bonds	21-Nov-12	7.38%	21-Nov-27	245.00	[ICRA]AAA (Stable)
INE020B07GW6	Tax Free Bonds	19-Dec-12	7.22%/7.72%	19-Dec-22	1165.31	[ICRA]AAA (Stable)
INE020B07GX4	Tax Free Bonds	19-Dec-12	7.38%/7.88%	19-Dec-27	852.04	[ICRA]AAA (Stable)
INE020B07GY2	Tax Free Bonds	25-Mar-13	6.88%/7.38%	25-Mar-23	81.35	[ICRA]AAA (Stable)
INE020B07GZ9	Tax Free Bonds	25-Mar-13	7.04%/7.54%	25-Mar-28	49.71	[ICRA]AAA (Stable)
INE020B07HM5	Tax Free Bonds	29-Aug-13	8.01%	29-Aug-23	209.00	[ICRA]AAA (Stable)
INE020B07HN3	Tax Free Bonds	29-Aug-13	8.46%	29-Aug-28	1141.00	[ICRA]AAA (Stable)
INE020B07HO1	Tax Free Bonds	24-Sep-13	8.01%	24-Sep-23	257.21	[ICRA]AAA (Stable)
INE020B07HP8	Tax Free Bonds	24-Sep-13	8.46%	24-Sep-28	1721.20	[ICRA]AAA (Stable)
INE020B07HQ6	Tax Free Bonds	24-Sep-13	8.37%	24-Sep-33	16.40	[ICRA]AAA (Stable)
INE020B07HR4	Tax Free Bonds	24-Sep-13	8.26%	24-Sep-23	317.85	[ICRA]AAA (Stable)
INE020B07HS2	Tax Free Bonds	24-Sep-13	8.71%	24-Sep-28	1089.06	[ICRA]AAA (Stable)
INE020B07HT0	Tax Free Bonds	24-Sep-13	8.62%	24-Sep-33	38.88	[ICRA]AAA (Stable)
INE020B07HU8	Tax Free Bonds	11-Oct-13	8.18%	11-Oct-23	105.00	[ICRA]AAA (Stable)
INE020B07HV6	Tax Free Bonds	11-Oct-13	8.54%	11-Oct-28	45.00	[ICRA]AAA (Stable)
INE020B07IC4	Tax Free Bonds	24-Mar-14	8.19%	24-Mar-24	290.26	[ICRA]AAA (Stable)
INE020B07ID2	Tax Free Bonds	24-Mar-14	8.63%	24-Mar-29	248.09	[ICRA]AAA (Stable)
INE020B07IE0	Tax Free Bonds	24-Mar-14	8.61%	24-Mar-34	26.39	[ICRA]AAA (Stable)
INE020B07IF7	Tax Free Bonds	24-Mar-14	8.44%	24-Mar-24	129.06	[ICRA]AAA (Stable)
INE020B07IG5	Tax Free Bonds	24-Mar-14	8.88%	24-Mar-29	282.33	[ICRA]AAA (Stable)
INE020B07IH3	Tax Free Bonds	24-Mar-14	8.86%	24-Mar-34	83.26	[ICRA]AAA (Stable)
INE020B07JO7	Tax Free Bonds	23-Jul-15	7.17%	23-Jul-25	300.00	[ICRA]AAA (Stable)
INE020B07JP4	Tax Free Bonds	5-Nov-15	6.89%	5-Nov-25	51.25	[ICRA]AAA (Stable)

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
INE020B07JQ2	Tax Free Bonds	5-Nov-15	7.14%	5-Nov-25	54.68	[ICRA]AAA (Stable)
INE020B07JR0	Tax Free Bonds	5-Nov-15	7.09%	5-Nov-30	133.66	[ICRA]AAA (Stable)
INE020B07JS8	Tax Free Bonds	5-Nov-15	7.34%	5-Nov-30	39.25	[ICRA]AAA (Stable)
INE020B07JT6	Tax Free Bonds	5-Nov-15	7.18%	5-Nov-35	276.61	[ICRA]AAA (Stable)
INE020B07JU4	Tax Free Bonds	5-Nov-15	7.43%	5-Nov-35	144.55	[ICRA]AAA (Stable)
INE020B08849	Tier II Bonds	31-May-13	8.06%	31-May-23	2,500.00	[ICRA]AAA (Stable)
INE020B08BP9	Tier II Bonds	28-Mar-19	8.97%	28-Mar-29	2,151.20	[ICRA]AAA (Stable)
INE020B08500	Infra Bonds	31-Mar-11	8.10%	31-Mar-21	1.61	[ICRA]AAA (Stable)
INE020B08518	Infra Bonds	31-Mar-11	8.00%	31-Mar-21	16.92	[ICRA]AAA (Stable)
INE020B08526	Infra Bonds	31-Mar-11	8.20%	31-Mar-21	3.79	[ICRA]AAA (Stable)
INE020B08534	Infra Bonds	31-Mar-11	8.20%	31-Mar-21	58.04	[ICRA]AAA (Stable)
INE020B08708	Infra Bonds	15-Feb-12	8.95%	15-Feb-22	5.73	[ICRA]AAA (Stable)
INE020B08716	Infra Bonds	15-Feb-12	8.95%	15-Feb-22	1.38	[ICRA]AAA (Stable)
INE020B08724	Infra Bonds	15-Feb-12	9.15%	15-Feb-27	2.83	[ICRA]AAA (Stable)
INE020B08732	Infra Bonds	15-Feb-12	9.15%	15-Feb-27	1.13	[ICRA]AAA (Stable)
INE020B08BC7	Gol FSB^	28-Sep-18	8.70%	28-Sep-28	3,000.00	[ICRA]AAA (Stable)
INE020B08BJ2	Gol FSB^	22-Jan-19	8.80%	22-Jan-29	2,027.00	[ICRA]AAA (Stable)
INE020B08AX5	Gol FSB^	21-Mar-18	8.09%	21-Mar-28	1,837.00	[ICRA]AAA (Stable)
INE020B08AY3	Gol FSB^	26-Mar-18	8.01%	24-Mar-28	1,410.00	[ICRA]AAA (Stable)
INE020B08AZ0	Gol FSB^	27-Mar-18	8.06%	27-Mar-28	753	[ICRA]AAA (Stable)
INE020B08BL8	Gol FSB	8-Mar-19	8.60%	8-Mar-29	1,200.00	[ICRA]AAA (Stable)
INE020B08BO2	Gol FSB	25-Mar-19	8.30%	25-Mar-29	4,000.00	[ICRA]AAA (Stable)
INE020B08BE3	Gol FSB^	15-Nov-18	8.54%	15-Nov-28	3,600.00	[ICRA]AAA (Stable)
INE020B08CO0	Gol FSB	2-Mar-20	7.14%	2-Mar-30	1,500.00	[ICRA]AAA (Stable)
INE020B08CR3	Gol FSB	26-Mar-20	8.25%	26-Mar-30	532.3	[ICRA]AAA (Stable)
INE020B07KT4	CG Bonds	31-Mar-18	5.25%	31-Mar-21	2,559.32	[ICRA]AAA (Stable)
INE020B07KU2	CG Bonds	30-Apr-18	5.75%	30-Apr-23	278.47	[ICRA]AAA (Stable)
INE020B07KVO	CG Bonds	31-May-18	5.75%	31-May-23	438.65	[ICRA]AAA (Stable)
INE020B07KW8	CG Bonds	30-Jun-18	5.75%	30-Jun-23	504.79	[ICRA]AAA (Stable)
INE020B07KX6	CG Bonds	31-Jul-18	5.75%	31-Jul-23	683.92	[ICRA]AAA (Stable)
INE020B07KY4	CG Bonds	31-Aug-18	5.75%	31-Aug-23	499.34	[ICRA]AAA (Stable)
INE020B07KZ1	CG Bonds	30-Sep-18	5.75%	30-Sep-23	493.84	[ICRA]AAA (Stable)
INE020B07LA2	CG Bonds	31-Oct-18	5.75%	31-Oct-23	507.79	[ICRA]AAA (Stable)
INE020B07LB0	CG Bonds	30-Nov-18	5.75%	30-Nov-23	480.95	[ICRA]AAA (Stable)
INE020B07LC8	CG Bonds	31-Dec-18	5.75%	31-Dec-23	565.71	[ICRA]AAA (Stable)
INE020B07LD6	CG Bonds	31-Jan-19	5.75%	31-Jan-24	549.95	[ICRA]AAA (Stable)
INE020B07LE4	CG Bonds	28-Feb-19	5.75%	28-Feb-24	569.95	[ICRA]AAA (Stable)
INE020B07LF1	CG Bonds	31-Mar-19	5.75%	31-Mar-24	1,078.48	[ICRA]AAA (Stable)
INE020B07LG9	CG Bonds	30-Apr-19	5.75%	30-Apr-24	391.12	[ICRA]AAA (Stable)
INE020B07LH7	CG Bonds	31-May-19	5.75%	31-May-24	459.1	[ICRA]AAA (Stable)
INE020B07LI5	CG Bonds	30-Jun-19	5.75%	30-Jun-24	413.49	[ICRA]AAA (Stable)
INE020B07LJ3	CG Bonds	31-Jul-19	5.75%	31-Jul-24	594.94	[ICRA]AAA (Stable)
INE020B07LK1	CG Bonds	31-Aug-19	5.75%	31-Aug-24	500.25	[ICRA]AAA (Stable)
INE020B07LL9	CG Bonds	30-Sep-19	5.75%	30-Sep-24	497.55	[ICRA]AAA (Stable)
INE020B07LM7	CG Bonds	31-Oct-19	5.75%	31-Oct-24	518.4	[ICRA]AAA (Stable)
INE020B07LN5	CG Bonds	30-Nov-19	5.75%	30-Nov-24	552.73	[ICRA]AAA (Stable)
INE020B07LO3	CG Bonds	31-Dec-19	5.75%	31-Dec-24	527.04	[ICRA]AAA (Stable)
INE020B07LP0	CG Bonds	31-Jan-20	5.75%	31-Jan-25	480.2	[ICRA]AAA (Stable)
INE020B07LQ8	CG Bonds	28-Feb-20	5.75%	28-Feb-25	501.2	[ICRA]AAA (Stable)



ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
INE020B07LS4	CG Bonds	30-Apr-20	5.75%	30-Apr-25	2,500.00	[ICRA]AAA (Stable)
INE020B07LR6	CG Bonds	31-Mar-20	5.75%	31-Mar-25	683.448	[ICRA]AAA (Stable)
INE020B07LT2	CG Bonds	31-May-20	5.75%	31-May-25	206.409	[ICRA]AAA (Stable)
INE020B07LU0	CG Bonds	30-Jun-20	5.75%	30-Jun-25	579.597	[ICRA]AAA (Stable)
INE020B07LV8	CG Bonds	31-Jul-20	5.75%	31-Jul-25	440.462	[ICRA]AAA (Stable)
INE020B07LW6	CG Bonds	31-Aug-20	5.00%	31-Aug-25	229.978	[ICRA]AAA (Stable)
INE020B07LX4	CG Bonds	30-Sep-20	5.00%	30-Sep-25	353.226	[ICRA]AAA (Stable)
INE020B07LY2	CG Bonds	31-Oct-20	5.00%	31-Oct-25	290.28	[ICRA]AAA (Stable)
INE020B07LZ9	CG Bonds	30-Nov-20	5.00%	30-Nov-25	330.109	[ICRA]AAA (Stable)
INE020B07MA0	CG Bonds	31-Dec-20	5.00%	31-Dec-25	543.635	[ICRA]AAA (Stable)
INE020B07MB8	CG Bonds	31-Jan-21	5.00%	31-Jan-26	509.481	[ICRA]AAA (Stable)
INE020B07MC6	CG Bonds	28-Feb-21	5.00%	28-Feb-26	562.035	[ICRA]AAA (Stable)
INE020B07MD4	CG Bonds	31-Mar-21	5.00%	31-Mar-26	1214.278	[ICRA]AAA (Stable)
INE020B07ME2	CG Bonds	30-Apr-21	5.00%	30-Apr-26	436.54	[ICRA]AAA (Stable)
INE020B07MF9	CG Bonds	31-May-21	5.00%	31-May-26	337.12	[ICRA]AAA (Stable)
INE020B07MG7	CG Bonds	30-Jun-21	5.00%	30-Jun-26	507.9	[ICRA]AAA (Stable)
INE020B07MH5	CG Bonds	31-Jul-21	5.00%	31-Jul-26	603.53	[ICRA]AAA (Stable)
INE020B07MI3	CG Bonds	31-Aug-21	5.00%	31-Aug-26	500.76	[ICRA]AAA (Stable)
INE020B07MJ1	CG Bonds	30-Sep-21	5.00%	30-Sep-26	717.65	[ICRA]AAA (Stable)
INE020B07MK9	CG Bonds	31-Oct-21	5.00%	31-Oct-26	489.25	[ICRA]AAA (Stable)
INE020B07ML7	CG Bonds	30-Nov-21	5.00%	30-Nov-26	484.6	[ICRA]AAA (Stable)
INE020B07MM5	CG Bonds	31-Dec-21	5.00%	31-Dec-26	322.38	[ICRA]AAA (Stable)
INE020B08DS9	NCD	26-Sep-19	8.25%	26-Sep-29	870.6	[ICRA]AAA (Stable)
INE020B08CY9	LT-Market Linked Debenture	8-Jul-20	5.36%	30-Jun-23	500	PP-MLD[ICRA]AAA (Stable)
INE020B08CX1	NCD	8-Jun-20	7.96%	15-Jun-30	1999.5	[ICRA]AAA (Stable)
INE020B08CZ6	NCD	30-Jul-20	5.90%	31-Mar-25	900	[ICRA]AAA (Stable)
INE020B08DA7	NCD	30-Jul-20	6.90%	31-Mar-31	1300	[ICRA]AAA (Stable)
INE020B08DB5	NCD	28-Aug-20	7.25%	30-Sep-30	3500	[ICRA]AAA (Stable)
INE020B08DC3	NCD	28-Aug-20	5.69%	30-Sep-23	2474	[ICRA]AAA (Stable)
INE020B08DE9	NCD	29-Oct-20	6.80%	20-Dec-30	5000	[ICRA]AAA (Stable)
INE020B08DF6	NCD	29-Oct-20	5.85%	20-Dec-25	2777	[ICRA]AAA (Stable)
INE020B08DG4	NCD	15-Dec-20	6.90%	31-Jan-31	2500	[ICRA]AAA (Stable)
INE020B08DH2	NCD	15-Dec-20	5.81%	31-Dec-25	2082	[ICRA]AAA (Stable)
INE020B08DJ8	NCD	13-Jan-21	4.99%	31-Jan-24	2135	[ICRA]AAA (Stable)
INE020B08DK6	NCD	13-Jan-21	5.94%	31-Jan-26	2000	[ICRA]AAA (Stable)
INE020B08DM2	NCD	28-Jan-21	7.02%	31-Jan-36	4589.9	[ICRA]AAA (Stable)
INE020B08DO8	NCD	12-Mar-21	7.40%	15-Mar-36	3613.8	[ICRA]AAA (Stable)
INE020B08DP5	NCD	19-Mar-21	5.79%	20-Mar-24	1550	[ICRA]AAA (Stable)
INE020B08DR1	NCD	22-Apr-21	5.74%	20-Jun-24	4000	[ICRA]AAA (Stable)
INE020B08DT7	NCD	21-Oct-21	6.23%	31-Oct-31	1200	[ICRA]AAA (Stable)
INE020B08DU5	NCD	18-Nov-21	Floating	31-Oct-24	2500	[ICRA]AAA (Stable)
INE020B08DV3	NCD	15-Dec-21	6.92%	20-Mar-32	1380	[ICRA]AAA (Stable)
INE020B07IW2	NCD	17-Jul-14	9.40%	17-Jul-21	1,515.00	[ICRA]AAA (Stable); withdrawn
INE020B08567	NCD	15-Jul-11	9.63%	15-Jul-21	1,500.00	[ICRA]AAA (Stable); withdrawn
INE020B08591	NCD	10-Aug-11	9.48%	10-Aug-21	3,171.80	[ICRA]AAA (Stable); withdrawn
INE020B08641	NCD	11-Nov-11	9.75%	11-Nov-21	3,922.20	[ICRA]AAA (Stable); withdrawn
INE020B08872	NCD	4-Dec-14	8.44%	4-Dec-21	1,550.00	[ICRA]AAA (Stable); withdrawn
INE020B08997	NCD	21-Oct-16	7.24%	21-Oct-21	2,500.00	[ICRA]AAA (Stable); withdrawn



ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated	Current Rating and Outlook
INE020B08AB1	NCD	9-Dec-16	7.14%	9-Dec-21	1,020.00	[ICRA]AAA (Stable); withdrawn
INE020B08AO4	NCD	21-Nov-17	7.18%	21-May-21	600	[ICRA]AAA (Stable); withdrawn
INE020B08AR7	NCD	17-Jan-18	7.60%	17-Apr-21	1,055.00	[ICRA]AAA (Stable); withdrawn
INE020B08AW7	NCD	15-Mar-18	7.73%	15-Jun-21	800	[ICRA]AAA (Stable); withdrawn
INE020B08BN4	NCD	18-Mar-19	8.15%	18-Jun-21	2,720.00	[ICRA]AAA (Stable); withdrawn
INE020B08BR5	NCD	6-May-19	8.50%	20-Dec-21	1,245.00	[ICRA]AAA (Stable); withdrawn
INE020B08CL6	NCD	10-Feb-20	6.32%	31-Dec-21	2,489.40	[ICRA]AAA (Stable); withdrawn
INE020B08CQ5	NCD	13-Mar-20	6.99%	31-Dec-21	1,115.00	[ICRA]AAA (Stable); withdrawn
INE020B08CA9	NCD	26-Sep-19	7.55%	26-Sep-21	300	[ICRA]AAA (Stable); withdrawn
INE020B08500	Infra Bonds	31-Mar-11	8.10%	31-Mar-21	1.61	[ICRA]AAA (Stable); withdrawn
INE020B08518	Infra Bonds	31-Mar-11	8.00%	31-Mar-21	16.92	[ICRA]AAA (Stable); withdrawn
INE020B08526	Infra Bonds	31-Mar-11	8.20%	31-Mar-21	3.79	[ICRA]AAA (Stable); withdrawn
INE020B08534	Infra Bonds	31-Mar-11	8.20%	31-Mar-21	58.04	[ICRA]AAA (Stable); withdrawn
INE020B07KT4	CG Bonds	31-Mar-18	5.25%	31-Mar-21	2,559.32	[ICRA]AAA (Stable); withdrawn
NA	LT Borrowing Programme FY22	NA	NA	NA	62,465.00	[ICRA]AAA (Stable)
NA	ST Borrowing Programme FY22	NA	NA	7-365 days	4,870.00	[ICRA]A1+
NA	LT Borrowing Programme FY22*	NA	NA	NA	24,055.27	[ICRA]AAA (Stable)
NA	ST Borrowing Programme FY22*	NA	NA	7-365 days	5,130.00	[ICRA]A1+
NA	GoIFSBs%	NA	NA	NA	7,767.70	[ICRA]AAA (Stable)
NA	LT-Market Linked Debenture%	NA	NA	NA	500.00	PP-MLD[ICRA]AAA (Stable)
NA	LT Borrowing Programme FY20*	NA	NA	NA	13,553.75	[ICRA]AAA (Stable)
NA	LT Borrowing Programme FY21*	NA	NA	NA	44,929.31	[ICRA]AAA (Stable)
NA	ST Borrowing Programme FY21	NA	NA	7-365 days	10,000.00	[ICRA]A1+
NA	LT Borrowing Programme FY23*	NA	NA	NA	75,000.00	[ICRA]AAA (Stable)
NA	ST Borrowing Programme*	NA	NA	7-365 days	5,000.00	[ICRA]A1+
NA	Commercial Paper%	NA	NA	7-365 days	5,000.00	[ICRA]A1+
NA	Bank facilities*	NA	NA	NA	15,005.00	[ICRA]AAA (Stable)/[ICRA]A1+

Source: ICRA; Note: CG bonds: 54EC bonds or capital gain bonds; \*Excluding those placed and captured above; ^ under LT borrowing programme; %To be placed

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure-2: List of entities considered for consolidated analysis (for current year and/or previous years)

Company Name	Ownership	Consolidation Approach
Power Finance Corporation Ltd.	Parent	Full Consolidation
REC Limited	Rated Entity	Full Consolidation

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## ICRA Limited



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### Branches



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## Annexure III

### Board and Shareholder Resolutions

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**CERTIFIED COPY OF THE RESOLUTION PASSED IN THE 488<sup>TH</sup> BOARD MEETING OF DIRECTORS OF REC LIMITED HELD ON MARCH 21, 2022.**

**Item no. 488.2.5 Market Borrowing Programme for the financial year 2022-23.**

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

“RESOLVED THAT subject to the borrowing limit as approved by the shareholders in accordance with the provisions of the Companies Act 2013, the market borrowing programme for the FY 2022-23, excluding funds raised under Extra Budgetary Resource (EBR), be kept at ₹ 85,000 crore under various debt instruments as listed below on private/public placement basis, with interchangeability of amount of raising as warranted by the market conditions within the overall limit of ₹ 85,000 crore as per following details, in consonance with the Memorandum and Articles of Association of REC be and is hereby approved.

S. No	Description	₹ in crore
1.	<ul style="list-style-type: none"> <li>Domestic Bonds/ Debentures including but not limited to Infrastructure, Zero Coupon, Perpetual, Subordinate, Inflation-Indexed, Tax-Free, Principal Protected, Market Linked, Green Bonds, Environmental, Social, and Governance (ESG) Bonds, Partly Paid, Separately Transferable Redeemable Principal Parts (STRPP), Staggered Maturity, Cumulative Interest, Step Up Coupon, Bonds forming part of Bond ETF's, or any other Bonds/ Debentures, with/ without interest rate swaps/ options with/ without the same being embedded in the Bonds/ Debentures structure, as may be permitted by the Regulatory Authorities from time to time whether Unsecured/ Secured, Non-convertible, Redeemable, Taxable/ Tax-free whether on private or public placement basis;</li> <li>Capital Gains Tax Exemption Bonds u/s 54EC of Income Tax Act, 1961;</li> <li>Rupee Term Loans from Banks/FIs/NBFCs/Other Institutions;</li> <li>External Commercial Borrowings (ECBs) including but not limited to Foreign Currency Term Loans/ Foreign</li> </ul>	75,000

**Regional Offices:** Bengaluru, Bhopal, Bhubaneswar, Chennai, Dehradun, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Shimla, Thiruvananthapuram & Vijaywada

**State Offices :** Vadodara

**Training Centre :** REC Institute of Power Management & Training (RECIPMT), Hyderabad



	Currency Bonds/ Rupee Offshore Bonds (Masala or any other bonds)/ Green Bonds, Environmental, Social, and Governance (ESG) bonds etc.; Export Credit Assistance (ECAs); Official Development Assistance Loans (Long/ Medium/ Short Term); Foreign Currency Convertible Bonds (FCCBs); Foreign Currency Non-resident (Bank) [FCNR (B)] Loans; Export ODA loans from Banks/FIs/NBFCs/Other Institutions/ Multilateral Funding Agencies etc. (excluding rollovers).	
2.	Short Term Loan (STL) from Banks/FIs/NBFCs etc. (excluding temporary loans i.e STL of tenure less than 6 months, WCDL, CC Limit, OD Facility or any other arrangement of similar nature).  <i>Short Term Loan from Banks/FIs/NBFCs etc. raised and repaid during the financial year to be excluded from this limit.</i>	5,000
3.	Commercial Papers <i>Commercial Paper raised and repaid during the financial year to be excluded from this limit.</i>	5,000
	<b>TOTAL</b>	<b>85,000</b>

**“RESOLVED FURTHER THAT** CMD/Director (Finance) be and are hereby severally authorized to approve the interchangeability, among the various borrowing instruments, if required, based on the prevailing market conditions, within the above-mentioned overall limit of ₹ 85,000 crore.”

**“RESOLVED FURTHER THAT** CMD and Director (Finance) be and are hereby jointly authorized to decide pricing, timing, mode, source of borrowing and marketing in respect of borrowings other than domestic bonds/ debentures (including Capital Gains Tax Exemption Bonds u/s 54EC of Income Tax Act, 1961), such as Rupee Term Loans, External Commercial Borrowings (ECBs) including but not limited to Foreign Currency Term Loans/ Foreign Currency Bonds/ Rupee Offshore Bonds (Masala or any other bonds)/ Green Bonds, etc., Export Credit Assistance (ECAs), Official Development Assistance Loans (Long/ Medium Term), Foreign Currency Convertible Bonds (FCCBs), Foreign Currency Non-resident (Bank) [FCNR (B)] Loans, Export ODA loans from Banks/ FIs/ NBFCs/ Other Institutions/ Multilateral Funding Agencies etc., commercial paper, etc. depending upon the prevailing debt market conditions within the above market borrowing programme.”

**“RESOLVED FURTHER THAT** the Company is neither accepting nor holding public deposits, as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and does not intend to accept any public deposit.”





**“RESOLVED FURTHER THAT CMD/ Director (Finance) be and are hereby severally authorized to engage one or more rating agencies, both domestic and international, and approve the terms and conditions of the same for the rating of the market borrowing programme of ₹85,000 crore comprising of long/ short term debt instruments and ₹15,000 crore short term limits in the form of CC/ OD/ WCDL/ STL including issue rating, issuer rating, wherever required.”**

**“RESOLVED FURTHER THAT the Company, in accordance with the terms and conditions, as stipulated, to meet the Extra Budgetary Resource (EBR) requirements of the Government of India, is allowed to raise funds under EBR and the funds so raised will be outside the purview of this market borrowing programme of the Company.”**

**“RESOLVED FURTHER THAT CMD/ Director (Finance) be and are hereby severally authorized to engage wherever necessary the services of merchant bankers/ debenture trustees/ solicitors/ mobilizers/ underwriters/ bankers/ printers/ PR agencies/ depositories/ stock exchanges/ auditors/ practicing professionals (CA/ CMA/ CS) / issuing and paying Agents (IPA)/ registrar and transfer agents/ payee and collecting bankers or any other intermediary agencies on such terms & conditions considering prevailing debt market conditions or regulatory requirements.”**

**“RESOLVED FURTHER THAT Domestic bonds/ debentures to be issued during the FY 2022-23 may be issued in any combination as per the following broad scheme:**

- Domestic Bonds/ Debentures including but not limited to Infrastructure, Zero Coupon, Perpetual, Subordinate, Inflation-Indexed, Tax-Free, Principal Protected, Market Linked, Green Bonds, Environmental, Social, and Governance (ESG) Bonds, Partly Paid, Separately Transferable Redeemable Principal Parts (STRPP), Staggered Maturity, Cumulative Interest, Step Up Coupon, Bonds forming part of Bond ETF's, or any other Bonds/ Debentures, with/ without interest rate swaps/ options with/ without the same being embedded in the Bonds/ Debentures structure, as may be permitted by the Regulatory Authorities from time to time whether Unsecured/ Secured, Non-convertible, Redeemable, Taxable/ Tax-free whether on private or public placement basis.
- The issuance of the instrument(s) may be in one or more series or tranches or on reissuance in existing series.
- Coupon rate (fixed or floating) will be as per the prevailing market interest rates payable annually or otherwise.
- The issue may be kept open and/or extended for such period as may be decided by CMD/ Director (Finance).
- Period of redemption – up to 20 years with/ without put/ call options or upto the period as permitted under the applicable laws from time to time.
- Arrangers' fee – CMD and Director (Finance) are severally authorized to decide the arranger's fees.



- Listing – with National Stock Exchanges (NSE) / Bombay Stock Exchange (BSE) or any other recognized Stock Exchange(s), within or outside India or a combination thereof.
- Mode – Private Placement/ Public Issue.
- A maximum of five Bond Issues by way of Private Placement in a month shall be made.
- Pricing and timing of Bond Issue: CMD and Director (Finance) are severally authorized to decide pricing and timing of the bond issue.”

**“RESOLVED FURTHER THAT** wherever it is decided to raise funds by way of Unsecured/ Secured, Non-convertible, Redeemable, Non- cumulative Taxable Bonds (Institutional Bonds) / Commercial Paper by inviting quotations/ bids/ book building etc., an in house committee of officials, as may be constituted by the CMD, shall evaluate the offers received and shall confirm/ scrap the deal during the bidding process on Electronic Bidding Platform (EBP)/ any other mode and shall put up its recommendations subsequently to CMD/ Director (Finance) for ratification.”

**“RESOLVED FURTHER THAT** wherever it is decided to raise funds by way of Unsecured/ Secured, Non-convertible, Redeemable, Cumulative/ Non-cumulative Taxable/Tax-Free Bonds by way of a public issue, an in house committee (named as “Bond Committee for Public Issue”), be constituted with the CMD, Director (Finance) and Director (Technical) as its members, the quorum of the committee being any two members and anyone member or any officer of an appropriate level authorized by the Committee shall have the authority to carry out the decisions taken by the Bond Committee for the Public Issue at its duly held meetings. The Bond Committee for the Public Issue shall have the following powers in this respect:

- Settle all questions, remove any difficulties or doubts that may arise from time to time in regard to the issue, to approve and/or carry out required updates to the draft shelf prospectus, shelf prospectus, tranche prospectus or any other such offer documents and to take such actions, give such directions, obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Bond Committee may suo-moto decide in its absolute discretion in the best interest of REC.
- CMD / Director (Finance), be and are hereby severally authorised to nominate an officer of appropriate level as ‘Compliance Officer to the Issue’ to sign and to file the draft shelf prospectus, shelf prospectus, tranche prospectus, abridged prospectus, or any other documents with the SEBI, ROC, Stock Exchange(s), Depositories, Registrar or any other appropriate authorities, as may be required and to apply for the listing of the bonds/ debentures on one or more Stock Exchange(s) in India, as may be required by applicable laws and to sign and execute listing application(s), various agreements and memorandums of understanding (MoUs) with different agencies including listing agreement, undertakings, deeds, declarations, affidavits, certificates, clarifications, documents etc., and all other documents and to do all such acts, deeds and things and





to comply with all formalities as may be required in connection with and incidental to the aforesaid offering of bonds/debentures including all formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such bonds/debentures as may be deemed fit. The nominated compliance officer is also authorised to make any correction in the draft shelf prospectus, shelf prospectus and /or tranche prospectus or such other documents.

- c. Director (Finance) or Company Secretary and in his absence HoD (CS)/ CGM(CS)/ SR. GM (CS) be and are hereby authorised on behalf of the Board of Directors to file duly signed and approved shelf prospectus and /or tranche prospectus, modification of terms of the prospectus, creation/modification/satisfaction of charge with the office of Registrar of Companies and also file the petitions with the National Company Law Tribunal or Court or any other document required in this connection with the Registrar of Companies, Stock Exchange(s), SEBI, MCA or any other authority as may be required and to do acts, deeds as required for the public issue of bonds/debentures.”

**“RESOLVED FURTHER THAT CMD/ Director (Finance) be and are hereby severally authorized to approve the raising of funds by allowing participation in any debt ETFs including Bharat Bond ETF through the Bond Series launched by the Company, within the overall Market Borrowing Programme for the year 2022-23 and as per the terms and conditions as may be decided.”**

**“RESOLVED FURTHER THAT CMD/ Director (Finance)/ Executive Director (Fin)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance) be and are hereby severally authorized to execute the listing agreements on behalf of the Company with any of the recognized Stock Exchanges in India or abroad in respect of securities issued/ to be issued by the Company from time to time.”**

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

**“RESOLVED FURTHER THAT Director (Finance)/ Executive Director (Finance)/ HoD (Resource Mobilisation)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance) be and are hereby severally authorized to sign and execute the necessary documents including declaration(s) required under Companies Act, 2013, Private Placement Offer Letter**



(PPOL) for issue of Bonds/ Debentures and agreements/ deeds/ amendments/ drawal letters etc. for Term Loans from Banks/ FIs/ NBFCs etc."

**"RESOLVED FURTHER THAT** Executive Director (Finance)/ HoD (Resource Mobilisation)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance) be and are hereby severally authorized to sign and execute the offer documents, agreements, memorandums of understanding, undertaking, deeds, declarations, affidavits, certificates, documents, amendments etc., pay stamp duty and to take any other action in this regard as may be required in connection with and incidental to the issue of secured/ unsecured bonds/ debentures."

**"RESOLVED FURTHER THAT** ED (Finance) / HoD (Resource Mobilisation)/ CGM (Finance)/ SR. GM ( Finance) or in his absence any officer authorized by him, be and are hereby severally authorized to act as compliance officer for the purpose of compliances of listing agreement of the stock exchanges in respect of securities issued/ to be issued by the Company from time to time and to file duly signed and approved copies of the offer document and issue necessary certificates to the stock exchanges/depositories/ RoC and/or any other statutory bodies wherever required."

**"RESOLVED FURTHER THAT** CMD/Director (Finance) be and are hereby severally authorized to launch the fresh series/ extend the series of REC 54 EC Capital Gains Tax Exemption Bonds, approve the terms of the issue on which the bonds shall be raised like deciding rate of interest and any changes thereof, base issue, green shoe option to retain over subscription, security, issue opening and closing dates, preclosure/ extension of the issue, face value, mode of issue, minimum and maximum application size, tenor, date of payments, lock-in-period, transferability and any other matter in connection with the 54 EC Capital Gain Bond issuance."

**"RESOLVED FURTHER THAT** CMD/ Director (Finance) be and are hereby severally authorized to take all necessary action with regard to appointment/ reappointment and fixing the terms of engagement and fees of various intermediaries and associates such as Mobilizers, Bankers, Debenture Trustees, Legal Counsel, Registrar and Transfer Agent, Printer, Internal Auditor at RTA Office, Chartered Accountant, Website Developer including any other intermediaries which are necessary for 54 EC Capital Gain Bonds, Tax-Free Bonds or Infrastructure Bonds."

**"RESOLVED FURTHER THAT** Director (Finance)/ Executive Director (Finance)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance)/ DGM (Finance) be and are hereby severally authorized to make arrangements for printing of bond certificates on completion of allotment of bonds and/or duplicate bond certificates in case of such request and seek affixation of signatures of any two officers of the level of Executive Director (Finance)/ CGM (Finance)/ Sr.GM (Finance)/ G.M. (Finance) or any other authority as decided by



CMD/ Director (Finance), by means of physical signature or mechanical printing on bond certificates."

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

**"RESOLVED FURTHER THAT** CMD/ Director (Finance) be and are hereby severally authorized to approve creation and addition/ modification of charge on immovable and/ or movable property(ies) of the Company in respect of Secured Bonds/ Debentures/ Loans in favour of bond trustees/ debenture trustees/ lender. Director (Finance)/ Executive Director (Finance)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance)/ DGM (Finance) alongwith CGM (Legal)/ SR. GM (Legal)/ GM (Legal)/ DGM (Legal) be and are hereby jointly authorized to execute the necessary documents in this regard."

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

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

**"RESOLVED FURTHER THAT** CMD/ Director (Finance), be and are hereby severally authorized to open or close one or more bank account(s) in the name of the Company in foreign currency(ies) with such bank(s) in India and/or such foreign country(ies) as may be required, subject to the requisite approvals from appropriate authorities, if any."

**"RESOLVED FURTHER THAT** CMD/ Director (Finance), be and are hereby severally authorized to undertake derivative transactions up to USD 500 million or equivalent on per transaction basis or to give /revoke the authority, from time to time, in favour of any



executives of the company/authorized person, up to this amount, for the purpose mentioned hereunder:-

- i. Booking, extending and cancellation of foreign exchange contracts (cash/tom/spot/forwards); and
- ii. To undertake, from time to time, all generic and structured derivatives products permitted by the Reserve Bank of India with the counter-parties operating in India;
- iii. Negotiating and taking all steps and signing of :
  - a. All such papers, forms, documentation and confirmation,
  - b. ISDA agreements, schedules and related documents,As may be necessary for concluding the transactions, as referred to in the items (i) and (ii) above."

**"RESOLVED FURTHER THAT** Any of the two signatories comprising of CMD/ Director (Finance)/ Executive Director (Finance)/ HoD (Resource Mobilisation)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance)/ be and hereby authorized to sign, execute, file and deliver all agreements, documents, instruments, instructions, deeds, declarations, amendments, papers, applications, notices or letters to comply with all the formalities as may be required in connection with and incidental to the ECBs issued during FY 2022-23 or any previous financial year (s) including but not limited to Foreign Currency Term Loans/ Foreign Currency Bonds/ Rupee Offshore Bonds/ Green Bonds, Masala Bonds etc., FCNR, FCCBs/ ECA route funding/ ODA Loans/ Funding from Multilateral Agencies including listing abroad with any of the recognized Stock Exchanges and post-closing of issue formalities."

**"RESOLVED FURTHER THAT** the amount outstanding on any specific date during the financial year 2022-23 towards Short Term Loans (STL) of a period less than 6 months, Working Capital Demand Loans (WCDL), Cash Credit (CC), Overdraft facilities (OD) or any other facility/ arrangement of similar nature be shall not exceed ₹ 15,000 crore."

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

**"RESOLVED FURTHER THAT** Director (Finance)/ Executive Director (Finance)/ HoD (Treasury)/ CGM (Finance) be and are hereby severally authorized to approve the renewal of limits of Cash Credit/ WCDL/ OD/ Short Term Loans from Banks/ FIs/ NBFC(s)/ Corporates etc."

**"RESOLVED FURTHER THAT** Director (Finance)/ Executive Director (Finance)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance) be and are hereby severally





authorized to sign and execute the agreements, deeds or any other necessary documents for Cash Credit/ WCDL/ OD/ Short Term Loan.”

**“RESOLVED FURTHER THAT** Director (Finance)/ Executive Director (Finance)/ HoD (Treasury)/ CGM (Finance) be and are hereby severally authorized to approve availment of Cash Credit/ WCDL/ OD/ Short Term Loans from Banks/ FIs/ NBFCs/ Corporates etc. as per the ranking of their rates as and when required and such facilities as per its terms can be repaid considering the availability of surplus funds, prevalent market conditions and all other relevant factors.”

**“RESOLVED FURTHER THAT** Director (Finance)/ Executive Director (Finance)/ HoD (Treasury)/ CGM (Finance) be and are hereby severally authorized to approve prepayment of Term Loans raised from Banks/ FIs/ NBFCs/ Corporates etc. as per the terms and conditions of the loans based on the availability of surplus funds, prevalent market conditions and all other relevant factors in this regard.”

**“RESOLVED FURTHER THAT** Executive Director (Finance)/ HOD (Resource Mobilisation/ CGM (Finance)/ Sr. GM (Finance)/ GM (Finance)/ DGM (Finance) be and are hereby severally authorized to approve payment of interest, maturity amount, currency conversion charges, commitment charges or any other finance cost/ bank charges with regard to the funds mobilized by the Company through different debt instruments/ loans as and when required.”

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

**“RESOLVED FURTHER THAT** Executive Director (Finance)/ CGM (Finance)/ SR. GM (Finance)/ GM (Finance)/ DGM (Finance) be and are hereby severally authorized to execute and sign the letters of offer, deal confirmations, disclosure/ listing documents or any other documents required for issuing and listing of Commercial Paper.”

**“RESOLVED FURTHER THAT** CMD/ Director (Finance)/ ED (Finance)/ HoD (Treasury)/ CGM (Finance), be and are hereby severally authorized to open/ close one or more Savings, Current, Cash Credit, Overdraft or any other type of bank account in the name of the Company, in connection with funds raised through Bonds, ECBs, Term Loans, Short Term Loans/ WCDL/ Cash Credit/ OD/ Dividend payment or any other business use.”

**“RESOLVED FURTHER THAT** any two officers not below the rank of Chief Manager (Finance), acting jointly, be and are hereby authorized on behalf of the Company to sign



and execute documents to open/ close bank accounts either savings or current/ CC/ OD for any official purpose including Dividend payment, both interim and final and Government Grants."

**"RESOLVED FURTHER THAT** Company Secretary and in his absence, an official authorized by the Company Secretary, be and is hereby authorized to affix the common seal of the Company, in India or abroad, wherever required, in accordance with the provisions of the Articles of Association of the Company or in accordance with the applicable statutory provisions"

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प्रमाणित सत्य प्रतिलिपि  
CERTIFIED TRUE COPY  
कृते आरईसी लिमिटेड / For REC LIMITED

ज्योतिशुभ्र अमिताभ / JYOTI SHUBHRA AMITABH  
कार्यकारी निदेशक एवं कम्पनी सचिव  
ED & Company Secretary  
(एफ सी एस नं. 4298) / (F.C.S. No. 4298)

**CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED  
BY THE SHAREHOLDERS OF REC LIMITED AT THE 53<sup>RD</sup> ANNUAL  
GENERAL MEETING OF THE COMPANY HELD ON FRIDAY,  
SEPTEMBER 16, 2022.**

**Item No. 8: Approval for private placement of securities.**

“RESOLVED THAT in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) 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 nonconvertible bonds/debentures upto ₹75,000 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 ₹75,000 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,

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**Regional Offices:** Bengaluru, Bhopal, Bhubaneswar, Chennai, Dehradun, Guwahati, Hyderabad, Jaipur, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Shimla, Thiruvananthapuram & Visakhapatnam

**State Offices :** Vadodara

**Training Centre :** REC Institute of Power Management & Training (RECIPMT), Hyderabad



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.”

प्रमाणित सत्य प्रतिलिपि  
CERTIFIED TRUE COPY  
कृते आरईसी लिमिटेड / For REC LIMITED

  
ज्योतिशुभ्र अमिताभ / JYOTI SHUBHRA AMITABH  
कार्यकारी निदेशक एवं कम्पनी सचिव  
ED & Company Secretary  
(एफ सी एस नं. 4298) / (F.C.S. No. 4298)



## Annexure IV

### Covenants for the Issue

## ANNEXURE IV COVENANTS FOR THE ISSUE

The following provisions are indicative and will be more particularly set out in the Transaction Documents.

### A. Covenants of the Issue

The covenants set out below, where applicable, may have customary carve outs, such as to the best of knowledge, materiality or have timelines within which activities are to be conducted:

1. *Allotment*: The Issuer shall allot the Bonds within the timeline in accordance with applicable law, and if the Issuer is not able to allot the Bonds within such period, it shall repay the Application money to the subscribers with additional interest as provided under applicable law.
2. *Listing*: The Issuer shall complete all the formalities and seek listing permission within the timeline under applicable law. In case of delay in listing of the Bonds within the prescribed period from the Deemed Date of Allotment, the Issuer shall pay penal interest at the rate as mentioned in relevant regulations.
3. *Execution of Bond Trust Deed*: In case of delay in execution of the Bond Trust Deed within the prescribed period from the Deemed Date of Allotment, the Issuer shall pay penal interest at the rate as mentioned in relevant regulations, till the date of execution of the Bond Trust Deed.
4. *Covenant to pay*: (i) Payment of principal and interest in accordance with the Private Placement Offer Letter and the Bond Trust Deed; (ii) payment of default interest in accordance with applicable law; and (iii) adherence to the financial covenants as set out in the Bond Trust Deed.
5. *Form of the Bonds*: The Bonds shall be in dematerialized form and in accordance with the provisions of applicable law. The Bondholders will have a right to convert the dematerialized Bonds into physical form under applicable law.
6. *Financial Covenants and Conditions*: There are financial covenants binding on the Issuer. Provisions include: (i) requirement to pay Interest to the person appearing in the register of Bondholders on the Record Date (for physical form Bonds) or record of depositories (for dematerialized Bonds); (ii) requirement to pay redemption amount to the person appearing in the register of Bondholders on the Record Date (for physical form Bonds) or record of depositories (for dematerialized Bonds); (iii) payment of Interest and redemption amount to be in accordance with the business day / holiday convention under applicable law; (iv) Interest payments are subject to taxation laws; (v) there is no restriction on further borrowings by the Issuer; (vi) transfer of Bonds to be in accordance with applicable laws; (vii) Bondholders are not entitled to shareholder's rights; (viii) variation of Bondholder rights will be done in accordance with a special resolution of the Bondholders; (ix) information to be provided to Bond Trustee, stock exchange, depositories under applicable law; and (x) once the Bonds have become repayable but not repaid, the Bond Trustee may at its discretion and without further notice institute such proceedings against the Issuer.
7. *Affirmative representations and covenants*: The Issuer (i) is in compliance with all applicable law, save as disclosed in the Private Placement Offer Letter; (ii) has no director which is disqualified; (iii) has the requisite corporate status, corporate power and authority to sign the Bond Trust Deed and entering into the Bond Trust Deed shall not violate, any applicable law; (iv) does not require any separate Government approval required with the issuance of Bonds; (v) does not have any litigation against it that has a material adverse effect; (vi) has filed all tax returns, save those contested in good faith; (vii) shall execute all deeds, documents and assurances for the Bond Trustee to exercise its rights under the Bond Trust Deed; (viii) the Issuer is solvent; (ix) shall not pay dividend to its shareholders during any financial year unless it has paid the installment of principal and Interest then due and payable on the Bonds, or has made provision satisfactory to the Bond Trustee for making such payment; (x) will comply with regulatory directions in relation to the Issue comply in all material respects including in a timely manner, with covenants in the Bond Trust Deed; (xi) will keep proper books of accounts open for inspection by the Bond Trustee; (xii) will attend to and redress the

grievances, if any, of the Bondholders; (xiii) is liable for all deficiency in payment of the Bonds; and (xiv) there are no facts which could have a material adverse effect on the Issuer.

8. *Information Covenants:* The Issuer will (unless otherwise agreed in writing): (i) inform the Bond Trustee of any labour strikes, lockouts, shut-downs, fires or any event likely to have a material adverse effect, loss or damage, which the Issuer may suffer due to force majeure circumstances or act of God, change in the composition of its Board of Directors or of any amalgamation, merger, or reconstruction; (ii) notify the Bond Trustee of the occurrence of a rating downgrade event, any change in nature of business by Issuer before such change any major change in Board of Directors, which may amount to change in control; (iii) provide know your customer documentation and other evidence as is reasonably requested by the Bond Trustee; (iv) provide information required by the Bond Trustee for the effective discharge of its duties including information required to disclose to third parties in accordance with applicable law; (v) provide information as required under SEBI LODR Regulations; (vi) provide end use certificates as required under applicable laws; (vii) provide quarterly reports with details of Bondholders; and (viii) provide bank account details to the Bond Trustee from which the Issuer proposes to pay the redemption amount.
9. *Reissuance and consolidation:* The Issuer shall have right to reissue or consolidate the Bonds under present series in accordance with applicable law.
10. *Debenture Redemption Reserve:* The Issuer will not maintain debenture redemption reserve unless required under applicable laws.
11. *Other:* The Bond Trustee may waive any Issuer breach of covenants materially prejudicial to the interests of the Bondholders, and to modify the terms of the Bonds or any Transaction Document which is formal, minor or technical or is to correct a manifest error. Any other change or modification to the terms of the Bonds or the Bond Trust Deed shall require approval by the Bondholders under a special resolution.

## **B. Events of Default**

Upon the occurrence of an Event of Default, the Bond Trustee, on its discretion or, upon request in writing of the Bondholders representing no less than three-fourths of the aggregate amount of the Bonds for the time being outstanding duly passed at the meeting of the Bondholders for the Bonds, shall be entitled to call an Event of Default by issuing a notice thereof in writing to the Issuer stating that an Event of Default has occurred and can declare the principal amount of the Bonds and all Interest on Bonds to be due and payable on Bonds forthwith.

The following constitute an “Event of Default”:

1. Default is committed in payment of the principal amount of the Bonds;
2. 2 (two) consecutive defaults on payment of Interest on the Bonds on the due date(s), unless it is due to technical error beyond control of the Issuer;
3. Default by the Issuer in the performance or observance of any covenant, obligation, condition or provision contained in the Bond Trust Deed presents and/or the financial covenants and conditions (other than the obligation to pay principal and Interest) continues for 30 (thirty) business days or is not rectified within 7 (seven) business days after written notice;
4. Any information given by the Issuer to the Bondholders or the Bond Trustee in any reports and the representations and warranties given or deemed to have been given by it to the Bond Trustee is misleading or incorrect in any material respect;
5. The Issuer is unable to or has admitted, in writing, its inability to pay its debts as they mature;
6. A receiver or a liquidator has been appointed or allowed to be appointed of all or any substantial part of the undertaking of the Issuer or an attachment, sequestration, distress or execution (or analogous process) is levied or enforced upon or issued against a substantial part of the assets of the Issuer;

7. If any extra-ordinary circumstances have occurred, that makes it improbable for the Issuer to fulfill its obligation under the Bond Trust Deed and/or the Bonds;
8. The Issuer ceases or threatens to cease to carry on its business without consent of the Bondholders or gives notice of its intention to do so;
9. If, the Issuer is unable to pay its debts under applicable law and orders for winding up has been passed by the court; and
10. If such listing of the Bonds ceases at any point of time prior to the Redemption Date due to an act of the Issuer or failure by the Issuer to take all necessary action to ensure re-listing.

On happening of any of the Events of Default, the Bondholders or Bond Trustee shall also have the right to:

1. Appoint a nominee on the Board of Directors of the Issuer;
2. Disclose or publish details of the Issuer to the RBI or any other statutory or regulatory authority or publish as a defaulter; or
3. File petitions before the National Company Law Tribunal, court or Government authority.

**C. Intercreditor Agreement**

Upon a non-payment of Interest or principal amount in full on the pre-agreed date or as required under applicable laws, where lenders of the Issuer enter into any inter-creditor agreement as may be required pursuant to the Issuer becoming a stressed company or in respect of any proposed or actual resolution plan for restructuring of the financial indebtedness of the Issuer or as may be determined in accordance with applicable law, the Bond Trustee shall promptly convene a meeting or procure resolutions of Bondholders, obtain consent from Bondholders to execute any intercreditor agreement or provide instructions or take actions under any debt resolution plan of the Issuer as required in accordance with applicable laws and in accordance with the timing and the voting thresholds set out under applicable law.

The Bondholders, may determine all aspects in relation to any such intercreditor agreement or debt resolution plan and as at all times in accordance with their rights under the Transaction Documents and in accordance with applicable laws.

**D. Voting**

The Bond Trustee or the Issuer may, at any time, and the Bond Trustee on written request 10% (ten percent) Bondholders, convene a Bondholder meeting. The quorum for such meeting is at least 3/4th (three-fourth) of the aggregate outstanding Bonds. 21 (twenty one) days' notice is given for any such meeting. A resolution is passed based on a poll. Proxies can be appointed for such voting by a Bondholder.

Any vote will be passed by way of special resolution, being a 3/4th (three-fourths) of the aggregate outstanding amount of the Bonds. For written consent of Bondholders, the Bond Trustee must notify each Bondholder at least 10 (ten) business days prior to the date on which any decision is required to be made or consent to be provided is.

The record date of such notice shall be the date falling 3 (three) business days prior to the date of dispatch of such notice. The voting is subject to applicable laws and the Transaction Documents.

## Annexure V

### Financial Indebtedness

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## ANNEXURE 5 – FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the Issuer's significant outstanding secured borrowings of ₹ 45,740 Crores and unsecured borrowings of ₹ 2,84,141 Crores, as on September 30, 2022 together with a brief description of certain significant terms of such financing arrangements.

### (I) SECURED TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS AVAILED BY THE ISSUER

The Issuer has not availed any secured term loan from banks and financial institutions as on September 30, 2022.

### (II) UNSECURED LOANS AVAILED BY THE ISSUER

Set forth below is a brief summary of our outstanding unsecured borrowings as on September 30, 2022.

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

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
A.	<b>Unsecured Term Loans from Banks &amp; FIs</b>						
1.	Punjab National Bank	Loan agreement dated June 17, 2020	2000.00	2019.77	Repo plus 140 bps with reset upon change in Repo rate	Repayable in 3 equal annual instalments after initial moratorium of 2 years.	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan.
2.	Punjab National Bank	Loan agreement dated November 10, 2021	2000.00	2023.45	Repo plus 159 bps with reset upon change in Repo rate	Bullet on maturity. No prepayment charges.	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan.
3.	Punjab National Bank	Loan agreement dated March 28, 2022	1000.00	999.85	Repo plus 160 bps with reset upon change in Repo rate	Repayable in 9 years and 9 months in 5 equal annual installment, first instalment starting from 29.03.2028 and ending on 29.12.2031	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan
4.	State Bank of India	Loan agreement dated October 15, 2018	4,000.00	2349.86	1 month MCLR	Repayable in 3 annual instalments after initial moratorium of 2 years as follows: 33% at the end of 3 years 33% at the end of 4 years 34% at the end of 5 years  1% prepayment charges if prepaid within 6 months from the date of disbursement of each tranche, and after that, NIL.	Additional interest of 1% p.a. on irregular portion for period of irregularity in the event of any default in payment of interest or installment.
5.	State Bank of India	Loan agreement dated March 5, 2019	1,840.00	919.46	1 month MCLR	Repayable in 5 instalments of 20% after the end of 18/30/42/54/60 months. Initial moratorium is 18 months.  1% prepayment charges if prepaid within 6 months from the date of disbursement of each tranche, and after that, NIL.	Additional interest of 1% p.a. on irregular portion for period of irregularity in the event of any default in payment of interest or installment.
6.	State Bank of India	Loan agreement dated July 14, 2020	5,000.00	4284.97	1 month MCLR	Repayable in 7 half yearly instalments after initial moratorium is 18 months.	

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
7.	State Bank of India	Loan agreement dated July 14, 2020	4,000.00	3999.99	3 Months FBIL Treasury-Bill Rate plus 272 bps	Repayable in 17 half yearly installments after a moratorium period of 18 months from first drawl in progressive manner as under: • 4 half yearly instalments of 2.50% each • 6 half yearly instalments of 5.00% each • 4 half yearly instalments of 7.50% each • 3 half yearly instalments of 10.00% each  2% prepayment charges if prepaid within 18 months from the date of disbursement of each tranche, and after that, NIL.	
8.	HDFC Bank Limited	Loan agreement dated September 29, 2018	300.00	300.06	Repo plus 210 bps with monthly reset	Bullet on maturity.  No prepayment charges if done on reset date with prior notice of at least 7 days.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.
9.	HDFC Bank Limited	Loan agreement dated October 11, 2018	350.00	350.07	Repo plus 210 bps with monthly reset	Bullet on maturity.  No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.
10.	HDFC Bank Limited	Loan agreement dated November 6, 2018	350.00	350.07	Repo plus 210 bps with monthly reset	Bullet on maturity.  No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.
11.	HDFC Bank Limited	Loan agreement dated January 15, 2019	500.00	500.10	Repo plus 210 bps with monthly reset	Bullet on maturity.  No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan.
12.	HDFC Bank Limited	Loan agreement dated June 19, 2020	1500.00	1509.12	Repo plus 200 bps with monthly reset	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
13.	HDFC Bank Limited	Loan agreement dated May 11, 2021	2000	2011.10	Repo plus 140 bps with monthly reset	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
14.	HDFC Bank Limited	Loan agreement dated May 11, 2021	2000	2011.42	Repo plus 155 bps with monthly reset	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
15.	HDFC Bank Limited	Loan agreement dated September 28, 2021	1500	1507.89	Repo plus 100 bps with monthly reset	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
16.	HDFC Bank Limited	Loan agreement dated November 11, 2021	850	855.00	Repo plus 175 bps with monthly reset	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
17.	HDFC Bank Limited	Loan agreement dated March 23, 2022	2000	2012.19	1 Month T-Bill linked	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
18.	HDFC Bank Limited	Loan agreement dated August 31, 2022	2000	2009.01	1 Month T-Bill linked	Bullet repayment on maturity with put/call option every 6 months	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan
19.	Union Bank of India	Loan agreement dated March 23, 2022	2000	2000.10	3 Month T-Bill linked	Repayable in 5 annual instalments after initial moratorium of 4 years, first installment starting from 31.03.2027	
20.	IIFCL	Loan agreement dated February 22, 2021	2000	2000	5.38% and 5.49%	Bullet on maturity-3 years  2% prepayment charges on outstanding balance of the loans. No prepayment penalty is leviable if the reset of	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.



Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
						interest is not acceptable to the Issuer, and prepayment is effected within 3 days of communication of the revised interest rate	
21.	IIFCL	Loan agreement dated March 25, 2021	2000	2000	Average of 10 days PSU Bond rate	Bullet on maturity-5 years  2% prepayment charges on outstanding balance of the loans. No prepayment penalty is leviable if the reset of interest is not acceptable to the Issuer, and prepayment is effected within 3 days of communication of the revised interest rate	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
22.	IIFCL	Loan agreement dated August 03, 2021	1000	1000	Average of 10 days PSU Bond rate	Bullet on maturity- 5 years  2% prepayment charges on outstanding balance of the loans. No prepayment penalty is leviable if the reset of interest is not acceptable to the Issuer, and prepayment is effected within 3 days of communication of the revised interest rate	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
23.	IIFCL	Loan agreement dated July 28, 2022	500	500	3 Month T-Bill linked	Bullet on maturity- 5 years  2% prepayment charges on outstanding balance of the loans. No prepayment penalty is leviable if the reset of interest is not acceptable to the Issuer, and prepayment is effected within 3 days of communication of the revised interest rate	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
24.	HSBC	Loan agreement dated May 18, 2020	565	565.12	1 Month T-Bill linked	Bullet on maturity- 5 years  Lockin period of 6 months and onwards, prepayment option available on reset dates	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
25.	HSBC	Loan agreement dated December 3, 2020	187.50	187.54	1 Month T-Bill linked	Bullet on maturity- 5 years  Lockin period of 6 months	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
26.	HSBC	Loan agreement dated March 18, 2021	900	900.19	1 Month T-Bill linked	Bullet on maturity- 5 years  Lockin period of 6 months	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
27.	HSBC	Loan agreement dated June 14, 2021	1000	1000.19	1 Month T-Bill linked	Bullet on maturity- 5 years  Lockin period of 6 months	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
28.	HSBC	Loan agreement dated March 23, 2022	750	750.15	1 Month T-Bill linked	Bullet on maturity- 8 years  Lockin period of 6 months	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
29.	Deutsche Bank	Loan agreement dated December 15, 2020	500	500.09	Repo Linked	Bullet repayment after 3 years  Prepayment allowed on every month end	
30.	Deutsche Bank	Loan agreement dated December 15, 2020	500	500.10	Repo Linked	Bullet repayment after 3 years  Prepayment allowed on every month end	
31.	Deutsche Bank	Loan agreement dated June 13, 2022	500	500.09	3 month T Bill linked	Bullet repayment after 5 years  Prepayment allowed within 7 days of quarterly interest rate reset	

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
32.	ICICI Bank	Loan agreement dated September 28, 2021	2000	2000.39	3 month T Bill linked	Repayable in 9 equal annual instalments after initial moratorium of 2 years.	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
33.	ICICI Bank	Loan agreement dated November 22, 2021	850	850.17	3 month T Bill linked	Repayable in 20 half yearly installments after a moratorium period of 18 months from first drawl in progressive manner as under: • 3 half yearly instalments of 0% each • 4 half yearly instalments of 1.25% each • 5 half yearly instalments of 5.00% each • 4 half yearly instalments of 7.50% each • 4 half yearly instalments of 10.00% each	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
34.	ICICI Bank	Loan agreement dated June 14, 2022	1150	1150.22	3 month T Bill rate linked	Repayable in 7 installments after moratorium period of 18 months from first drawl in the below mentioned manner: • 6 yearly installments of 5% each • remaining 70% at the time of maturity	
35.	Bank of India	Loan agreement dated August 16, 2021	750	749.99	Overnight MCLR linked	Repayable in 5 equal annual instalments after initial moratorium of 2 years.	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
36.	Karur Vysya Bank	Loan agreement dated October 27, 2021	250	250.05	Repo linked	Bullet repayment after 5 years  3% prepayment charges (excluding GST) on outstanding balance of the loans. No prepayment penalty is leviable if the reset of interest is not acceptable to the Issuer	Additional interest of 3% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
37.	Jammu & Kashmir Bank	Loan agreement dated October 25, 2021	300	300.04	Repo linked	Bullet repayment after 5 years  Lockin period of 6 months	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
38.	South Indian Bank	Loan agreement dated October 28, 2021	300	300	3 month T Bill linked	Bullet repayment after 5 years  Nil, with a written notice served 7 days prior to pre-payment/ pre-closure subject to Lock-in period of 6 months from the date of disbursement	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
39.	South Indian Bank	Loan agreement dated October 28, 2021	200	200	Repo linked	Bullet repayment after 5 years  Nil, with a written notice served 7 days prior to pre-payment/ pre-closure subject to Lock-in period of 6 months from the date of disbursement	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
40.	Mizuho Bank	Loan agreement dated December 06, 2021	300	300	3 month T Bill linked	Bullet repayment after 5 years  Prepayment allowed on the date of interest reset every quarter	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
41.	Central Bank of India	Loan agreement dated March 24, 2022	500	499.99	Repo linked	Repayable in 7 equal annual instalments after initial moratorium of 3 years, first instalment starting from 28.02.2026.  Nil	
42.	Central Bank of India	Loan agreement dated March 24, 2022	1500	1504.02	Repo linked	Bullet repayment after 1.5 years  Pre-payment to be allowed without any prepayment premium	

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
43.	Karnataka Bank	Loan agreement dated June 14, 2022	500	500	6 month T Bill rate + spread	Bullet repayment after 5 years  Nil, if paid out of own sources	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
44.	Indian Bank	Loan agreement dated August 04, 2022	1500	1507.66	Overnight MCLR linked	Repayment in 6 annual installments of Rs. 250 crore each after initial moratorium of 1 year  Prepayment charges Nil	
45.	Bank of Baroda	Loan agreement dated September 22, 2022	5000	1540.30	Overnight MCLR linked	Repayable in 6 structured yearly installments after a moratorium period of 1 year from first drawl in progressive manner as under: • 1 yearly instalments of 0% each • 1 yearly instalments of 2.50% each • 1 yearly instalments of 7.50% each • 2 yearly instalments of 12.50% each • 1 yearly instalments of 25.00% each • 1 yearly instalments of 40.00% each	
	<b>Total of unsecured term loan from banks and financial institutions</b>			<b>₹ 54,069.73</b>			
B.	<b>Unsecured Long term loans availed by the Issuer from the Ministry of Finance, Government of India</b>						
1.	NSSF	Loan agreement dated November 2, 2018	5,000.00	5122.96	8.16% per annum	Bullet on maturity-10 years  Prepayment permitted with the prior approval of the budget division, department of economic affairs.	N/A
2.	NSSF	Loan agreement dated September 30, 2019	5000.00	5204.41	8.29% per annum	Bullet on maturity- 10 years.  Prepayment permitted with the prior approval of the budget division, department of economic affairs imposing penalty of 1% per annum of the prepayment amount for the Balance Period.	Penal interest of 1% per annum if any installment of principal or interest not paid on due date
	<b>Total of unsecured term loan from MoF</b>			<b>₹ 10327.37</b>			
C.	<b>Foreign currency borrowings (ECB+ODA lines)</b>						
1.	Japan Bank for International Cooperation	Loan Agreement No ID-P190 dated March 10, 2008 <sup>(1)</sup>	JPY 11,809 Million (Revised with effect from March 31, 2016)	10.65	0.65%	15 years tenor with a moratorium of 5 years Repayable in semi-annual equal instalments beginning March 20, 2013 of JPY 995.34 Million, and instalment on Sep 20, 2017 of JPY 777.11 Million and Instalment of JPY 188.58 Million each from March 20, 2018 till March 20, 2023.	Additional interest accrues on unpaid amounts until the date of actual payment.
2.	KfW, Frankfurt am Main	Loan Agreement dated March 30, 2012 <sup>(1)(2)</sup>	Euro 100 Million	169.24	1.86%	12 years tenor with a moratorium of 3 years Repayable in 19 semi-annual instalments beginning June 30, 2015. Matures in 2024.  Prepayment compensation payable for any losses, expense or costs occurring as a result of the prepayment.	Additional interest accrues on unpaid amounts until the date of actual payment.
3.	KfW, Frankfurt am Main	Loan Agreement dated August 13, 2018	USD 228 Million	1677.25	6 months USD LIBOR plus 0.13%	12 years tenor with a moratorium of 3 years Repayable in 19 semi-annual instalments beginning November 15, 2021. Matures in 2030.  Prepayment compensation payable for any losses, expense or costs occurring as a result of the prepayment.	Additional interest accrues on unpaid amounts until the date of actual payment.
4.	ECB-25 Green Reg-S bonds	10 Year USD green bonds under Reg-S	USD 450 Million	3367.08	3.875% (Fixed)	10 years tenor. Repayable on July 07, 2027.	--

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
5.	ECB-29 USD Reg-S bonds	10 Year USD bonds under Reg-S	USD 300 Million	2267.25	4.625% (Fixed)	10 years tenor. Repayable on March 22, 2028.	--
6.	ECB-30 Bilateral unsecured borrowings	Bilateral facility agreement dated August 17, 2018	USD 250 Million	2048.16	6 month USD LIBOR plus 0.90%	5 years tenor. Repayable on August 8, 2023.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
7.	ECB-31 Bilateral unsecured borrowings	Bilateral facility agreement dated July 31, 2018	JPY 10327.12 Million	577.86	Overnight TONA plus 0.25809%	5 years tenor. Repayable on August 31, 2023.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
8.	ECB-32 USD 144 A bonds	5 Year USD bonds under 144 A	USD 700 Million	5803.60	5.25% (Fixed)	5 years tenor. Repayable on November 13, 2023.	--
9.	ECB-33 Bilateral unsecured borrowings	Bilateral facility agreement dated March 25, 2019	USD 250 Million	2021.66	6 month USD LIBOR plus 0.90%	5 years tenor. Repayable on March 27, 2024.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
10.	ECB-34 Bilateral unsecured borrowings	Bilateral facility agreement dated March 25, 2019 and increase confirmation effective May 7, 2019	USD 150 Million	1213.80	3 month USD LIBOR plus 1.00%	5 years tenor. Repayable on March 29, 2024.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
11.	ECB-35 Bilateral unsecured borrowing	Bilateral facility agreement dated June 24, 2019	USD 100 Million	819.55	6 month USD LIBOR plus 1.35%	5 years tenor. Repayable on July 01, 2024.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
12.	ECB-36 USD Reg-S bonds	5 Year USD bonds under Reg-S	USD 650 Million	5318.87	3.375% (Fixed)	5 years tenor. Repayable on July 25, 2024.	--
13.	ECB-38 USD Reg-S bonds	5 Year USD bonds under Reg-S	USD 500 Million	4113.11	3.50% (Fixed)	5 years tenor. Repayable on Dec12, 2024.	--
14.	ECB-39 Bilateral unsecured borrowing	Bilateral facility agreement dated Mar13, 2020	SGD72.07 Million	404.89	Overnight SORA plus 0.71%	5 years tenor. Repayable on March30, 2025.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
15.	ECB-40 Bilateral unsecured borrowing	Bilateral facility agreement dated Mar13, 2020	USD75.00 Million	603.25	6 month USD LIBOR plus 1.30%	5 years tenor. Repayable on March 30, 2025.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
16.	ECB-41 USD Reg-S bonds	3 Year USD bonds under Reg-S	USD 500 Million	4144.83	4.75% (Fixed)	3 years tenor. Repayable on May 19, 2023.	
17.	ECB-42 Bilateral unsecured borrowing	Bilateral facility agreement dated April 20, 2020	USD 300 Million	2474.86	Overnight SOFR plus 2.29% plus 1.90%	10 years tenor. Repayable on June 02, 2030.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
18.	ECB-43 Bilateral unsecured borrowing	Bilateral facility agreement dated June 09, 2020	USD 170 Million	1387.35	6 month USD LIBOR plus 2.10%	5 years tenor. Repayable on March 26, 2025 (100 Million) & Oct 06,2025 (70 Million).	Additional interest accrues on unpaid amounts until the date of actual payment.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
						Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	
19.	ECB-44 Bilateral unsecured borrowings	Bilateral facility agreement dated July 07, 2020, Amendment agreement dated August 25, 2020	JPY 10,519.00 Million	587.90	Overnight TONA plus 1.15%	5 years tenor. Repayable on September 25, 2025.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
20.	ECB-45 Syndicated unsecured borrowing	Syndicated facility agreement dated Mar 04, 2021	USD 425.00 Million	3444.67	6 month USD LIBOR plus 1.254%	5 years tenor. Repayable on March 16, 2026.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
21.	ECB-46 USD Reg-S bonds	5.5 Years USD bonds under Reg-S	USD 500 Million	4072.74	2.25% (Fixed)	5.5 years tenor. Repayable on September 01 2026.	
22.	ECB-47 Syndicated unsecured borrowing	Syndicated facility agreement dated Aug 11, 2021	USD 600.00 Million	4849.49	6 month USD LIBOR plus 1.168%	5 years tenor. Repayable on August 25, 2026.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
23.	ECB-48 USD Reg-S bonds	5.5 Years USD bonds under Reg-S	USD 400 Million	3275.12	2.75% (Fixed)	5.5 years tenor. Repayable on January 13, 2027.	
24.	ECB-49 Bilateral unsecured borrowing	Facility agreement dated Sept. 23, 2021	USD 75.00 Million	612.56	Overnight SOFR plus 1.30%	5 years tenor. Repayable on October 7, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
25.	ECB-51 Syndicated unsecured borrowing	Facility agreement dated December 22, 2021	USD 1175.00 Million	9504.52	6 month USD LIBOR plus 1.02%	5 years tenor. Repayable on December 29, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
28.	ECB-50 Syndicated unsecured borrowing	Facility agreement dated February 14, 2022	JPY 37506.625 Million	2083.76	Overnight TONA plus 0.83154%	5 years tenor. Repayable on March 03, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
29.	ECB-52 Syndicated unsecured borrowing	Facility agreement dated May 25, 2022	USD 100.00 Million	812.81	6 month sofr plus 1.25%	5 years tenor. Repayable on June 14, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
30.	ECB-53 Syndicated unsecured borrowing	Facility agreement dated July 19, 2022	USD 200.00 Million	1618.14	Overnight sofr plus 1.25%	5 years tenor. Repayable on July 28, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
31..	ECB-54 Syndicated unsecured borrowing	Facility agreement dated Aug 25, 2022	USD 150.00 Million	1208.79	Overnight sofr plus 1.25%	5 years tenor. Repayable on Sep 13, 2027.  Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on Sept 30, 2022 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
	<b>Total Unsecured Loans from Foreign Banks and other Institutions</b>			<b>₹ 70493.75</b>			
	<b>Total Unsecured Loans (2) (A+B+ C)</b>			<b>₹ 1,34,890.85</b>			

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

(2) The Issuer has also entered into two financing agreements with KfW, dated March 16, 2009 and March 30, 2012, to be utilized for strengthening the power distribution companies by capacity building measures initiated by the Issuer. The amount received by the Issuer under this agreement is not repayable except in the event that (a) certain obligations cast upon the Issuer are violated, or (b) the said amount is not used for the stipulated purpose(s).

\*\*\* In accordance with IND-AS.

### (III) SECURED AND UNSECURED NON CONVERTIBLE DEBENTURES ISSUED BY THE ISSUER

Set forth below is a brief summary of the secured and unsecured non-convertible debentures issued by the Issuer as on September 30, 2022.

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

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
A.	<b>Secured taxable bonds</b> Set forth below is a brief summary of our secured outstanding taxable bonds.									
1.	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series Tranche 3') Option II in the nature of debentures.	August 25, 2014	1,955.00	1,918.14	9.34% payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. August 23, 2024.	CRISIL: AAA; CARE: CARE AAA; ICRA: AAA; IRPL: IND AAA	Secured	See Table Below
<b>Total Secured Bonds through Private Placement of Institutional Bond Series</b>				<b>1,918.14</b>						
B.	<b>Capital gains tax exemption bonds under Section 54EC of the I.T. Act</b> Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the I.T. Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not proposed to be listed on any stock exchange.									
1.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XII' issued in Fiscal 2019	On Tap Basis	6,651.665	6747.09	5.75% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment.	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind)	Secured	See Table Below
2.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XIII' issued in Fiscal 2020	On Tap Basis	6157.823	6241.98	5.75% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment	ICRA: AAA; Care Rating Limited: CARE AAA Stable/Care A1+ CRISIL: CRISIL AAA/Stable India Ratings and research private limited: Ind AAA/Stable	Secured	See Table Below
3.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XIV' issued in Fiscal 2021	On Tap Basis	5312.066	5374.70	5.75% till 31.07.2020 from 5.00% onwards, payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment	ICRA: AAA; Care Rating Limited: CARE AAA Stable/Care A1+ CRISIL: CRISIL AAA/Stable	Secured	See Table Below
4.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption	On Tap Basis	7313.795	7394.17	5.00% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment	ICRA: AAA; Care Rating Limited: CARE AAA Stable/Care A1+	Secured	See Table Below

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
	bond series XV' issued in Fiscal 2022							CRISIL: CRISIL AAA/Stable		
5.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XVI' issued in Fiscal 2023	On Tap Basis	4745.245	4790.18	5.00% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment	ICRA: AAA; Care Rating Limited: CARE AAA Stable/Care A1+ CRISIL: CRISIL AAA/Stable	Secured	See Table Below
	Application money pending for allotment)		877.72	877.20						
<b>Secured Capital Gains Tax Exemption Bonds U/S 54EC</b>				<b>31,425.32</b>						
C.	<b>Secured Tax Free Bonds under Section 10(15)(iv)(h) of the I.T. Act</b> Set forth below is a brief summary of our outstanding tax free bonds issued under Section 10(15)(iv)(h) of the I.T. Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are listed on BSE and/or NSE.									
1.	Tax free secured redeemable non – convertible bonds, in the nature of debentures 2011-12 (Public Issue)	March 27, 2012	2160.33	2200.69	Category I & II – Series I 7.93%	10 years	Redemption at par on the expiry of 10 years from the date of allotment, March 28, 2022.	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	See Table Below
					Category I & II – Series II 8.12 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment, March 29, 2027.			
					Category III – Series I 8.13 %	10 years	Redemption at par on the expiry of 10 years from the date of allotment, March 28,2022.			
					Category III – Series II 8.32 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment, March 29, 2027.			
2.	Series 2-A 2012-13 tax free secured redeemable non-convertible bonds on a private placement basis	November 21, 2012	500.00	530.98	7.21%	10 years	November 21, 2022	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
3.	Series 2-B 2012-13 tax free secured redeemable non-convertible bond on a private placement basis				7.38%	15 years	November 22, 2027	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
4.	Series 2012-13 Tranche – I I Series I tax free secured redeemable non-convertible bonds (public issue)	December 19, 2012	2,017.35	2,141.24	7.22%/7.72%	10 years	December 19, 2022	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
5.	Series 2012-13 Tranche – II Series II tax free secured redeemable non-convertible bonds (public issue)				7.38%/7.88%	15years	December 20, 2027	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
6.	Series 2012-13 Tranche – 2 Series I tax free secured redeemable non-convertible bonds (public issue)	March 25, 2013	131.06	138.81	6.88%/7.38%.	10 years	March 27, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
7.	Series 2012-13 Tranche – 2 Series II				7.04%/7.54%	15 years	March 27, 2028	CRISIL:AAA; CARE: CARE AAA;	Secured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
	Tax free secured redeemable non-convertible bonds (public issue)							FITCH: AAA(ind) ICRA: LAAA		
8.	Series 3A 2013-14 tax free secured redeemable non-convertible bonds on a private placement basis	August 29, 2013	1,350.00	1,357.14	8.01%	10 years	August 29, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: (ICRA) AAA	Secured	
9.	Series 3-B 2013-14 tax free secured redeemable non-convertible bonds on a private placement basis				8.46%	15 years	August 29, 2028	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
10.	*Series 1A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)	September 24, 2013	3,440.60	3675.67	8.01%	10 years	September 25, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
11.	Series 2A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.46%	15 years	September 25, 2028	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
12.	Series 3A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.37%	20 years	September 26, 2033	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
13.	Series 1B - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.26%	10 years	September 25, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
14.	Series 2B - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.71%	15 years	September 25, 2028	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
15.	Series 3B -2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.62%	20 years	September 26, 2033	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
16.	Series 4A Tranche – II 2013- 14 tax free secured redeemable non-convertible bonds on a private placement basis	October 11, 2013	150.00	161.75	8.18%	10 years	October 11, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
17.	Series 4B Tranche – II 2013- 14 tax free secured redeemable non-convertible bonds on a private placement basis				8.54%	15 years	October 11, 2028	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
18.	#Series 1A – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (public issue)	March 24, 2014	1,059.40	1,132.53	8.19%	10 years	March 22, 2024	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
19.	Series 2A – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (Public Issue)				8.63%	15 years	March 23, 2029	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
20.	Series 3A – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (Public Issue)				8.61%	20 years	March 24, 2034	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	



[illegible]

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
1.	Bond series 94 'taxable non-priority sector bond'.	June 8, 2010	1,250.00	1284.46	8.75%per annum payable yearly.	15 years	June 9, 2025	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
2.	Bond series 95-II'taxable non-priority sector bond'.	July 12, 2010	1,800.00	1834.95	8.75% per annum payable yearly.	15 years	July 14, 2025	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
3.	Bond series 111 – II 'taxable non-priority sector bond'.	November 19, 2012	2,211.20	2383.84	9.02% per annum payable yearly	10 years	November 19, 2022	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
4.	Bond series 114 'taxable non-priority sector bond'.	April 12, 2013	4,300.00	4478.47	8.82% per annum payable yearly	10 years	April12, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
5.	Bond series 115 'taxable non-priority sector bond'.	May 31, 2013	2,500.00	2567.75	8.06% per annum payable yearly	10 years	May 31, 2023	CRISIL:AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured (Subordinated Debt)	-
6.	Bond series 128 'taxable non-priority sector bond'.	December 22, 2014	2,250.00	2321.80	8.57% per annum payable yearly	10 years	December 21, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
7.	Bond series 129 'taxable non-priority sector bond'.	January 23, 2015	1,925.00	1983.94	8.23% per annum payable yearly	10 years	January 23, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
8.	Bond series 130 'taxable non-priority sector bond'.	February 6, 2015	2,325.00	2396.55	8.27% per annum payable yearly	10 years	February 6, 2025	CARE: CARE AAA; CRISIL:AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
9.	Bond series 131'taxable non-priority sector bond'.	February 23, 2015	2,285.00	2399.92	8.35%per annum payable yearly	10 years	February 21, 2025	CARE: CARE AAA; CRISIL:AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
10.	Bond series 133 'taxable non-priority sector bond'.	April 10, 2015	2,396.00	2553.32	8.30%per annum payable yearly	10 years	April 10, 2025	CARE: CARE AAA; CRISIL:AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
11.	Bond series 136 'taxable non-priority sector bond'.	October 7, 2015	2,585.00	2775.98	8.11% per annum payable yearly	10 years	October 7, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
12.	Bond series 140 'taxable non-priority sector bond'.	November 7, 2016	2,100.00	2198.04	7.52%	10 years	November 7, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
13.	Bond series 142 'taxable non-priority sector bond'.	December 30, 2016	3,000.00	3070.76	7.54% per annum payable yearly	10 years	December 30, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
14.	Bond series 147 'taxable non-priority sector bond'.	March 14, 2017	2,745.00	2756.77	7.95% per annum payable yearly	10 years	March 12, 2027	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
15.	Bond series 152 'taxable non-priority sector bond'.	October 17, 2017	1,225.00	1308.04	7.09% per annum payable yearly	5 years	October 17, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
16.	Bond series 155 'taxable non-priority sector bond'.	November 30, 2017	1,912.00	2030.98	7.45% per annum payable yearly	5 years	November 30, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
17.	Bond series 156 'taxable non-priority sector bond'.	December 12, 2017	3,533.00	3750.74	7.70% per annum payable yearly	10 years	December 10, 2027	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
18.	Bond series 159 'taxable non-priority sector bond'.	February 23, 2018	950.00	995.68	7.99% per annum payable yearly	5 years	February 23, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
19.	Bond series 162 'taxable non-priority sector bond'.	August 9, 2018	2,500.00	2530.82	8.55% per annum payable yearly	10 years	August 9, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
20.	Bond series 163 'taxable non-priority sector bond'.	August 27, 2018	2,500.00	2520.45	8.63% per annum payable yearly	10 years	August 25, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
21.	Bond series 168 'taxable non-priority sector bond'.	November 29, 2018	2,552.40	2626.90	8.56% per annum payable semi annually	10 years	November 29, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
22.	Bond series 169 'taxable non-priority sector bond'	December 7, 2018	2,554.00	2621.58	8.37% per annum payable semi annually	10 years	December 07, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
23.	Bond series 175 'taxable non-priority sector bond'	March 28, 2019	2,151.20	2106.28	8.97% per annum payable yearly	10 years	March 28, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured (Subordinated Debt)	-
24.	Bond series 176 'taxable non-priority sector bond'	April 16, 2019	1,600.70	1665.13	8.85% per annum payable yearly	10 years	April 16, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
25.	Bond series 178 'taxable non-priority sector bond'	May 14, 2019	1,097.00	1122.45	8.80% per annum payable yearly	10 years	May 14, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
26.	Bond series 180-A 'taxable non-priority sector bond'	June 25, 2019	1,018.00	1035.26	8.10% per annum payable yearly	5 years	June 25, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
27.	Bond series 180-B 'taxable non-priority sector bond'	June 25, 2019	2,070.90	2085.55	8.30% per annum payable yearly	10 years	June 25, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
28.	Bond series 182 'taxable non-priority sector bond'	August 22, 2019	5,063.00	5108.16	8.18% per annum payable yearly	15 years	August 22, 2034	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
29.	Bond series 183 'taxable non-priority sector bond'	September 16, 2019	3,028.00	3038.08	8.29% per annum payable yearly	15 years	September 16, 2034	CARE: CARE AAA; CRISIL:AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
30.	Bond series 184-A 'taxable non-priority sector bond'	September 26, 2019	870.60	1161.96	8.25% per annum payable yearly	10 years	September 26, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
31.	Bond series 184-B (D) 'taxable non-priority sector bond'	September 26, 2019	300.00	300.29	7.55% per annum payable yearly	4 years	September 26, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	-
32.	Bond series 185 'taxable non-priority sector bond'	November 13, 2019	2769.00	2925.98	7.09% per annum payable yearly	3 years 1 month	December 13, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
33.	Bond series 186-B 'taxable non-priority sector bond'	November 26, 2019	1500.00	1593.64	7.40% per annum payable yearly	5 years	November 26, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
34.	Bond series 187 'taxable non-priority sector bond'	December 26, 2019	2090.00	2203.52	7.24% per annum payable yearly	3 years	December 31, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
35.	Bond series 188A 'taxable non-priority sector bond'	January 08, 2020	1400.00	1450.22	7.12% per annum payable yearly	3 years 2 months 23 days	March 31, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
36.	Bond series 188B 'taxable non-priority sector bond'	January 08, 2020	1100.00	1143.61	7.89% per annum payable yearly	10 years 2 months 23 days	March 31, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
37.	Bond series 189 'taxable non-priority sector bond'	January 28, 2020	3054.90	3176.24	7.92% per annum payable yearly	10 years 2 months 03 days	March 31, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
38.	Bond series 190A 'taxable non-priority sector bond'	February 10, 2020	2500.00	2600.81	6.88% per annum payable yearly	05 years 01 month 10 days	March 20, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
39.	Bond series 191A 'taxable non-priority sector bond'	February 25, 2020	1100.00	1143.96	6.80% per annum payable yearly	3 years 4 months 5 days	June 30, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
40.	Bond series 191B 'taxable non-priority sector bond'	February 25, 2020	1100.00	1145.08	6.99% per annum payable yearly	4 years 7 months 5 days	September 30, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
41.	Bond series 192 'taxable non-priority sector bond'	March 06, 2020	2382.00	2485.99	7.50% per annum payable yearly	9 years 11 months 22 days	February 28, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
42.	Bond series 195 'taxable non-priority sector bond'	April 22, 2020	2985.00	3076.55	6.92% per annum payable yearly	03 Years	April 22, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
43.	Bond series 197 'taxable non-priority sector bond'	May 11, 2020	3740.00	3849.16	7.55% per annum payable yearly	10 Years	May 11, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
44.	Bond series 198B 'taxable non-priority sector bond'	May 21, 2020	1569.00	1612.85	7.79% per annum payable yearly	10 Years	May 21, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
45.	Bond series 199 'taxable non-priority sector bond'	June 08, 2020	1999.50	1880.01	7.96% per annum payable yearly	10 Years 07 Days	June 15, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
46.	Bond series 200 'taxable non-priority sector bond'	July 08, 2020	500.00	559.60	5.36% per annum payable yearly	02 Years 11 Months 23 Days	June 30, 2023	CRISIL: AAA ICRA: ICRA AAA	Unsecured	
47.	Bond series 201-A 'taxable non-priority sector bond'	July 30, 2020	900.00	908.93	5.90% per annum payable yearly	04 Years 08 Months 1 Day	March 31, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
48.	Bond series 201-B 'taxable non-priority sector bond'	July 30, 2020	1300.00	1315.07	6.90% per annum payable yearly	10 Years 08 Months 1 Day	March 31, 2031	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
49.	Bond series 202-A 'taxable non-priority sector bond'	August 28, 2020	3500.00	3500.51	7.25% per annum payable yearly	10 Years 1 Month 2 Days	September 30, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
50.	Bond series 202-B 'taxable non-priority sector bond'	August 28, 2020	2474.00	2474.08	5.69% per annum payable yearly	3 Years 1 Month 2 Days	September 30, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
51.	Bond series 203-A 'taxable non-priority sector bond'	October 29, 2020	5000.00	5264.52	6.80% per annum payable yearly	10 Years 1 Month 21 Days	December 20, 2030	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
52.	Bond series 203-B 'taxable non-priority sector bond'	October 29, 2020	2777.00	2902.46	5.85% per annum payable yearly	05 Years 1 Month 21 Days	December 20, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
53.	Bond series 204-A 'taxable non-priority sector bond'	December 15, 2020	2500.00	2614.27	6.90% per annum payable yearly	10 Years 1 Month 16 Days	January 31, 2031	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
54.	Bond series 204-B 'taxable non-priority sector bond'	December 15, 2020	2082.00	2172.12	5.81% per annum payable yearly	05 Years 16 Days	December 31, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
55.	Bond series 205-A 'taxable non-priority sector bond'	January 13, 2021	2135.00	2205.20	4.99% per annum payable yearly	03 Years 18 Days	January 31, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
56.	Bond series 205-B 'taxable non-priority sector bond'	January 13, 2021	2000.00	2040.81	5.94% per annum payable yearly	05 Years 18 Days	January 31, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
57.	Bond series 207 'taxable non-priority sector bond'	January 28, 2021	4589.90	4803.30	7.02% per annum payable yearly	15 Years 03 Days	January 31, 2036	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
58.	Bond series 208 'taxable non-priority sector bond'	March 12, 2021	3613.80	3759.55	7.40% per annum payable yearly	15 Years 03 Days	March 15, 2036	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
59.	Bond series 209 'taxable non-priority sector bond'	March 19, 2021	1550.00	1597.37	5.79% per annum payable yearly	03 Years 1 Day	March 20, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
60.	Bond series 210 'taxable non-priority sector bond'	April 22, 2021	4000.00	4064.14	5.40% per annum payable yearly	3 years 1 month 29 days	June 20, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
61.	Bond series 211 'taxable non-priority sector bond'	October 21, 2021	1200.00	1270.08	6.23% per annum payable yearly	10 years 10 days	October 31, 2031	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
62.	Bond series 212 'taxable non-priority sector bond'	November, 18 2021	2500.00	2604.77	Floating per annum payable yearly	2 years 11 months 10 days	October 31, 2031	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
63.	Bond series 213 'taxable non-priority sector bond'	December , 15 2021	1380.00	1430.75	6.92% per annum payable yearly	10 years 03 months 05 days	March 20, 2032	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
64.	Bond series 214A 'taxable non-priority sector bond'	September , 23 2022	500.00	500.74	7.32% per annum payable yearly	03 years 05 months 05 days	February 28, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
65.	Bond series 214B 'taxable non-priority sector bond'	September , 23 2022	1947.60	1950.57	7.50% per annum payable yearly	10 years 05 months 05 days	February 28, 2033	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IRRPL: IND AAA	Unsecured	
<b>Total Un-secured Bonds through Private Placement of Institutional Bond Series</b>				<b>1,49,241.36</b>						

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding As on Sept 30 2022***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date / Schedule	Credit Rating	Secured/ Unsecured	Security
E.	<b>Unsecured infrastructure bonds issued by the Issuer</b> Set forth below is a brief summary of certain of our other outstanding unsecured bonds. Some of bonds are listed on the whole sale debt market segment in the NSE									
1.	8.37	February 15, 2012	3.96	8.00	9.15% payable annually and cumulative	15 years	Redeemable at par on the expiry of 15 years with buyback option after 5/7 years respectively from the date of allotment. February 15, 2027	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA (ind) ICRA: LAAA	Unsecured	-
				8.37						
<b>Total of Bonds - (3) (A to E)</b>				<b>194989.31</b>						

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

\*\*\* In accordance with IND-AS.

**(IV) THE AMOUNT OF CORPORATE GUARANTEE ISSUED BY THE ISSUER ALONG WITH THE NAME OF THE COUNTER PARTY ON BEHALF OF WHOM IT HAS BEEN ISSUED AS ON SEPTEMBER 30, 2022**

The Issuer has not issued any corporate guarantee as on September 30, 2022.

**(V) DETAILS OF REST OF THE BORROWINGS (IF ANY INCLUDING HYBRID DEBT LIKE FCCB, OPTIONALLY CONVERTIBLE DEBENTURES/PREFERENCE SHARES) AS ON SEPTEMBER 30, 2022**

The Issuer has no outstanding borrowings in form of hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares as on September 30, 2022.

**(VI) DETAILS OF COMMERCIAL PAPER AS ON SEPTEMBER 30, 2022**

The Issuer has no commercial paper outstanding as on September 30, 2022

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**(VII) WORKING CAPITAL DEMAND LOAN/SHORT TERM LOAN FROM BANKS AS ON SEPTEMBER 30, 2022**

The Issuer has Rs.2901.03 Crores working capital demand loan/short term loan outstanding as on September 30, 2022.

**(VIII) FCNR(B) LOANS FROM BANKS AS ON SEPTEMBER 30, 2022**

The Issuer has raised foreign currency non-resident (B) ("FCNR(B)") loans from banks amounting to USD 1350.00 Million. As at end of September 30, 2022, ₹ 11,012.63 Crores is outstanding on account of FCNR (B) loans.

**(IX) LIST OF TOP TEN DEBENTURE HOLDERS OF THE ISSUER AS AT QUARTER END DATED SEPTEMBER 30, 2022**

Sr. No.	Name	Total face value amount of debentures held
1	LIFE INSURANCE CORPORATION OF INDIA - P & GS FUND	2,20,28,50,00,000.00
2	CBT EPF-09-C-DM	2,09,13,40,00,000.00
3	STATE BANK OF INDIA	96,75,00,00,000.00
4	BHARAT BOND ETF - APRIL 2031	65,95,00,00,000.00
5	NPS TRUST- A/C ICICI PRUDENTIAL PENSION FUND SCHEM	65,92,90,00,000.00
6	HDFC TRUSTEE COMPANY LTD A/C HDFC CORPORATE BOND FUND	39,87,60,00,000.00
7	STATE BANK OF INDIA EMPLOYEES PENSION FUND	35,24,20,00,000.00
8	IDFC CORPORATE BOND FUND	29,08,80,00,000.00
9	SBI FIXED MATURITY PLAN (FMP) - SERIES 42 (1857 DA	25,06,00,00,000.00
10	EMPLOYEES' STATE INSURANCE CORPORATION A/C SBI FUN	22,57,70,00,000.00

**(X) OTHER DISCLOSURES**

Other than debt securities issued by the Issuer, outstanding as on September 30, 2022 as detailed below, the Issuer has not issued or taken any debt securities or outstanding borrowings:

- for consideration other than cash, whether in whole or in part;
- at a premium or a discount; and/or
- in pursuance of an option.

**(i) Foreign Currency Bonds**

Sr. No.	Instrument Type	Date of Issuance	Issue Size	Issue value (%)	Discount (%)
1.	International Bonds	July 7, 2017	USD 450 Million	99.263	0.737
2.	International Bonds	March 22, 2018	USD 300 Million	98.506	1.494
3.	International Bonds	November 13, 2018	USD 700 Million	99.437	0.563
4.	International Bonds	July 25, 2019	USD 650 Million	99.463	0.537
5.	International Bonds	Dec12, 2019	USD 500 Million	99.746	0.254
6.	International Bonds	May 19, 2020	USD 500 Million	99.696	0.304
7.	International Bonds	Mar 01, 2021	USD 500 Million	99.728	0.272
8.	International Bonds	July 13, 2021	USD 400 Million	99.894	0.106

**(ii) Bonds issued at Premium**

Sr. No.	Date Of Issue/Value Date	Number of Bonds/ instrument	Face Value per bond (₹)	Premium per bond (₹)
1.	November 29, 2012	500	10,00,000	1,000
2.	August 29, 2013	13,500	10,00,000	726
3.	October 11, 2013	1,500	10,00,000	1,727
4.	July 23, 201	3,000	10,00,000	954



## Annexure VI

### Standalone And Consolidated Financial Results

31 March 2022, 2021 and 2020

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S.K. Mittal & Co.  
Chartered Accountants  
E-29 South Extension Part-II  
New Delhi-110049.

O P Bagla & Co. LLP  
Chartered Accountants  
B-225, 5<sup>th</sup> Floor,  
Okhla Industrial Area Phase-I  
New Delhi- 110020.

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**Independent Auditor's Report on Quarterly and Year to date Standalone Financial Results of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board of Directors,  
REC Limited  
Core-IV, SCOPE Complex,  
7, Lodi Road,  
New Delhi – 110003

**Opinion**

We have audited the accompanying standalone quarterly and year to date financial results of **REC Limited** (the company) for the quarter and year to date ended 31<sup>st</sup> March 2022 attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 and Regulation 52 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended and year to date ended 31<sup>st</sup> March 2022.

**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 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* 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 financial results under the provisions of the Companies Act, 2013 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. 3 to the financial results 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 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. 15 of the financial results 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.

**Management's Responsibilities for the Standalone Financial Results**

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's management and Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The management and Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 financial results.

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 financial results, 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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.

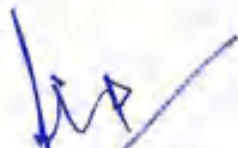


- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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.

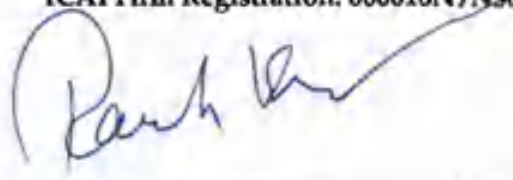
**M/s S.K. Mittal & Co.**  
**Chartered Accountants,**  
**ICAI Firm Registration: 001135N**



---

**Name : S. K. Mittal**  
**Designation : Partner**  
**Membership Number : 008506**  
**UDIN : 22008506AIYJLS2364**

**M/s O.P. Bagla & Co. LLP.**  
**Chartered Accountants,**  
**ICAI Firm Registration: 000018N/N500091**



---

**Name : Rakesh Kumar**  
**Designation : Partner**  
**Membership Number : 087537**  
**UDIN : 22087537AIYGZJ4793**

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**





S.K. Mittal & Co.  
Chartered Accountants  
E-29 South Extension Part-II  
New Delhi-110049.

O P Bagla & Co. LLP  
Chartered Accountants  
B-225, 5<sup>th</sup> Floor,  
Okhla Industrial Area Phase-I  
New Delhi- 110020.

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**Independent Auditors' Report on Year to Date Consolidated Results of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015**

The Board of Directors,  
REC Limited  
Core-IV, SCOPE Complex,  
7, Lodi Road,  
New Delhi – 110003

### **Opinion**

We have audited the accompanying consolidated annual financial results of **REC Limited** (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") for the year ended 31<sup>st</sup> March 2022 attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial statements /financial results/ financial information of the subsidiary, the aforesaid consolidated financial results include the annual financial results of the **REC Power Distribution Company Limited**, the Subsidiary.

- (i) are presented in accordance with the requirements of Regulation 33 and Regulation 52 of the Listing Regulations in this regard; and
- (ii) give a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of net profit and other comprehensive income and other financial information of the Group for the year ended 31<sup>st</sup> March 2022.



## **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 ("Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group, its jointly controlled entities 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 financial statements under the provisions of the Companies Act, 2013 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter**

1. We draw attention to Note No. 3 to the financial results 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 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. 15 of the financial results 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 evolvement 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.

## **Board of Directors' Responsibilities for the Consolidated Financial Results**

These Consolidated financial results have been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Group in accordance



with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52 of the Listing Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results 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 financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective company's management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective company's management and Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 financial results.

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 financial results, 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 with reference to financial statements 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors 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 associates and jointly controlled entities 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 financial results 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 to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, 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 financial results 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.

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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

#### **Other Matters**

- (a) We did not audit the financial statements of the subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹ 518.61 crores as at 31<sup>st</sup> March 2022, total revenue of ₹ 67.03 crores and ₹ 177.20




crores, total net profit/(loss) after tax of ₹ 20.98 crores and ₹ 53.03 crores, total comprehensive income/ (loss) of ₹ 20.98 crores and ₹ 53.03 crores for the quarter ended 31<sup>st</sup> March 2022 and for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 respectively, and cash flows (net) of ₹ -24.16 crores for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 as considered in the respective audited financial statements of the entities included in the Group, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us and our opinion, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

Our opinion on the consolidated Financial Results 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 Results/financial information certified by the Board of Directors.

The Financial Results include the results for the quarter ended 31<sup>st</sup> March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

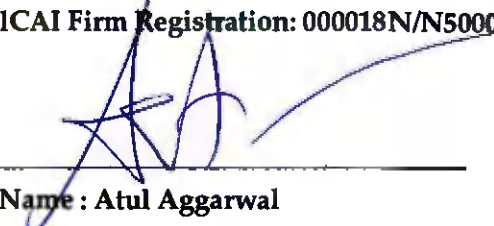
**M/s S.K. Mittal & Co.**  
**Chartered Accountants,**  
**ICAI Firm Registration: 001135N**

  
Name : S. Murthy  
Designation : Partner  
Membership Number : 072290  
UDIN : 22072290A1YJVP5258

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



**M/s O.P. Bagla & Co. LLP.**  
**Chartered Accountants,**  
**ICAI Firm Registration: 000018N/N500091**

  
Name : Atul Aggarwal  
Designation : Partner  
Membership Number : 092656  
UDIN : 22092656A1YHLK5225





**Statement of Audited Standalone Financial Results for the year ended 31-03-2022**

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2022 (Audited)	31-12-2021 (Unaudited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
1	<b>Income</b>					
A	Interest income					
(i)	Interest income on loan assets	9,235.26	9,573.69	8,809.97	37,810.84	34,229.92
(ii)	Other interest income	80.01	136.26	36.49	375.62	453.86
	<b>Sub-total (A) - Interest Income</b>	<b>9,315.27</b>	<b>9,709.95</b>	<b>8,846.46</b>	<b>38,186.46</b>	<b>34,683.78</b>
B	Other Operating Income					
(i)	Dividend income	10.02	-	22.28	26.64	36.40
(ii)	Fees and commission income	198.82	50.43	32.47	572.82	95.38
(iii)	Net gain/(loss) on fair value changes	55.99	246.51	244.40	346.57	572.33
	<b>Sub-total (B) - Other Operating Income</b>	<b>264.83</b>	<b>296.94</b>	<b>299.15</b>	<b>946.03</b>	<b>704.11</b>
C	<b>Total Revenue from Operations (A+B)</b>	<b>9,580.10</b>	<b>10,006.89</b>	<b>9,145.61</b>	<b>39,132.49</b>	<b>35,387.89</b>
D	Other Income	21.47	32.08	4.23	97.96	22.55
	<b>Total income (C+D)</b>	<b>9,601.57</b>	<b>10,038.94</b>	<b>9,149.84</b>	<b>39,230.45</b>	<b>35,410.44</b>
2	<b>Expenses</b>					
A	Finance costs	5,353.08	5,548.72	5,438.14	22,052.91	21,489.08
B	Net translation/ transaction exchange loss/ (gain)	471.18	114.79	213.29	799.05	330.26
C	Fees and commission expense	4.42	3.27	1.03	16.73	9.95
D	Impairment on financial instruments	754.34	819.02	687.64	3,473.31	2,419.62
E	Employee benefits expenses	36.07	40.91	34.62	158.86	144.84
F	Depreciation and amortization	5.43	5.07	2.65	17.96	9.53
G	Corporate social responsibility expenses	110.07	23.31	36.19	170.67	144.32
H	Other expenses	33.86	32.15	30.51	116.06	106.71
	<b>Total expenses (A to H)</b>	<b>6,768.45</b>	<b>6,587.24</b>	<b>6,454.07</b>	<b>26,805.55</b>	<b>24,654.31</b>
3	<b>Profit before tax (1-2)</b>	<b>2,833.12</b>	<b>3,451.70</b>	<b>2,695.77</b>	<b>12,424.90</b>	<b>10,756.13</b>
4	<b>Tax expense</b>					
A	Current tax					
-	Current year	673.49	784.47	622.41	3,051.33	2,683.62
-	Earlier years	(3.96)	-	89.55	(3.96)	223.28
B	Deferred tax	(124.29)	(105.42)	(85.82)	(668.39)	(512.55)
	<b>Total tax expense (A+B)</b>	<b>545.24</b>	<b>679.05</b>	<b>626.14</b>	<b>2,379.98</b>	<b>2,394.35</b>
5	<b>Net profit for the period (3-4)</b>	<b>2,287.88</b>	<b>2,772.65</b>	<b>2,069.63</b>	<b>10,045.92</b>	<b>8,361.78</b>
6	<b>Other comprehensive Income/(Loss)</b>					
(i)	Items that will not be reclassified to profit or loss					
(a)	Re-measurement gains/(losses) on defined benefit plans	(8.84)	2.16	(11.36)	(8.33)	(14.26)
(b)	Changes in fair value of FVOCI equity instruments	(17.80)	(17.78)	30.02	22.19	166.53
(c)	Income tax relating to these items					
-	Re-measurement gains/(losses) on defined benefit plans	2.23	(0.53)	2.86	2.10	3.59
-	Changes in fair value of FVOCI equity instruments	3.43	(0.88)	(1.54)	2.55	(6.01)
	<b>Sub-total (i)</b>	<b>(28.98)</b>	<b>(17.05)</b>	<b>19.98</b>	<b>18.51</b>	<b>149.85</b>
(ii)	Items that will be reclassified to profit or loss					
(a)	Effective Portion of Cash Flow Hedges	332.90	153.25	92.61	480.84	86.81
(b)	Cost of hedging reserve	(657.10)	79.50	(115.83)	(564.51)	329.00
(c)	Income tax relating to these items					
-	Effective Portion of Cash Flow Hedges	(83.79)	(38.57)	(23.31)	(121.02)	(20.34)
-	Cost of hedging reserve	165.38	(20.01)	29.16	147.11	(82.80)
	<b>Sub-total (ii)</b>	<b>(242.61)</b>	<b>174.17</b>	<b>(17.37)</b>	<b>(77.58)</b>	<b>306.67</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>	<b>(263.59)</b>	<b>157.12</b>	<b>2.61</b>	<b>(59.07)</b>	<b>456.52</b>
7	<b>Total comprehensive income for the period (5+6)</b>	<b>2,024.29</b>	<b>2,929.77</b>	<b>2,072.24</b>	<b>9,986.85</b>	<b>8,818.30</b>
8	<b>Paid up equity share capital (Face Value ₹10 per share)</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>
9	<b>Other equity (as per audited balance sheet as at 31st March)</b>				<b>49,010.68</b>	<b>41,451.45</b>
10	<b>Basic &amp; Diluted earnings per equity share of ₹ 10 each (₹ ₹) (not annualised)</b>					
A	For continuing operations	11.58	14.04	10.48	50.87	42.34
B	For continuing and discontinued operations	11.58	14.04	10.48	50.87	42.34

See accompanying notes to the financial results.



*[Handwritten signature]*



## Statement of Audited Consolidated Financial Results for the year ended 31-03-2022

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2022 (Audited)	31-12-2021 (Unaudited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
1	Income					
A	Interest Income					
(i)	Interest income on loan assets	9,235.26	9,573.69	8,809.97	37,810.84	34,229.92
(ii)	Other interest income	81.72	138.32	41.67	383.65	463.59
	Sub-total (A) - Interest Income	9,316.98	9,712.01	8,851.64	38,194.49	34,693.51
B	Other Operating Income					
(i)	Dividend income	2.50	-	22.28	4.21	27.97
(ii)	Fees and commission income	198.82	50.43	32.47	572.82	95.38
(iii)	Net gain/(loss) on fair value changes	35.99	246.51	244.40	346.57	572.33
(iv)	Sale of services	39.08	28.10	60.83	150.96	163.65
	Sub-total (B) - Other Operating Income	316.39	325.04	359.98	1,074.56	859.33
C	Total Revenue from Operations (A+B)	9,633.37	10,037.05	9,211.62	39,269.05	35,552.84
D	Other Income	19.90	33.37	4.30	70.15	12.72
	Total Income (C+D)	9,653.27	10,070.42	9,215.92	39,339.20	35,565.56
2	Expenses					
A	Finance costs	5,353.08	5,547.87	5,440.71	22,050.96	21,489.05
B	Net translation/ transaction exchange loss/ (gain)	471.18	114.79	213.29	799.05	330.26
C	Fees and commission expense	4.42	3.27	1.03	16.73	9.95
D	Impairment on financial instruments	761.86	815.02	719.46	3,470.02	2,445.94
E	Cost of services rendered	15.51	18.91	30.98	65.11	88.67
F	Employee benefits expenses	42.88	46.04	39.72	180.09	160.62
G	Depreciation and amortization	5.49	5.14	2.87	18.24	10.86
H	Corporate social responsibility expenses	110.89	23.65	35.88	172.35	146.27
I	Other expenses	30.64	44.13	32.04	124.31	109.38
	Total Expenses (A to I)	6,795.95	6,618.82	6,515.99	26,896.86	24,794.00
3	Share of Profit/(loss) of Joint Venture accounted for using equity method	-	-	4.45	(11.81)	(1.97)
4	Profit before Tax (1-2+3)	2,857.31	3,451.60	2,704.38	12,430.53	10,779.59
5	Tax Expense					
A	Current Tax					
- Current Year		681.89	785.78	626.63	3,069.23	2,698.02
- Earlier Years		(3.90)	-	89.23	(3.96)	222.95
B	Deferred Tax	(121.95)	(107.62)	(89.32)	(670.44)	(519.62)
	Total Tax Expense (A+B)	555.98	678.16	626.54	2,394.83	2,401.35
6	Net profit for the period (4-5)	2,301.33	2,773.44	2,077.84	10,035.70	8,378.24
7	Other comprehensive Income/(Loss)					
(i)	Items that will not be reclassified to profit or loss					
(a)	Re-measurement gains/(losses) on defined benefit plans	(8.84)	2.16	(11.36)	(8.33)	(14.26)
(b)	Changes in fair value of FVOCI equity instruments	(17.80)	(17.78)	30.02	22.19	166.53
(c)	Share of Profit of Joint Venture accounted for using equity method	-	-	(0.07)	(0.02)	(0.03)
(d)	Income tax relating to these items					
- Re-measurement gains/(losses) on defined benefit plans		2.23	(0.55)	2.86	2.10	3.59
- Changes in fair value of FVOCI equity instruments		3.43	(0.88)	(1.54)	2.55	(6.01)
	Sub-total (i)	(10.98)	(17.05)	19.91	18.49	149.80
(ii)	Items that will be reclassified to profit or loss					
(a)	Effective Portion of Cash Flow Hedges	332.90	153.25	92.61	480.84	80.81
(b)	Cost of hedging reserve	(657.10)	79.50	(115.83)	(584.51)	329.00
(c)	Share of other comprehensive income/(loss) of joint venture accounted for using equity method	-	-	-	1.19	1.29
(d)	Income tax relating to these items					
- Effective Portion of Cash Flow Hedges		(83.79)	(38.57)	(23.31)	(121.02)	(20.34)
- Cost of hedging reserve		165.38	(20.01)	29.16	147.11	(82.80)
	Sub-total (ii)	(242.61)	174.17	(17.37)	(76.39)	307.96
	Other comprehensive income/(loss) for the period (i + ii)	(263.59)	157.12	2.54	(57.90)	457.76
8	Total comprehensive Income for the period (6+7)	2,037.74	2,930.56	2,080.38	9,977.80	8,836.00
9	Paid up Equity Share Capital (Face Value ₹10 per share)	1,974.92	1,974.92	1,974.92	1,974.92	1,974.92
10	Other Equity (as per audited balance sheet as at 31st March)				49,339.18	41,789.01
11	Basic & Diluted earnings per equity share of ₹ 10 each (in ₹) (not annualised)					
A	For continuing operations	11.65	14.04	10.53	50.82	42.42
B	For continuing and discontinued operations	11.65	14.04	10.53	50.82	42.42

See accompanying notes to the financial results



## Statement of Assets and Liabilities

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		As at	As at	As at	As at
		31-03-2022	31-03-2021	31-03-2022	31-03-2021
		(Audited)	(Audited)	(Audited)	(Audited)
	<b>ASSETS</b>				
(1)	<b>Financial Assets</b>				
(a)	Cash and cash equivalents	126.40	1,140.49	140.99	1,179.24
(b)	Bank balances other than (a) above	2,295.30	1,929.06	2,518.96	2,223.58
(c)	Trade receivables	-	-	94.55	140.07
(d)	Derivative financial instruments	5,510.17	2,311.22	3,510.17	2,311.22
(e)	Loans	3,71,930.54	3,65,261.49	3,71,930.54	3,65,261.49
(f)	Investments	2,157.97	1,909.77	2,190.44	1,723.68
(g)	Other financial assets	24,396.94	24,399.21	24,435.31	24,419.88
	<b>Total - Financial Assets (1)</b>	<b>4,06,412.32</b>	<b>3,96,951.24</b>	<b>4,06,860.96</b>	<b>3,97,259.16</b>
(2)	<b>Non-Financial Assets</b>				
(a)	Current tax assets (net)	179.64	160.07	191.56	168.92
(b)	Deferred tax assets (net)	3,134.74	2,437.71	3,160.12	2,461.03
(c)	Investment Property	-	0.01	-	0.01
(d)	Property, Plant & Equipment	623.47	268.12	624.04	260.70
(e)	Capital Work-in-Progress	6.07	335.67	6.07	335.67
(f)	Intangible Assets Under Development	-	0.77	-	0.77
(g)	Other Intangible Assets	4.25	6.10	4.28	6.15
(h)	Other non-financial assets	46.06	81.30	68.68	102.67
(i)	Investments accounted for using equity method	-	-	-	257.74
	<b>Total - Non-Financial Assets (2)</b>	<b>3,994.43</b>	<b>3,281.55</b>	<b>4,054.75</b>	<b>3,593.66</b>
(3)	<b>Assets classified as held for sale</b>	<b>0.86</b>	<b>-</b>	<b>4.38</b>	<b>14.05</b>
	<b>Total ASSETS (1+2+3)</b>	<b>4,10,412.61</b>	<b>4,06,233.19</b>	<b>4,10,860.09</b>	<b>4,00,866.87</b>
	<b>LIABILITIES AND EQUITY</b>				
(1)	<b>Financial Liabilities</b>				
(a)	Derivative financial instruments	553.14	846.31	553.14	846.31
(b)	Trade payables	-	-	-	0.01
	(i) total outstanding dues of MSMEs	-	-	-	-
	(ii) total outstanding dues of creditors other than MSMEs	-	-	36.48	61.84
(c)	Debt securities	2,19,633.57	2,37,328.06	2,19,574.61	2,37,369.11
(d)	Borrowings (other than debt securities)	1,06,651.59	85,507.36	1,06,651.39	85,507.36
(e)	Subordinated liabilities	6,816.47	6,946.89	6,816.47	6,946.89
(f)	Other financial liabilities	25,575.84	25,934.10	25,708.64	26,213.00
	<b>Total - Financial Liabilities (1)</b>	<b>3,59,230.61</b>	<b>3,56,562.72</b>	<b>3,59,340.93</b>	<b>3,56,844.52</b>
(2)	<b>Non-Financial Liabilities</b>				
(a)	Current tax liabilities (net)	10.25	10.62	10.25	14.40
(b)	Provisions	104.51	112.97	105.67	113.69
(c)	Other non-financial liabilities	81.64	120.31	89.13	130.25
	<b>Total - Non-Financial Liabilities (2)</b>	<b>196.40</b>	<b>244.10</b>	<b>205.05</b>	<b>258.34</b>
(3)	<b>Liabilities directly associated with assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>0.08</b>
(4)	<b>EQUITY</b>				
(a)	Equity Share Capital	1,974.92	1,974.92	1,974.92	1,974.92
(b)	Instruments Entirely Equity In Nature	558.40	558.40	558.40	558.40
(c)	Other equity	48,452.28	40,893.05	48,780.78	41,230.61
	<b>Total - Equity (4)</b>	<b>50,985.60</b>	<b>43,426.37</b>	<b>51,314.10</b>	<b>43,763.93</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>	<b>4,10,412.61</b>	<b>4,06,233.19</b>	<b>4,10,860.09</b>	<b>4,00,866.87</b>





## Statement of Cash Flows for the year ended 31st March 2022

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		Year ended		Year ended	
		31-03-2022 (Audited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
<b>A.</b>	<b>Cash Flow from Operating Activities :</b>				
	Net Profit before tax	12,474.90	10,756.13	12,430.53	10,776.59
	Adjustments for:				
1.	Loss/(Gain) on derecognition of Property, Plant and Equipment (net)	0.97	4.03	0.97	4.69
2.	Loss/(Gain) on derecognition of Assets held for sale (net)	(30.19)	-	(30.19)	-
3.	Loss/(Gain) on cessation of significant influence in Joint Venture (E2SL)	(29.01)	-	-	-
4.	Depreciation & Amortization	17.96	9.53	18.24	10.86
5.	Impairment allowance on Assets Classified as Held for Sale	-	-	9.71	-
6.	Impairment losses on Financial Instruments	3,673.31	2,419.62	3,670.02	2,445.94
7.	Adjustments towards Effective Interest Rate in respect of Loans	(11.95)	32.61	(11.95)	32.61
8.	Adjustments towards Effective Interest Rate in respect of Borrowings	(111.31)	152.19	(111.31)	152.19
9.	Fair Value Changes in Derivatives	(351.36)	(545.92)	(351.36)	(545.92)
10.	Fair Value Changes in Investments	12.78	(2.43)	12.78	(2.43)
11.	Interest on Commercial Paper	14.76	35.32	14.76	35.32
12.	Interest Accrued on Zero Coupon Bonds	-	81.78	-	81.78
13.	Loss/(Gain) on Exchange Rate fluctuation	(2,164.42)	526.71	(2,164.42)	526.71
14.	Provision made for Interest on Advance Income Tax	-	22.71	-	22.71
15.	Share of Profit/Loss of Joint Venture accounted for using equity method	-	-	11.81	1.97
	<b>Operating profit before changes in Operating Assets &amp; Liabilities</b>	<b>13,246.64</b>	<b>13,492.28</b>	<b>13,299.59</b>	<b>13,346.02</b>
	<b>Below / (Outflow) on account of</b>				
1.	Loan Assets	(6,877.12)	(56,522.42)	(6,877.12)	(56,522.42)
2.	Derivatives	(2,460.52)	711.20	(2,460.52)	711.20
3.	Other Operating Assets	(631.18)	(1,706.71)	(633.09)	(1,627.24)
4.	Operating Liabilities	(1,186.90)	3,187.83	(1,360.41)	3,264.58
	<b>Cash flow from Operations</b>	<b>(909.28)</b>	<b>(60,637.82)</b>	<b>(881.55)</b>	<b>(48,827.84)</b>
1.	Income Tax Paid (including TDS)	(3,076.64)	(2,694.33)	(3,101.39)	(2,696.20)
2.	Income Tax refund	23.26	11.73	23.26	11.73
	<b>Net Cash Flow from Operating Activities</b>	<b>(3,962.66)</b>	<b>(43,320.42)</b>	<b>(3,909.68)</b>	<b>(43,512.31)</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>				
1.	Sale of Property, Plant & Equipment	0.10	0.16	0.10	0.35
2.	Sale of assets held for sale	31.24	-	31.24	-
3.	Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(47.84)	(73.18)	(47.90)	(73.30)
4.	Investment in Intangible Assets (including intangible assets under development & Capital Advances)	(0.25)	(0.00)	(0.25)	(0.00)
5.	Finance Costs Capitalised	(5.10)	(22.04)	(5.10)	(22.04)
6.	Sale/(Investment) in Equity Shares and Venture Capital Fund	431.17	249.92	431.17	249.92
7.	Sale/(Investment) of/in shares of associate companies (Net)	-	-	0.82	(0.40)
8.	Redemption/(Investment) in Debt Securities other than HQLAs (net)	96.53	1,582.15	96.07	1,582.15
9.	Redemption/(Investment) in High Quality Liquid Assets (HQLAs) (net)	(716.17)	(872.28)	(716.17)	(872.28)
10.	Maturity/(Investment) of Corporate and Term deposits	-	(77.44)	-	(2.93)
	<b>Net Cash Flow from Investing Activities</b>	<b>(210.32)</b>	<b>863.83</b>	<b>(287.46)</b>	<b>866.52</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>				
1.	Issue/(Redemption) of Rupee Debt Securities (Net)	(20,844.10)	15,499.66	(20,844.10)	15,499.66
2.	Issue/(Redemption) of Commercial Paper (net)	(14.76)	(2,925.00)	(14.75)	(2,925.00)
3.	Raising/(Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	2,164.16	26,275.47	2,164.16	26,270.47
4.	Raising/(Repayments) of Foreign Currency Debt Securities and Borrowings (net)	24,310.58	2,884.39	24,310.58	2,884.39
5.	Raising/(Redemption) of Subordinated Liabilities (net)	-	1,999.50	-	1,999.50
6.	Issue of Perpetual Debt Instruments entirely equity in nature	-	558.40	-	558.40
7.	Issue Expenses on Perpetual Debt Instruments entirely equity in nature	-	(0.94)	-	(0.94)
8.	Coupon Expenses on Perpetual Debt Instruments entirely equity in nature	(45.60)	-	(45.60)	-
9.	Payment of Dividend on Equity Shares	(2,411.37)	(2,172.41)	(2,411.37)	(2,172.41)
10.	Repayment towards Lease Liability	(0.02)	(0.02)	(0.02)	(0.73)
	<b>Net Cash flow from Financing Activities</b>	<b>3,158.89</b>	<b>42,119.05</b>	<b>3,158.89</b>	<b>42,113.34</b>
	<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>(1,014.09)</b>	<b>(537.54)</b>	<b>(1,038.25)</b>	<b>(538.47)</b>
	<b>Cash &amp; Cash Equivalents as at the beginning of the year</b>	<b>1,140.49</b>	<b>1,678.03</b>	<b>1,179.24</b>	<b>1,717.71</b>
	<b>Cash &amp; Cash Equivalents as at the end of the year</b>	<b>126.40</b>	<b>1,140.49</b>	<b>140.99</b>	<b>1,179.24</b>





**Notes to the financial results:**

- The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on 13th May, 2022. These results have been audited by the Statutory Auditors of the Company.
- The audited consolidated accounts of the subsidiary company REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited) has been consolidated in accordance with the Indian Accounting Standard (Ind AS) Consolidated Financial Statements.
- Provisioning on loan assets is based on "ECL (Expected Credit Loss) methodology" approved by the Board of Directors of the Company and upon the report provided by an independent agency appointed by the Company, which also considers ratings by the Ministry of Power, as and when they are updated, for Distribution Companies (DISCOMs). This is further enhanced by management overlays in certain accounts wherever necessary considering the risk involved in the account and also on account of aligning the provisions with the lead lender. Details are as follows:

S. No.	Particulars	As at 31.03.2022			As at 31.03.2021		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
1.	Loan assets	3,68,711.37	17,139.89	3,85,851.26	3,59,161.22	18,256.93	3,77,418.15
2.	Impairment loss allowance (net of movements)	3,138.93	11,365.73	14,704.66	1,414.80	11,791.31	13,206.11
	Provisioning Coverage (%) (2/1)	0.85%	67.40%	3.82%	0.39%	64.59%	3.50%

- Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.
- The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard (Ind AS) 108 'Operating Segments'.
- In pursuance to the Orders for implementation of resolution/liquidation plans under Insolvency and Bankruptcy Code (IBC), a sum of ₹ 1,884.36 crores and ₹ 1,924.01 crores has been written off (with reversal of ECL thereon) towards certain loan assets (net of cash recoveries/ issuance of fresh loan(s)/ securities(s)), during the quarter and year ended 31st March 2022 respectively.
- The Board of Directors at its meeting held on 13th May, 2022 recommended final dividend of ₹ 4.80/- per equity share (on face value of ₹ 10/- each) for the financial year 2021-22, subject to approval of Shareholders in the ensuing Annual General Meeting.
- The Company has not issued any redeemable preference shares till date.
- The additional information as required under Regulation 32(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as Annexure - A.
- Pursuant to Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the secured fixed non convertible debt securities issued by the Company and outstanding as at 31st March, 2022 are fully secured (1.15 times) by way of mortgage on certain immovable properties and/or charge on the receivables of the Company, in terms of respective offer document/ information memorandum and/ or Debiture Trust Deed. Further, security cover for total non-convertible debt securities issued by the Company is 1.15 times as at 31st March 2022.
- 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/PCIR/2021/613 dated 10th August 2021. Necessary disclosure as required in the said framework regarding issuance of debt securities is annexed as Annexure-B.
- 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 period have been utilized for the stated objects in the offer document/ information memorandum, pursuant to Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there has been no default as on 31st March, 2022 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 period.
- In respect of Central/State Government entities RBI has exempted the Company from applicability of its conformation of credit/investment norms till 31st March 2022. The Company has again represented to RBI for further extension of above exemption for a further period of five years. The matter, considering Company's business model and strategic positioning being a Government Company, is under consideration of RBI and the response is awaited.
- There are no reportable cases of loans transferred/ acquired during the FY 2021-22 (previous year Nil) under Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021. Further, there are no cases during the FY 2021-22 (previous year Nil) where resolution plan implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated 6th August 2020.
- Since outbreak of COVID-19, our Country has experienced two further waves of pandemic following the discovery of mutant coronavirus variants. These waves led to temporary reimposition of localised /regional lockdown, which were subsequently lifted. With improving coverage of vaccination programme and resumption of economic activities, India is witnessing recovery in demand. Company's strong credit profile, liquidity access and availability of contingency buffers provides it no reasons to believe that the current crisis will have any significant impact on its operations, including the going concern assessment. However, the impact will continue to be dependent, among other things, on uncertain future developments about discovery of further coronavirus variants and any action to contain its spread, whether government mandated or otherwise.
- The disclosure in respect of related party transactions for the half year ended 31st March 2022 has been annexed as Annexure-C.
- The figures for the quarter ended 31st March 2022 and 31st March 2021 have been derived by deducting the year to date figures for the period ended 31st December 2021 and 31st December 2020 from the audited figures for the year ended 31st March 2022 and 31st March 2021 respectively.
- Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

Place: Gurugram  
Date: 13th May 2022



*[Signature]*

For REC Limited

(R.S. Dhillon)  
Chairman & Managing Director  
DIN - 00279074



**Disclosures to be made by Large Corporate entities as required by SEBI**

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/P/CIR/2021/613 dated 10th August 2021. Disclosures required under the said circular are given below:

(all figures in ₹ Crores)

Particulars	Details
(1) Name of the company	REC Limited
(2) CIN	L40101DL1969GOI005095
(3) Outstanding borrowing of company as on 31st March 2022 *	251504.70
(4) Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	ICRA AAA, CRISIL AAA, CARE AAA, IRRPL AAA
(5) 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
<b>Details of the borrowings</b>	
(i) 2-year block period	2021-22 & 2022-23
(ii) Incremental borrowing done in the FY 2021-22 (a)	42,966.99
(iii) Mandatory borrowing to be done through debt securities in FY 2021-22 (b) = (25% of a)	10,741.75
(iv) Actual borrowings done through debt securities in FY 2021-22 (c)	16,686.31
(v) Shortfall in the borrowing through debt securities, if any, for FY 2020-21 carried forward to FY 2021-22 (d)	Nil
(vi) Quantum of (d), which has been met from (c) (e)	Nil
(vii) Shortfall, if any, in the mandatory borrowing through debt securities for FY 2021-22 (after adjusting for any shortfall in borrowing for FY 2020-21 which was carried forward to FY 2021-22 (f) = (b) - [(c) - (e)]	Nil

\* Borrowings as mentioned in (3) 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.




Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended 31st March, 2022 on standalone basis:

S. No.	Particulars	Unit	As at/ For the quarter ended 31.03.2022	As at/ For the year ended 31.03.2022
1	Debt Equity Ratio <sup>1</sup>	times		6.41
2	Outstanding Redeemable preference shares	₹ in Crores		Nil
3	Debenture Redemption Reserve	₹ in Crores		Nil
4	Net Worth <sup>2</sup>	₹ in Crores		50,985.60
5	Total debts to total assets <sup>3</sup>	times		0.80
6	Operating Margin <sup>4</sup>	%	29.35	31.50
7	Net profit Margin <sup>5</sup>	%	23.83	25.61
8	Sector specific equivalent ratios			
(a)	CRAR <sup>6</sup>	%		23.22
(b)	Gross Credit Impaired Assets Ratio <sup>7</sup>	%		4.45
(c)	Net Credit Impaired Assets Ratio <sup>8</sup>	%		1.45

## Notes:

- 1 Debt/Equity Ratio = Net Debt / Net Worth (Net debt represents principal outstanding less cash and cash equivalents available.)
- 2 Net Worth is calculated as defined in section 2(57) of Companies Act, 2013.
- 3 Total debts to total assets = Total Debt / Total Assets.
- 4 Operating Margin = Net Operating Profit Before Tax / Total Revenue from Operation.
- 5 Net profit Margin = Net Profit after Tax / Total Income.
- 6 CRAR = Adjusted Net worth/ Risk weighted assets, calculated as per applicable RBI guidelines.
- 7 Gross Credit Impaired Asset Ratio = Gross Credit Impaired Assets / Gross Loan Assets.
- 8 Net Credit Impaired Asset Ratio = Net Credit Impaired Assets / Gross Loan Assets.
- 9 Debt Service Coverage Ratio, Interest Service Coverage Ratio, Current Ratio, Current Liability Ratio, Long Term Debt to Working Capital, Debtors Turnover, Inventory Turnover and Bad Debts to Accounts Receivable Ratio is not applicable to the company.






## Disclosure of related party transactions for the half-year ended March 31, 2022

										Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.									
S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments					
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)	
1	RBC Limited		Dr. Manoj Manohar Pande, Independent Director		Key Managerial Personnel	Sitting Fees		0.05											
2	RBC Limited		Dr. Gambhvir Singh, Independent Director		Key Managerial Personnel	Sitting Fees		0.05											
3	RBC Limited		Dr. Durgesh Nandini, Independent Director		Key Managerial Personnel	Sitting Fees		0.03											
4	RBC Limited		PPC Limited		Holding Company	Dividend Paid		1061.32											
5	RBC Limited		PPC Limited		Holding Company	Sitting Fees		0.03											
6	RBC Limited		RBC PDCL		Subsidiary Company	Govt. funds disbursed		6.09											
7	RBC Limited		RBC PDCL		Subsidiary Company	Apportionment of Employee Benefit and Other Expenses		10.61											
8	RBC Limited		RBC PDCL		Subsidiary Company	Dividend Income		7.53											
9	RBC Limited		RBC PDCL		Subsidiary Company	Finance Costs - Interest Paid		4.41											
10	RBC Limited		RBC PDCL		Subsidiary Company	Other Expenses		7.79											
11	RBC Limited		RBC PDCL		Subsidiary Company	Rental Income		4.88											
12	RBC Limited		RBC Foundation		Entities over which control is exercised	Payments towards Corporate Social Responsibility (CSR) Expenses		82.00											
13	RBC Limited		RBC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Contributions made by the Company		7.61											
14	RBC Limited		RBC Retired Employees Medical Trust		Post employment benefit plans of the Company	Contributions made by the Company		7.71											
15	RBC Limited		RBC Employee Benevolent Fund		Post employment benefit plans of the Company	Contributions made by the Company		0.02											
16	RBC Limited		RBC LTD Gratuity Fund		Post employment benefit plans of the Company	Contributions made by the Company		2.94											

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										Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.									
S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments					
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)	
17	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		0.04	-	-									
18	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		2.65	-	-									
19	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES		Post-employment Benefits Plan Trusts of Ultimate Holding Company	Finance Costs - Interest Paid		0.27	-	-									
20	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES		Post-employment Benefits Plan Trusts of Ultimate Holding Company	Redemption of the bonds of Company		2.28											
21	REC Limited		NHPC LTD		Companies in which Key Managerial Personnel are Directors	Dividend Income		4.13	-	-									
22	REC Limited		NHPC LTD		Companies in which Key Managerial Personnel are Directors	Finance Costs - Interest Paid		0.39	-	-									
23	REC Limited		Shri Sanjay Malhotra		Key Management Personnel	Remuneration		0.16	-	-									
24	REC Limited		Shri Sanjeev Kumar Gupta		Key Management Personnel	Remuneration		0.22	-	-									
25	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Remuneration		0.35	-	-									
26	REC Limited		J.S. Amitabh		Key Management Personnel	Remuneration		0.40	-	-									
27	REC Limited		REC PDCL		Subsidiary Company	Debt Securities Issued		-	57.44	57.44									
28	REC Limited		REC PDCL		Subsidiary Company	Other Financial Assets/Receivable		-	4.23	5.26									
29	REC Limited		REC PDCL		Subsidiary Company	Other Financial Liabilities/Payable		-	5.98	6.10									
30	REC Limited		REC Foundation		Entities over which control is exercised	Advance Given/Other Non Financial Assets		-	1.54	1.20									
31	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Debt Securities Issued		-	4.00	4.00									
32	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities Issued		-	4.70	4.70									
33	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Other financial liabilities- GOI Serviced Bonds Issued		-	29.30	29.30									

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											Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.							
S.No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ advance/ inter-corporate deposit/ investment or debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)
34	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES		Post-employment Benefits Plan Trusts of Ultimate Holding Company	Debt Securities Issued			4.30	1.90								
35	REC Limited		J.S. Amitabh		Key Management Personnel	Unsecured Staff Loans & Advances Given			0.13	0.33								
36	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Unsecured Staff Loans & Advances Given			0.09	0.07								
37	REC Limited		J.S. Amitabh		Key Management Personnel	Interest Income on Staff Loans		0.03	-	-								
38	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Interest Income on Staff Loans		0.02	-	-								
39	REC Limited		Shri Sanjeev Kumar Gupta		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.01	-	-								
40	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.04	-	-								
41	REC Limited		J.S. Amitabh		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.05	-	-								
42	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Finance Costs - Interest Paid		0.01										
43	REC Limited		J.S. Amitabh		Key Management Personnel	Finance Costs - Interest Paid		0.01										
44	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Debt Securities Issued				0.06								
45	REC Limited		J.S. Amitabh		Key Management Personnel	Debt Securities Issued				0.11								
46	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Provision/Liabilities				0.71								
47	REC Limited		REC LTD Gratuity Fund		Post employment benefit plans of the Company	Provision/Liabilities			1.65	0.34								
48	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities of the Holding Company			18.40	18.40								
49	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Debt Securities of the Holding Company			1.90	1.90								
50	REC Limited		SH. VISHAL KAPOOR		Key Management Personnel of Ultimate Holding Company	Finance Costs - Interest Paid												

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										Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.								
S. No.	Details of the party (listed entity/subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ insurance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured	Purpose for which the funds will be utilized by the ultimate recipient of funds (end-use)
51	REC Limited		SMT. PARMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company	Finance Costs - Interest Paid		0.01										
52	REC Limited		MR. RAVINDER SINGH DHILLON		Key Management Personnel of Ultimate Holding Company	Finance Costs - Interest Paid		0**										
53	REC Limited		SH. VISHAL KAPOOR		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued				0.01								
54	REC Limited		SMT. PARMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued				0.14								
55	REC Limited		MR. RAVINDER SINGH DHILLON		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued			0.02	0.02								
56	REC Limited		MR. MANISH KUMAR		Key Management Personnel of Ultimate Holding Company	Debt Securities Issued				0**								

\*\*Denotes amount less than Rs. Fifty thousand.







## 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 the Corporate Office situated 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 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 year ended 31<sup>st</sup> March 2022 were authorized and approved for issue by the Board of Directors on 13<sup>th</sup> May 2022.

### 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 going concern basis following accrual system of accounting 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 recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For 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.

Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

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 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



## Notes to Accounts

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 qualifying asset becomes ready for its intended use, 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 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. 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'.



## Notes to Accounts

### 3.7 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.

#### *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.

### 3.8 Assets held for sale

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 assets are measured at lower of carrying amount or fair value less selling costs.

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.

### 3.9 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.

### 3.10 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



## Notes to Accounts

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.

#### *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 though 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 (OCI) 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.





## Notes to Accounts

### 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.

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.

### Fair Value Hedges

In line with the recognition of change in the fair value of the hedging instruments in the Statement of Profit & Loss, the change in the fair value of the hedged item attributable to the risk hedged is recognised in the Statement of Profit and Loss. Such changes are made to the carrying amount of the hedged item and are adjusted in Effective Interest Rate in the period when the hedging instrument ceases to exit. If the

hedged item is derecognised, the unamortised fair value is recognised immediately in Statement of Profit and Loss.

### 3.11 Impairment of financial assets

#### Loan assets

The Company follows a 'three-stage' model for impairment in the form of Expected Credit Loss (ECL) 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



## Notes to Accounts

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 or as directed by the order of the Judicial Authority.

### 3.12 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.

### 3.13 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.

### 3.14 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.

### 3.15 Prepaid Expenses

A prepaid expense upto ₹ 1,00,000/- is recognized as expense upon initial recognition.

### 3.16 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.

### 3.17 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.



## Notes to Accounts

### 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 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 benefits, 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 benefits on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

### 3.18 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.

### 3.19 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 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



## Notes to Accounts

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.

### 3.20 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.

### 3.21 Business Combination under Common Control

A business combination, if any, involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the

corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

### 3.22 Expenditure on issue of shares

Expenditure on issue of shares, if any, is charged to the securities premium account

### 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.

### 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.

**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 31.03.2022	As at 31.03.2021
<b>Cash in Hand (including postage &amp; imprest)</b>	0.02	0.12
<b>Balances with Banks</b>		
in current accounts	124.01	237.93
deposits with original maturity less than 3 months	2.37	902.44
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>126.40</b>	<b>1,140.49</b>

### 7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Earmarked Balances with Banks</b>		
For unpaid dividends	6.39	5.79
For govt. funds for onward disbursement as grant	771.18	1,065.84
<b>Earmarked Term Deposits</b>		
Deposits in Compliance of Court Order	0.59	0.56
Term Deposit held as Margin Money against Bank Guarantee	0.27	0.25
Term Deposit- Debenture Redemption Reserves	225.33	-
<b>Balances with banks not available for use pending allotment of 54EC Capital Gain Tax Exemption Bonds</b>	1,291.54	856.62
<b>Total (Other Bank Balances)</b>	<b>2,295.30</b>	<b>1,929.06</b>
Term Deposits held as margin money against Bank Guarantee for more than 12 months	0.27	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 31<sup>st</sup> March 2022 (Previous year Nil).

### 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 48 for Risk Management Disclosures in respect of the derivatives.

#### Part I

(₹ in Crores)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Currency Derivatives</b>						
- Currency swaps	2,850.13	1.39	48.37	2,854.54	43.07	121.08
- Others						
- Call Spread	1,895.18	76.73	-	4,263.27	271.36	-
- Seagull Options	54,727.54	4,868.28	-	20,482.08	1,657.19	43.25
<b>Sub-total (i)</b>	<b>59,472.85</b>	<b>4,946.40</b>	<b>48.37</b>	<b>27,599.89</b>	<b>1,971.62</b>	<b>164.33</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	33,239.41	563.77	173.52	25,035.68	339.60	403.65
<b>Sub-total (ii)</b>	<b>33,239.41</b>	<b>563.77</b>	<b>173.52</b>	<b>25,035.68</b>	<b>339.60</b>	<b>403.65</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,747.00	-	331.25	4,547.00	-	278.33
<b>Total - Derivative Financial Instruments (i+ii+iii)</b>	<b>97,459.26</b>	<b>5,510.17</b>	<b>553.14</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>



## Notes to Accounts

### Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Fair Value Hedging</b>						
- Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	11,850.70	19.76	112.00	-	-	-
<b>(ii) Cash Flow Hedging</b>						
- Currency Derivatives						
- Currency Swaps	2,842.77	-	48.37	2,756.43	23.86	121.08
- Others						
- Call Spread	1,895.18	76.73	-	1,837.62	77.74	-
- Seagull Options	54,727.54	4,868.28	-	20,482.08	1,657.19	43.25
- Interest Rate Derivatives						
- Forward Rate Agreements and Interest Rate Swaps	13,313.21	115.10	45.27	13,055.84	-	318.18
<b>Sub-total (ii)</b>	<b>72,778.70</b>	<b>5,060.11</b>	<b>93.64</b>	<b>38,131.97</b>	<b>1,758.79</b>	<b>482.51</b>
(iii) Undesignated Derivatives	12,829.86	430.30	347.50	19,050.60	552.43	363.80
<b>Total - Derivative Financial Instruments (i+ii+iii)</b>	<b>97,459.26</b>	<b>5,510.17</b>	<b>553.14</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>

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 Other Comprehensive Income. In case of fair value hedges, the changes in fair value of the derivatives designated as hedging instruments along with the fair value changes in the carrying amount of the hedged items are recognised in the Statment of Profit & Loss. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

### 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 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Loans</b>				
(i) Term Loans	3,83,310.40	3,84,566.08	3,77,041.98	3,78,090.36
(ii) Working Capital Term Loans	2,060.86	2,069.12	376.17	377.24
<b>Total (A) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (A) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(B) Security Details</b>				
(i) Secured by tangible assets	2,23,793.64	2,24,420.98	2,56,744.52	2,57,329.46
(ii) Covered by Bank/ Govt. Guarantees	1,30,973.50	1,31,510.35	1,01,071.53	1,01,456.48
(iii) Unsecured	30,604.12	30,703.87	19,602.10	19,681.67
<b>Total (B) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (B) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(C) (I) Loans in India</b>				
(i) Public Sector	3,50,455.72	3,51,732.04	3,38,810.31	3,39,877.44
(ii) Private Sector	34,915.54	34,903.16	38,607.84	38,590.16
<b>Total (C)(I) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (C)(I) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(C)(II) Loans outside India</b>				
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (C)(I) and (C)(II)</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>



## Notes to Accounts

9.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Net Loans</b>	<b>3,71,930.54</b>	<b>3,65,261.49</b>
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(423.59)	(504.10)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(957.96)	(635.00)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	14,704.66	13,206.11
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	117.61	89.65
<b>Gross Loans</b>	<b>3,85,371.26</b>	<b>3,77,418.15</b>

9.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>13,206.11</b>	<b>11,996.04</b>
Add: Impairment loss allowance provided during the year (Refer Note 36)*	3,422.56	2,362.62
Less: Allowance utilised towards write-off of loans	(1,924.01)	(1,152.55)
<b>Closing Balance</b>	<b>14,704.66</b>	<b>13,206.11</b>

\* Includes impairment loss allowance created on Stage 1 & 2 loan assets which has been enhanced to a minimum level of 0.40% from FY 2021-22

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 ₹ 1,924.01 crores (Previous year ₹ 1,152.55 crores). The details of write-offs for the current year are as below:

#### (i) During the current year

- Pursuant to the Resolution Plan approved under IBC proceedings executed on 13<sup>th</sup> May 2021 in respect of VS Lignite Power Private Limited, the Company has written off an amount of ₹ 39.45 crores after appropriating the recoveries of ₹ 14.79 crores (Cash ₹ 1.30 crores and Term Loan of ₹ 13.49 crores).
- Pursuant to the liquidation order under IBC proceedings executed on 30<sup>th</sup> December 2021 in respect of Lanco Babandh Power Limited, the Company has written off an amount of ₹ 1,160.16 crores after appropriating cash recoveries of ₹ 40.39 crores.
- Pursuant to the Resolution Plan approved under IBC proceedings executed on 16<sup>th</sup> March 2022 in respect of Essar Power (MP) Limited (EPMPPL), the Company has written off an amount of ₹ 724.40 crores after appropriating the recoveries of ₹ 620.60 crores (Cash ₹ 148.94 crores and Term Loan of ₹ 471.66 crores).
- Pursuant to the Resolution Plan approved under IBC proceedings executed on 23<sup>rd</sup> March 2022 in respect of Amrit Jal Ventures Private Limited, the company has recovered the entire outstanding loan of ₹ 4.35 crores and ₹ 0.28 crores overdue interest after appropriating cash recoveries of ₹ 4.63 crores.

#### (ii) During the previous year

- Pursuant to the restructuring executed on 4<sup>th</sup> 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 21<sup>st</sup> 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 4<sup>th</sup> 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).



## Notes to Accounts

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 31.03.2022		As at 31.03.2021	
	%	Amount	%	Amount
Gross Loan Book		3,85,371.26		3,77,418.15
Loan Assets for which balance confirmations have been received from borrowers	93%	3,56,923.45	92%	3,48,293.80
Loan Assets for which balance confirmations are yet to be received from borrowers of which,	7%	28,447.81	8%	29,124.35
Loans secured by tangible assets	45%	12,813.68	71%	20,597.00
Loans covered by Government Guarantee/ Loans to Government	33%	9,295.96	10%	2,848.13
Unsecured loans	22%	6,338.17	19%	5,679.22

9.5 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 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)
<b>As at 31<sup>st</sup> March, 2022</b>							
Govt. Securities	1,374.51	-	-	-	1,374.51	-	1,374.51
Debt Securities	333.03	-	132.55	-	465.58	-	465.58
Equity Instruments	-	268.26	49.52	-	317.78	0.10	317.88
Preference Shares	28.72	-	-	-	28.72	-	28.72
Others	-	-	-	-	-	-	-
<b>Total - Gross (A)</b>	<b>1,736.26</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,186.59</b>	<b>0.10</b>	<b>2,186.69</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,736.26	268.26	182.07	-	2,186.59	0.10	2,186.69
<b>Total - Gross (B)</b>	<b>1,736.26</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,186.59</b>	<b>0.10</b>	<b>2,186.69</b>
Total Investments	1,736.26	268.26	182.07	-	2,186.59	0.10	2,186.69
Less: impairment loss allowance (C)	(28.72)	-	-	-	(28.72)	-	(28.72)
<b>Total - Net (D=A-C)</b>	<b>1,707.54</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,157.87</b>	<b>0.10</b>	<b>2,157.97</b>
<b>As at 31<sup>st</sup> March, 2021</b>							
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	-	-	-	-	-	-	-
<b>Total - Gross (A)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>



## Notes to Accounts

(₹ 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)
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
<b>Total - Gross (B)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>
Total Investments	1,051.79	430.13	209.65	-	1,691.57	218.20	1,909.77
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>1,051.79</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,691.57</b>	<b>218.20</b>	<b>1,909.77</b>

## 10.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.2022		As at 31.03.2021	
		Number	Amount	Number	Amount
<b>(A) Government Securities (HQLAs)*</b>	<b>Amortised Cost</b>	<b>13,39,32,800</b>	<b>1,374.51</b>	<b>6,25,00,000</b>	<b>649.08</b>
<b>Debt Securities</b>					
(i) Debt Securities (HQLAs)*	Amortised Cost	2,150	226.82	2,150	227.52
(ii) Debt Securities (other than HQLAs)					
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	17,85,43,530	92.03	22,85,25,079	99.33
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	7,86,06,161	40.52	10,06,12,911	43.73
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd. **	Fair value through profit or loss	1,86,35,162	-	1,86,35,162	-
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	2,54,95,144	106.21	2,52,91,783	149.10
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	21,38,03,170	-	21,38,03,170	-
- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	63,03,032	-	63,03,032	-
- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	1,04,74,150	-	1,04,74,150	-
<b>(B) Sub-total - Debt Securities (i+ii)</b>			<b>465.58</b>		<b>519.68</b>
<b>Equity Instruments</b>					
- NHPC Ltd.	Fair value through other comprehensive income	1,88,43,184	52.38	17,53,02,206	428.61
- HUDCO Ltd.	Fair value through other comprehensive income	3,47,429	1.14	3,47,429	1.52
- Energy Efficiency Services Ltd.	Fair value through other comprehensive income	21,81,00,000	214.74	-	-
- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	1,60,00,000	-	1,60,00,000	-
- Rattan India Power Ltd.	Fair value through profit or loss	9,25,68,105	49.52	9,25,68,105	23.60
- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	18,17,90,667	-	18,17,90,667	-
<b>(C) Sub-total - Equity Instruments</b>			<b>317.78</b>		<b>453.73</b>
<b>Subsidiary (Refer note 10.2)</b>					





## Notes to Accounts

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.2022		As at 31.03.2021	
		Number	Amount	Number	Amount
- REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	Others (At Cost)	85,500	0.10	85,500	0.10
<b>(D) Sub-total - Subsidiary</b>			<b>0.10</b>		<b>0.10</b>
<b>Joint Venture (Refer note 10.2)</b>					
- Energy Efficiency Services Ltd.	Others (At Cost)	-	-	21,81,00,000	218.10
<b>Sub-total - Joint Ventures</b>			<b>-</b>		<b>218.10</b>
<b>Preference Shares (PS)</b>					
- Redeemable PS of Rattan India Power Ltd.	Amortised cost	2,87,20,978	28.72	2,87,20,978	26.09
- Optionally Convertible PS of Rattan India Power Ltd.	Fair value through profit or loss	4,33,03,616	-	4,33,03,616	42.99
<b>(E) Sub-total - Preference Shares</b>			<b>28.72</b>		<b>69.08</b>
<b>Others</b>					
- Units of 'Small is Beautiful' Venture Capital Fund	Fair value through other comprehensive income	-	-	61,52,200	-
<b>(F) Sub-total - Others</b>			<b>-</b>		<b>-</b>
<b>Total Investments (G= A to F)</b>			<b>2,186.69</b>		<b>1,909.77</b>
Less: impairment loss allowance (H)			(28.72)		-
<b>Total - Net (I=G-H)</b>			<b>2,157.97</b>		<b>1,909.77</b>

Refer note 52.1 for valuation technique of the investments shown at fair value

\* High Quality Liquid Assets (HQLAs) maintained as per RBI Circular dated Novemeber 4, 2019

\*\* Received against unsustainable portion of debt in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring

### 10.2 Details of Investment in Subsidiary and Joint Venture:

(₹ in Crores)

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31.03.2022	31.03.2021
<b>Subsidiary :</b>			
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	India	100.00%	100.00%
<b>Joint Venture* :</b>			
Energy Efficiency Services Limited (EESL)	India	-	22.18%

The investments in subsidiary and joint venture are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

\* During the year, pursuant to agreement executed amongst the Joint Venture partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited, EESL ceased to be a jointly controlled entity of the Company with effect from September 01, 2021, under Ind-AS framework.

### 10.3 Movement of Impairment Loss Allowance in respect of Investments:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	-	-
Add: Impairment loss allowance provided in respect to Redeemable PS of Rattan India Power Limited due for redemption during the year (Refer Note 36)	28.72	-
Less: Allowance utilised towards write-off of loans	-	-
<b>Closing Balance</b>	<b>28.72</b>	<b>-</b>



## Notes to Accounts

**10.4** 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:

Company has not received any instruments in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring.

### (ii) During the previous 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.

**10.5** 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 2021-22			FY 2020-21		
	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
NHPC Limited*	15,64,59,022	430.62	89.86			
Small is Beautiful**	61,52,200	0.55	(5.60)			
India Energy Exchange Limited	-	-	-	1,22,71,211	249.92	248.69

\* During the year, the Company has sold 15,64,59,022 equity shares of NHPC Limited considering the market scenario for a consideration of ₹ 430.62 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.

\*\* During the year, the Company has derecognised 61,52,200 units of 'Small is Beautiful' Venure Capital Fund, consequent to full and final settlement upon liquidation of the fund. As a result, the Company has written off an amount of ₹ 5.60 crores after appropriating cash recoveries of ₹ 0.55 crores

### 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 31.03.2022	As at 31.03.2021
<b>(A) Loans to Employees (Refer Note No. 11.1)</b>	41.95	39.94
<b>(B) Advances to Employees</b>	0.24	0.41
<b>(C) Loans &amp; Advances to Subsidiaries</b>	5.26	4.16
<b>(D) Security Deposits</b>	1.64	1.23
<b>(E) Recoverable from Govt. of India</b>		
- Towards GoI Fully Serviced Bonds (Refer Note No. 21.5)	24,318.29	24,314.48
<b>(F) Other amounts recoverable</b>	120.24	127.03
Less: Impairment Loss allowance (Refer Note No. 11.2)	(90.68)	(88.04)
<b>Other Amounts Recoverable (Net)</b>	<b>29.56</b>	<b>38.99</b>
<b>Total (A to F)</b>	<b>24,396.94</b>	<b>24,399.21</b>



## Notes to Accounts

### 11.1 Details of Loans to Employees

The Company has extended loans to employees with specified terms and repayment schedule, categorised at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	12.64	7.39
<b>Sub-total (A)</b>	<b>12.64</b>	<b>7.39</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.18	0.28
- To Others	29.13	32.27
<b>Sub-total (B)</b>	<b>29.31</b>	<b>32.55</b>
<b>Total (A+B)</b>	<b>41.95</b>	<b>39.94</b>

The figures above include interest accrued on such loans amounting to ₹ 8.45 crores (Previous year ₹ 8.16 crores).

### 11.2 Movement of impairment loss allowance on other amounts recoverable

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening balance</b>	88.04	30.85
Add: Created during the year	10.23	59.29
Less: Reversed/ Adjusted during the year	(7.59)	(2.10)
<b>Closing balance</b>	<b>90.68</b>	<b>88.04</b>

### 12 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Advance Income-tax & TDS	3,284.80	227.47
Provision for Income Tax	(3,110.11)	(72.35)
<b>Sub-Total</b>	<b>174.69</b>	<b>155.12</b>
Tax Deposited on income tax demands under contest	5.20	5.20
Provision for income tax for demand under contest	(0.25)	(0.25)
<b>Sub-Total</b>	<b>4.95</b>	<b>4.95</b>
<b>Current tax assets (Net)</b>	<b>179.64</b>	<b>160.07</b>

### 13 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Deferred Tax Assets (Net)	3,134.74	2,437.71

### 13.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2022 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,743.25	714.65			3,457.90
Provision for Earned Leave	4.53	1.81			6.34
Provision for Medical Leave	5.26	0.15			5.41
Fair Valuation of Investments	3.57	2.29	2.55		8.41
Fair Valuation of Derivatives	27.81	11.16	26.09		65.07
<b>Total Deferred Tax Assets</b>	<b>2,784.42</b>	<b>730.06</b>	<b>28.64</b>	-	<b>3,543.13</b>



## Notes to Accounts

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	2.12	10.81			12.93
Unamortised Foreign Currency Exchange Fluctuations	153.26	(2.21)			151.05
Financial assets and liabilities measured at amortised cost	191.33	24.90			216.24
Fair valuation of Debt Securities	-	28.17			28.17
Others	-	-			-
<b>Total Deferred Tax Liabilities</b>	<b>346.71</b>	<b>61.67</b>	-	-	<b>408.39</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,437.71</b>	<b>668.39</b>	<b>28.64</b>	-	<b>3,134.74</b>

Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
<b>Total Deferred Tax Assets</b>	<b>2,735.09</b>	<b>158.48</b>	<b>(109.15)</b>	-	<b>2,784.42</b>
<b>Deferred Tax Liabilities</b>					
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)			-
<b>Total Deferred Tax Liabilities</b>	<b>700.77</b>	<b>(354.07)</b>	-	-	<b>346.71</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,034.32</b>	<b>512.55</b>	<b>(109.15)</b>	-	<b>2,437.71</b>

### 14 Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
As at 31 <sup>st</sup> March 2022	0.01	-	0.01	-
As at 31 <sup>st</sup> March 2021	0.01	-	-	0.01

**14.1** The company had classified the land held for undeterminable future use as investment property and didn't earn any rental income on it. The same has been sold during the year.

**14.2** Fair value of investment property:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Carrying Value	-	0.01
Fair Value	-	0.90

The Company obtains independent valuations for its investment properties at least annually. The fair values of investment property is determined by an independent registered 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.



## Notes to Accounts

### 15 Property, Plant & Equipment and Intangible Assets

(₹ in Crores)

Particulars	Property, Plant & Equipment				
	Freehold Land	Right-of-Use Land	Buildings	Plant & equipment	Furniture & Fixtures
<b>Gross carrying value</b>					
<b>As at 31.03.2020</b>	<b>110.39</b>	<b>1.59</b>	<b>31.74</b>	<b>-</b>	<b>11.62</b>
Additions	-	-	98.66	-	9.65
Borrowings Cost Capitalised					
Disposals	-	-	-	-	0.72
<b>As at 31.03.2021</b>	<b>110.39</b>	<b>1.59</b>	<b>130.40</b>	<b>-</b>	<b>20.55</b>
Additions	-	-	303.73	19.90	47.55
Borrowings Cost Capitalised					
Disposals/ Adjustments	-	-	3.30	-	0.69
<b>As at 31.03.2022</b>	<b>110.39</b>	<b>1.59</b>	<b>430.83</b>	<b>19.90</b>	<b>67.41</b>
Accumulated depreciation/ amortisation					
<b>As at 31.03.2020</b>	<b>-</b>	<b>0.32</b>	<b>9.06</b>	<b>-</b>	<b>6.66</b>
Charge for the year	-	0.03	0.75	-	0.94
Adjustment for disposals	-	-	-	-	0.20
<b>As at 31.03.2021</b>	<b>-</b>	<b>0.35</b>	<b>9.81</b>	<b>-</b>	<b>7.40</b>
Charge for the year	-	0.02	4.96	0.95	3.65
Adjustment for disposals	-	-	1.26	-	0.41
<b>As at 31.03.2022</b>	<b>-</b>	<b>0.37</b>	<b>13.51</b>	<b>0.95</b>	<b>10.64</b>
<b>Net block as at 31.03.2021</b>	<b>110.39</b>	<b>1.24</b>	<b>120.59</b>	<b>-</b>	<b>13.15</b>
<b>Net block as at 31.03.2022</b>	<b>110.39</b>	<b>1.22</b>	<b>417.32</b>	<b>18.95</b>	<b>56.77</b>

**15.1** The formalities regarding registration of title deed in respect of an immovable property acquired by the Company is yet to be executed. The details are as below:

#### (a) As at 31<sup>st</sup> March 2022

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.01	Land & Development officer under Ministry of Urban Development, New Delhi

#### (b) As at 31<sup>st</sup> March 2021

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.07	Land & Development officer under Ministry of Urban Development, New Delhi



## Notes to Accounts

(₹ in Crores)

				Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
<b>20.25</b>	<b>19.97</b>	<b>0.40</b>	<b>195.96</b>	<b>287.62</b>	<b>0.77</b>	<b>13.62</b>
4.71	5.10	-	118.12	131.70	-	0.02
				22.04		
3.28	7.97	-	11.97	105.69	-	-
<b>21.68</b>	<b>17.10</b>	<b>0.40</b>	<b>302.11</b>	<b>335.67</b>	<b>0.77</b>	<b>13.64</b>
3.30	7.14	-	381.62	32.35	-	1.02
			-	5.10		
0.92	0.86	-	5.77	367.05	0.77	-
<b>24.06</b>	<b>23.38</b>	<b>0.40</b>	<b>677.96</b>	<b>6.07</b>	<b>-</b>	<b>14.66</b>
<b>14.38</b>	<b>12.22</b>	<b>0.32</b>	<b>42.96</b>	<b>-</b>	<b>-</b>	<b>4.82</b>
2.69	2.38	0.02	6.81	-	-	2.72
2.60	4.98	-	7.78	-	-	-
<b>14.47</b>	<b>9.62</b>	<b>0.34</b>	<b>41.99</b>	<b>-</b>	<b>-</b>	<b>7.54</b>
3.05	2.43	0.03	15.09	-	-	2.87
0.71	0.41	-	2.79	-	-	-
<b>16.81</b>	<b>11.64</b>	<b>0.37</b>	<b>54.29</b>	<b>-</b>	<b>-</b>	<b>10.41</b>
<b>7.21</b>	<b>7.48</b>	<b>0.06</b>	<b>260.12</b>	<b>335.67</b>	<b>0.77</b>	<b>6.10</b>
<b>7.25</b>	<b>11.74</b>	<b>0.03</b>	<b>623.67</b>	<b>6.07</b>	<b>-</b>	<b>4.25</b>

Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.



## Notes to Accounts

- 15.2** As on 31<sup>st</sup> March 2022, 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 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Gross Carrying Value	3.30	3.30
Net Carrying Value	2.27	2.31

- 15.3** Capital Work in Progress (CWIP)

### CWIP ageing schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	6.07	-	-	-	6.07	153.75	90.67	69.71	21.54	335.67

There are no capital work in progress as on the reporting year where activity has been suspended.

- (b)** CWIP completion schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	To be completed in				Total	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress										
- REC World Headquarter at Gurugram	6.07	-	-	-	6.07	329.60	6.07	-	-	335.67

- 15.4** Intangible assets under development

### Intangible assets under development ageing schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	-	-	-	-	-	-	0.12	-	0.65	0.77

There are no intangible assets under development as on the reporting year where activity has been suspended or which have exceeded cost as compared to its original plan or where completion is overdue.

- 15.5** 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.

- 15.5** 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 7.94% (previous year 8%) for the Company in terms of Ind AS 23 'Borrowing Costs'.

- 15.6** 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)



## Notes to Accounts

- 16** Other non-financial assets

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
(A) Capital Advances	8.19	8.84
(B) Other Advances	2.88	3.34
(C) Balances with Govt. Authorities	20.35	47.47
(D) Pre-Spent Corporate Social Responsibility (CSR) Expenses	0.40	3.45
(E) Prepaid Expenses	3.11	4.29
(F) Deferred Employee Benefits	11.11	14.09
(G) Other Assets	0.02	0.02
<b>Total (A to G)</b>	<b>46.06</b>	<b>81.50</b>

- 17** Assets Classified as Held for Sale

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Assets Classified as Held for Sale-Building	0.86	-
<b>Total</b>	<b>0.86</b>	<b>-</b>

- 17.1** With a view to monetise its idle assets, during the year the Company has disposed certain residential building units through e-auction process, with carrying value ₹ 1.18 crores (previous year Nil), classified under "Assets classified as held for sale" as required under Ind-AS 105. Such sale has resulted in gain of ₹ 30.19 crores during the current year (previous year Nil) (refer note 31). Further, residential building units with carrying value ₹ 0.86 crores (previous year Nil) classified under "Assets classified as held for sale" are pending for disposal as at 31<sup>st</sup> March 2022. The process for their disposal is expected to be completed during the year 2022-23 through e-auction process.

- 18** 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 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(A) Secured Long-Term Debt Securities</b>				
(i) Institutional Bonds	1,955.00	2,065.31	3,470.00	3,679.52
(ii) 54EC Capital Gain Tax Exemption Bonds	24,146.13	25,025.49	17,264.97	17,901.65
(iii) Tax Free Bonds	11,808.74	12,205.52	12,648.41	13,090.89
(iv) Bond Application Money	1,291.54	1,291.13	856.62	854.71
<b>Sub-total (A)</b>	<b>39,201.41</b>	<b>40,587.45</b>	<b>34,240.00</b>	<b>35,526.77</b>
<b>(B) Unsecured Long-Term Debt Securities</b>				
(i) Institutional Bonds	1,44,086.60	1,49,010.97	1,69,868.60	1,75,719.53
(ii) Infrastructure Bonds	3.96	8.00	11.07	21.36
(iii) Foreign Currency Bonds	30,322.85	30,027.15	26,461.71	26,060.40
<b>Sub-total (B)</b>	<b>1,74,413.41</b>	<b>1,79,046.12</b>	<b>1,96,341.38</b>	<b>2,01,801.29</b>
<b>Total - Debt Securities (A+B)</b>	<b>2,13,614.82</b>	<b>2,19,633.57</b>	<b>2,30,581.38</b>	<b>2,37,328.06</b>
<b>Debt Securities issued in/ outside India</b>				
(i) Debt Securities in India	1,83,291.97	1,89,606.42	2,04,119.67	2,11,267.66
(ii) Debt Securities outside India	30,322.85	30,027.15	26,461.71	26,060.40
<b>Total - Debt Securities</b>	<b>2,13,614.82</b>	<b>2,19,633.57</b>	<b>2,30,581.38</b>	<b>2,37,328.06</b>

Refer Note No. 20.2 for reconciliation between the figure represented in Face Value and Amortised Cost





## Notes to Accounts

### 18.1 Details of Secured Long-Term Debt Securities - Refer Note 19.5 for details of the security

#### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>123-I Series</b> - 9.40% Redeemable at par on 17.07.2021	-	-	1,515.00	1,615.61
<b>123-IIIB Series</b> - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,065.31	1,955.00	2,063.91
<b>Total - Institutional Bonds</b>	<b>1,955.00</b>	<b>2,065.31</b>	<b>3,470.00</b>	<b>3,679.52</b>

#### (ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series XII (2018-19)</b> - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,937.05	6,651.77	6,935.40
<b>Series XIII (2019-20)</b> - 5.75% Redeemable at par during financial year 2024-25	6,157.72	6,417.26	6,157.72	6,415.55
<b>Series XIV (2020-21)</b> - 5.75% and 5% Redeemable at par during financial year 2025-26	5,312.07	5,510.93	4,455.48	4,550.70
<b>Series XV (2021-22)</b> - 5% Redeemable at par during financial year 2026-27	6,024.57	6,160.25	-	-
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>24,146.13</b>	<b>25,025.49</b>	<b>17,264.97</b>	<b>17,901.65</b>

#### (iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2011-12</b>	2,160.33	2,287.99	3,000.00	3,176.71
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				
<b>Series 2012-13 Series 2A &amp; 2B</b>	500.00	512.60	500.00	531.26
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				
<b>Series 2012-13 Tranche 1</b>	2,017.35	2,065.32	2,017.35	2,041.10
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				
<b>Series 2012-13 Tranche 2</b>	131.06	134.06	131.06	138.66
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				
<b>Series 2013-14 Series 3A &amp; 3B</b>	1,350.00	1,413.35	1,350.00	1,358.55
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				



## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2013-14 Tranche 1</b>	3,440.60	3,528.73	3,440.60	3,530.70
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				
<b>Series 2013-14 Series 4A &amp; 4B</b>	150.00	155.48	150.00	161.92
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				
<b>Series 2013-14 Tranche 2</b>	1,059.40	1,086.83	1,059.40	1,131.05
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				
<b>Series 2015-16 Series 5A</b>	300.00	306.33	300.00	317.75
7.17% Redeemable at par on 23.07.2025				
<b>Series 2015-16 Tranche 1</b>	700.00	714.82	700.00	703.19
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				
<b>Total - Tax Free Bonds</b>	<b>11,808.74</b>	<b>12,205.52</b>	<b>12,648.41</b>	<b>13,090.89</b>

#### (iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	1,291.54	1,291.13	856.62	854.71
5% Redeemable at par after 5 years from the deemed date of allotment				
<b>Total - Bond Application Money</b>	<b>1,291.54</b>	<b>1,291.13</b>	<b>856.62</b>	<b>854.71</b>

### 18.2 Details of Unsecured Long-Term Debt Securities

#### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>157<sup>th</sup> Series</b> - 7.60% Redeemable at par on 17.04.2021	-	-	1,055.00	1,131.66
<b>154<sup>th</sup> Series</b> - 7.18% Redeemable at par on 21.05.2021	-	-	600.00	637.16
<b>161B Series</b> - 7.73% Redeemable at par on 15.06.2021	-	-	800.00	849.11
<b>174<sup>th</sup> Series</b> - 8.15% Redeemable at par on 18.06.2021	-	-	2,720.00	2,894.23
<b>100<sup>th</sup> Series</b> - 9.63% Redeemable at par on 15.07.2021	-	-	1,500.00	1,602.90
<b>101-III Series</b> - 9.48% Redeemable at par on 10.08.2021	-	-	3,171.80	3,364.42
<b>184-B Series STRPP-B</b> - 7.55% Redeemable at par on 26.09.2021**	-	-	300.00	311.58
<b>139<sup>th</sup> Series</b> - 7.24% Redeemable at par on 21.10.2021	-	-	2,500.00	2,575.17



## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>105<sup>th</sup> Series</b> - 9.75% Redeemable at par on 11.11.2021	-	-	3,922.20	4,069.73
<b>127<sup>th</sup> Series</b> - 8.44% Redeemable at par on 04.12.2021	-	-	1,550.00	1,664.92
<b>141<sup>st</sup> Series</b> - 7.14% Redeemable at par on 09.12.2021	-	-	1,020.00	1,038.03
<b>177<sup>th</sup> Series</b> - 8.50% Redeemable at par on 20.12.2021	-	-	1,245.00	1,274.16
<b>190B Series</b> - 6.32% Redeemable at par on 31.12.2021	-	-	2,489.40	2,502.64
<b>193<sup>th</sup> Series</b> - 6.99% Redeemable at par on 31.12.2021	-	-	1,115.00	1,121.46
<b>165<sup>th</sup> Series</b> - 8.83% Redeemable at par on 21.01.2022	-	-	2,171.00	2,207.16
<b>145<sup>th</sup> Series</b> - 7.46% Redeemable at par on 28.02.2022	-	-	625.00	628.85
<b>132<sup>nd</sup> Series</b> - 8.27% Redeemable at par on 09.03.2022	-	-	700.00	750.81
<b>173<sup>th</sup> Series</b> - 8.35% Redeemable at par on 11.03.2022	-	-	2,500.00	2,509.41
<b>198A Series</b> - 6.60% Redeemable at par on 21.03.2022	-	-	2,596.00	2,600.39
<b>167<sup>th</sup> Series</b> - 8.45% Redeemable at par on 22.03.2022	-	-	2,571.80	2,577.65
<b>179<sup>th</sup> Series</b> - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.84	1,000.00	1,065.70
<b>107<sup>th</sup> Series</b> - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.82	2,378.20	2,554.56
<b>186A Series</b> - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.90	2,500.00	2,629.63
<b>150<sup>th</sup> Series</b> - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.76	2,670.00	2,775.38
<b>184-B Series STRPP-C</b> - 7.55% Redeemable at par on 26.09.2022**	300.00	311.59	300.00	311.56
<b>152<sup>nd</sup> Series</b> - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.38	1,225.00	1,264.18
<b>111-II Series</b> - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.72	2,211.20	2,283.50
<b>155<sup>th</sup> Series</b> - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,959.41	1,912.00	1,958.74
<b>185<sup>th</sup> Series</b> - 7.09% Redeemable at par on 13.12.2022	2,769.00	2,827.36	2,769.00	2,826.46
<b>187<sup>th</sup> Series</b> - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.51	2,090.00	2,127.24
<b>159<sup>th</sup> Series</b> - 7.99% Redeemable at par on 23.02.2023	950.00	957.53	950.00	957.57
<b>188A Series</b> - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.22	1,400.00	1,400.17
<b>114<sup>th</sup> Series</b> - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,667.36	4,300.00	4,666.94
<b>195<sup>th</sup> Series</b> - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.43	2,985.00	3,179.21
<b>191A Series</b> - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.39	1,100.00	1,106.06
<b>200<sup>th</sup> Series PP-MLD</b> - 5.36% Redeemable at par on 30.06.2023*	500.00	546.01	500.00	518.94
<b>184-B Series STRPP-D</b> - 7.55% Redeemable at par on 26.09.2023**	300.00	311.57	300.00	311.54
<b>202B Series</b> - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,544.12	2,474.00	2,556.56
<b>205-A Series</b> - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,151.79	2,135.00	2,157.04
<b>209<sup>th</sup> Series</b> - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.38	1,550.00	1,552.62
<b>210<sup>th</sup> Series</b> - 5.74 % Redeemable at par on 20.06.2024	4,000.00	4,215.56	-	-
<b>180-A Series</b> - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,075.09	1,018.00	1,072.68
<b>191B Series</b> - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.48	1,100.00	1,106.18
<b>212<sup>th</sup> Series</b> - Floating (linked to T-Bill) Redeemable at par on 31.10.2024	2,500.00	2,538.84	-	-
<b>186B Series</b> - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.91	1,500.00	1,537.78
<b>128<sup>th</sup> Series</b> - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.88	2,250.00	2,418.67
<b>129<sup>th</sup> Series</b> - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.71	1,925.00	2,063.52
<b>130<sup>th</sup> Series</b> - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.36	2,325.00	2,493.14
<b>131<sup>st</sup> Series</b> - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.25	2,285.00	2,304.22
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,514.48	2,500.00	2,513.83
<b>201A Series</b> - 5.90% Redeemable at par on 31.03.2025	900.00	935.39	900.00	935.50
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.50	2,396.00	2,453.28



## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.00
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.49
<b>136<sup>th</sup> Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,670.75	2,585.00	2,671.10
<b>203B Series</b> - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,821.01	2,777.00	2,844.16
<b>204B Series</b> - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,111.47	2,082.00	2,116.78
<b>205-B Series</b> - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,018.82	2,000.00	2,024.68
<b>211<sup>th</sup> Series</b> - 6.23% Redeemable at par on 31.10.2031 with Put/ Call option exercisable on 31.10.2026	1,200.00	1,232.57	-	-
<b>140<sup>th</sup> Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,152.19	2,100.00	2,151.65
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,066.06	3,000.00	3,055.87
<b>147<sup>th</sup> Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,750.60	2,745.00	2,745.44
<b>156<sup>th</sup> Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.30	3,533.00	3,612.72
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.39	2,500.00	2,637.36
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.01	2,500.00	2,627.99
<b>168<sup>th</sup> Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,625.69	2,552.40	2,624.45
<b>169<sup>th</sup> Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,620.97	2,554.00	2,621.52
<b>176<sup>th</sup> Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.73	1,600.70	1,735.65
<b>178th Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,169.96	1,097.00	1,168.79
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,169.56	2,070.90	2,166.39
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	870.60	907.18	580.40	604.76
<b>192<sup>nd</sup> Series</b> - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,396.36	2,382.00	2,395.75
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.09	1,100.00	1,100.08
<b>189<sup>th</sup> Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.91	3,054.90	3,054.85
<b>197<sup>th</sup> Series</b> - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.89	3,740.00	3,989.76
<b>198B Series</b> - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.76	1,569.00	1,673.70
<b>202A Series</b> - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,627.03	3,500.00	3,649.96
<b>203A Series</b> - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,094.06	5,000.00	5,142.50
<b>204A Series</b> - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.79	2,500.00	2,527.31
<b>201B Series</b> - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,359.79	1,300.00	1,360.02
<b>213<sup>th</sup> Series</b> - 6.92% Redeemable at par on 20.03.2032	1,380.00	1,382.86	-	-
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.67	5,063.00	5,314.66
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.24	3,028.00	3,163.23
<b>207<sup>th</sup> Series</b> - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,641.75	4,589.90	4,644.40
<b>208<sup>th</sup> Series</b> - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,625.48	3,613.80	3,627.67
<b>Total - Institutional Bonds</b>	<b>1,44,086.60</b>	<b>1,49,010.97</b>	<b>1,69,868.60</b>	<b>1,75,719.53</b>

\* PP-MLD- Principal Protected Market Linked Debentures

\*\* STRPP- Separately Transferable Redeemable Principal Parts

### (ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series-II (2011-12)</b> - Redeemable at par	3.96	8.00	11.07	21.36
<b>Total - Infrastructure Bonds</b>	<b>3.96</b>	<b>8.00</b>	<b>11.07</b>	<b>21.36</b>





## Notes to Accounts

Details of Infrastructure Bonds issued are as under :

### Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2022	As at 31.03.2021	Redemption Details
8.95% Cumulative	-	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	-	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	
<b>Total</b>	<b>3.96</b>	<b>11.07</b>	

Amounts have been shown at face value

### (iii) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>4.75% US \$500 Mn Bonds</b> - Redeemable at par on 19.05.2023	3,790.36	3,848.85	3,675.24	3,726.60
<b>5.250% US \$700 Mn Bonds</b> - Redeemable at par on 13.11.2023	5,306.50	5,387.23	5,145.33	5,209.90
<b>3.375% US \$650 Mn Bonds</b> - Redeemable at par on 25.07.2024	4,927.46	4,941.02	4,777.81	4,784.36
<b>3.50% US \$500 Mn Bonds</b> - Redeemable at par on 12.12.2024	3,790.36	3,822.14	3,675.24	3,703.43
<b>2.25% US \$500 Mn Bonds</b> - Redeemable at par on 01.09.2026	3,790.36	3,785.82	3,675.24	3,672.19
<b>2.75% US \$400 Mn Bonds</b> - Redeemable at par on 13.01.2027	3,032.28	3,045.13	-	-
<b>3.875% US \$450 Mn Green Bonds</b> - Redeemable at par on 07.07.2027	3,411.32	3,102.47	3,307.71	2,956.72
<b>4.625% US \$300 Mn Bonds</b> - Redeemable at par on 22.03.2028	2,274.21	2,094.49	2,205.14	2,007.20
<b>Total - Foreign Currency Bonds</b>	<b>30,322.85</b>	<b>30,027.15</b>	<b>26,461.71</b>	<b>26,060.40</b>

### 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), GSM (Global Securities Market) 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 31.03.2022	For the year ended 31.03.2021
Funds raised during the year under GMTN Programme	<b>USD 0.4 Billion</b>	<b>USD 1 Billion</b>
Cumulative amount raised under GMTN Programme	USD 4.4 Billion	USD 4 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 4.0 Billion	USD 3.6 Billion

The amounts raised during the year have been utilized for the stated objects in the Offering Circular. Further, there has been no default as on the Balance Sheet date in the repayment of debt securities and borrowings and the Company has met all its debt servicing obligations, whether principal or interest, during the year.

### 19 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 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Unsecured Long-Term Borrowings</b>				
(i) Term Loans from Banks	42,878.32	42,919.86	29,938.58	29,953.76
(ii) Term Loans from Financial Institutions	6,800.00	6,800.00	5,800.00	5,800.00
(iii) Foreign Currency Borrowings	35,634.60	35,329.87	21,024.72	20,890.94



## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(iv) Term Loans from Govt. of India	10,000.00	10,325.12	10,000.00	10,325.12
(v) Lease Liability	0.03	0.03	0.05	0.05
<b>Sub-total (A)</b>	<b>95,312.95</b>	<b>95,374.88</b>	<b>66,763.35</b>	<b>66,969.87</b>
<b>(B) Unsecured Short-Term Borrowings</b>				
(i) FCNR (B) Loans	9,854.92	9,861.13	5,329.10	5,335.01
(ii) Short Term Loans/ Loans repayable on demand from Banks	1,410.93	1,415.58	10,186.52	10,201.99
(iii) Loans repayable on demand from Holding Company	-	-	3,000.00	3,000.49
<b>Sub-total (B)</b>	<b>11,265.85</b>	<b>11,276.71</b>	<b>18,515.62</b>	<b>18,537.49</b>
<b>Total - Borrowings (other than Debt Securities) (A to B)</b>	<b>1,06,578.80</b>	<b>1,06,651.59</b>	<b>85,278.97</b>	<b>85,507.36</b>
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(i) Borrowings in India	70,944.20	71,321.72	64,254.25	64,616.42
(ii) Borrowings outside India	35,634.60	35,329.87	21,024.72	20,890.94
<b>Total - Borrowings (other than Debt Securities)</b>	<b>1,06,578.80</b>	<b>1,06,651.59</b>	<b>85,278.97</b>	<b>85,507.36</b>

Please refer Note No. 20.2 for reconciliation between the figure represented in Face Value and Amortised Cost

### 19.1 Details of Unsecured Long-term Borrowings

#### (i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>- Canara Bank</b> ₹ 500 crores repaid on 05.07.2021, ₹ 500 crores repaid on 03.01.2022.	-	-	1,000.00	1,000.00
<b>- Bank of Baroda</b> ₹ 2,000 crores repaid on 29.10.2021.	-	-	2,000.00	2,000.36
<b>- State Bank of India</b> ₹ 4,999.98 crores repayable in 7 semi-annual instalments, first instalment due on 14.07.2022; ₹ 1,379.46 crores repayable in 3 annual instalments, next instalment due on 05.09.2022; ₹ 2,349.86 crores with ₹ 1650 crore repayable on 15.10.2022 and ₹ 699.86 crores on 05.03.2023; and ₹ 4,000 crores repayable in structured instalments, first instalment due on 29.10.2023.	12,729.30	12,729.30	10,839.90	10,839.90
<b>- HDFC Bank</b> ₹ 650 crores repayable on 30.09.2022, ₹ 2000 crores repayable on 04.12.2022, ₹ 2000 crores repayable on 15.06.2023, ₹ 1500 crores repayable on 19.06.2023, ₹ 300 crores repayable on 29.09.2023, ₹ 1500 crores repayable on 30.09.2023, ₹ 350 crores repayable on 11.10.2023, ₹ 350 crores repayable on 05.11.2023, ₹ 500 crores repayable on 15.01.2024, ₹ 850 crores repayable on 17.11.2026 and ₹ 2000 crores repayable on 31.03.2027.	12,000.00	12,040.15	4,650.00	4,664.47
<b>- Punjab National Bank</b> ₹ 1,996.98 crores repayable in 3 annual instalments, first instalment due on 27.08.2023, ₹ 2,000 crores repayable on 11.11.2026 and ₹ 1,000 crores repayable in 5 annual instalments, first instalment due on 29.03.2028.	4,996.98	4,996.98	4,396.84	4,396.84



## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>- ICICI Bank</b> ₹ 2,000 crores repayable in 9 annual instalments, first instalment due on 28.09.2023 and ₹ 850 crores repayable in 17 semi-annual instalments, first instalment due on 09.12.2023.	2,850.00	2,850.48	-	-
<b>- Deutsche Bank</b> ₹ 500 crores repayable on 18.12.2023 and ₹ 500 crores repayable on 21.05.2024	1,000.00	1,000.15	500.00	500.08
<b>- JP Morgan Chase Bank</b> ₹ 1,500 crores repayable on 26.03.2024	1,500.00	1,500.00	1,500.00	1,500.00
<b>- Bank of India</b> ₹ 749.87 crores repayable in 5 annual instalments, first instalment due on 27.09.2024.	749.87	750.00	-	-
<b>- HSBC Bank</b> ₹ 565 crores repayable on 19.05.2025, ₹ 187.49 crores repayable on 18.12.2025, ₹ 900 crores repayable on 25.03.2026, ₹ 500 crores repayable on 06.07.2026, ₹ 500 crores repayable on 09.07.2026, ₹ 85 crores repayable on 25.03.2030 and ₹ 665 crores repayable on 28.03.2030	3,402.49	3,403.03	1,652.50	1,652.77
<b>- Central Bank</b> ₹ 500 crores repayable in 7 annual instalments, first instalment due on 28.02.2026.	500.00	500.00	-	-
<b>- Jammu &amp; Kashmir Bank</b> ₹ 300 crores repayable on 28.10.2026	300.00	300.05	-	-
<b>- Karur Vysya Bank</b> ₹ 250 crores repayable on 29.10.2026	250.00	250.04	-	-
<b>- South Indian Bank</b> ₹ 300 crores repayable on 08.11.2026	300.00	300.00	-	-
<b>- Mizuho Bank</b> ₹ 300 crores repayable on 21.01.2027	300.00	300.00	-	-
<b>- Union Bank of India</b> ₹ 1,999.68 crores repayable in 5 annual instalments, first instalment due on 31.03.2027.	1,999.68	1,999.68	3,399.34	3,399.34
<b>Total - Unsecured Term Loans from Banks</b>	<b>42,878.32</b>	<b>42,919.86</b>	<b>29,938.58</b>	<b>29,953.76</b>

### (ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>- Indian Infrastructure Finance Company Ltd. (IIFCL)</b> ₹ 1,000 crores repayable on 03.06.2022 and ₹ 800 crores repayable on 23.06.2023, ₹ 1500 crores repayable on 23.02.2024, ₹ 500 crores repayable on 14.03.2024, ₹ 1000 crores repayable on 25.03.2026, ₹ 1000 crores repayable on 27.03.2026 and ₹ 1000 crores repayable on 09.08.2026	6,800.00	6,800.00	5,800.00	5,800.00
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>6,800.00</b>	<b>6,800.00</b>	<b>5,800.00</b>	<b>5,800.00</b>



## Notes to Accounts

### (iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2022	23.47	23.48	50.06	50.07
<b>KfW-III Loan</b> - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2022	222.81	223.55	317.22	317.87
<b>Sub-Total (1)</b>	<b>246.28</b>	<b>247.03</b>	<b>367.28</b>	<b>367.94</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>KfW-IV Loan</b> - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, next instalment falling due on 15.05.2022	1,637.43	1,639.80	1,241.16	1,243.23
<b>Sub-Total (2)</b>	<b>1,637.43</b>	<b>1,639.80</b>	<b>1,241.16</b>	<b>1,243.23</b>
<b>(3) Bilateral/ Syndicated Loans</b>				
<b>US \$100 Mn</b> - Repayable on 05.10.2021	-	-	735.05	733.36
<b>US \$230 Mn</b> - Repayable on 19.01.2022	-	-	1,690.61	1,676.86
<b>US \$200 Mn</b> - Repayable on 28.07.2022	1,516.14	1,516.11	1,470.09	1,461.67
<b>US \$150 Mn</b> - Repayable on 11.09.2022	1,137.11	1,136.75	1,102.57	1,097.49
<b>US \$250 Mn</b> - Repayable on 29.08.2023	1,895.18	1,895.18	1,837.62	1,831.68
<b>¥ 10,327.12 Mn</b> - Repayable on 08.08.2023	642.66	636.04	685.31	673.06
<b>US \$250 Mn</b> - Repayable on 27.03.2024	1,895.18	1,880.88	1,837.62	1,815.96
<b>US \$150 Mn</b> - Repayable on 29.03.2024	1,137.11	1,125.35	1,102.57	1,085.82
<b>US \$100 Mn</b> - Repayable on 01.07.2024	758.07	755.34	735.05	729.68
<b>SG \$72.08 Mn</b> - Repayable on on 30.03.2025	403.21	396.92	391.79	383.78
<b>US \$75 Mn</b> - Repayable on 30.03.2025	568.55	561.90	551.29	542.57
<b>US \$170 Mn</b> - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,288.72	1,288.65	1,249.58	1,249.55
<b>¥ 10,519 Mn</b> - Repayable on 25.09.2025	654.60	645.86	698.04	686.00
<b>US \$425 Mn</b> - Repayable on 16.03.2026	3,221.80	3,207.65	3,123.95	3,095.46
<b>US \$600 Mn</b> - Repayable on 25.08.2026	4,548.43	4,499.53	-	-
<b>US \$75 Mn</b> - Repayable on 07.10.2026	568.55	565.00	-	-
<b>US \$1175 Mn</b> - Repayable on 29.12.2026	8,907.33	8,751.96	-	-
<b>¥ 37506 Mn</b> - Repayable on 03.03.2027	2,334.04	2,293.52	-	-
<b>US \$300 Mn</b> - Repayable on 02.06.2030	2,274.21	2,286.40	2,205.14	2,216.83
<b>Sub-Total (3)</b>	<b>33,750.89</b>	<b>33,443.04</b>	<b>19,416.28</b>	<b>19,279.77</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>35,634.60</b>	<b>35,329.87</b>	<b>21,024.72</b>	<b>20,890.94</b>

### (iv) Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>- Loan from National Small Savings Fund (NSSF)</b> ₹ 5000 crores repayable on 13.12.2028 and ₹ 5000 crores repayable on 04.10.2029	10,000.00	10,325.12	10,000.00	10,325.12
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,325.12</b>



## Notes to Accounts

### 19.2 Unsecured Short-Term Borrowings

#### (i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$75 Mn - Repaid on 22.04.2021	-	-	551.29	553.09
US\$75 Mn - Repaid on 20.05.2021	-	-	551.29	553.11
US\$75 Mn - Repaid on 15.11.2021	-	-	551.29	551.29
US\$200 Mn - Repaid on 20.12.2021	-	-	1,470.09	1,470.15
US\$200 Mn - Repaid on 30.12.2021	-	-	1,470.09	1,472.31
US\$100 Mn - Repaid on 30.12.2021	-	-	735.05	735.06
US\$200 Mn - Repayable on 24.05.2022	1,516.14	1,517.78	-	-
US\$150 Mn - Repayable on 27.05.2022	1,137.11	1,137.16	-	-
US\$200 Mn - Repayable on 03.06.2022	1,516.14	1,516.21	-	-
US\$25 Mn - Repayable on 07.06.2022	189.52	189.72	-	-
US\$150 Mn - Repayable on 18.06.2022	1,137.11	1,137.17	-	-
US\$200 Mn - Repayable on 10.12.2022	1,516.14	1,517.90	-	-
US\$75 Mn - Repayable on 14.12.2022	568.55	569.21	-	-
US\$200 Mn - Repayable on 30.12.2022	1,516.14	1,517.91	-	-
US\$100 Mn - Repayable on 23.02.2023	758.07	758.07	-	-
<b>Total - FCNR (B) Loans</b>	<b>9,854.92</b>	<b>9,861.13</b>	<b>5,329.10</b>	<b>5,335.01</b>

**19.3** Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 19.1 (i), (ii) and (iv) have been raised at interest rates ranging from 5.00% to 8.29% payable on monthly/quarterly/semi annual rests.

**19.4** Foreign Currency Borrowings in Note No. 19.1(iii) have been raised at fixed interest rates ranging from 0.65% to 1.86% per annum and variable interest rates ranging from a spread of 13 bps to 210 bps over external benchmarks including 1/3/6 Months' USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) and Credit Adjustment Spread as applicable on transition of loans to new benchmark rates.

#### 19.5 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-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 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 and XV 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.

**19.6** No charges or satisfaction are yet to be registered with Registrar of Companies ROC beyond the respective statutory date.



## Notes to Accounts

### 20 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 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) 115 <sup>th</sup> Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	2,500.00	2,668.11	2,500.00	2,667.90
(ii) 175 <sup>th</sup> Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029	2,151.20	2,100.70	2,151.20	2,151.45
(iii) 199 <sup>th</sup> Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030	1,999.50	2,047.66	1,999.50	2,127.54
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,816.47</b>	<b>6,650.70</b>	<b>6,946.89</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	6,650.70	6,816.47	6,650.70	6,946.89
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,816.47</b>	<b>6,650.70</b>	<b>6,946.89</b>

Refer Note No. 20.2 for reconciliation between the figure represented in Face Value and Amortised Cost

#### 20.1 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.

#### 20.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
<b>As at 31<sup>st</sup> March 2022</b>				
<b>Total Amount as per Ind-AS</b>	<b>2,19,633.57</b>	<b>1,06,651.59</b>	<b>6,816.47</b>	<b>3,33,101.63</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,737.95)	(430.69)	(296.94)	(7,465.58)
Add: Ind-AS Adjustments	719.20	357.90	131.17	1,208.27
<b>Total Borrowings Outstanding</b>	<b>2,13,614.82</b>	<b>1,06,578.80</b>	<b>6,650.70</b>	<b>3,26,844.32</b>
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Total Amount as per Ind-AS</b>	<b>2,37,328.06</b>	<b>85,507.36</b>	<b>6,946.89</b>	<b>3,29,782.31</b>
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	824.41	169.23	3.29	996.93
<b>Total Borrowings Outstanding</b>	<b>2,30,581.38</b>	<b>85,278.97</b>	<b>6,650.70</b>	<b>3,22,511.05</b>

**20.3** 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.





## Notes to Accounts

**20.4** 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/P/CIR/2021/613 dated 10<sup>th</sup> August 2021. Disclosures required under the said circular are given below:

(all figures in ₹ Crores)

Particulars	Details
(1) Name of the company	REC Limited
(2) CIN	<b>L40101DL1969GOI005095</b>
(3) Outstanding borrowing of company as on 31 <sup>st</sup> March 2022 *	251504.70
(4) Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	ICRA AAA, CRISIL AAA, CARE AAA, IRRPL AAA
(5) 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
<b>Details of the borrowings</b>	
(i) 2-year block period	2021-22 & 2022-23
(ii) Incremental borrowing done in the FY 2021-22 (a)	42,966.99
(iii) Mandatory borrowing to be done through debt securities in FY 2021-22 (b) = (25% of a)	10,741.75
(iv) Actual borrowings done through debt securities in FY 2021-22 (c)	16,686.31
(v) Shortfall in the borrowing through debt securities, if any, for FY 2020-21 carried forward to FY 2021-22 (d)	Nil
(vi) Quantum of (d), which has been met from (c) (e)	Nil
(vii) Shortfall, if any, in the mandatory borrowing through debt securities for FY 2021-22 [after adjusting for any shortfall in borrowing for FY 2020-21 which was carried forward to FY 2021-22 (f)= (b)-[(c)-(e)]	Nil

\* Borrowings as mentioned in (3) 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.

## 21 Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Unpaid Dividends (Refer Note 21.1)</b>	6.39	5.79
<b>(B) Bond Application Money refundable and interest accrued thereon</b>	-	0.01
<b>(C) Unpaid Principal &amp; Interest on Bonds (Refer Note 21.1)</b>		
- Matured Bonds & Interest Accrued thereon	22.01	49.77
- Interest on Bonds	6.72	18.95
<b>Sub-total (C)</b>	<b>28.73</b>	<b>68.72</b>
<b>(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)</b>	95,578.81	89,640.91
Add: Interest on such funds (net of refund)	3.95	2.63
Less: Disbursed to Beneficiaries (cumulative)	(94,808.08)	(88,575.58)
<b>Undisbursed Funds to be disbursed as Subsidy/ Grant</b>	<b>774.68</b>	<b>1,067.96</b>
<b>(E) Payables towards Bonds Fully serviced by Govt. of India (Refer Note No. 21.5)</b>	24,318.29	24,314.43
<b>(F) Other Liabilities</b>	447.75	477.19
<b>Total (A to F)</b>	<b>25,575.84</b>	<b>25,934.10</b>

**21.1** 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 31<sup>st</sup> March 2022 is ₹ 1.22 crores (₹ 0.62 crores as at 31<sup>st</sup> March 2021) which has been transferred within the prescribed time limit.

## 21.2 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.



## Notes to Accounts

Net amount of ₹ 0.73 Crores as at 31<sup>st</sup> March 2022 (₹ 0.71 Crores as at 31<sup>st</sup> March 2021) 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 31.03.2022	Year ended 31.03.2021
<b>Opening Balance of Interest Subsidy Fund</b>	<b>0.71</b>	<b>0.69</b>
Add: Interest earned during the year	0.02	0.02
Less: Interest subsidy passed on to the borrower	-	-
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.73</b>	<b>0.71</b>

**21.3** Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) and Revamped Distribution Sector Scheme (RDSS). The funds received for disbursement to various agencies under the schemes are kept in a respective separate bank accounts. The undisbursed funds for the schemes (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Funds to be disbursed as Subsidy/ Grant" under the head "Other Financial Liabilities".

**21.4** The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>2.63</b>	<b>7.75</b>
Add: Interest earned during the year	19.81	26.38
Less: Amount refunded to Govt. during the year	(18.50)	(31.50)
<b>Closing Balance</b>	<b>3.95</b>	<b>2.63</b>

**21.5** For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ Nil (Previous year ₹ 2,500 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 2<sup>nd</sup> December, 2020 and 3<sup>rd</sup> 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 11).

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2022	As at 31.03.2021
GoI-I Series	8.09%	Semi-annual	21-03-2028	1,837.00	1,837.00
GoI-II Series	8.01%	Semi-annual	24-03-2028	1,410.00	1,410.00
GoI-III Series	8.06%	Semi-annual	27-03-2028	753.00	753.00
GoI-IV Series	8.70%	Semi-annual	28-09-2028	3,000.00	3,000.00
GoI-V Series	8.54%	Semi-annual	15-11-2028	3,600.00	3,600.00
GoI-VI Series	8.80%	Semi-annual	22-01-2029	2,027.00	2,027.00
GoI-VII Series	8.60%	Semi-annual	08-03-2029	1,200.00	1,200.00
GoI-VIII Series	8.30%	Semi-annual	25-03-2029	4,000.00	4,000.00
GoI- IX Series	7.14%	Semi-annual	02-03-2030	1,500.00	1,500.00
GoI- X Series	8.25%	Semi-annual	26-03-2030	532.30	532.30
GoI- XI Series	7.20%	Semi-annual	31-03-2030	1,750.00	1,750.00
GoI- XII Series	6.45%	Semi-annual	07-01-2031	1,000.00	1,000.00
GoI- XIII Series	6.63%	Semi-annual	28-01-2031	1,000.00	1,000.00
GoI- XIV Series	6.50%	Semi-annual	26-03-2031	500.00	500.00
<b>Total</b>				<b>24,109.30</b>	<b>24,109.30</b>



## Notes to Accounts

### 22 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Provision for Income Tax	18.01	2,702.52
Less: Advance Income-tax & TDS	(7.76)	(2,691.90)
<b>Current tax liabilities (Net)</b>	<b>10.25</b>	<b>10.62</b>

### 23 Provisions

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Provisions for</b>		
<b>(A) Employee Benefits (Refer Note 56)</b>		
Gratuity	0.34	1.30
Earned Leave Liability	25.17	18.00
Post Retirement Medical Benefits	0.71	7.71
Medical Leave Liability	21.49	20.91
Settlement Allowance	1.79	1.89
Economic Rehabilitation Scheme	4.15	4.13
Long Service Award	2.25	2.02
Incentive	27.71	47.92
<b>Sub-total (A)</b>	<b>83.61</b>	<b>103.88</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort (Refer 23.1 & 23.2)	20.90	9.09
<b>Sub-total (B)</b>	<b>20.90</b>	<b>9.09</b>
<b>Total (A+B)</b>	<b>104.51</b>	<b>112.97</b>

### 23.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Opening balance</b>	<b>9.09</b>	<b>8.38</b>
Add: Created during the year	17.18	0.75
Less: Reversed/ Adjusted during the year	(5.37)	(0.04)
<b>Closing balance</b>	<b>20.90</b>	<b>9.09</b>

**23.2** The Company has maximum credit risk exposure of ₹ 4,068.95 crores (previous year ₹ 2,608.85 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

### 24 Other Non-financial Liabilities

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(A) Sundry Liabilities Account (Interest Capitalisation)	4.10	5.07
(B) Unbilled Liability towards Capital Account	26.96	28.53
(C) Unamortised Fee on Undisbursed Loans	28.72	68.64
(D) Advance received from Govt. towards Govt. Schemes	0.75	0.75
(E) Statutory Dues	21.11	17.52
<b>Total (A to E)</b>	<b>81.64</b>	<b>120.51</b>



## Notes to Accounts

### 25 Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
<b>Total</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>

### 25.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31.03.2022		For the year ended 31.03.2021	
	No. of Shares	Amount (₹ in cr.)	No. of Shares	Amount (₹ in cr.)
Share Capital at the beginning of the year	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Add: Shares issued & allotted during the year	-	-	-	-
<b>Share Capital at the end of the year</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>

### 25.2 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.

**25.3** 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.

### 25.4 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.

### 25.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Limited	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	15,89,92,122	8.05%	16,72,55,577	8.47%

### 25.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%

### 25.7 Details of equity shares held by the promoters

Name of the Promoter	As at 31.03.2022			As at 31.03.2021		
	No. of Shares	Percentage	% change during the year	No. of Shares	Percentage	% change during the year
The President of India	-	-	-	-	-	-
Power Finance Corporation Limited	1,03,94,95,247	52.63%	-	1,03,94,95,247	52.63%	-



## Notes to Accounts

### 26 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	5,584	558.40
<b>Total</b>	<b>5,584</b>	<b>558.40</b>	<b>5,584</b>	<b>558.40</b>

### 26.1 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 31.03.2022		For the year ended 31.03.2021	
	Number	Amount	Number	Amount
Balance at the beginning of the year	5,584	558.40	-	-
Increase/ (Decrease) during the year	-	-	5,584	558.40
<b>Balance at the end of the year</b>	<b>5,584</b>	<b>558.40</b>	<b>5,584</b>	<b>558.40</b>

### 26.2 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 31.03.2022		As at 31.03.2021	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	665	11.91%
HPGCL Employees Pension Fund Trust	500	8.95%	500	8.95%

**26.3** Company had 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. Further, the periodic coupon payments are accordingly adjusted with retained earnings.

### 27 Other Equity

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Other Reserves</b>		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	22,302.93	19,222.23
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961	196.82	2,128.41
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	5,814.00	3,804.00
(iv) Debenture Redemption Reserve	-	-
(iv) Securities Premium	2,236.54	2,236.54
(v) Foreign Currency Monetary Item Translation Difference Account	(555.29)	(573.16)
(vi) General Reserve	11,781.62	9,850.03
(vii) Impairment Reserve	-	-
<b>(B) Retained Earnings</b>	<b>6,915.38</b>	<b>4,325.09</b>
<b>(C) Other Comprehensive Income (OCI)</b>		
- Equity Instruments through Other Comprehensive Income	(37.98)	24.07
- Effective Portion of Cash Flow Hedges	194.21	(165.61)
- Cost of Hedging reserve	(395.95)	41.45
<b>Total - Other Equity</b>	<b>48,452.28</b>	<b>40,893.05</b>

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.



## Notes to Accounts

**27.1** 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 2021-22
  - (a) ₹ 1,931.59 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.
- (ii) During the financial year 2020-21
  - (a) ₹ 1,152.55 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(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

### 27.2 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>19,222.23</b>	<b>16,659.10</b>
Add: Transferred from Retained Earnings	3,080.70	2,563.13
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>22,302.93</b>	<b>19,222.23</b>

### 27.3 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>2,128.41</b>	<b>2,992.83</b>
Add: Transferred from Retained Earnings	-	288.13
Less: Transferred to General Reserve	(1,931.59)	(1,152.55)
<b>Balance as at the end of the year</b>	<b>196.82</b>	<b>2,128.41</b>

### 27.4 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>3,804.00</b>	<b>2,131.00</b>
Add: Transferred from Retained Earnings	2,010.00	1,673.00
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>5,814.00</b>	<b>3,804.00</b>





## Notes to Accounts

### 27.5 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>2,236.54</b>	<b>2,236.54</b>
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>2,236.54</b>	<b>2,236.54</b>

### 27.6 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>(573.16)</b>	<b>(1,719.38)</b>
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	(216.94)	437.65
Less: Amortisation during the year	234.81	708.57
<b>Balance as at the end of the year</b>	<b>(555.29)</b>	<b>(573.16)</b>

### 27.7 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>9,850.03</b>	<b>6,923.09</b>
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	1,931.59	1,152.55
Add: Transferred from Debenture Redemption Reserve	-	-
Add: Transferred from Impairment Reserve	-	793.29
<b>Balance as at the end of the year</b>	<b>11,781.62</b>	<b>9,850.03</b>

### 27.8 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 has been transferred to General Reserve during the FY 20-21.



## Notes to Accounts

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>-</b>	<b>793.29</b>
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	(793.29)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>

### 27.9 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.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>24.07</b>	<b>106.26</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	24.74	160.52
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(86.79)	(242.71)
<b>Balance as at the end of the year</b>	<b>(37.98)</b>	<b>24.07</b>

### 27.10 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>(165.61)</b>	<b>(226.08)</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	359.82	60.47
<b>Balance as at the end of the year</b>	<b>194.21</b>	<b>(165.61)</b>

### 27.11 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>41.45</b>	<b>(204.75)</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	(437.40)	246.20
<b>Balance as at the end of the year</b>	<b>(395.95)</b>	<b>41.45</b>



## Notes to Accounts

### 27.12 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>4,325.09</b>	<b>3,409.74</b>
Add: Profit for the year	10,045.92	8,361.78
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(6.23)	(10.67)
Less: Transferred to General Reserve	-	(981.10)
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(3,080.70)	(2,563.13)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961	-	(288.13)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(2,010.00)	(1,673.00)
Less: Transferred to Debenture Redemption Reserve	-	-
Less: Transferred to Impairment Reserve	-	-
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	86.79	242.71
Less: Coupon Payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	(34.12)	-
Less: Issue Expenses on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	(0.70)
Less: Dividend paid during the year	(2,411.37)	(2,172.41)
Less: Dividend Distribution Tax	-	-
<b>Balance as at the end of the year</b>	<b>6,915.38</b>	<b>4,325.09</b>

### 27.13 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	For the year ended 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> March, 2021	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
	(₹)	(₹ in Crores)	(₹)	(₹ in Crores)
Interim Dividend	10.50	2,073.66	11.00	2,172.41
Final/ Proposed Dividend	4.80	947.96	1.71	337.71
<b>Total Dividend</b>	<b>15.30</b>	<b>3,021.62</b>	<b>12.71</b>	<b>2,510.12</b>

The Board of Directors at its meeting held on 13th May, 2022 recommended final dividend of ₹ 4.80/- per equity share (on face value of ₹ 10/- each) for the financial year 2021-22, subject to approval of Shareholders in the ensuing Annual General Meeting.

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend.

### 28 Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2022			Year ended 31.03.2021		
	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
<b>(A) Interest on Loan Assets</b>						
(i) Long term financing	-	37,613.72	-	-	34,160.00	-
Less: Rebate for timely payments/ completion etc	-	(0.04)	-	-	(0.06)	-
Long term financing (net)	-	37,613.68	-	-	34,159.94	-
(ii) Short term financing	-	197.16	-	-	69.98	-
<b>Sub-total (A)</b>	<b>-</b>	<b>37,810.84</b>	<b>-</b>	<b>-</b>	<b>34,229.92</b>	<b>-</b>



## Notes to Accounts

(₹ in Crores)

Particulars	Year ended 31.03.2022			Year ended 31.03.2021		
	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
<b>(B) Interest Income from Investments</b>						
(i) Interest from Long Term Investments	-	108.06	27.15	-	27.04	195.30
<b>Sub-total (B)</b>	<b>-</b>	<b>108.06</b>	<b>27.15</b>	<b>-</b>	<b>27.04</b>	<b>195.30</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	84.66	-	-	154.41	-
<b>Sub-total (C)</b>	<b>-</b>	<b>84.66</b>	<b>-</b>	<b>-</b>	<b>154.41</b>	<b>-</b>
<b>(D) Other Interest Income</b>						
(i) Interest on Delayed Payments by Borrowers	-	154.54	-	-	72.84	-
(ii) Interest from Staff Advance	-	0.97	-	-	3.70	-
(iii) Interest on Mobilisation Advance	-	0.24	-	-	0.56	-
(iv) Unwinding of Discount of Security Deposits	-	-	-	-	0.01	-
<b>Sub-total (D)</b>	<b>-</b>	<b>155.75</b>	<b>-</b>	<b>-</b>	<b>77.11</b>	<b>-</b>
<b>Total - Interest Income (A to D)</b>	<b>-</b>	<b>38,159.31</b>	<b>27.15</b>	<b>-</b>	<b>34,488.48</b>	<b>195.30</b>

### 29 Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Dividend from Subsidiary Companies	22.43	8.43
- Dividend from Other Investments	4.21	27.97
<b>Total - Dividend Income</b>	<b>26.64</b>	<b>36.40</b>

### 29.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Dividend on FVOCI Equity Investments		
- Investments held at the end of the year	3.20	27.63
- Investments derecognized during the year	1.01	0.34
<b>Total</b>	<b>4.21</b>	<b>27.97</b>

### 30 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Fees based Income	92.22	26.57
Prepayment Premium	465.37	35.14
Fee for Implementation of Govt. Schemes	15.23	33.67
<b>Total - Fees and Commission Income</b>	<b>572.82</b>	<b>95.38</b>



## Notes to Accounts

### 31 Other Income

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Gain on cessation of significant influence in Joint Venture (refer note 10.2)	29.01	-
Net gain/ (loss) on disposal of assets classified as held for sale	30.19	-
Rental Income	16.32	2.17
Liabilities/Provision Written Back	8.93	-
Fees from Training Courses	6.57	2.77
Interest from Income Tax Refund	0.83	0.94
Miscellaneous Income	6.11	16.67
<b>Total - Other Income</b>	<b>97.96</b>	<b>22.55</b>

### 32 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(i) Interest on Borrowings</b>		
- Loans from Govt. of India	822.50	820.81
- Loans from Banks/ Financial Institutions	2,788.79	2,090.94
- External Commercial Borrowings	577.12	630.50
- Lease Liability	-	0.01
<b>Sub-Total (i)</b>	<b>4,188.41</b>	<b>3,542.26</b>
<b>(ii) Interest on Debt Securities</b>		
- Domestic Debt Securities	14,763.99	15,293.60
- Foreign Currency Debt Securities	1,294.73	1,196.54
- Commercial Paper	14.76	35.32
<b>Sub-Total (ii)</b>	<b>16,073.48</b>	<b>16,525.46</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	523.30	523.75
<b>Sub-Total (iii)</b>	<b>523.30</b>	<b>523.75</b>
<b>(iv) Other Interest Expense</b>		
- Swap Premium	1,269.34	894.62
- Interest on Advance Income Tax	-	22.71
- Interest on liability towards employee benefits	3.48	2.32
<b>Sub-Total (iv)</b>	<b>1,272.82</b>	<b>919.65</b>
<b>Total - Finance Costs</b>	<b>22,058.01</b>	<b>21,511.12</b>
Less: Finance Costs Capitalised	(5.10)	(22.04)
<b>Total - Finance Costs (Net)</b>	<b>22,052.91</b>	<b>21,489.08</b>

### 33 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Net translation/ transaction exchange loss/ (gain)	799.05	330.26
<b>Total</b>	<b>799.05</b>	<b>330.26</b>

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 1<sup>st</sup> April 2018 amounting to ₹ 234.81 crores (Previous year ₹ 708.57 crores).

**33.1** 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:



## Notes to Accounts

Exchange Rates	USD/INR	JPY/INR	Euro/INR	SGD/INR
As at 31 <sup>st</sup> March 2022	75.8071	0.6223	84.6599	55.9438
As at 31 <sup>st</sup> March 2021	73.5047	0.6636	86.0990	54.3581

### 34 Fees and commission expense

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i) Guarantee Fee	4.29	-
(ii) Listing and Trusteeship Fee	0.84	0.78
(iii) Agency Fees	2.01	3.01
(iv) Credit Rating Expenses	6.69	3.33
(v) Other Finance Charges	2.90	2.83
<b>Total (i to v)</b>	<b>16.73</b>	<b>9.95</b>

### 35 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
<b>(i) On trading Portfolio</b>	-	-
<b>(ii) Others</b>		
- Changes in fair value of Derivatives	351.36	545.92
- Changes in fair value of Long Term Investments	(12.78)	2.43
- Changes in fair value of Short-term MF investments	7.99	23.98
<b>Sub-total (ii)</b>	<b>346.57</b>	<b>572.33</b>
<b>Total (A)</b>	<b>346.57</b>	<b>572.33</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	365.03	590.79
- Unrealised	(18.46)	(18.46)
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>346.57</b>	<b>572.33</b>

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

### 36 Impairment on financial instruments

(₹ in Crores)				
Particulars	Year ended 31.03.2022		Year ended 31.03.2021	
	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 *	-	3,434.36	-	2363.33
(ii) - Investments	-	28.72	-	-
(iii) - Others	-	10.23	-	56.29
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>3,473.31</b>	<b>-</b>	<b>2419.62</b>

\* includes ₹ 11.81 crores (Previous year ₹ 0.71 crores) towards impairment allowance on Letter of Comfort.

### 37 Employee Benefits Expense

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Salaries and Allowances	114.28	101.66
- Contribution to Provident Fund and Other Funds	11.27	13.61
- Expenses towards Post Employment Benefits	7.46	4.87
- Rent towards Residential Accomodation for Employees	3.77	2.19
- Staff Welfare Expenses	22.08	22.51
<b>Total</b>	<b>158.86</b>	<b>144.84</b>





## Notes to Accounts

### 38 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Depreciation on Property, Plant & Equipment	15.09	6.81
- Amortization on Intangible Assets	2.87	2.72
<b>Total</b>	<b>17.96</b>	<b>9.53</b>

### 39 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Direct Expenditure	165.20	139.78
- Overheads	5.47	4.54
<b>Total</b>	<b>170.67</b>	<b>144.32</b>

**39.1** Ministry of Corporate Affairs (MCA) vide its notification dated January 22, 2021 has prescribed Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, effective prospectively from the date of notification, as clarified by MCA. These rules 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 30<sup>th</sup> 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.

#### 39.2 Details of Gross Amount required to be spent by the company:

- Gross amount required to be spent by the company during the year is ₹ 170.67 crores (previous year ₹ 144.32 crores)
- Amount approved by the Board to be spent during the year is ₹ 170.67 crores (previous year ₹ 144.32 crores)
- Refer Note no. 54 for related party transactions related to CSR.
- Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(A) Opening Balance - Excess amount spent</b>	<b>(3.46)</b>	<b>-</b>
(B) Amount required to be spent during the year	170.67	144.32
(C) Amount spent during the year	167.61	147.78
<b>(D) Closing Balance - Excess amount spent* (A+B-C)</b>	<b>(0.40)</b>	<b>(3.46)</b>

\* eligible to be set-off in the next three succeeding financial years

#### 39.3 Amount spent during the year :

(₹ in Crores)

Particulars	Year ended 31.03.2022			Year ended 31.03.2021		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
<b>(i) Construction/ acquisition of any asset</b>	-	-	-	-	-	-
<b>(ii) On purpose other than (i) above</b>						
Health/Sanitation / Waste Management / Drinking water	54.75	-	54.75	27.59	-	27.59
Education/ Vocational/ Skill Development	16.17	-	16.17	17.68	-	17.68
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	8.06	-	8.06	17.63	-	17.63
Sports	15.00	-	15.00	-	-	-
Contribution to PM CARES Fund	50.00	-	50.00	50.00	-	50.00
Provision of food/ration to migrant workers due to COVID- 19 and Providing Cold Chain equipment for COVID-19 vaccination	0.26	-	0.26	7.65	-	7.65
Others	17.90	-	17.90	22.69	-	22.69
Administrative overheads including training, impact assessment etc.	5.47	-	5.47	4.54	-	4.54
<b>Total (ii)</b>	<b>167.61</b>	<b>-</b>	<b>167.61</b>	<b>147.78</b>	<b>-</b>	<b>147.78</b>

In support of the fight against the Covid-19 pandemic, the Company committed a total contribution of ₹ 200 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), of which ₹ 50 crores was contributed during the year 2021-22, ₹ 50 crores contributed during the year 2020-21 and ₹ 100 crores contributed during the year 2019-20.



## Notes to Accounts

### 40 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Travelling and Conveyance	10.07	8.00
- Publicity & Promotion Expenses	1.66	7.40
- Repairs and Maintenance	21.62	17.40
- Rent, taxes and energy costs	7.60	13.23
- Insurance Charges	0.09	0.10
- Communication costs	2.86	3.31
- Printing & stationery	0.79	0.86
- Director's sitting fees	0.21	0.10
- Auditors' fees and expenses	1.53	1.43
- Legal & Professional Charges	9.29	9.86
- Net Loss on Disposal of Property, Plant & Equipment	0.97	4.03
- Training And Conference Expense	7.65	2.97
- Govt. Scheme Monitoring Expenses	30.94	26.26
- Other Expenditure	20.78	11.76
<b>Total</b>	<b>116.06</b>	<b>106.71</b>

#### 40.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Fees paid to statutory auditors :</b>		
- as auditor	0.58	0.66
- for taxation matters*	0.15	0.25
- for company law matters (includes limited review fees)	0.33	0.26
- for other services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.10	0.10
(i) For Certifications	0.22	0.04
- for reimbursement of expenses	0.03	-
<b>Sub-total</b>	<b>1.41</b>	<b>1.31</b>
Non-recoverable tax credit in respect of fees paid to auditors	0.12	0.12
<b>Total - Auditor's fees and expenses</b>	<b>1.53</b>	<b>1.43</b>

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

### 41 Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Current tax expense	3,051.33	2,683.62
- Current tax expense/ (benefit) pertaining to earlier years	(3.96)	223.28
<b>Sub-total - Current Tax</b>	<b>3,047.37</b>	<b>2,906.90</b>
- Deferred tax expense/ (credit)	(668.39)	(512.55)
<b>Total</b>	<b>2,378.98</b>	<b>2,394.35</b>



## Notes to Accounts

### 41.1 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 31.03.2022	Year ended 31.03.2021
<b>Profit before Tax</b>	<b>12,424.90</b>	<b>10,756.13</b>
<b>Statutory income tax rate</b>	<b>25.168%</b>	<b>25.168%</b>
<b>Expected income tax expense</b>	<b>3,127.10</b>	<b>2,707.10</b>
<b>Tax effect of income tax adjustments:</b>		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(775.36)	(645.09)
Non-allowability of CSR expenses & other adjustments	42.95	112.70
Other non-deductible tax expenses	(1.07)	5.52
Non Taxable Income	(6.70)	(9.16)
Tax Expense Earlier Years	(3.96)	223.28
Impact of income taxable at different rates	(3.98)	-
<b>Tax expense</b>	<b>2,378.98</b>	<b>2,394.35</b>

### 42 Earnings per Share

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b><u>Numerator</u></b>		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)	10,045.92	8,361.78
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	10,045.92	8,361.78
<b><u>Denominator</u></b>		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	50.87	42.34
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	50.87	42.34

### 43 Contingent Liabilities and Commitments :

#### 43.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Claims against the Company not acknowledged as debts</b>	0.78	0.24
<b>(B) Taxation Demands</b>		
(i) - Demands raised by the Income Tax Department	152.77	10.49
(ii) - Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	0.90	0.30
(iii) - Demands raised in respect of GST	17.89	-
<b>(C) Others</b>		
- Letters of Comfort	4,068.95	2,608.85

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(i) above are against the various demands raised by Income Tax Department. The company is contesting these demands and the management believes that its position will likely be upheld in the appellate process.

The amount referred to in B(ii) above are against the appeal filed by Income Tax Department in High Court against the relief allowed to the Company at ITAT level.

The amount referred to in B(iii) above is against the GST refund appeal filed by REC.



## Notes to Accounts

### 43.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>- Contracts remaining to be executed on capital account</b>		
- Towards Property, Plant & Equipment	129.13	225.95
- Towards Intangible Assets	-	0.16
<b>- Other Commitments</b>		
- CSR Commitments	399.13	259.26

### 44 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
(iv) Registration Number	Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)	L0012

### 45 Implementation of Govt. Schemes

#### 45.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country during Oct 2017. The scheme envisaged 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 was ₹ 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. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

#### 45.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of Government of India covering all aspects of rural power distribution was launched in Nov 2014. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 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 12<sup>th</sup> and 13<sup>th</sup> plans, subsumed to DDUGJY.

The scheme had estimated outlay of ₹ 75,893 Crore including budgetary support of ₹ 63,027 Crore from Government of India during the entire implementation period. Additional Infra under DDUGJY was sanctioned with a total outlay of ₹ 7,069 Cr including budgetary support of ₹ 5302 Cr. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

#### 45.3 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.



## Notes to Accounts

### 45.4 Revamped Distribution Sector Scheme (RDSS)

Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to them so as to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of ₹ 3,03,758 Crore over 5 years i.e. FY 2021-22 to FY 2025-26 including an estimated Government Budgetary Support (GBS) of ₹ 97,631 Crore.

The main objective of the scheme includes :

- (i) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
- (ii) Reduction of ACS-ARR gap to zero by 2024-25.
- (iii) Improvement in the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

Components of the scheme are :

Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure.

Part B – Training & Capacity Building and other Enabling & Supporting Activities.

### 46 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 31.03.2022	As at 31.03.2021
Net debt	3,26,717.92	3,21,370.56
Net Worth	50,985.60	43,426.37
<b>Debt-equity ratio</b>	<b>6.41</b>	<b>7.40</b>

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.



## Notes to Accounts

### 47 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 Adequacy Ratio or Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%), computed by dividing company's Tier-I and Tier-II capital by Risk Weighted Assets.

Particulars	Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	As at 31.03.2022	As at 31.03.2021	% Variance
(i) CRAR	57,937.08	2,45,436.54	23.61%	19.72%	19.70%
(ii) CRAR - Tier I Capital	48,052.65	2,45,436.54	19.58%	16.31%	20.04%
(iii) CRAR - Tier II Capital	9,884.43	2,45,436.54	4.03%	3.41%	18.10%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.16% (previous year 1.44%)

\* Numerator being Tier-I & Tier-II capital majorly consists of Equity (Refer Note no. 25, 26 and 27) and Denominator being Risk Weighted Assets majorly represents the weighted sum of company's credit exposure(s) such as Loans (Refer Note no. 10) and Investments (Refer Note no. 11), calculated in line with circular(s) issued by RBI in this regard, from time to time.

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Amount of Subordinated Debt raised as Tier-II capital	-	1,999.50
Amount raised by issue of Perpetual Debt Instruments	-	558.40

### 48 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, Debt Securities and Preference Shares	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





## Notes to Accounts

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.

### 48.1 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.

#### 48.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(i) Low credit risk on financial reporting date</b>		
Cash and cash equivalents	126.40	1,140.49
Bank balances other than cash and cash equivalents	2,295.30	1,929.06
Loans *	3,35,876.99	3,58,891.11
Investments **	1,840.09	1,237.84
Other financial assets	24,396.94	24,399.21
<b>(ii) Moderate credit risk</b>		
Loans *	36,424.23	2,888.05
<b>(iii) High credit risk</b>		
Loans *	17,159.89	18,256.93
Investments in Preference Share ***	28.72	-
Other financial assets	90.68	88.04

\* 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 subsidiary and joint venture as they are carried at cost in line with the exemption given under Ind AS 27.

\*\*\* Represents principal outstanding without deduction for expected credit losses in respect to the investment in Redeemable Preference Shares of Rattan India Power Limited.

#### 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 subsidiary, 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.



## Notes to Accounts

### Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment in High Quality Liquid Assets (HQLAs) 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.

### Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution

REC also invests in securities issued by borrower entities as a part of the settlement/ resolution plan duly approved by the Company or the Consortium of Lenders, as applicable and in case of resolutions under Insolvency & Bankruptcy Code 2016, approved by Committee of Creditors and National Company Law Tribunal (NCLT) of the competent jurisdiction. Credit risk related to these securities is managed by monitoring the recoverability of such amounts continuously.

#### 48.1.2 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 Investment in G-Sec, State Development loans and Debt Securities** - Considering that the investments are in debt securities including Government Securities/ minimum investment grade rated Government Companies in High Quality Liquid Assets (HQLAs), credit risk is considered low.
- **For Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution** - Credit risk is evaluated on the basis of recoverability of such securities. Wherever medium or high risk evaluated on such investments, suitable loss allowance is provided.
- **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 31.03.2022			As at 31.03.2021		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	126.40	-	126.40	1,140.49	-	1,140.49
Bank balances (other than cash and cash equivalents)	2,295.30	-	2,295.30	1,929.06	-	1,929.06
Investments*	1,897.53	28.72	1,868.81	1,237.84	-	1,237.84
Other financial assets **	24,487.62	90.68	24,396.94	24,487.25	88.04	24,399.21

\* The impairment allowance has been provided in full on 'Investments in Redeemable Preference Shares' of Rattan India Power Limited considered as credit-impaired.

\*\* The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.

#### 48.1.3 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.



## Notes to Accounts

### (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 periodic basis, the loan assets are reviewed and categorized as High/Moderate/Low based on ECL methodology. The process for Credit Risk Management are as under:

- (i) 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
- (ii) 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 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).



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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:

- 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.



## Notes to Accounts

### 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.

### (I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

Credit Risk Category (Internal/ Mapped Ratings)	As at 31.03.2022				As at 31.03.2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Performing</b>								
Very Good (AAA   AA   A   Government Loan)	1,81,968.90	11,661.35	-	1,93,630.25	2,20,485.16	1,421.82	-	2,21,906.98
Good (BBB   BB   B)	96,631.68	24,762.88	-	1,21,394.56	1,07,998.93	69.68	-	1,08,068.61
Average (C )	54,755.07	-	-	54,755.07	28,532.47	-	-	28,532.47
Fair (D)	2,521.34	-	-	2,521.34	1,874.55	1,396.55	-	3,271.10
<b>Non- Performing (D)</b>	-	-	<b>17,159.89</b>	<b>17,159.89</b>	-	-	<b>18,256.93</b>	<b>18,256.93</b>
<b>Gross Exposure</b>	<b>3,35,876.99</b>	<b>36,424.23</b>	<b>17,159.89</b>	<b>3,89,461.11</b>	<b>3,58,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>3,80,036.09</b>
Loss allowance	2,790.22	369.61	11,565.73	14,725.56	1,282.46	141.43	11,791.31	13,215.20
<b>Net Exposure</b>	<b>3,33,086.77</b>	<b>36,054.62</b>	<b>5,594.16</b>	<b>3,74,735.55</b>	<b>3,57,608.65</b>	<b>2,746.62</b>	<b>6,465.62</b>	<b>3,66,820.89</b>



## Notes to Accounts

### (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



## Notes to Accounts

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:

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2022	Stage 1	
	Gross Amount	12 months ECL
<b>Opening Balance</b>	<b>3,58,891.11</b>	<b>1,282.46</b>
Transfer to 12 months ECL	2,031.94	134.62
Transfer to life time ECL not credit impaired	(35,361.06)	(40.15)
Transfer to Lifetime ECL credit impaired	(1,516.73)	(214.87)
Additional provision due to changes in PD/ LGD	-	1,235.51
New Financial assets originated or purchased (including further disbursements in existing assets)	62,483.86	569.85
Financial Assets that have been derecognised (including recoveries in existing assets)	(50,652.13)	(177.20)
Write offs	-	-
<b>Closing Balance</b>	<b>3,35,876.99</b>	<b>2,790.22</b>

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2021	Stage 1	
	Gross Amount	12 months ECL
<b>Opening Balance</b>	<b>2,99,697.53</b>	<b>488.46</b>
Transfer to 12 months ECL	2,509.24	353.78
Transfer to life time ECL not credit impaired	(1,609.07)	(1.90)
Transfer to Lifetime ECL credit impaired	-	-
Additional provision due to changes in PD/ LGD	-	123.92
New Financial assets originated or purchased (including further disbursements in existing assets)	94,564.60	414.89
Financial Assets that have been derecognised (including recoveries in existing assets)	(36,271.19)	(96.69)
Write offs	-	-
<b>Closing Balance</b>	<b>3,58,891.11</b>	<b>1,282.46</b>

### (L) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31.03.2022	
	Stage I	Stage II
<b>Total Exposure</b>	<b>3,35,876.99</b>	<b>36,424.23</b>
Impairment Allowance	2,790.22	369.61
ECL %	0.83%	1.01%



## Notes to Accounts

(₹ in Crores)

Stage 2		Stage 3		Total	
Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>2,888.05</b>	<b>141.43</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>3,80,036.09</b>	<b>13,215.20</b>
(1,396.55)	(139.66)	(635.39)	5.03	-	(0.01)
35,361.06	40.15	-	-	-	-
-	-	1,516.73	214.87	-	-
-	293.79	-	1,517.77	-	3,047.07
3,877.11	40.22	-	-	66,360.97	610.07
(4,305.44)	(6.32)	(54.37)	(39.24)	(55,011.94)	(222.76)
-	-	(1,924.01)	(1,924.01)	(1,924.01)	(1,924.01)
<b>36,424.23</b>	<b>369.61</b>	<b>17,159.89</b>	<b>11,565.73</b>	<b>3,89,461.11</b>	<b>14,725.56</b>

(₹ in Crores)

Stage 2		Stage 3		Total	
Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>2,431.27</b>	<b>963.83</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>3,23,384.35</b>	<b>12,004.42</b>
(53.05)	(1.82)	(2,456.18)	(351.96)	0.01	-
1,609.07	1.90	-	-	-	-
(36.22)	(0.38)	36.22	0.38	-	-
-	178.15	-	2,037.68	-	2,339.75
264.00	0.47	2.00	0.20	94,830.60	415.56
(421.58)	(95.28)	(333.56)	(200.02)	(37,026.33)	(391.99)
(905.44)	(905.44)	(247.10)	(247.10)	(1,152.54)	(1,152.54)
<b>2,888.05</b>	<b>141.43</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>3,80,036.09</b>	<b>13,215.20</b>

(₹ in Crores)

		As at 31.03.2021			
Stage III	Total	Stage I	Stage II	Stage III	Total
<b>17,159.89</b>	<b>3,89,461.11</b>	<b>3,58,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>3,80,036.09</b>
11,565.73	14,725.56	1,282.46	141.43	11,791.31	13,215.20
67.40%	3.78%	0.36%	4.90%	64.59%	3.48%





## Notes to Accounts

### (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 31.03.2022		As at 31.03.2021	
	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry				
Generation	1,55,202.14	12,298.95	1,56,901.95	12,035.54
Renewables	13,449.27	225.20	17,388.24	117.88
Transcos	64,879.92	774.38	61,309.37	502.51
Discoms	1,52,115.74	1,411.67	1,39,833.76	557.90
Government Loans	3,814.04	15.36	4,602.77	1.37
<b>Total</b>	<b>3,89,461.11</b>	<b>14,725.56</b>	<b>3,80,036.09</b>	<b>13,215.20</b>
Concentration by ownership				
State	3,50,584.17	2,684.59	3,38,973.84	938.40
Private	38,876.94	12,040.97	41,062.25	12,276.80
<b>Total</b>	<b>3,89,461.11</b>	<b>14,725.56</b>	<b>3,80,036.09</b>	<b>13,215.20</b>

### (N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2022	As at 31.03.2021
Power Sector	4.45%	4.84%

### (O) Movement of Credit-impaired Assets

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2022	For the Year ended 31 <sup>st</sup> March 2021
(i) Gross Credit-impaired Assets to Gross Advances (%)	4.45%	4.84%
(ii) Net Credit-impaired Assets to Gross Advances (%)	1.45%	1.71%
(iii) Net Credit-impaired Assets to Net Advances (%)	1.51%	1.78%
(iv) Movement of Credit-impaired Assets (Gross)		
(a) Opening balance	18,256.93	21,255.55
(b) Additions during the year	1,516.73	38.22
(c) Reductions during the year	(689.76)	(2789.74)
(d) Write-off during the year	(1924.01)	(247.10)
<b>(e) Closing balance</b>	<b>17,159.89</b>	<b>18,256.93</b>
(v) Movement of Credit-impaired Assets (Net)		
(a) Opening balance	6,465.62	10,703.42
(b) Additions during the year	(215.91)	34.59
(c) Reductions during the year	(655.55)	(4,272.39)
(d) Write-off during the year	-	-
<b>(e) Closing balance</b>	<b>5,594.16</b>	<b>6,465.62</b>
(vi) Movement of provisions for Credit-impaired Assets		
(a) Opening balance	11,791.31	10,552.13
(b) Provisions made during the year	1,732.64	2,038.26
(c) Write-back of excess provisions	(34.21)	(551.98)
(d) Provision on assets written off during the year	(1924.01)	(247.10)
<b>(e) Closing balance</b>	<b>11,565.73</b>	<b>11,791.31</b>



## 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 4.45% (previous year 5.04%) and Net NPA to Net Loans would have been 1.51% (previous year 1.99%) as at 31st March 2022.

### (Q) Write off policy

The Company writes off financial assets, in whole or in part, as directed by the order of the Judicial Authority or 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) There are no Accounts with overdues beyond 90 days but not treated as credit impaired (excluding accounts to whom release under RBI Covid-19 Relief package has been allowed) (previous year Nil).

(T) There are no reportable cases of loans transferred/ acquired during the FY 2021-22 (previous year Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24<sup>th</sup> September 2021.



## Notes to Accounts

(U) 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 <sup>st</sup> March 2022	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS
Asset Classification as per RBI Norms			
(1)	(2)	(3)	(4)
<b>Performing Assets</b>			
Standard	Stage 1	3,31,787.14	3,32,586.36
	Stage 2	36,424.23	36,888.95
<b>Sub Total (1)</b>		<b>3,68,211.37</b>	<b>3,69,475.31</b>
<b>Non-Performing Assets</b>			
<b>Substandard Assets</b>	Stage 3	1,512.49	1,512.49
<b>Doubtful Assets</b>			
Up to 1 year	Stage 3	33.28	33.28
1 to 3 years	Stage 3	4,534.01	4,534.01
More than 3 years	Stage 3	11,062.89	11,062.89
<b>Subtotal for doubtful assets</b>		<b>15,630.18</b>	<b>15,630.18</b>
Loss Assets	Stage 3	17.22	17.22
<b>Sub-total for NPA (2)</b>		<b>17,159.89</b>	<b>17,159.89</b>
<b>Total Loan Assets</b>		<b>3,85,371.26</b>	<b>3,86,635.20</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms</b>			
- Letter of Comfort*	Stage 1	4,089.85	4,089.85
<b>Sub-Total (3)</b>		<b>4,089.85</b>	<b>4,089.85</b>
	<b>Stage 1</b>	<b>3,35,876.99</b>	<b>3,36,676.21</b>
	<b>Stage 2</b>	<b>36,424.23</b>	<b>36,888.95</b>
	<b>Stage 3</b>	<b>17,159.89</b>	<b>17,159.89</b>
<b>Total</b>	<b>Total</b>	<b>3,89,461.11</b>	<b>3,90,725.05</b>

\* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2021	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS
Asset Classification as per RBI Norms			
(1)	(2)	(3)	(4)
<b>Performing Assets</b>			
Standard	Stage 1	3,56,273.17	3,57,285.43
	Stage 2	2,888.05	2,925.24
<b>Sub Total (1)</b>		<b>3,59,161.22</b>	<b>3,60,210.67</b>
<b>Non-Performing Assets</b>			
<b>Substandard Assets</b>	Stage 3	36.31	36.31
<b>Doubtful Assets</b>			
Up to 1 year	Stage 3	560.99	560.99
1 to 3 years	Stage 3	13,786.04	13,786.04
More than 3 years	Stage 3	3,856.37	3,856.37
<b>Subtotal for doubtful assets</b>		<b>18,203.40</b>	<b>18,203.40</b>
Loss Assets	Stage 3	17.22	17.22
<b>Sub-total for NPA (2)</b>		<b>18,256.93</b>	<b>18,256.93</b>
<b>Total Loan Assets</b>		<b>3,77,418.15</b>	<b>3,78,467.60</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms</b>			
- Letter of Comfort*	Stage 1	2,617.94	2,617.94
<b>Sub-Total (3)</b>		<b>2,617.94</b>	<b>2,617.94</b>
	<b>Stage 1</b>	<b>3,58,891.11</b>	<b>3,59,903.37</b>
	<b>Stage 2</b>	<b>2,888.05</b>	<b>2,925.24</b>
	<b>Stage 3</b>	<b>18,256.93</b>	<b>18,256.93</b>
<b>Total</b>	<b>Total</b>	<b>3,80,036.09</b>	<b>3,81,085.54</b>

\* 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)

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
(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
2,769.32	3,29,817.04	1,771.72	997.60
369.61	36,519.34	391.52	(21.91)
<b>3,138.93</b>	<b>3,66,336.38</b>	<b>2,163.24</b>	<b>975.69</b>
437.16	1,075.33	190.83	246.33
3.33	29.95	7.25	(3.92)
2,981.99	1,552.01	1,952.89	1029.10
8,126.03	2,936.86	8,108.58	17.45
<b>11,111.35</b>	<b>4,518.82</b>	<b>10,068.72</b>	<b>1042.63</b>
17.22	-	17.22	-
<b>11,565.73</b>	<b>5,594.15</b>	<b>10,276.77</b>	<b>1,288.96</b>
<b>14,704.66</b>	<b>3,71,930.53</b>	<b>12,440.01</b>	<b>2264.65</b>
20.90	4,068.95	-	20.90
<b>20.90</b>	<b>4,068.95</b>	<b>-</b>	<b>20.90</b>
<b>2,790.22</b>	<b>3,33,885.99</b>	<b>1,771.72</b>	<b>1018.50</b>
<b>369.61</b>	<b>36,519.34</b>	<b>391.52</b>	<b>(21.91)</b>
<b>11,565.73</b>	<b>5,594.15</b>	<b>10,276.77</b>	<b>1,288.96</b>
<b>14,725.56</b>	<b>3,75,999.48</b>	<b>12,440.01</b>	<b>2285.55</b>

(₹ in Crores)

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
(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
1,273.37	3,56,012.06	2,304.84	(1031.47)
141.43	2,783.81	145.62	(4.19)
<b>1,414.80</b>	<b>3,58,795.87</b>	<b>2,450.46</b>	<b>(1035.66)</b>
3.63	32.68	3.63	-
303.81	257.18	301.24	2.57
8,514.57	5,271.46	6,913.49	1601.08
2,952.08	904.29	2,665.23	286.85
<b>11,770.46</b>	<b>6,432.93</b>	<b>9,879.96</b>	<b>1890.50</b>
17.22	-	17.22	-
<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
<b>13,206.11</b>	<b>3,65,261.48</b>	<b>12,351.27</b>	<b>854.84</b>
9.09	2,608.85	-	9.09
<b>9.09</b>	<b>2,608.85</b>	<b>-</b>	<b>9.09</b>
<b>1,282.46</b>	<b>3,58,620.91</b>	<b>2,304.84</b>	<b>(1022.38)</b>
<b>141.43</b>	<b>2,783.81</b>	<b>145.62</b>	<b>(4.19)</b>
<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
<b>13,215.20</b>	<b>3,67,870.33</b>	<b>12,351.27</b>	<b>863.93</b>





## Notes to Accounts

### 48.2 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  
*Continued*

#### 48.2.1 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 31st March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
<b>Non-Derivative Financial Liabilities :</b>				
<b>Rupee Borrowings</b>				
Debt Securities				
- Principal	-	-	-	-
- Interest	-	379.26	348.22	1,085.23
Other Borrowings				
- Principal	-	-	160.93	1,150.00
- Interest	272.39	-	63.24	202.90
Subordinated Liabilities				
- Principal	-	-	-	-
- Interest	-	-	-	201.50
<b>Foreign Currency Borrowings</b>				
Debt Securities				
- Principal	-	-	-	-
- Interest	-	-	-	227.28
Other Borrowings				
- Principal	-	-	-	2,744.22
- Interest	8.00	7.18	22.42	67.65
<b>Derivative Liabilities :</b>				
Interest rate swaps	-	-	-	0.07
Currency swaps	-	-	-	-
Others -				
Reverse cross currency swap	-	-	-	-
Seagull Option	-	-	-	-



## Notes to Accounts

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.

(₹ in Crores)

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
5,878.20	2,970.00	14,058.86	53,719.87	39,133.38	67,531.66	1,83,291.97
2,345.40	2,433.79	6,290.73	21,667.98	14,748.20	22,337.48	71,636.29
1,000.00	1,824.29	5,163.63	17,836.77	15,155.51	18,798.15	61,089.28
496.89	671.39	1,604.83	4,949.21	3,439.46	3,027.89	14,728.20
-	-	-	2,500.00	-	4,150.70	6,650.70
114.94	-	163.60	759.35	557.08	787.73	2,584.20
-	-	-	17,814.67	6,822.64	5,685.54	30,322.85
66.15	285.65	584.79	1,691.31	769.79	171.02	3,795.99
2,887.33	2,664.98	4,506.16	8,555.57	21,129.28	3,001.98	45,489.52
124.53	263.85	447.00	1,388.28	812.26	516.82	3,657.99
-	18.82	-	42.62	-	112.01	173.52
-	-	-	13.87	-	34.50	48.37
-	-	-	22.50	-	308.74	331.24
-	-	-	-	-	-	-



## Notes to Accounts

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
<b>Non-Derivative Financial Liabilities :</b>				
<b>Rupee Borrowings</b>				
Debt Securities				
- Principal	-	-	1,055.00	600.00
- Interest	-	379.26	429.06	1,313.74
Other Borrowings				
- Principal	-	350.00	2,400.00	7,099.52
- Interest	208.60	4.26	85.39	199.76
Subordinated Liabilities				
- Principal	-	-	-	-
- Interest	-	-	-	201.50
<b>Foreign Currency Borrowings</b>				
Debt Securities				
- Principal	-	-	-	-
- Interest	-	-	-	220.52
Other Borrowings				
- Principal	-	-	551.29	551.29
- Interest	8.81	1.21	7.27	68.26
<b>Derivative Liabilities :</b>				
Interest rate swaps	-	-	-	-
Currency swaps	-	-	-	-
Others -				
Reverse cross currency swap	-	-	-	-
Seagull Option	-	-	24.92	18.33

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:

(₹ in Crores)

Particulars	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
<b>As at 31<sup>st</sup> March 2022</b>				
Principal	158.66	-	2,077.03	2,142.80
Interest	611.62	-	892.06	1,559.14
<b>As at 31<sup>st</sup> March 2021</b>				
Principal	878.97	-	1,866.73	1,747.68
Interest	117.12	4.00	880.36	1,331.57



## Notes to Accounts

(₹ in Crores)

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
3,520.00	6,486.80	25,852.18	46,211.21	44,523.75	75,870.73	2,04,119.67
1,981.43	3,293.77	7,841.36	22,724.28	16,731.83	27,645.59	82,340.32
4,137.00	1,526.67	3,658.51	20,600.55	9,152.90	10,000.00	58,925.15
458.88	565.70	1,388.04	4,370.69	2,293.36	2,653.21	12,227.90
-	-	-	2,500.00	-	4,150.70	6,650.70
162.21	-	192.96	1,107.77	704.25	1,375.22	3,743.91
-	-	-	8,820.56	12,128.28	5,512.87	26,461.71
64.14	194.94	485.15	1,841.77	670.06	395.99	3,872.57
45.31	12.51	6,797.99	8,043.62	4,575.17	5,776.64	26,353.82
60.15	130.44	246.98	841.03	615.06	800.45	2,779.66
-	-	29.88	343.06	30.71	-	403.65
-	-	-	-	16.48	104.60	121.08
-	-	-	-	19.67	258.66	278.33
-	-	-	-	-	-	43.25

(₹ in Crores)

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
4,800.08	8,892.93	19,691.55	74,970.39	74,346.88	1,83,586.28	3,70,666.60
6,094.78	9,076.43	17,252.35	59,983.17	44,663.39	71,842.69	2,11,975.63
4,838.22	8,947.33	17,793.88	72,044.11	67,832.43	1,88,262.69	3,64,212.04
5,715.61	9,108.12	17,306.39	60,195.92	45,576.96	77,702.45	2,17,938.50



## Notes to Accounts

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.

### 48.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31 <sup>st</sup> March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
<b>Loan Assets</b>	158.66	-	2,077.03	2,142.80
<b>Investments</b>	-	-	-	-
<b>Rupee Borrowings</b>				
Debt Securities	19.34	367.83	330.52	993.71
Other Borrowings	6.56	-	200.55	1,150.00
Subordinated Liabilities	-	-	-	168.38
<b>Foreign Currency Borrowings</b>				
Debt Securities	-	-	-	172.81
Other Borrowings	5.62	2.42	4.43	2,747.65
<b>Foreign Currency Assets</b>			-	-
<b>Foreign Currency Liabilities (other than Borrowings)</b>			-	-

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
<b>Loan Assets</b>	878.97	-	1,866.73	1,747.68
<b>Investments</b>	-	-	-	-
<b>Rupee Borrowings</b>				
Debt Securities		367.83	1,462.17	1,143.76
Other Borrowings		350.00	2,431.14	7,099.52
Subordinated Liabilities		-	-	168.38
<b>Foreign Currency Borrowings</b>				
Debt Securities	-	-	-	-
Other Borrowings	6.59	-	551.29	557.44
<b>Foreign Currency Assets</b>			-	-
<b>Foreign Currency Liabilities (other than Borrowings)</b>			-	-



## Notes to Accounts

(₹ in Crores)

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
6,181.63	8,892.93	19,691.55	74,970.39	74,346.88	1,83,468.67	<b>3,71,930.54</b>
2.81	2.82	55.65	80.05	180.59	1,836.05	<b>2,157.97</b>
7,777.02	4,636.58	15,212.32	53,696.32	39,118.89	67,453.88	<b>1,89,606.42</b>
1,000.00	2,149.40	5,165.59	17,836.77	15,155.52	18,796.19	<b>61,460.59</b>
126.46	-	2.11	2,499.73	-	4,019.79	<b>6,816.47</b>
40.17	89.14	-	17,755.78	6,805.78	5,163.48	<b>30,027.15</b>
2,910.57	2,680.96	4,506.16	8,499.93	20,837.27	2,995.98	<b>45,191.00</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	-

(₹ in Crores)

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
4,838.22	9,451.43	17,793.88	72,044.11	67,832.43	1,88,808.04	<b>3,65,261.49</b>
-	-	37.28	100.64	136.13	1,635.73	<b>1,909.77</b>
5,127.49	8,436.25	28,244.43	46,217.54	44,490.29	75,777.90	<b>2,11,267.66</b>
4,462.12	1,526.67	3,658.51	20,600.55	9,152.91	9,999.99	<b>59,281.41</b>
129.51	-	1.60	2,499.52	-	4,147.88	<b>6,946.89</b>
-	62.02	213.39	8,768.94	12,094.51	4,921.54	<b>26,060.40</b>
68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	<b>26,225.95</b>
-	-	-	-	-	-	-
-	-	-	-	-	-	-



## Notes to Accounts

### 48.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Expiring within one year (cash credit and other facilities)</b>		
- Fixed rate	-	-
- Floating rate	8,803.05	5,547.28
<b>Expiring beyond one year (loans/ borrowings)</b>		
- Fixed rate	-	-
- Floating rate	1,245.90	-

### 48.2.4 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 31.03.2022	As at 31.03.2021
Number of significant counterparties*	15	20
Amount	1,55,352.32	1,82,250.87
% of Total Liabilities	43.22%	51.08%

#### (ii) Top 10 borrowings

Particulars	As at 31.03.2022		As at 31.03.2021	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from State Bank of India	12,729.30	3.89%	10,839.90	3.36%
2 Term Loan from HDFC Bank	12,000.00	3.67%	4,650.00	1.44%
3 Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.06%	10,000.00	3.10%
4 Foreign Currency Borrowings- US \$1175 Mn	8,907.33	2.73%	-	-
5 Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	6,800.00	2.08%	5,800.00	1.80%
6 54EC- Series XII (2018-19)	6,651.77	2.04%	6,651.77	2.06%
7 54EC- Series XIII (2019-20)	6,157.72	1.88%	6,157.72	1.91%
8 54EC- Series XV (2021-22)	6,024.57	1.84%	-	-
9 Tax Free Bonds (2013-14 Series)	6,000.00	1.84%	-	-
10 54EC- Series XIV (2020-21)	5,312.07	1.63%	-	-
11 Foreign Currency Bonds- US \$700 Mn Bonds	-	-	5,145.33	1.60%
12 Institutional Bonds- 182nd Series	-	-	5,063.00	1.57%
13 Institutional Bonds- 203rd A Series	-	-	5,000.00	1.55%
14 Foreign Currency Bonds- US \$650 Mn Bonds	-	-	4,777.81	1.48%
<b>Total</b>	<b>80,582.76</b>	<b>24.65%</b>	<b>64,085.53</b>	<b>19.87%</b>



## Notes to Accounts

### (iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product*	As at 31.03.2022		As at 31.03.2021	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>1 Debt Securities</b>				
Institutional Bonds	1,46,041.60	40.63%	1,73,338.60	48.58%
Foreign Currency Bonds	30,322.85	8.44%	26,461.71	7.42%
54EC Capital Gain Tax Exemption Bonds	25,437.67	7.08%	18,121.59	5.08%
Tax Free Bonds	11,808.74	3.29%	12,648.41	3.54%
<b>Sub-Total (1)</b>	<b>2,13,610.86</b>	<b>59.43%</b>	<b>2,30,570.31</b>	<b>64.62%</b>
<b>2 Borrowings (Other than Debt Securities)</b>				
Term Loans from Banks	42,878.32	11.93%	29,938.58	8.39%
Foreign Currency Borrowings	35,634.60	9.91%	21,024.72	5.89%
Term Loans from Govt. of India	10,000.00	2.78%	10,000.00	2.80%
FCNR (B) Loans	9,854.92	2.74%	5,329.10	1.49%
Term Loans from Financial Institutions	6,800.00	1.89%	5,800.00	1.63%
Loans repayable on demand from Banks	1,410.93	0.39%	10,186.52	2.85%
<b>Sub-Total (2)</b>	<b>1,06,578.77</b>	<b>29.65%</b>	<b>82,278.92</b>	<b>23.06%</b>
<b>3 Subordinated Liabilities</b>	<b>6,650.70</b>	<b>1.85%</b>	<b>6,650.70</b>	<b>1.86%</b>
<b>Total (1+2+3)</b>	<b>3,26,840.33</b>	<b>90.93%</b>	<b>3,19,499.93</b>	<b>89.54%</b>

\* 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.

#### (iv) Stock Ratios:

Particulars	As at 31.03.2022				As at 31.03.2021			
	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	-	-	-	-	-	-	-	-
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	12,852.04	3.93%	3.58%	3.13%	20,511.10	6.36%	5.75%	5.12%

#### (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.





## Notes to Accounts

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.

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<sup>st</sup> March 2022 is as follows:

HQLA Items	% of Overall
<b>Assets without Haircut</b>	<b>89%</b>
- Cash and Cash Equivalents	12%
- G-Sec and SDLs	77%
<b>Assets with 15% Haircut</b>	<b>11%</b>
- Corporate Bonds	11%
<b>Assets with 50% Haircut</b>	-
<b>Total</b>	<b>100%</b>

### Liquidity Coverage Ratio Disclosure

(₹ in Crores)

Particulars	Quarter ended 31.03.2022		Quarter ended 31.03.2021	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>				
Total High Quality Liquid Assets (HQLA)	1,719.78	1,686.09	2,151.50	2,120.54
- AA/AAA Corporate Bonds	224.56	190.87	206.39	175.43
- G-SEC Bonds/ State Development Loans (SDLs)	1,296.73	1,296.73	483.29	483.29
- Banks Autoswap	198.49	198.49	1,461.82	1,461.82
<b>Cash Outflows</b>				
Other contractual funding obligations	8,279.00	9,520.85	11,720.66	13,478.76
Other contingent funding obligations	848.00	975.20	2,193.98	2,523.08
<b>Total Cash Outflows</b>	<b>9,127.00</b>	<b>10,496.05</b>	<b>13,914.64</b>	<b>16,001.84</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	6,414.00	4,810.50	7,480.10	5,610.08
Other cash inflows	10,223.00	7,667.25	11,807.52	8,855.64
<b>Total Cash Inflows (restricted to 75% of Outflows on every observation day)</b>	<b>16,637.00</b>	<b>7,872.04</b>	<b>19,287.63</b>	<b>11,760.86</b>
<b>Total Adjusted Value</b>				
Total HQLA (A)		<b>1,686.09</b>		<b>2,120.54</b>
Total Net Cash Outflows (B)		<b>2,624.01</b>		<b>4,240.98</b>
<b>Liquidity Coverage Ratio (A / B)</b>		<b>64.26%</b>		<b>50.00%</b>
<b>% Variance</b>		<b>28.51%</b>		

\* For average, daily observation during Quarter-4 of FY 2021-22, has been considered.



## Notes to Accounts

### 48.3 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. The Company has a risk management policy which aims to manage the foreign currency risk 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 and cross currency swap to hedge its exposure to foreign currency 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.

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 31<sup>st</sup> March 2022 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2022			As at 31.03.2021		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
<b>USD \$</b>	9,436.00	7,620.00	1,816.00	6,893.85	3,500.00	3,393.85
<b>INR Equivalent</b>	71,531.58	57,765.01	13,766.57	50,673.04	25,726.65	24,946.39
<b>JPY ¥</b>	58,729.87	20,846.05	37,883.82	21,600.36	20,845.99	754.37
<b>INR Equivalent</b>	3,654.76	1,297.25	2,357.51	1,433.40	1,383.34	50.06
<b>EURO €</b>	26.32	0.87	25.45	36.85	11.40	25.45
<b>INR Equivalent</b>	222.82	7.37	215.45	317.30	98.12	219.18
<b>SGD \$</b>	72.08	72.08	-	72.08	72.08	-
<b>INR Equivalent</b>	403.21	403.21	-	391.79	391.79	-
<b>Total</b>	<b>75,812.37</b>	<b>59,472.84</b>	<b>16,339.53</b>	<b>52,815.53</b>	<b>27,599.90</b>	<b>25,215.63</b>

### 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 31.03.2022		As at 31.03.2021	
	Favorable	Adverse	Favorable	Adverse
USD/INR	515.09	(515.09)	933.39	(933.39)
JPY/INR	88.21	(88.21)	1.87	(1.87)
EUR/INR	8.06	(8.06)	8.20	(8.20)

Holding all other variables constant

### 48.4 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. Some of the borrowings of the Company are exposed to interest rate risk with floating interest rates linked to USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate), T-Bills, Repo Rate 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.



## Notes to Accounts

The table below shows the overall exposure of the Company to the liabilities linked with floating interest rates as at 31<sup>st</sup> March 2022 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2022			As at 31.03.2021		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
<b>INR Borrowings</b>	50,178.32	-	50,178.32	35,738.58	-	35,738.58
<b>USD \$</b>	4,636.00	1,325.00	3,311.00	2,768.85	1,630.00	1,138.85
INR Equivalent	35,144.17	10,044.44	25,099.73	20,352.38	11,981.27	8,371.11
<b>JPY ¥</b>	58,352.72	10,327.16	48,025.56	20,846.14	10,327.14	10,519.00
INR Equivalent	3,631.29	642.66	2,988.63	1,383.35	685.31	698.04
<b>SGD \$</b>	72.08	72.08	-	72.08	72.08	-
INR Equivalent	403.21	403.21	-	391.79	391.79	-
<b>Total INR Equivalent</b>	<b>89,356.99</b>	<b>11,090.31</b>	<b>78,266.68</b>	<b>57,866.10</b>	<b>13,058.37</b>	<b>44,807.73</b>

The Company also uses Interest Rate Swaps to manage fair value risk on interest rate borrowings to mitigate the interest rate sensitivity mismatch. Through such swaps, the fixed rate borrowings amounting to ₹ 11,850.70 crores as on 31<sup>st</sup> March 2022 (Previous year Nil) have been converted into floating rate borrowings through the use of MIBOR-linked Overnight Indexed Swaps.

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 31.03.2022	As at 31.03.2021
Rupee Loans	3,75,805.76	3,63,580.03

### 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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(292.84)	292.84	(167.65)	167.65
Interest Rate Swaps	(44.34)	44.34	-	-
Floating/ semi-fixed Rate Loan Assets	1,406.11	(1406.11)	1,360.37	(1360.37)

\*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.

#### 48.4.1 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 LIBOR (London Inter-Bank Offered Rate), Overnight SOFR (Secured



## Notes to Accounts

Overnight Financing Rate), TONA (Tokyo Overnight Average Rate), SORA (Singapore Overnight Rate Averages), etc. The summary of such borrowings as on 31<sup>st</sup> March, 2022 are as below:

Benchmark	Amount (₹ in Crores)	Amount (USD Mn Equivalent)
3M USD LIBOR	7,201.67	950.00
6M USD LIBOR	27,373.94	3,611.00
O/N SOFR	568.55	75.00
TONA	3,631.29	479.02
SORA	403.21	53.19
<b>Total</b>	<b>39,178.67</b>	<b>5,168.21</b>

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR has ceased to be published after 31<sup>st</sup> December 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30<sup>th</sup> June 2023.

#### (i) Exposure directly affected by the Interest Rate Benchmark Reform (IBOR)

While some of the floating rate borrowings of the Company are already under the new benchmarks, some of the borrowings will also get repaid before the cessation date of the respective interest rates, i.e. 3M USD LIBOR and 6M USD LIBOR. Accordingly, the total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 25,963.93 crores (USD 3.425 Billion) as on 31<sup>st</sup> March, 2022. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 3,790.36 crores (USD 0.500 Billion).

#### (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 (RFRs). 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.

With respect to the term loans, REC has been actively engaging with the lenders to initiate the transition exercise at an early stage. During the year 2021-22, REC has completed the transition documentation for two JPY loans amounting to JPY 20,846.12 Billion (INR equivalent as on 31<sup>st</sup> March, 2022 ₹ 1,297.25 crores) with the benchmark changed from JPY LIBOR to TONA. Additionally, an active transition for one SGD loan amounting to SGD 72.08 Million (INR equivalent as on 31<sup>st</sup> March, 2022 ₹ 403.21 crores has also been concluded during the year with the benchmark changed from 6M SOR (Singapore Swap Offer Rate) to SORA (Singapore Overnight Rate Average). Where the interest rate risk for these loans was hedged, the interest rate benchmarks in such derivatives have been suitably changed to the new benchmarks.

#### (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.

#### 48.5 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, principal only 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.





## Notes to Accounts

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.

### Impact of Hedge Accounting

#### (a) Effects of hedge accounting on balance sheet

(₹ in Crores)

As at 31 <sup>st</sup> March 2022	Notional amount (in Mn)	Carrying amount of hedging instruments	
Type of hedge and risks		Assets	Liabilities
<b>Cash flow hedge</b>			
Foreign exchange and interest rate risk			
(i) Foreign currency options structures			
- Seagull Structure	USD 7,045	4,744.05	-
	USD 20,846.12	102.15	-
	SGD 72.08	22.08	-
- Call Spread	USD 250	76.73	-
(ii) Cross Currency Interest Rate swaps	USD 1,300	22.69	43.78
	JPY 10,327.12	-	1.50
	SGD 72.08	23.86	-
(iii) Principal only swaps	USD 375	-	48.37
(iv) Interest rate swaps	USD 425	92.42	-

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	Notional amount (in Mn)	Carrying amount of hedging instruments	
Type of hedge and risks		Assets	Liabilities
<b>Cash flow hedge</b>			
Foreign exchange and interest rate risk			
(i) Foreign currency options structures			
- Seagull Structure	USD 2,595	1,458.96	43.25
	JPY 20,846.12	198.23	-
- Call Spread	USD 250	77.74	-
(ii) Cross currency swaps	USD 1,350	-	244.37
	JPY 10,327.12	-	4.06
	SGD 72.08	23.86	-
(iii) Principal only swaps	USD 375	-	121.08
(iv) Interest rate swaps	USD 260	-	69.74



## Notes to Accounts

(₹ in Crores)

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
May 2022 - Jan 2027	1:1	74.31	(399.81)	399.81
Aug 2023 - Sep 2025	1:1	0.66	(96.08)	96.08
Mar 2025	1:1	0.01	(1.77)	1.77
Mar 2024	1:1	57.52	(74.08)	74.08
May 2022 - Mar 2025	1:1	2.99% and 72.94	112.67	(112.67)
Aug 2023	1:1	0.42% and 0.62	0.82	(0.82)
Mar 2025	1:1	1.44%	21.54	(21.54)
Mar 2025 - Jun 2030	1:1	75.41	(49.08)	49.08
Mar 2024 - Oct 2026	1:1	2.23%	130.27	(130.27)

(₹ in Crores)

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
April 2021 - Oct 2025	1:1	73.32	(611.68)	611.68
Aug 2023 - Sep 2025	1:1	0.66	(131.87)	131.87
Mar 2024	1:1	71.94	(93.51)	93.51
Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)	73.78
Aug 2023	1:1	0.42% and 0.62	(0.08)	0.08
Mar 2025	1:1	1.44%	21.54	(21.54)
Mar 2025 - Jun 2030	1:1	75.41	(174.62)	174.62
Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12



## Notes to Accounts

### (b) Effects of Cash Flow 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
<b>Year ended 31.03.2022</b>				
- Currency risk and interest rate risk	(377.06)	-	(995.95)	Gain/ loss on foreign exchange translation
			126.43	Finance cost
<b>Year ended 31.03.2021</b>				
- Currency risk and interest rate risk	(1,065.12)	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost

### (c) Movement in cash flow hedging reserve and cost of hedging reserve

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Effective portion of Cash Flow Hedges</b>		
<b>Opening Balance</b>	<b>(165.61)</b>	<b>(226.08)</b>
Add: Changes in intrinsic value of foreign currency option structures	1108.37	(625.61)
Add: Changes in fair value of cross currency swaps	111.72	(52.32)
Add: Changes in fair value of interest rate swaps	130.27	(1.12)
Less: Amounts reclassified to profit or loss	(869.52)	759.86
Less: Deferred tax relating to above (net)	(121.02)	(20.34)
<b>Closing Balance</b>	<b>194.21</b>	<b>(165.61)</b>
<b>Costs of hedging reserve</b>		
<b>Opening Balance</b>	<b>41.45</b>	<b>(204.75)</b>
Add: Change in deferred time value of foreign currency option structures	(1727.42)	(386.06)
Less: Amortisation of time value	1142.91	715.06
Less: Deferred tax relating to above (net)	147.11	(82.80)
<b>Closing Balance</b>	<b>(395.95)</b>	<b>41.45</b>

### (d) Fair Value Hedges

At 31<sup>st</sup> March 2022, Company has outstanding interest rate swap agreements of ₹ 11,850.70 crores (Previous year Nil) wherein the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount. Such agreements are being used to hedge the exposure to the changes in fair value of fixed rate borrowings.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). As such, a hedge ratio of 1:1 for the hedging relationships has been established as the underlying risk of the interest rate swap is identical to the hedged risk component.

The impact of the hedging instrument on the balance sheet as at 31 March 2022 is, as follows:

(₹ in Crores)

Fair value hedge	Notional amount	Carrying amount *	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
- Interest rate swap	11,850.70	(111.92)	Derivative financial instruments	(111.92)

\* Carrying amount here is exclusive of the interest receivable under such derivative contract as on reporting date.



## Notes to Accounts

The impact of the hedged item on the balance sheet as at 31 March 2022 is, as follows:

(₹ in Crores)

Fair value hedge	Carrying amount	Accumulated fair value adjustments	Line item in the balance sheet in which the hedged item is included	Change in value used for calculating hedge ineffectiveness
- Subordinated Liabilities	4,148.36	(128.33)	Subordinated Liabilities	(128.33)
- Institutional bonds	7,881.97	16.41	Debt Securities Institutional Bonds	16.41

The decrease in fair value of the interest rate swap of ₹ 111.92 Crore (Previous year Nil) has been offset with a similar gain on the respective subordinated liabilities and debt securities.

### 48.6 Market Risk - Price risk

The Company is exposed to price risks arising from investments in equity shares. 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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	13.41	(13.41)	21.51	(21.51)
Impact on Profit and Loss account (PL)	2.48	(2.48)	1.18	(1.18)

### 49 Additional Disclosures in respect of derivatives

#### 49.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(i) The notional principal of swap agreements	33,239.41	25,035.68
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	563.77	339.60
(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	390.25	(64.05)

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.

#### 49.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

#### 49.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps) ***	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
(i) Derivatives (Notional Principal Amount)						
For hedging	59,472.85	27,599.89	33,239.41	25,035.68	4,747.00	4,547.00
(ii) Marked to Market Positions						
a) Asset (+)	4,946.40	1,971.62	563.77	339.60	-	-
b) Liability (-)	48.37	164.33	173.52	403.65	331.25	278.33
(iii) Credit Exposure	5,131.08	4,854.40	490.82	574.96	662.05	632.05
(iv) Unhedged Exposures	16,339.53	25,215.63	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



## Notes to Accounts

### 50 Impact of Covid-19 Pandemic on the Company

Since outbreak of COVID-19, our Country has experienced two further waves of pandemic following the discovery of mutant coronavirus variants. These waves led to temporary reimposition of localised /regional lockdown, which were subsequently lifted. With improving coverage of vaccination programme and resumption of economic activities, India is witnessing recovery in demand. Company's strong credit profile, liquidity access and availability of contingency buffers provides it no reasons to believe that the current crisis will have any significant impact on its operations, including the going concern assessment. However, the impact will continue to be dependent, among other things, on uncertain future developments about discovery of further coronavirus variants and any action to contain its spread, whether government mandated or otherwise.

### 51 Exposure Related Disclosures

RBI, vide its letter dated 17<sup>th</sup> 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 16<sup>th</sup> June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31<sup>st</sup> March, 2022. The Company has again represented to RBI for further extension of above exemption for a further period of five years. The matter, considering Company's business model and strategic positioning being a Government Company, is under consideration of RBI and the response is awaited. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary maximum upto 150% of owned funds, which is based on the board approved policy and the rating of the borrowers as per 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 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021.

#### 51.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2022 (As at 31<sup>st</sup> March 2021 Nil).

#### 51.2 Exposure to Capital Market

(₹ in Crores)		
Particulars	As at 31.03.2022	As at 31.03.2021
(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;	317.88	671.93
(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) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds	-	-
<b>Total Exposure to Capital Market</b>	<b>317.88</b>	<b>671.93</b>



## Notes to Accounts

51.3 The company does not have any financing of Parent Company products during the current and previous year.

### 51.4 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)		
Particulars	As at 31.03.2022	As at 31.03.2021
<b>(i) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	2,39,602.97	2,28,371.07
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	62.17%	60.51%
<b>(ii) Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers	3,29,335.41	3,42,453.58
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	61.93%	62.28%
<b>(iii) Concentration of Credit-impaired Assets</b>		
Total Exposure to the top four Credit-impaired Assets	8,645.97	8,489.02

### 52 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 31.03.2022	As at 31.03.2021
<b>Financial assets measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	8	5,079.87	1,758.79
(ii) Fair value through profit and loss	8	430.30	552.43
Investments* measured at			
(i) Fair value through other comprehensive income	10	268.26	430.13
(ii) Fair value through profit and loss	10	182.07	209.65
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	6	126.40	1,140.49
Bank balances (other than cash and cash equivalents)	7	2,295.30	1,929.06
Loan Assets	9	3,71,930.54	3,65,261.49
Investments *	10	1,707.54	1,051.79
Other financial assets	11	24,396.94	24,399.21
<b>Total</b>		<b>4,06,417.22</b>	<b>3,96,733.04</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income (FVOCI)	8	205.64	482.51
(ii) Fair value through profit and loss (FVTPL)	8	347.50	363.80
<b>Financial liabilities measured at amortised cost</b>			
Debt securities	18	2,19,633.57	2,37,328.06
Borrowings (other than debt securities)	19	1,06,651.59	85,507.36
Subordinated liabilities	20	6,816.47	6,946.89
Other financial liabilities	21	25,575.84	25,934.10
<b>Total</b>		<b>3,59,230.61</b>	<b>3,56,562.72</b>

\* Investment in subsidiary and joint venture are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.





## Notes to Accounts

### 52.1 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 31.03.2022				As at 31.03.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments at FVOCI</b>								
Equity investments	53.52	-	214.74	268.26	430.13	-	-	430.13
<b>Investments at FVTPL</b>								
Equity investments	49.52	-	-	49.52	23.60	-	-	23.60
Debentures	-	-	132.55	132.55	-	-	143.06	143.06
Preference Shares	-	-	-	-	-	-	42.99	42.99
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	5,510.17	-	5,510.17	-	2,311.22	-	2,311.22
<b>Liability at FVTPL</b>								
Derivative financial instruments	-	553.14	-	553.14	-	846.31	-	846.31

#### 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 Unquoted Equity of Universal Commodity Exchange Limited (UCX) - Level 3** - Investment in unquoted equity shares of 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.
- (D) **Investment in Unquoted Equity of Energy Efficiency Services Limited (EESL)- Level 3** - Investment in unquoted equity shares of EESL is classified as Level 3. EESL ceases to be a Joint Venture (JV) with effect from September 01, 2021. The fair value has been calculated on the basis of Financial Statement of the investee company.
- (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 23<sup>rd</sup> December 2019. The fair value has been taken as Nil as future cash flows are uncertain in such instruments. 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 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.



## Notes to Accounts

- (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.

### 52.2 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 <sup>st</sup> March 2022					Total
	FVTPL (ii)			FVOCI (iii)		
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Unquoted Equity Shares	
Opening Balance	-	42.99	143.06	-	-	186.05
Received in Loan Settlement (Refer Note 9.3)	-	-	-	-	-	-
Settlement	-	-	(41.95)	-	-	(41.95)
Transfer in Level 3	-	-	-	-	218.10	218.10
Transfer from Level 3	-	-	-	-	-	-
Interest income (i)	-	6.02	21.13	-	-	27.15
Fair value changes	-	(49.01)	10.31	-	(3.36)	(42.06)
Closing Balance	-	-	132.55	-	214.74	347.29
Unrealised gain (loss) at year-end	-	(32.42)	12.49	-	(19.36)	(39.29)

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2021					Total
	FVTPL (ii)			FVOCI (iii)		
	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	-	-	-	-	-	-
Transfer from Level 3	-	-	-	6.15	-	6.15
Interest income (i)	167.32	6.26	21.72	-	-	195.30
Fair value changes	-	(8.68)	-	(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

Refer Note No. 10.5 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

(i) forms part of line item 'Interest Income' in the Standalone Statement of Profit and Loss.

(ii) Fair value gain/ (loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Standalone Statement of Profit and Loss.

(iii) Fair value gain/ (loss) on Investments at FVOCI forms part of line item 'Changes in Fair Value of FVOCI Equity Instruments' in the Standalone Statement of Profit and Loss.



## Notes to Accounts

### 52.3 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:

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	126.40	126.40	1,140.49	1,140.49
Bank balances (other than cash and cash equivalents)	2,295.30	2,295.30	1,929.06	1,929.06
Loans	3,71,930.54	3,72,175.00	3,65,261.49	3,66,843.62
Investments	1,707.54	1,726.25	1,051.79	1,057.27
Other financial assets	24,396.94	24,396.79	24,399.21	24,401.09
<b>Total</b>	<b>4,00,456.72</b>	<b>4,00,719.74</b>	<b>3,93,782.04</b>	<b>3,95,371.53</b>
<b>Financial liabilities</b>				
Debt securities	2,19,633.57	2,21,226.21	2,37,328.06	2,35,612.09
Borrowings (other than debt securities)	1,06,651.59	1,07,306.18	85,507.36	85,562.85
Subordinated liabilities	6,816.47	7,131.25	6,946.89	7,610.21
Other financial liabilities	25,575.84	25,575.84	25,934.10	25,934.10
<b>Total</b>	<b>3,58,677.47</b>	<b>3,61,239.47</b>	<b>3,55,716.41</b>	<b>3,54,719.25</b>

### 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 31<sup>st</sup> March 2022 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.

#### 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.



## Notes to Accounts

### Investments in securities issued by Borrower entities at the time of Loan Settlement/ Resolution

The fair value has been 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.

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.

**53** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2022. 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.

### 54 Related Party Disclosures :

#### 54.1 List of Related Parties

##### (1) Key Managerial Personnel

Sh. S.K.G Rahate	Chairman & Managing Director w.e.f 22 <sup>nd</sup> February, 2022
Sh. Sanjay Malhotra	Chairman & Managing Director upto 10 <sup>th</sup> February, 2022
Sh. Ajoy Choudhury	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical) upto 31 <sup>st</sup> October, 2021
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director) upto 31 <sup>st</sup> January, 2022
Smt. Parminder Chopra	PFC Nominee Director (Non-executive Director) w.e.f 4 <sup>th</sup> February, 2022
Sh. Tanmay Kumar	Govt. Nominee Director upto 6 <sup>th</sup> September, 2021
Sh. Vishal Kapoor	Govt. Nominee Director w.e.f 7 <sup>th</sup> September, 2021
Dr. Gambheer Singh	Part Time Non-Official Independent Director w.e.f 15 <sup>th</sup> November, 2021
Dr. Manoj M. Pande	Part Time Non-Official Independent Director w.e.f 15 <sup>th</sup> November, 2021
Dr. Durgesh Nandini	Part Time Non-Official Independent Director w.e.f 30 <sup>th</sup> December, 2021
Sh. J.S. Amitabh	Executive Director & Company Secretary

##### (2) Ultimate Holding Company

Power Finance Corporation Ltd.

##### (3) Subsidiary Company

REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

##### (4) Associate Companies of REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

Chandil Transmission Limited
Dumka Transmission Limited
Mandar Transmission Limited
Koderma Transmission Limited
Rajgarh transmission limited
Bidar transmission limited
MP Power Transmission Package-I Limited
ER NER Transmission Limited (incorporated on 06.10.2021)
Sikar New Transmission Limited (incorporated on 2 June, 2020 and transferred to M/s Power Grid Corporation of India Limited on 4 June, 2021)



## Notes to Accounts

MP Power Transmission Package-II Limited (incorporated on 20 August, 2020 and transferred to M/s Adani Transmission Limited on 1 November, 2021)

Kallam Transmission Limited (incorporated on 28 May, 2020 and transferred to M/s Indigrid I Limited (Lead Member) on 28 December, 2021)

Gadag Transmission Limited (incorporated on 2 June, 2020 and transferred to M/s Renew

Fatehgarh Bhadla Transco Limited (incorporated on 2 June, 2020 and transferred to M/s Power Grid Corporation of India Limited on 4 June, 2021)

Dinchang Transmission Limited (struck off from the ROC vide MCA letter dated 17.08.2021)

### (5) Joint Ventures

Energy Efficiency Services Limited (EESL) (upto 31<sup>st</sup> August, 2021)

### (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

### (8) Companies in which Key Managerial Personnel are Directors

Samarpan Hospitals Private Limited (Related Party w.e.f 15<sup>th</sup> November, 2021)

NHPC Limited (Related Party upto 6<sup>th</sup> September, 2021)

SJVN Limited (Related Party upto 6<sup>th</sup> September, 2021)

Kholongchhu Hydro Energy Limited (Related Party upto 6<sup>th</sup> September, 2021)

Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

Punatsangchhu-II, Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

Mangdechhu Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

### (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. Ravinder Singh Dhillon	Chairman & Managing Director
Smt. Parminder Chopra	Director (Finance)
Sh. Praveen Kumar Singh	Director (Commercial) upto 31 <sup>st</sup> January, 2022
Sh. Rajiv Ranjan Jha	Director (Projects) w.e.f 28 <sup>th</sup> October, 2021
Sh. Tanmay Kumar	Govt. Nominee Director upto 6 <sup>th</sup> September, 2021
Sh. Vishal Kapoor	Govt. Nominee Director w.e.f 7 <sup>th</sup> September, 2021
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director
Adv. Bhaskar Bhattacharya	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Smt. Usha Sanjeev Nair	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Shri. Prasanna Tantri	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Shri Manohar Balwani	Company Secretary



## Notes to Accounts

### (b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCL)

### (c) Associate Companies of Ultimate Holding Company

Bihar Mega Power Limited

Orissa Integrated Power Limited

Jharkhand Infrapower Limited

Coastal Tamil Nadu Power Limited

Bihar Infrapower Limited

Deoghar Infra Limited

Sakhigopal Integrated Power Company Limited

Ghogarpalli Integrated Power Company Limited

Odisha Infrapower Limited

Deoghar Mega Power Limited

Cheyur Infra Limited

Ananthpuram Kurnool Transmission Limited

Khetri-Narela Transmission Limited

Coastal Karnataka Power Limited

Bhadla Sikar Transmission Limited

Mohanlalganj Transmission Limited (incorporated on 08.06.2021)

Kishtwar Transmission Limited (incorporated on 15.04.2021 )

Chhatarpur Transmission Limited (incorporated on 25.01.2022)

Nangalbibra-Bongaigaon Transmission Limited (incorporated on 09.04.2021 and transferred on 16.12.2021)

Khavda-Bhuj Transmission Limited (incorporated on 18.05.2021 and transferred on 18.01.2022)

Koppal- Narendra Transmission Limited (transferred on 13.12.2021)

Sikar-II Aligarh Transmission Limited (transferred on 08.06.2021)

Karur Transmission Limited (transferred on 18.01.2022)

Chhattisgarh Surguja Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Tatiya Andhra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Coastal Maharashtra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Bijawar-Vidarbha Transmission Limited (under approval for striking off the name from the records of Registrar of Companies)

Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

### (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





## Notes to Accounts

### 54.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Power Finance Corporation Ltd.</b>		
Loan Repayable on Demand	-	3,000.49
<b>RECPDCL</b>		
Debt Securities	57.44	57.44
Other Financial Assets	5.98	4.16
Other Financial Liabilities	6.10	5.57
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Provisions	1.05	9.00
Other financial assets	-	-
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	1.90	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.16	0.15
Staff Loans & Advances	0.18	0.28
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.17	0.12
<b>REC Foundation</b>		
Other Non Financial Assets	1.20	1.54
<b>Companies in which Key Managerial Personnel are Directors</b>		
Debt Securities	-	10.00

### 54.3 Maximum amount of loans/ advances/ investments outstanding in respect of subsidiary during the year

(₹ in Crores)

Particulars	Loans & Advances		Investments	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
RECTPCL	-	1.63	-	0.05
RECPDCL	5.66	4.16	0.10	0.10

### 54.4 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Power Finance Corporation Ltd.</b>		
Dividend Paid	1,269.22	1,143.44
Directors' Sitting Fee	0.08	0.10
Loan Repayable on Demand raised	-	3,000.00
Finance Cost	14.47	0.49
<b>RECPDCL</b>		
Govt. funds disbursed	0.11	-
Apportionment of Employee Benefit and Other Expenses	19.97	8.96
Dividend Income	22.43	8.43
Rental Income	4.88	-



## Notes to Accounts

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Finance Costs - Interest Paid	4.56	0.85
Other Expenses	12.45	7.98
<b>RECTPCL</b>		
Apportionment of Employee Benefit and Other Expenses	-	4.42
Finance Costs - Interest Paid	-	3.71
<b>Post-employment Benefits Plan Trusts</b>		
Contributions made by the Company	18.28	1.42
Finance Costs - Interest Paid	3.28	3.29
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Redemption of the bonds of Company	2.20	
Finance Costs - Interest Paid	0.38	0.38
<b>Key Managerial Personnel</b>		
Repayment/ Recovery of Staff Loans & Advances	0.10	0.17
Interest Income on Staff Loans	0.04	0.05
Finance Cost	0.02	0.01
Employee Benefits Expense - Managerial Remuneration	3.05	3.21
Directors' Sitting Fee	0.13	-
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	0.01	-
<b>REC Foundation</b>		
Payment towards Corporate Social Responsibility (CSR) Expenses	112.00	90.00
<b>Companies in which Key Managerial Personnel are Directors</b>		
Finance Cost	0.35	0.33
Dividend Income	4.13	27.52

During the previous year, related party transactions with RECTPCL have been presented till the effective date i.e., 5<sup>th</sup> February, 2021 (refer note 10.2)

### 54.5 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. The Company also makes advances to its subsidiary company on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary company 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.

### 54.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i) Short-term employee benefits	2.91	3.01
(ii) Post employment benefits	0.14	0.20
<b>Total</b>	<b>3.05</b>	<b>3.21</b>

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.



## Notes to Accounts

### 54.7 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:

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.

#### Aggregate transactions with such government related entities are as under:

(₹ in Crores)		
Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Disbursement of Loans	2,059.64	2,837.27
Interest income recognised	1,829.69	2,178.00

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)		
Particulars	As at 31.03.2022	As at 31.03.2021
Loan Assets	17,854.95	22,649.28
Interest Accrued	4.52	7.73

Refer Note No. 11, 19.1(i), 21 and 32 in respect of material transactions with the Central Govt.

### 55 Disclosures in respect of Ind AS 116 'Leases'

During the year ended 31<sup>st</sup> March, 2022, the expenses relating to short-term leases are ₹ 6.21 crores (previous year ₹12.92 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 6.23 crores. (previous year ₹ 12.95 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 31.03.2022	Year ended 31.03.2021
Opening Balance	0.05	0.07
Finance Cost accrued during the year	-	0.01
Payments made during the year	(0.02)	(0.03)
Closing Balance	0.03	0.05

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)		
Particulars	As at 31.03.2022	As at 31.03.2021
Upto 1 year	0.02	0.02
1-5 years	0.02	0.04
More than 5 years	-	-

### 56 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

#### 56.1 Defined Contribution Plans

##### A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate registered trust 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.



## Notes to Accounts

### 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 ₹ 11.18 crores (previous year ₹ 13.54 Crores) towards defined contribution plans

### 56.2 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 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	30.43	32.44
Fair Value of Plan Assets	30.09	30.25
Net Defined Benefit (Asset)/ Liability	0.34	2.19

#### 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Opening Balance	32.44	36.82	30.25	35.47	2.19	1.35
Included in profit or loss						
Current service Cost	1.79	1.93	-	-	1.79	1.93
Interest cost / income	2.17	2.28	2.11	2.38	0.06	0.10
Total amount recognised in profit or loss	3.96	4.21	2.11	2.38	1.85	1.83
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.65)	(0.49)	-	-	(0.65)	(0.49)
-Actuarial loss (gain) arising from Experience adjustments	(0.29)	0.58	-	-	(0.29)	0.58
Return on plan assets excluding interest income	-	-	(0.18)	(0.33)	0.18	0.33
Total amount recognised in OCI	(0.94)	0.09	(0.18)	(0.33)	(0.76)	0.42
Contribution by employers	-	-	2.94	1.42	(2.94)	(1.42)
Benefits paid	(5.03)	(8.68)	(5.03)	(8.69)	-	0.01
Closing Balance	30.43	32.44	30.09	30.25	0.34	2.19

#### 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.



## Notes to Accounts

### Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	165.51	151.69
Fair Value of Plan Assets	164.80	144.06
Net Defined Benefit (Asset)/ Liability	0.71	7.63

### 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>151.69</b>	<b>136.42</b>	<b>144.06</b>	<b>140.64</b>	<b>7.63</b>	<b>(4.22)</b>
<b>Included in profit or loss</b>						
Current service Cost	3.29	2.90	-	-	3.29	2.90
Past service cost	2.50	-	-	-	2.50	-
Interest cost / income	10.31	8.94	10.07	9.45	0.24	(0.51)
<b>Total amount recognised in profit or loss</b>	<b>16.10</b>	<b>11.84</b>	<b>10.07</b>	<b>9.45</b>	<b>6.03</b>	<b>2.39</b>
<b>Included in OCI</b>						
<b>Re-measurement loss (gain)</b>						
- Actuarial loss (gain) arising from changes in financial assumptions	(4.08)	(5.20)	-	-	(4.08)	(5.20)
- Actuarial loss (gain) arising from changes in demographic assumptions	3.75	-	-	-	3.75	-
-Actuarial loss (gain) arising from Experience adjustments	10.58	19.94	-	-	10.59	19.94
Return on plan assets excluding interest income	-	-	2.90	1.64	(2.90)	(1.64)
<b>Total amount recognised in OCI</b>	<b>10.25</b>	<b>14.74</b>	<b>2.90</b>	<b>1.64</b>	<b>7.36</b>	<b>13.10</b>
Contribution by participants	0.15	-	0.06	0.08	0.09	(0.08)
Contribution by employers	-	-	7.71	-	(7.72)	-
Benefits paid	(12.68)	(11.31)	-	(7.75)	(12.68)	(3.56)
<b>Closing Balance</b>	<b>165.51</b>	<b>151.69</b>	<b>164.80</b>	<b>144.06</b>	<b>0.71</b>	<b>7.63</b>

### 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 31.03.2022	As at 31.03.2021
<b>Present value of Defined benefit obligation</b>		
- ERS	4.15	4.13



## Notes to Accounts

### Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>4.13</b>	<b>4.25</b>
<b>Included in profit or loss</b>		
Current service Cost	0.20	0.20
Interest cost / income	0.26	0.25
<b>Total amount recognised in profit or loss</b>	<b>0.46</b>	<b>0.45</b>
<b>Included in OCI</b>		
- Actuarial loss (gain) arising from changes in financial assumptions	(0.06)	0.02
-Actuarial loss (gain) arising from Experience adjustments	0.89	0.73
<b>Total amount recognised in OCI</b>	<b>0.83</b>	<b>0.75</b>
Benefits paid	(1.27)	(1.32)
<b>Closing Balance</b>	<b>4.15</b>	<b>4.13</b>

### 56.2.1 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.

### 56.2.2 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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
<b>Cash &amp; Cash Equivalents</b>	0.38	0.01	0.11	1.90
<b>Unquoted Plan Assets</b>				
State Government Debt Securities			22.58	
Corporate Bonds/ Debentures	-	-	142.11	142.16
Others - Insurer managed funds & T-bills	29.71	30.24	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>29.71</b>	<b>30.24</b>	<b>164.69</b>	<b>142.16</b>
<b>Total</b>	<b>30.09</b>	<b>30.25</b>	<b>164.80</b>	<b>144.06</b>

Actual return on plan assets is ₹ 14.9 crores (previous year ₹ 13.14 crores).





## Notes to Accounts

### 56.2.3 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, 2022 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	7.37%	6.99%	7.37%	6.99%	7.37%	6.99%
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)	17.35	16.03	17.35	16.03	17.35	16.03

The Principal 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.

### 56.2.4 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 31.03.2022		As at 31.03.2021	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.50% movement)</b>				
- Gratuity	(0.80)	0.85	(0.90)	0.97
- PRMS	(12.16)	12.66	(11.14)	11.66
- ERS	(0.15)	0.17	(0.15)	0.17
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.19	(0.21)	0.14	(0.13)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.15	(0.14)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	11.68	(10.57)	10.83	(10.44)
<b>Medical Cost (10% movement)</b>				
- PRMS	16.98	(16.28)	15.56	(14.92)

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.

### 56.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Less than 1 year	4.71	7.87	14.02	12.20	1.11	1.19
From 1 to 5 years	17.61	20.81	83.46	72.60	3.60	3.00
Beyond 5 years	32.92	31.10	327.63	285.02	4.74	3.19
<b>Total</b>	<b>55.24</b>	<b>59.78</b>	<b>425.11</b>	<b>369.82</b>	<b>9.45</b>	<b>7.38</b>



## Notes to Accounts

### 56.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF	ERS	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022
Expected contribution	1.76	3.98	4.35	10.91	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.20 years (as at 31.03.2021 - 12.54 years).

### 56.3 Other Long-term Employee Benefits

#### 56.3.1 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 ₹ 8.98 crore (Previous year ₹ ₹ 4.21 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

#### 56.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to Nil (previous year ₹ 0.76 crores) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

**56.4** Employee benefits (viz. Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiary on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

### 57 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:

- 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).
- 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.
- 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.
- 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.



## Notes to Accounts

### 58 Modifications in the Significant Accounting Policies

The policy on Business Combination under Common Control, Expenditure on Issue of Shares and Fair Value Hedges have been added. Further, certain accounting policies have also been reworded to bring in more clarity and align with Company's practice. There is no financial impact of such modifications carried out in the accounting policies.

### 59 Provisions, Contingencies and Impairment loss allowances debited to Standalone Statement of Profit and Loss

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i) Impairment Loss Allowance for loans*	3,434.36	2,363.33
(ii) Impairment Loss Allowance for Investments	28.72	-
(iii) Impairment Loss Allowance for Other Receivables	10.23	56.29
(iv) Provision made for Income Tax	2,378.98	2,394.35

\* includes ₹ 11.81 crores (Previous year ₹ 0.71 crores) towards impairment allowance on Letter of Comfort.

**60** 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.

### 60.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(A) Income from Loan Assets	38,522.97	34,364.47
(B) Fee for Implementation of Govt. Schemes	15.23	33.67
(C) Income from Treasury Operations	227.86	400.73
<b>Total</b>	<b>38,766.06</b>	<b>34,798.87</b>

**60.2** The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

**60.3** No single borrower has contributed 10% or more to the Company's revenue during the financial year 2021-22 and 2020-21

### 61 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	126.40	-	1,140.49	-
(b) Bank balances other than (a) above	2,295.30	-	1,928.81	0.25
(c) Derivative financial instruments	343.37	5,166.80	258.94	2,052.28
(d) Loans	39,144.60	3,32,785.94	36,576.91	3,28,684.58
(e) Investments	61.28	2,096.69	37.28	1,872.50
(f) Other financial assets	255.77	24,141.17	259.59	24,139.62
<b>Total - Financial Assets (1)</b>	<b>42,226.71</b>	<b>3,64,190.61</b>	<b>40,202.01</b>	<b>3,56,749.23</b>
<b>(2) Non-Financial Assets</b>				

## Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(a) Current tax assets (net)	-	179.64	-	160.07
(b) Deferred tax assets (net)	-	3,134.74	-	2,437.71
(c) Investment Property	-	-	-	0.01
(d) Property, Plant & Equipment	-	623.67	-	260.12
(e) Capital Work-in-Progress	-	6.07	-	335.67
(f) Intangible Assets Under Development	-	-	-	0.77
(g) Other Intangible Assets	-	4.25	-	6.10
(h) Other non-financial assets	37.87	8.19	72.66	8.84
<b>Total - Non-Financial Assets (2)</b>	<b>37.87</b>	<b>3,956.56</b>	<b>72.66</b>	<b>3,209.29</b>
<b>(3) Assets classified as held for sale (3)</b>	<b>0.86</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ASSETS (1+2+3)</b>	<b>42,265.44</b>	<b>3,68,147.17</b>	<b>40,274.67</b>	<b>3,59,958.52</b>
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	18.89	534.25	73.13	773.18
(b) Debt Securities	29,639.43	1,89,994.14	45,057.34	1,92,270.72
(c) Borrowings (other than debt securities)	22,529.92	84,121.67	27,509.52	57,997.84
(d) Subordinated Liabilities	296.95	6,519.52	299.49	6,647.40
(e) Other financial liabilities	1,466.54	24,109.30	1,824.80	24,109.30
<b>Total - Financial Liabilities (1)</b>	<b>53,951.73</b>	<b>3,05,278.88</b>	<b>74,764.28</b>	<b>2,81,798.44</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	10.25	-	10.62	-
(b) Provisions	57.00	47.51	71.65	41.32
(c) Other non-financial liabilities	52.40	29.24	88.41	32.10
<b>Total - Non-Financial Liabilities (2)</b>	<b>119.65</b>	<b>76.75</b>	<b>170.68</b>	<b>73.42</b>
<b>Total LIABILITIES (1+2)</b>	<b>54,071.38</b>	<b>3,05,355.63</b>	<b>74,934.96</b>	<b>2,81,871.86</b>

Previous year figures have been reclassified/ regrouped to conform to the current classification.

**62** There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

**63** The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.

**64** 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, 20.1, 27.1, 44, 47, 48.1.3 (N), 48.1.3 (O), 48.1.3 (R), 48.1.3 (S), 48.1.3 (T), 48.1.3 (U) 48.2.2, 48.2.4, 48.3, 49, 51, 54, 58, 59, 62, 63, 65, 66.

**65** No penalties have been levied on the Company by any regulator during the year ended 31<sup>st</sup> March 2022 (previous year Nil).

However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) imposing a total fine of ₹ 75,59,080 (inclusive of GST) for non-compliance for the quarters ended 30th June 2021, 30<sup>th</sup> September 2021 and 31<sup>st</sup> December 2021 on 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



## Notes to Accounts

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.

**66** No complaints have been received by the company from the borrowers under the Fair Practices Code during the year ended 31<sup>st</sup> March 2022 (previous year Nil).

**67** Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 67 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

**R.S. Dhillon**  
Chairman & Managing Director  
DIN - 00278074

In terms of our Audit Report of even date

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Reg. No.: 001135N

**S.K. Mittal**  
Partner  
M.No. : 008506

**For O.P. Bagla & Co. LLP.**  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

**Rakesh Kumar**  
Partner  
M.No. : 087537

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



## REC 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 2022

(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 19 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 31.03.2022		As at 31.03.2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>				
<b>(1) Loans and advances availed by the NBFC</b>				
inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	40,644.51	-	35,581.38	-
- Unsecured	1,86,655.90	-	2,09,521.27	-
(b) Term Loans				
- Secured Loans from Financial Institutions	-	-	-	-
- Unsecured Loans from NSSF	10,325.12		10,325.12	
- Unsecured Loans from Banks	42,919.86		29,953.76	
- Unsecured Loans from Financial Institutions	6,800.00		5,800.00	
(c) Commercial Paper	-	-	-	-
(d) Other Loans				
- Foreign Currency Borrowings	35,687.77	-	21,060.17	-
- FCNR (B) Loans	9,861.13	-	5,335.01	-
- Short Term Loans/ Loans Repayable on Demand	1,415.58		10,201.99	
- Loan repayable on demand from Holding Company	-		3,000.49	
- Lease Obligations	0.03		0.05	

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
<b>ASSETS SIDE :</b>				
<b>(2) Break-up of Loans and Advances including bills receivables</b>				
(a) Secured		2,13,512.93		2,47,657.93
(b) Unsecured		1,57,153.67		1,16,554.11
<b>(3) INVESTMENTS :</b>				
<b>Current Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity		49.52		23.60
<b>Unquoted:</b>				
(i) Shares : Preference		-		69.08
(ii) Debentures and Bonds		238.76		292.16
<b>Long Term Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity		53.52		430.13
(ii) Debentures and Bonds		226.82		227.52
(iii) Government Securities		1,374.51		649.08
<b>Unquoted:</b>				
(i) Shares : Equity		214.84		218.20





(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
<b>As at 31.03.2022</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	2,13,512.93	1,57,153.67
<b>Total</b>	<b>2,13,512.93</b>	<b>1,57,153.67</b>
<b>As at 31.03.2021</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	2,47,657.93	1,16,554.11
<b>Total</b>	<b>2,47,657.93</b>	<b>1,16,554.11</b>

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2022		As at 31.03.2021	
	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)
<b>1. Related Parties</b>				
(a) Subsidiaries	0.10	0.10	0.10	0.10
(b) Companies in the same Group	-	-	218.10	218.10
(c) Other related Parties	-	-	-	-
<b>2. Other than Related Parties</b>	2,157.87	2,157.87	1,691.57	1,691.57
<b>Total</b>	<b>2,157.97</b>	<b>2,157.97</b>	<b>1,909.77</b>	<b>1,909.77</b>

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	17,159.89	18,256.93
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	5,594.16	6,465.62
<b>(iii) Asset acquired in satisfaction of debts</b>	-	349.28

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S.K. Mittal  
Partner  
M.No. : 008506

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Rakesh Kumar  
Partner  
M.No. : 087537

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



## 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 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March 2022, 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

- We draw attention to Note No. 48.1.3 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, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.
- We draw attention to Note No. 50 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 evolvement 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.	<b>Impairment allowance of Loan Assets –</b> (Refer Note No. 48.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.11) 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.	<b>We have applied following audit procedures in this regard</b> a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b). Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment considering management perception on the same. c). 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.



## 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 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March 2022, 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

- We draw attention to Note No. 48.1.3 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, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.
- We draw attention to Note No. 50 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 evolvement 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.	<b>Impairment allowance of Loan Assets –</b> (Refer Note No. 48.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.11) 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.	<b>We have applied following audit procedures in this regard</b> a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b). Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/ performance aspects and assessment of the loan impairment considering management perception on the same. c). 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.



S. No.	Key Audit Matter	Auditor's Response
	<p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>Since the company is a Non-Banking Finance Company (NBFC) 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 90.62% of total assets, the audit procedure for impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>d) Assessment of impairment based upon 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.</p> <p>e) We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>f) Components and calculations in the study for impairment allowance carried out by external agency 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 reliance on report of the external agency.</p> <p>g) Further, the Management, pursuing a Board approved methodology reviews the impairment allowance in the report of the external agency and enhanced/reduced the impairment on case to case basis as management overlay. We have obtained a detailed analysis from the management for such changes. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same.</p> <p>h) Comparison of ECL with the amount of provisioning as required 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 13<sup>th</sup> March 2020.</p>
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>(Refer Note No. 8 to the standalone Ind AS Financial Statements read with accounting policy No. 3.10)</p> <p>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.</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income for cash flow hedges.</p> <p>In view of significance and impact on financial statements we have identified it as a key audit matter.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>a) 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.</p> <p>b) Verification of fair value of derivative in terms of Ind AS 109.</p> <p>c) Testing the accuracy and completeness of derivative transactions.</p> <p>d) Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>e) Obtained details of various financial derivative contracts as outstanding as on 31<sup>st</sup> March 2022.</p> <p>f) Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>g) 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.</p> <p>h) Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income for cash flow hedges.</p> <p>i) 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.</p>

#### 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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, 2020 ("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 over financial reporting of the company and operative effectiveness of such controls, refer to our separate report in "**Annexure-C**";
  - g) Pursuant to Notification no. GSR463(E) dated 5<sup>th</sup> 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 as amended, 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 43 to the standalone Ind AS financial statements;
    - (ii) According to the information and explanations given to us the Company did 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.
    - (iv) (a) The Management has represented (refer Note 9.5) that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The Management has represented (refer Note 9.5), that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 as amended and provided under (a) and (b) above, contain any material misstatement.
    - (v) The dividends (Interim and Final) declared and paid during the year by the company till the date of this report is in compliance with section 123 of the Companies Act, 2013

**M/s S.K. Mittal & Co.**  
Chartered Accountants,  
ICAI Firm Registration: 001135N

**Name : S. K. Mittal**  
Designation : Partner  
Membership Number : 008506  
UDIN : 22008506AIYJDD9001

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYGLA6237



## Annexure-A to the Independent Auditor's Report

**Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of REC Limited for the Year ended on 31<sup>st</sup> March 2022.**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Company has a program of physical verification of Property, Plant and Equipment so as to cover all the assets in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) Based on our examination of the records of the company we report that title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company except for the following.

(₹ in Crores)

Description of property	Gross carrying value	Held in the name of	Whether Promoter, Director or their relative or employee	Period held since	Reason for not being held in name of Company
Building	4.59	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) As informed to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.  
(b) We have been informed that the company has been sanctioned unsecured working capital limits in excess of five crore rupees during the year, in aggregate, from banks or financial institution. Since, the limits have been sanctioned as unsecured, reporting under clause 3(ii) (b) of the Order is not applicable.
- iii. During the year the Company has made investments in, provided guarantees and granted loans/advances in the nature of loans, secured/unsecured to companies, firms, Limited Liability Partnerships or any other parties., In this regard we report hereunder:
  - (a) The company is a registered NBFC with Reserve Bank of India with principal business of giving loans hence clause 3(iii)(a) of the Order is not applicable, .
  - (b) In our opinion, the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, during the year are, prima facie, not prejudicial to the Company's interest.
  - (c) Being a registered Non-Banking Financial Company (NBFC), the company grants its loans on stipulated terms and conditions for repayment of principal and interest. In respect of Loan assets except credit impaired assets, the repayments of principal amounts and receipts of interest are generally regular as per stipulation.
  - (d) We report that for provisioning on a credit impaired loan asset as Expected Credit Loss (ECL), a Board approved methodology is followed. The delay in repayments for more than 90 days from the stipulated due date results in classification of account as credit impaired. Overdue amounts for more than 90 days as at the end of the year are as under. Further, the company takes steps for recovery of the principal and interest as per its defined procedures which in our opinion are reasonable. Since, the Company is a large infrastructure finance company, the occurrence of incidence of overdue in outstanding due is considered normal.

(₹ in Crores)

No. of cases	Principal Amount Overdue	Interest Overdue*	Total Overdue	Remarks (if any)
25	8,727.87	16,647.21	25,375.08	-

\*The same has not been recognised as income as a matter of prudence as per accounting policies and practices of the Company.





- (e) Reporting under clause 3(iii)(e) of the Order is not applicable, since the principal business of the company is to give loans.
- (f) As per the information and explanation provided to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year under audit. Hence, reporting under clause 3(iii)(f) is 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 covered under Section 185.
- Further, in our opinion and according to information & explanations given to us, the Company, being a 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 directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder are applicable.
- vi. Being an NBFC company, clause 3(vi) of the Order is not applicable regarding maintenance of cost records under Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 of the Companies Act, 2013.
- 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 Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed statutory dues in arrears as at 31<sup>st</sup> March, 2022 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 ₹ 103.41 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	-	AY 2008-09	Delhi High Court
Income Tax Act, 1961	Income Tax and interest	0.32	0.32	-	AY 2012-13	CIT (Appeals) Delhi
Income Tax Act, 1961	Income Tax and interest	0.83	0.83	-	AY 2012-13	Delhi High Court
Income Tax Act, 1961	Income Tax and interest	87.68	6.44	81.24	AY 2018-19	CIT (Appeals) Delhi
Income Tax Act, 1961	Income Tax and interest	64.74	42.60	22.14	AY 2019-20	CIT (Appeals) Delhi
Income Tax Act, 1961	TDS	0.03	-	0.03	-	CPC, TDS
Goods and Services Tax Act 2017	Goods and Services Tax Paid	17.89	17.89	-	FY 2017-18	Commissioner (Appeals), CGST Delhi Appeals
<b>Total</b>		<b>171.79</b>	<b>68.38</b>	<b>103.41</b>		

- viii. As per Information and explanation given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) As per Information and explanation given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) As per Information and explanation given to us, the Company has not been declared willful defaulter by any bank or financial institution or any other lender.
- (c) As per Information and explanation given to us, the term loans were applied for the purpose for which the loans were obtained.
- (d) As per Information and explanation given to us and on the overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) As per Information and explanation given to us, on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) As per Information and explanation given to us and on an overall examination of the financial statements of the Company, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company did not raise any money by way of initial public offer or further public offer during the year. 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.



- (b) 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.
- xi. (a) 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 not come across any instance of any material fraud by the Company or on the Company. However, a false medical claim of ₹. 0.04 Crores by a retired employee of the company was noticed and reported during the year.
- (b) As informed to us no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As informed to us there are no whistle blower complaints received by the Company during the year.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clauses 3 (xii) (a) to (c) of the Order are 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. (a) In our opinion the Company broadly has an adequate internal audit system incommensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) 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.
- (b) According to the information and explanations given to us, the company has not conducted any non-banking financial or housing finance activities without a valid certificate of registration from the Reserve Bank of India as per Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the company is not a core investment company (CIC) as defined in the regulations made by the Reserve Bank Of India, hence reporting under clause 3 (xvi) (c) of the order is not applicable.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects or other than ongoing projects. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.
- xxi. The clause 3 (xxi) of the order is not applicable to the Standalone Financial Statements, hence no comment is given.

**M/s S.K. Mittal & Co.**  
Chartered Accountants,  
ICAI Firm Registration: 001135N

**Name : S. K. Mittal**  
Designation : Partner  
Membership Number : 008506  
UDIN : 22008506AIYJDD9001

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYGLA6237

## Annexure-I

### Annexure-B to the Independent Auditor's Report

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of REC Limited for the Year ended on 31<sup>st</sup> March 2022.

Sl. No.	Directions	Action Taken	Impact on Standalone Ind As Financial Statements
<b>A.</b>	<b>Directions</b>		
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 oracle 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. K. Mittal**  
Designation : Partner  
Membership Number : 008506  
UDIN : 22008506AIYJDD9001

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYGLA6237

## Annexure-II

### Compliance Certificate

We have conducted the audit of annual accounts of **REC Limited** for the year ended 31<sup>st</sup> March 2022 in accordance with direction/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Direction/sub-directions issued to us.

**M/s S.K. Mittal & Co.**  
Chartered Accountants,  
ICAI Firm Registration: 001135N

**Name : S. K. Mittal**  
Designation : Partner  
Membership Number : 008506  
UDIN : 22008506AIYJDD9001

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYGLA6237



## **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 31<sup>st</sup> March 2022 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:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 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
- 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 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 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. K. Mittal**  
Designation : Partner  
Membership Number : 008506  
UDIN : 22008506AIYJDD9001

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYGLA6237

## Non-Banking Financial Companies Auditors' Report for the year ended 31<sup>st</sup> March 2022

**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 31<sup>st</sup> March 2022, 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 29<sup>th</sup> 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 10<sup>th</sup> February 1998 vide Certificate of Registration No. 14.000011. RBI issued further Certificate dated 17<sup>th</sup> 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 12<sup>th</sup> 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 28<sup>th</sup> 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 31<sup>st</sup> March 2022.
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 1<sup>st</sup> September 2016.
4. The Board of Directors of the Company, in its meeting held on 10<sup>th</sup> March 2021, has passed resolution for non-acceptance of any public deposits for the Financial Year 2021-22.
5. The Company has not accepted any public deposits during the financial year 2021-22.
6. The financial statements of the Company for the year 2021-22 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 13<sup>th</sup> 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 31<sup>st</sup> March 2022 has been filed by company on 13<sup>th</sup> April 2022 on the basis of the provisional financial results.

**M/s S.K. Mittal & Co.**  
Chartered Accountants,  
ICAI Firm Registration: 001135N

**Name : S. Murthy**  
Designation : Partner  
Membership Number : 072290  
UDIN : 22072290AIYKXY2602

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Rakesh Kumar**  
Designation : Partner  
Membership Number : 087537  
UDIN : 22087537AIYJMG7914



## **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 2022.**

The preparation of financial statements of REC Limited for the year ended 31 March 2022 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 13 May 2022.

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 2022 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 auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**

**(Deepak Kapoor)  
Director General of Audit (Energy)  
Delhi**

**Place : New Delhi  
Dated : 22 July 2022**





## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022

(₹ in Crores)

Sl. No.	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
	<b>ASSETS</b>			
(1)	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	6	140.99	1,179.24
(b)	Bank balances other than (a) above	7	2,518.96	2,223.58
(c)	Trade receivables	8	94.55	140.07
(d)	Derivative financial instruments	9	5,510.17	2,311.22
(e)	Loans	10	3,71,930.54	3,65,261.49
(f)	Investments	11	2,190.44	1,723.68
(g)	Other financial assets	12	24,415.31	24,419.88
	<b>Total - Financial Assets (1)</b>		<b>4,06,800.96</b>	<b>3,97,259.16</b>
(2)	<b>Non-Financial Assets</b>			
(a)	Current tax assets (net)	13	191.56	168.92
(b)	Deferred tax assets (net)	14	3,160.12	2,461.03
(c)	Investment Property	15	-	0.01
(d)	Property, Plant & Equipment	16	624.04	260.70
(e)	Capital Work-in-Progress	16	6.07	335.67
(f)	Intangible Assets Under Development	16	-	0.77
(g)	Other Intangible Assets	16	4.28	6.15
(h)	Other non-financial assets	17	68.68	102.67
(i)	Investments accounted for using equity method	11	-	257.74
	<b>Total - Non-Financial Assets (2)</b>		<b>4,054.75</b>	<b>3,593.66</b>
(3)	<b>Assets classified as held for sale</b>	18	4.38	14.05
	<b>Total ASSETS (1+2+3)</b>		<b>4,10,860.09</b>	<b>4,00,866.87</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
(1)	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	9	553.14	846.31
(b)	Trade Payables			
(i)	total outstanding dues of MSMEs	19	-	0.01
(ii)	total outstanding dues of creditors other than MSMEs	19	36.48	61.84
(c)	Debt Securities	20	2,19,574.61	2,37,269.11
(d)	Borrowings (other than debt securities)	21	1,06,651.59	85,507.36
(e)	Subordinated Liabilities	22	6,816.47	6,946.89
(f)	Other financial liabilities	23	25,708.64	26,213.00
	<b>Total - Financial Liabilities (1)</b>		<b>3,59,340.93</b>	<b>3,56,844.52</b>
(2)	<b>Non-Financial Liabilities</b>			
(a)	Current tax liabilities (net)	24	10.25	14.40
(b)	Provisions	25	105.67	113.69
(c)	Other non-financial liabilities	26	89.13	130.25
	<b>Total - Non-Financial Liabilities (2)</b>		<b>205.05</b>	<b>258.34</b>
(3)	<b>Liabilities directly associated with assets classified as held for sale</b>	18	<b>0.01</b>	<b>0.08</b>
(4)	<b>EQUITY</b>			
(a)	Equity Share Capital	27	1,974.92	1,974.92
(b)	Instruments Entirely Equity In Nature	28	558.40	558.40
(c)	Other equity	29	48,780.78	41,230.61
	<b>Total - Equity (4)</b>		<b>51,314.10</b>	<b>43,763.93</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>		<b>4,10,860.09</b>	<b>4,00,866.87</b>
	<b>Company Overview and Significant Accounting Policies</b>	1 to 5		

Accompanying Notes to Financial Statements

1 to 73

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S. Murthy  
Partner  
M.No. : 072290

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
	<b>Revenue from Operations</b>			
(i)	Interest Income	30	38,194.49	34,693.51
(ii)	Dividend Income	31	4.21	27.97
(iii)	Fees and Commission Income	32	572.82	95.38
(iv)	Net gain/ (loss) on fair value changes	38	346.57	572.33
(v)	Sale of services	33	150.96	163.65
	<b>I. Total Revenue from Operations (i to v)</b>		<b>39,269.05</b>	<b>35,552.84</b>
	<b>II. Other Income</b>	34	70.15	22.72
	<b>III. Total Income (I+II)</b>		<b>39,339.20</b>	<b>35,575.56</b>
	<b>Expenses</b>			
(i)	Finance Costs	35	22,050.96	21,489.05
(ii)	Net translation/ transaction exchange loss	36	799.05	330.26
(iii)	Fees and commission Expense	37	16.73	9.95
(iv)	Impairment on financial instruments	39	3470.02	2445.94
(v)	Cost of services rendered	40	65.11	88.67
(vi)	Employee Benefits Expenses	41	180.09	163.62
(vii)	Depreciation and amortization	42	18.24	10.86
(viii)	Corporate Social Responsibility Expenses	43	172.35	146.27
(ix)	Other Expenses	44	124.31	109.38
	<b>IV. Total Expenses (i to ix)</b>		<b>26,896.86</b>	<b>24,794.00</b>
	<b>V. Profit before Tax (III-IV)</b>		<b>12,442.34</b>	<b>10,781.56</b>
	<b>VI. Share of Profit/Loss of Joint Venture accounted for using equity method</b>		(11.81)	(1.97)
	<b>VII. Profit before Tax (III-IV+V)</b>		<b>12,430.53</b>	<b>10,779.59</b>
	<b>VIII. Tax Expense</b>	45		
(i)	Current tax		3,065.27	2,920.97
(ii)	Deferred Tax		(670.44)	(519.62)
	<b>Total Tax Expense (i+ii)</b>		<b>2,394.83</b>	<b>2,401.35</b>
	<b>IX. Profit for the period</b>		<b>10,035.70</b>	<b>8,378.24</b>
	<b>X. Other comprehensive Income/(Loss)</b>			
(i)	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gains/(losses) on defined benefit plans		(8.33)	(14.26)
(b)	Changes in Fair Value of FVOCI Equity Instruments		22.19	166.53
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(0.02)	(0.05)
(d)	Income tax relating to these items			
-	Re-measurement gains/(losses) on defined benefit plans		2.10	3.59
-	Changes in Fair Value of FVOCI Equity Instruments		2.55	(6.01)
	<b>Sub-Total (i)</b>		<b>18.49</b>	<b>149.80</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>			
(a)	Effective Portion of Cash Flow Hedges		480.84	80.81
(b)	Cost of hedging reserve		(584.51)	329.00
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		1.19	1.29
(d)	Income tax relating to these items			
-	Effective Portion of Cash Flow Hedges		(121.02)	(20.34)
-	Cost of hedging reserve		147.11	(82.80)
	<b>Sub-Total (ii)</b>		<b>(76.39)</b>	<b>307.96</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>		<b>(57.90)</b>	<b>457.76</b>
	<b>XI. Total comprehensive Income for the period (IX+X)</b>		<b>9,977.80</b>	<b>8,836.00</b>
	<b>XII. Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	46		
(1)	For continuing operations		50.82	42.42
(2)	For continuing and discontinued operations		50.82	42.42
	<b>Company Overview and Significant Accounting Policies</b>	1 to 5		

Accompanying Notes to Financial Statements

1 to 73

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S. Murthy  
Partner  
M.No. : 072290

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



## Consolidated Statement of Cash Flows for the year ended 31<sup>st</sup> March 2022

(₹ in Crores)

PARTICULARS	Year ended 31.03.2022	Year ended 31.03.2021
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Tax	12,430.53	10,779.59
<b>Adjustments for:</b>		
1. Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	0.97	4.69
2. Loss/ (Gain) on derecognition of Assets held for sale (net)	(30.19)	-
3. Depreciation & Amortization	18.24	10.86
4. Impairment allowance on Assets Classified as Held for Sale	9.71	-
5. Impairment losses on Financial Instruments	3,470.02	2,445.94
6. Adjustments towards Effective Interest Rate in respect of Loans	(11.95)	32.61
7. Adjustments towards Effective Interest Rate in respect of Borrowings	(111.31)	152.19
8. Fair Value Changes in Derivatives	(351.36)	(545.92)
9. Fair Value Changes in Investments	12.78	(2.43)
10. Interest on Commercial Paper	14.76	35.32
11. Interest Accrued on Zero Coupon Bonds	-	81.78
12. Loss/ (Gain) on Exchange Rate fluctuation	(2,164.42)	526.71
13. Provision made for Interest on Advance Income Tax	-	22.71
14. Share of Profit/Loss of Joint Venture accounted for using equity method	11.81	1.97
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>13,299.59</b>	<b>13,546.02</b>
<b>Inflow / (Outflow) on account of :</b>		
1. Loan Assets	(9,877.12)	(56,522.42)
2. Derivatives	(2,460.52)	711.20
3. Other Operating Assets	(433.09)	(1,827.24)
4. Operating Liabilities	(1,360.41)	3,264.58
<b>Cash flow from Operations</b>	<b>(831.55)</b>	<b>(40,827.86)</b>
1. Income Tax Paid (including TDS)	(3,101.39)	(2,696.20)
2. Income Tax refund	23.26	11.73
<b>Net Cash Flow from Operating Activities</b>	<b>(3,909.68)</b>	<b>(43,512.33)</b>
<b>B. Cash Flow from Investing Activities</b>		
1. Sale of Property, Plant & Equipment	0.10	0.35
2. Sale of assets held for sale	31.24	-
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(47.90)	(73.30)
4. Investment in Intangible Assets (including intangible assets under development & Capital Advances)	(0.25)	(0.95)
5. Finance Costs Capitalised	(5.10)	(22.04)
6. Sale/ (Investment) in Equity Shares and Venture Capital Fund	431.17	249.92
7. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	(716.17)	(872.28)
8. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	96.07	1,582.15
9. Sale/(Investment) of/in shares of associate companies (Net)	0.82	(0.40)
10. Maturity/(Investment) of/in Corporate and Term deposits	(77.44)	(2.93)
<b>Net Cash Flow from Investing Activities</b>	<b>(287.46)</b>	<b>860.52</b>
<b>C. Cash Flow from Financing Activities</b>		
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	(20,844.10)	15,499.66
2. Issue/ (Redemption) of Commercial Paper (net)	(14.76)	(2,925.00)
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./Banks/ FIs (net)	2,164.16	26,270.47
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	24,310.58	2,884.39
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. Coupon Expenses on Perpetual Debt Instruments entirely equity in nature	(45.60)	-



## Consolidated Statement of Cash Flows for the year ended 31<sup>st</sup> March 2022 (Contd.)

(₹ in Crores)

PARTICULARS	Year ended 31.03.2022	Year ended 31.03.2021
9. Payment of Dividend on Equity Shares	(2,411.37)	(2,172.41)
10. Payment of Corporate Dividend Tax	-	-
11. Repayment towards Lease Liability	(0.02)	(0.73)
<b>Net Cash flow from Financing Activities</b>	<b>3,158.89</b>	<b>42,113.34</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>(1,038.25)</b>	<b>(538.47)</b>
Cash & Cash Equivalents as at the beginning of the year	1,179.24	1,717.71
Cash & Cash Equivalents as at the end of the year	140.99	1,179.24

During the year, the Group has received Dividend of ₹ 4.21 crores (previous year ₹ 27.97 crores). Further, during the year, the Group has paid an amount of ₹ 168.80 crores (previous year ₹ 150.30 crores) towards Corporate Social Responsibility.

### Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

PARTICULARS	Year ended 31.03.2022	Year ended 31.03.2021
- Cash in Hand (including postage & imprest)	0.02	0.12
- Balances with Banks	130.61	247.82
- Short-term Deposits with Scheduled Banks	10.36	931.30
<b>Total Cash &amp; Cash Equivalents</b>	<b>140.99</b>	<b>1,179.24</b>

### 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	IndAS Adjustments	
<b>Year ended 31.03.2022</b>						
Rupee Debt Securities	2,11,208.71	(20,844.11)	(859.83)	-	42.69	1,89,547.46
Commercial Paper	-	(14.76)	-	-	14.76	-
Rupee Term Loans/ WCDL	59,281.36	2,164.16	15.04	-	-	61,460.56
Foreign Currency Debt Securities & other Borrowings	52,286.35	24,310.60	44.66	(1,336.85)	(86.61)	75,218.15
Subordinated Liabilities	6,946.89	-	(2.54)	-	(127.88)	6,816.47
<b>Total</b>	<b>3,29,723.31</b>	<b>5,615.89</b>	<b>(802.67)</b>	<b>(1,336.85)</b>	<b>(157.04)</b>	<b>3,33,042.64</b>
<b>Year ended 31.03.2021</b>						
Rupee Debt Securities	1,94,964.01	15,499.66	657.70	-	87.34	2,11,208.71
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 & Bonds	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
<b>Total</b>	<b>2,86,286.44</b>	<b>43,729.02</b>	<b>830.85</b>	<b>(1,392.24)</b>	<b>269.24</b>	<b>3,29,723.31</b>

\* 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

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074

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 : Gurugram  
Date : 13<sup>th</sup> May 2022



## Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2022

### A Equity share capital

Particulars
<b>Balance at the beginning of the year</b>
Changes in equity share capital during the year
<b>Balance at the end of the year</b>
<i>Refer note 27 for detail</i>

### B Instruments entirely equity in nature

Particulars
<b>Balance at the beginning of the year</b>
Changes in instruments entirely equity in nature during the year
<b>Balance at the end of the year</b>
<i>Refer note 28 for detail</i>

### C. Other Equity

(₹ in Crores)

Particulars	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)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Capital Reserve
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>16,659.10</b>	<b>2,992.83</b>	<b>2,131.00</b>	<b>2,236.54</b>	<b>4.70</b>
Profit for the period	-	-	-	-	-
Remeasurement of Defined Benefit Plans	-	-	-	-	-
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other adjustments</b>					
Transferred to/ (from) Retained Earnings	2,563.13	288.13	1,673.00	-	-
Transferred to General Reserve	-	(1,152.55)	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-
Foreign Currency Translation Loss on long term monetary items during the period	-	-	-	-	-
Gain on increase in share in EESL	-	-	-	-	-
Amortisation during the period	-	-	-	-	-
Issue expenses on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-	-	-	-
<b>Total- Other adjustments</b>	<b>2,563.13</b>	<b>(864.42)</b>	<b>1,673.00</b>	<b>-</b>	<b>-</b>
Dividends	-	-	-	-	-
<b>Total- Transaction with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>19,222.23</b>	<b>2,128.41</b>	<b>3,804.00</b>	<b>2,236.54</b>	<b>4.70</b>

(₹ in Crores)

As at 31.03.2022	As at 31.03.2021
<b>1,974.92</b>	<b>1,974.92</b>
-	-
<b>1,974.92</b>	<b>1,974.92</b>

(₹ in Crores)

As at 31.03.2022	As at 31.03.2021
<b>558.40</b>	<b>558.40</b>
-	-
<b>558.40</b>	<b>558.40</b>

(₹ in Crores)

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 Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
<b>(1,719.38)</b>	<b>6,976.22</b>	<b>793.29</b>	<b>3,674.25</b>	<b>(2.48)</b>	<b>106.26</b>	<b>(226.08)</b>	<b>(204.75)</b>	<b>33,421.50</b>
-	-	-	8,378.24	-	-	-	-	8,378.24
-	-	-	(10.67)	-	-	-	-	(10.67)
-	-	-	(0.05)	1.29	160.52	60.47	246.20	468.43
-	-	-	<b>8,367.52</b>	<b>1.29</b>	<b>160.52</b>	<b>60.47</b>	<b>246.20</b>	<b>8,836.00</b>
-	981.10	-	(5,505.36)	-	-	-	-	-
-	1,945.84	(793.29)	-	-	-	-	-	-
-	-	-	242.71	-	(242.71)	-	-	-
437.65	-	-	-	-	-	-	-	437.65
-	-	-	-	-	-	-	-	-
708.57	-	-	-	-	-	-	-	708.57
-	-	-	(0.70)	-	-	-	-	(0.70)
<b>1,146.22</b>	<b>2,926.94</b>	<b>(793.29)</b>	<b>(5,263.35)</b>	<b>-</b>	<b>(242.71)</b>	<b>-</b>	<b>-</b>	<b>1,145.52</b>
-	-	-	(2,172.41)	-	-	-	-	(2,172.41)
-	-	-	<b>(2,172.41)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,172.41)</b>
<b>(573.16)</b>	<b>9,903.16</b>	<b>-</b>	<b>4,606.01</b>	<b>(1.19)</b>	<b>24.07</b>	<b>(165.61)</b>	<b>41.45</b>	<b>41,230.61</b>



### C. Other Equity (Contd.)

(₹ in Crores)

Particulars	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)(viiia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Capital Reserve
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>19,222.23</b>	<b>2,128.41</b>	<b>3,804.00</b>	<b>2,236.54</b>	<b>4.70</b>
Profit for the period	-	-	-	-	-
Remeasurement of Defined Benefit Plans	-	-	-	-	-
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-
Reclassification of (gain)/ loss on cessation of significant influence	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transferred to/ (from) Retained Earnings	3,080.70	-	2,010.00	-	-
Transferred to/ (from) General Reserve	-	(1,931.59)	-	-	(4.70)
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-
Foreign Currency Translation Loss on long term monetary items during the period	-	-	-	-	-
Amortisation during the period	-	-	-	-	-
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-	-	-	-
<b>Total- Other adjustments</b>	<b>3,080.70</b>	<b>(1,931.59)</b>	<b>2,010.00</b>	<b>-</b>	<b>(4.70)</b>
<b>Dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total- Transaction with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>22,302.93</b>	<b>196.82</b>	<b>5,814.00</b>	<b>2,236.54</b>	<b>-</b>

Refer Note No. 29.1 for details regarding drawdown/ transfers from Reserves

Accompanying Notes to Financial Statements

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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

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place: Gurugram  
Date: 13<sup>th</sup> May 2022



(₹ in Crores)

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 Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
(573.16)	9,903.16	-	4,606.01	(1.19)	24.07	(165.61)	41.45	41,230.61
-	-	-	10,035.69	-	-	-	-	10,035.69
-	-	-	(6.23)	-	-	-	-	(6.23)
-	-	-	(0.02)	-	24.74	359.82	(437.40)	(52.86)
-	-	-	-	1.19	-	-	-	1.19
-	-	-	10,029.44	1.19	24.74	359.82	(437.40)	9,977.79
-	-	-	(5,090.70)	-	-	-	-	-
-	1,936.29	-	-	-	-	-	-	-
-	-	-	86.79	-	(86.79)	-	-	-
(216.94)	-	-	-	-	-	-	-	(216.94)
234.81	-	-	-	-	-	-	-	234.81
-	-	-	(34.12)	-	-	-	-	(34.12)
17.87	1,936.29	-	(5,038.03)	-	(86.79)	-	-	(16.25)
-	-	-	(2,411.37)	-	-	-	-	(2,411.37)
-	-	-	(2,411.37)	-	-	-	-	(2,411.37)
(555.29)	11,839.45	-	7,186.05	-	(37.98)	194.21	(395.95)	48,780.78

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074





## 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 the Corporate Office situated 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 31<sup>st</sup> March, 2022 were authorized and approved for issue by the Board of Directors on 13<sup>th</sup> May, 2022.

### 3. Significant Accounting Policies

The significant accounting policies applied in preparation of the consolidated financial statements are as given below:

#### 3.1 Basis of Preparation and Measurement

##### 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.

#### 3.2 Transactions eliminated on consolidation

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 going concern basis following accrual system of accounting 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



## Consolidated Notes to Accounts

(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 recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For 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.

Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

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 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:

- Identify the contract(s) with customer;
- Identify separate performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations; and
- 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 qualifying asset becomes ready for its intended use, 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





## Consolidated Notes to Accounts

(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 01<sup>st</sup> 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 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. 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.'

### 3.9 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.

#### *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.'



## Consolidated Notes to Accounts

### *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.

### 3.10 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 Assets/ Disposal Groups held for sale

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 assets are measured at lower of carrying amount or fair value less selling costs.

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.

### 3.12 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.



## Consolidated Notes to Accounts

### 3.13 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 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:

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- 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 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.



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### 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.

#### Fair Value Hedges

In line with the recognition of change in the fair value of the hedging instruments in the Statement of Profit & Loss, the change in the fair value of the hedged item attributable to the risk hedged is recognised in the Statement of Profit and Loss. Such changes are made to the carrying amount of the hedged item and are adjusted in Effective Interest Rate in the period when the hedging instrument ceases to exit. If the hedged item is derecognised, the unamortised fair value is recognised immediately in Statement of Profit and Loss.

### 3.14 Impairment of financial assets

#### Loan assets

The Group follows a 'three-stage' model for impairment in the form of Expected Credit Loss (ECL) 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 Group assesses if the





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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 or as directed by the order of the Judicial Authority.

### 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 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



## Consolidated Notes to Accounts

(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.

### 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 benefits, 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 benefits 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



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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.

### 3.24 Business Combination under Common Control

A business combination, if any, involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

### 3.25 Expenditure on issue of shares

Expenditure on issue of shares, if any, is charged to the securities premium account

## 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.

## 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



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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.

**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)





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### 6 Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Cash in Hand (including postage &amp; imprest)</b>	0.02	0.12
<b>Balances with Banks</b>		
in current accounts	130.61	247.82
Deposits with original maturity less than 3 months	10.36	931.30
Short term Investment in Debt Mutual Funds	-	-
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>140.99</b>	<b>1,179.24</b>

### 7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Earmarked Balances with Banks</b>		
For unpaid dividends	6.39	5.79
For govt. funds for onward disbursement as grant	880.59	1,323.55
<b>Earmarked Term Deposits</b>		
Deposits in Compliance of Court Order	0.59	0.56
Term Deposit held as Margin Money against Bank Guarantee	0.27	0.25
Term Deposit- Debenture Redemption Reserves	225.33	-
<b>Balances with banks not available for use pending allotment of 54EC Capital Gain Tax Exemption Bonds</b>	1,291.54	856.62
<b>Other Term deposits</b>	114.25	36.81
<b>Total (Other Bank Balances)</b>	<b>2,518.96</b>	<b>2,223.58</b>
Term Deposits with remaining maturity more than 3 months but less than 12 months	97.25	70.02
Term Deposits with original maturity more than 12 months	65.28	1.22

**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 2022 (Previous year Nil).

### 8 Trade Receivables

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(A) Unsecured, Considered good	91.94	124.45
Less: Allowance for Expected Credit Loss	(12.48)	(19.12)
	<b>79.46</b>	<b>105.33</b>
(B) Trade receivables which have significant increase in credit risk	30.97	55.32
Less: Allowance for Expected Credit Loss	(15.88)	(20.58)
	<b>15.09</b>	<b>34.74</b>
(C) Credit impaired receivables	54.36	46.80
Less: Allowance for Expected Credit Loss	(54.36)	(46.80)
<b>Total Trade Receivables (A+B+C)</b>	<b>94.55</b>	<b>140.07</b>



## Consolidated Notes to Accounts

### 8.1 Trade Receivables ageing schedule

(₹ in Crores)

Particulars	Outstanding as at 31 <sup>st</sup> March 2022					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
<b>(i) - Undisputed Trade receivables</b>						
- considered good	65.44	23.49	-	-	-	88.93
- which have significant increase in credit risk	-	-	19.35	14.56	-	33.91
- credit impaired	-	-	-	-	54.43	54.43
<b>Sub- total (i)</b>	<b>65.44</b>	<b>23.49</b>	<b>19.35</b>	<b>14.56</b>	<b>54.43</b>	<b>177.27</b>
<b>(ii) - Disputed Trade receivables</b>						
- considered good	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
<b>Sub- total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (i+ii)</b>	<b>65.44</b>	<b>23.49</b>	<b>19.35</b>	<b>14.56</b>	<b>54.43</b>	<b>177.27</b>

(₹ in Crores)

Particulars	Outstanding as at 31 <sup>st</sup> March 2021					
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
<b>(i) - Undisputed Trade receivables</b>						
- considered good	98.84	25.61	-	-	-	124.45
- which have significant increase in credit risk	-	-	22.85	32.47	-	55.32
- credit impaired	-	-	-	-	46.80	46.80
<b>Sub- total (i)</b>	<b>98.84</b>	<b>25.61</b>	<b>22.85</b>	<b>32.47</b>	<b>46.80</b>	<b>226.57</b>
<b>(ii) - Disputed Trade receivables</b>						
- considered good	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-
<b>Sub- total (ii)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (i+ii)</b>	<b>98.84</b>	<b>25.61</b>	<b>22.85</b>	<b>32.47</b>	<b>46.80</b>	<b>226.57</b>

### 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 52 for Risk Management Disclosures in respect of the derivatives.





## Consolidated Notes to Accounts

### Part I

(₹ in Crores)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Currency Derivatives</b>						
- Currency swaps	2,850.13	1.39	48.37	2,854.54	43.07	121.08
- Others						
- Call Spread	1,895.18	76.73	-	4,263.27	271.36	-
- Seagull Options	54,727.54	4,868.28	-	20,482.08	1,657.19	43.25
<b>Sub-total (i)</b>	<b>59,472.85</b>	<b>4,946.40</b>	<b>48.37</b>	<b>27,599.89</b>	<b>1,971.62</b>	<b>164.33</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	33,239.41	563.77	173.52	25,035.68	339.60	403.65
<b>Sub-total (ii)</b>	<b>33,239.41</b>	<b>563.77</b>	<b>173.52</b>	<b>25,035.68</b>	<b>339.60</b>	<b>403.65</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,747.00	-	331.25	4,547.00	-	278.33
<b>Total - Derivative Financial Instruments (i + ii+iii)</b>	<b>97,459.26</b>	<b>5,510.17</b>	<b>553.14</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>

### Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Fair Value Hedging</b>						
- <b>Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	11,850.70	19.76	112.00	-	-	-
<b>(ii) Cash Flow Hedging</b>						
- Currency Derivatives						
- Currency Swaps	2,842.77	-	48.37	2,756.43	23.86	121.08
- Others						
- Call Spread	1,895.18	76.73	-	1,837.62	77.74	-
- Seagull Options	54,727.54	4,868.28	-	20,482.08	1,657.19	43.25
- <b>Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	13,313.21	115.10	45.27	13,055.84	-	318.18
<b>Sub-total (i)</b>	<b>72,778.70</b>	<b>5,060.11</b>	<b>93.64</b>	<b>38,131.97</b>	<b>1,758.79</b>	<b>482.51</b>
(iii) Undesignated Derivatives	12,829.86	430.30	347.50	19,050.60	552.43	363.80
<b>Total - Derivative Financial Instruments (i+ii+iii)</b>	<b>97,459.26</b>	<b>5,510.17</b>	<b>553.14</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>

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 Other Comprehensive Income. In case of fair value hedges, the changes in fair value of the derivatives designated as hedging instruments along with the fair value changes in the carrying amount of the hedged items are recognised in the Statment of Profit & Loss. 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 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Loans</b>				
(i) Term Loans	3,83,310.40	3,84,566.08	3,77,041.98	3,78,090.36
(ii) Working Capital Term Loans	2,060.86	2,069.12	376.17	377.24
<b>Total (A) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (A) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(B) Security Details</b>				
(i) Secured by tangible assets	2,23,793.64	2,24,420.98	2,56,744.52	2,57,329.46
(ii) Covered by Bank/ Govt. Guarantees	1,30,973.50	1,31,510.35	1,01,071.53	1,01,456.48
(iii) Unsecured	30,604.12	30,703.87	19,602.10	19,681.67
<b>Total (B) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (B) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(C)(I) Loans in India</b>				
(i) Public Sector	3,50,455.72	3,51,732.04	3,38,810.31	3,39,877.44
(ii) Private Sector	34,915.54	34,903.16	38,607.84	38,590.16
<b>Total (C)(I) - Gross Loans</b>	<b>3,85,371.26</b>	<b>3,86,635.20</b>	<b>3,77,418.15</b>	<b>3,78,467.60</b>
Less: Impairment loss allowance	(14,704.66)	(14,704.66)	(13,206.11)	(13,206.11)
<b>Total (C)(I) - Net Loans</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>
<b>(C)(II) Loans outside India</b>	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	-	-	-	-
<b>Total (C)(I) and (C)(II)</b>	<b>3,70,666.60</b>	<b>3,71,930.54</b>	<b>3,64,212.04</b>	<b>3,65,261.49</b>

#### 10.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Net Loans</b>	<b>3,71,930.54</b>	<b>3,65,261.49</b>
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(423.59)	(504.10)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(957.96)	(635.00)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	14,704.66	13,206.11
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	117.61	89.65
<b>Gross Loans</b>	<b>3,85,371.26</b>	<b>3,77,418.15</b>

#### 10.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>13,206.11</b>	<b>11,996.04</b>
Add: Impairment loss allowance provided during the year (Refer Note 39)*	3,422.56	2,362.62
Less: Allowance utilised towards write-off of loans	(1,924.01)	(1,152.55)
<b>Closing Balance</b>	<b>14,704.66</b>	<b>13,206.11</b>

\* Includes impairment loss allowance created on Stage 1 & 2 loan assets which has been enhanced to a minimum level of 0.40% from FY 2021-22

#### 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 ₹ 1,924.01 crores (Previous year ₹ 1,152.55 crores). The details of write-offs for the current year are as below:

##### (i) During the current year

- (a) Pursuant to the Resolution Plan approved under IBC proceedings executed on 13<sup>th</sup> May 2021 in respect of VS Lignite Power Private Limited, the Company has written off an amount of ₹ 39.45 crores after appropriating the recoveries of ₹ 14.79 crores (Cash ₹ 1.30 crores and Term Loan of ₹ 13.49 crores).



## Consolidated Notes to Accounts

- (b) Pursuant to the liquidation order under IBC proceedings executed on 30<sup>th</sup> December 2021 in respect of Lanco Babandh Power Limited, the Company has written off an amount of ₹ 1160.16 crores after appropriating cash recoveries of ₹ 40.39 crores.
- (c) Pursuant to the Resolution Plan approved under IBC proceedings executed on 16<sup>th</sup> March 2022 in respect of Essar Power (MP) Limited (EPMPL), the Company has written off an amount of ₹ 724.40 crores after appropriating the recoveries of ₹ 620.60 crores (Cash ₹ 148.94 crores and Term Loan of ₹ 471.66 crores).
- (d) Pursuant to the Resolution Plan approved under IBC proceedings executed on 23<sup>rd</sup> March 2022 in respect of Amrit Jal Ventures Private Limited, the company has recovered the entire outstanding loan of ₹ 4.35 crores and ₹ 0.28 crores overdue interest after appropriating cash recoveries of ₹ 4.63 crores.
- (ii) **During the previous year**
- (a) Pursuant to the restructuring executed on 4<sup>th</sup> 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).
- (b) Pursuant to the Resolution Plan approved under IBC proceedings executed on 21<sup>st</sup> 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).
- (c) Pursuant to the restructuring executed on 4<sup>th</sup> 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).
- 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 31.03.2022		As at 31.03.2021	
	%	Amount	%	Amount
Gross Loan Book of the Company		3,85,371.26		3,77,418.15
Loan Assets for which balance confirmations have been received from borrowers	93%	3,56,923.45	92%	3,48,293.80
Loan Assets for which balance confirmations is yet to be received from borrowers of which,	7%	28,447.81	8%	29,124.35
Loans secured by tangible assets	45%	12,813.68	71%	20,597.00
Loans covered by Government Guarantee/ Loans to Government	33%	9,295.96	10%	2,848.13
Unsecured loans	22%	6,338.17	19%	5,679.22

- 10.5** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 11 Investments

### (A) Investments

(₹ in Crores)

Particulars	Amor- tised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Com- prehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7)
<b>As at 31<sup>st</sup> March, 2022</b>							
Govt. Securities	1,374.51	-	-	-	<b>1,374.51</b>	-	<b>1,374.51</b>
Debt Securities	365.60	-	132.55	-	<b>498.15</b>	-	<b>498.15</b>
Equity Instruments	-	268.26	49.52	-	<b>317.78</b>	-	<b>317.78</b>
Preference Shares	28.72	-	-	-	<b>28.72</b>	-	<b>28.72</b>
Others	-	-	-	-	-	-	-
<b>Total - Gross (A)</b>	<b>1,768.83</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,219.16</b>	-	<b>2,219.16</b>



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	Amor- tised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Com- prehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7)
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,768.83	268.26	182.07	-	<b>2,219.16</b>	-	<b>2,219.16</b>
<b>Total - Gross (B)</b>	<b>1,768.83</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,219.16</b>	-	<b>2,219.16</b>
Total Investments	1,768.83	268.26	182.07	-	<b>2,219.16</b>	-	<b>2,219.16</b>
<b>Less: impairment loss allowance (C)</b>	(28.72)	-	-	-	<b>(28.72)</b>	-	<b>(28.72)</b>
<b>Total - Net (D=A-C)</b>	<b>1,740.11</b>	<b>268.26</b>	<b>182.07</b>	-	<b>2,190.44</b>	-	<b>2,190.44</b>

<b>As at 31<sup>st</sup> March, 2021</b>							
Govt. Securities	649.08	-	-	-	<b>649.08</b>	-	<b>649.08</b>
Debt Securities	408.73	-	143.06	-	<b>551.79</b>	-	<b>551.79</b>
Equity Instruments	-	430.13	23.60	-	<b>453.73</b>	-	<b>453.73</b>
Preference Shares	26.09	-	42.99	-	<b>69.08</b>	-	<b>69.08</b>
Others	-	-	-	-	-	-	-
<b>Total - Gross (A)</b>	<b>1,083.90</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,723.68</b>	-	<b>1,723.68</b>

Investments outside India	-	-	-	-	-	-	-
Investments in India	1,083.90	430.13	209.65	-	<b>1,723.68</b>	-	<b>1,723.68</b>
<b>Total - Gross (B)</b>	<b>1,083.90</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,723.68</b>	-	<b>1,723.68</b>
Total Investments	1,083.90	430.13	209.65	-	<b>1,723.68</b>	-	<b>1,723.68</b>
<b>Less: impairment loss allowance (C)</b>	-	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>1,083.90</b>	<b>430.13</b>	<b>209.65</b>	-	<b>1,723.68</b>	-	<b>1,723.68</b>

### (B) Investments accounted for using equity method

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Investment in Joint Ventures</b>		
- Energy Efficiency Services Ltd.	-	257.74
(21,81,00,000 Equity shares of ₹ 10 each)		
<b>Total</b>	<b>-</b>	<b>257.74</b>

### 11.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.2022		As at 31.03.2021	
		Number	Amount	Number	Amount
<b>(A) Government Securities (HQLAs)*</b>	Amortised Cost	13,39,32,800	1,374.51	6,25,00,000	649.08
<b>Debt Securities</b>					
<b>(i) Debt Securities (HQLAs)*</b>	Amortised Cost	3,14,940	259.39	3,14,940	259.63
<b>(ii) Debt Securities (other than HQLAs)</b>					
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	17,85,43,530	92.03	22,85,25,079	99.33
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	7,86,06,161	40.52	10,06,12,911	43.73
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd. **	Fair value through profit or loss	1,86,35,162	-	1,86,35,162	-



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.2022		As at 31.03.2021	
		Number	Amount	Number	Amount
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	2,54,95,144	106.21	2,52,91,783	149.10
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	21,38,03,170	-	21,38,03,170	-
- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	63,03,032	-	63,03,032	-
- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	1,04,74,150	-	1,04,74,150	-
<b>(B) Sub-total - Debt Securities (i+ii)</b>			<b>498.15</b>		<b>551.79</b>
<b>Equity Instruments</b>					
- NHPC Ltd.	Fair value through other comprehensive income	1,88,43,184	52.38	17,53,02,206	428.61
- HUDCO Ltd.	Fair value through other comprehensive income	3,47,429	1.14	3,47,429	1.52
- Energy Efficiency Services Ltd.	Fair value through other comprehensive income	21,81,00,000	214.74	-	-
- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	1,60,00,000	-	1,60,00,000	-
- Rattan India Power Ltd.	Fair value through profit or loss	9,25,68,105	49.52	9,25,68,105	23.60
- R.K.M Power Gen Private Ltd.	Fair value through profit or loss	18,17,90,667	-	18,17,90,667	-
<b>(C) Sub-total - Equity Instruments</b>			<b>317.78</b>		<b>453.73</b>
<b>(D) Sub-total - Subsidiary</b>			<b>-</b>		<b>-</b>
<b>Preference Shares (PS)</b>					
- Redeemable PS of Rattan India Power Ltd.	Amortised cost	2,87,20,978	28.72	2,87,20,978	26.09
- Optionally Convertible PS of Rattan India Power Ltd.	Fair value through profit or loss	4,33,03,616	-	4,33,03,616	42.99
<b>(D) Sub-total - Preference Shares</b>			<b>28.72</b>		<b>69.08</b>
<b>Others</b>					
- Units of 'Small is Beautiful' Venture Capital Fund	Fair value through other comprehensive income	-	-	61,52,200	-
<b>(E) Sub-total - Others</b>			<b>-</b>		<b>-</b>
<b>Total Investments (F= A to E)</b>			<b>2,219.16</b>		<b>1,723.68</b>
Less: impairment loss allowance (G)			(28.72)		-
<b>Total - Net (H=F-G)</b>			<b>2,190.44</b>		<b>1,723.68</b>

Refer note 56.1 for valuation technique of the investments shown at fair value

\* High Quality Liquid Assets (HQLAs) maintained as per RBI Circular dated November 4, 2019

\*\* Received against unsustainable portion of debt in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring

### 11.2 Details of Investment in Joint Venture:

(₹ in Crores)

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31.03.2022	31.03.2021
Joint Venture* :			
Energy Efficiency Services Limited (EESL)	India	-	22.18%

The investments in joint venture is measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

\* During the year, pursuant to agreement executed amongst the Joint Venture partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited, EESL ceased to be a jointly controlled entity of the Company with effect from September 01, 2021, under Ind-AS framework.



## Consolidated Notes to Accounts

### 11.3 Movement of Impairment Loss Allowance in respect of Investments:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	-	-
Add: Impairment loss allowance provided in respect to Redeemable PS of Rattan India Power Limited due for redemption during the year (Refer Note 39)	28.72	-
Less: Allowance utilised towards write-off of loans	-	-
<b>Closing Balance</b>	<b>28.72</b>	<b>-</b>

**11.4** 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:

Company has not received any instruments in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring.

#### (ii) During the previous 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 21<sup>st</sup> 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 10.3 for further details.

**11.5** 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 2021-22			FY 2020-21		
	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
NHPC Limited*	15,64,59,022	430.62	89.86	-	-	-
Small is Beautiful**	61,52,200	0.55	(5.60)	-	-	-
India Energy Exchange Limited	-	-	-	1,22,71,211	249.92	248.69

\* During the year, the Company has sold 15,64,59,022 equity shares of NHPC Limited considering the market scenerio for a consideration of ₹ 430.62 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.

\*\* During the year, the Company has derecognised 61,52,200 units of 'Small is Beautiful' Venure Capital Fund, consequent to full and final settlement upon liquidation of the fund. As a result, the Company has written off an amount of ₹ 5.60 crores after appropriating cash recoveries of ₹ 0.55 crores

### 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 31.03.2022	As at 31.03.2021
(A) Loans to Employees (Refer Note No. 12.1)	41.95	39.94
(B) Advances to Employees	0.27	0.41
(C) Loans & Advances to Subsidiaries	(0.72)	-
(D) Security Deposits	1.67	1.45
(E) Recoverable from Govt. of India	-	-
Towards Gol Fully Serviced Bonds (Refer Note No. 23.5)	24,318.29	24,314.48





## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(F) Other amounts recoverable	145.02	152.13
Less: Impairment Loss allowance (Refer Note No. 12.2)	(91.17)	(88.53)
<b>Other Amounts Recoverable (Net)</b>	<b>53.85</b>	<b>63.60</b>
<b>Total (A to F)</b>	<b>24,415.31</b>	<b>24,419.88</b>

### 12.1 Details of Loans to Employees

The Company has extended loans to employees with specified terms and repayment schedule, categorised at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(A) Secured Loans		
- To employees Other than Key Managerial Personnel	12.64	7.39
<b>Sub-total (A)</b>	<b>12.64</b>	<b>7.39</b>
(B) Unsecured Loans		
- To Key Managerial Personnel	0.18	0.28
- To Others	29.13	32.27
<b>Sub-total (B)</b>	<b>29.31</b>	<b>32.55</b>
<b>Total (A+B)</b>	<b>41.95</b>	<b>39.94</b>

The figures above include interest accrued on such loans amounting to ₹ 8.45 crores (Previous year ₹ 8.16 crores).

### 12.2 Movement of impairment loss allowance on other financial assets

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Opening balance	88.53	30.85
Add: Created during the year	10.23	64.35
Less: Reversed/ Adjusted during the year	(7.59)	(6.67)
<b>Closing balance</b>	<b>91.17</b>	<b>88.53</b>

### 13 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Advance Income-tax & TDS	3,296.66	236.26
Less: Provision for Income Tax	(3,110.11)	(72.35)
<b>Sub-Total (1)</b>	<b>186.55</b>	<b>163.91</b>
Tax Deposited on income tax demands under contest	5.26	5.26
Provision for income tax for demand under contest	(0.25)	(0.25)
<b>Sub-Total (2)</b>	<b>5.01</b>	<b>5.01</b>
<b>Current tax assets (Net)</b>	<b>191.56</b>	<b>168.92</b>

### 14 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Deferred Tax Assets (Net)	3,160.12	2,461.03

### 14.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2022 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,765.16	716.14	-	-	3,481.30
Provision for Earned Leave	4.71	1.92	-	-	6.63
Provision for Medical Leave	5.26	0.15	-	-	5.41
Provision for Other Expenses	0.72	0.50	-	-	1.22
Fair Valuation of Investments	3.57	2.29	2.55	-	8.41
Fair Valuation of Derivatives	27.81	11.16	26.09	-	65.07
Right of Use asset (Net of lease liability)	-	-	-	-	-



## Consolidated Notes to Accounts

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Total Deferred Tax Assets</b>	<b>2,807.23</b>	<b>732.16</b>	<b>28.64</b>	-	<b>3,568.04</b>
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	1.61	10.85	-	-	12.46
Unamortised Foreign Currency Exchange Fluctuations	153.26	(2.21)	-	-	151.05
Financial assets and liabilities measured at amortised cost	191.33	24.90	-	-	216.24
Fair valuation of Debt Securities	-	28.17	-	-	28.17
<b>Total Deferred Tax Liabilities</b>	<b>346.20</b>	<b>61.71</b>	-	-	<b>407.92</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,461.03</b>	<b>670.45</b>	<b>28.64</b>	-	<b>3,160.12</b>

Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
Fair Valuation of Investments	10.00	(0.42)	(6.01)	-	3.57
Provision for Other Expenses	-	0.72	-	-	0.72
Fair Valuation of Derivatives	439.65	(308.70)	(103.14)	-	27.81
Right of Use asset (Net of lease liability)	0.04	(0.04)	-	-	-
<b>Total Deferred Tax Assets</b>	<b>2,751.06</b>	<b>165.32</b>	<b>(109.15)</b>	-	<b>2,807.23</b>
<b>Deferred Tax Liabilities</b>					
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)	-	-	-
<b>Total Deferred Tax Liabilities</b>	<b>700.49</b>	<b>(354.30)</b>	-	-	<b>346.20</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,050.57</b>	<b>519.61</b>	<b>(109.15)</b>	-	<b>2,461.03</b>

### 15 Investment Property

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
As at 31.03.2022	0.01	-	0.01	-
As at 31.03.2021	0.01	-	-	0.01

15.1 The company had classified the land held for undeterminable future use as investment property and didn't earn any rental income on it. The same has been sold during the year.

### 15.2 Fair value of investment property:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Carrying Value	-	0.01
Fair Value	-	0.90

The Company obtains independent valuations for its investment properties at least annually. The fair values of investment property is determined by an independent registered 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

(₹ in Crores)

Particulars	Property, Plant & Equipment				
	Freehold Land	Right-of-Use Land	Buildings	Plant & equipment	Furniture & Fixtures
<b>Gross carrying value</b>					
<b>As at 31.03.2020</b>	<b>110.39</b>	<b>1.59</b>	<b>31.74</b>	<b>-</b>	<b>11.99</b>
Additions	-	-	98.66	-	9.65
Borrowings Cost Capitalised	-	-	-	-	-
Disposals	-	-	-	-	0.75
<b>As at 31.03.2021</b>	<b>110.39</b>	<b>1.59</b>	<b>130.40</b>	<b>-</b>	<b>20.89</b>
Additions	-	-	303.73	19.90	47.55
Borrowings Cost Capitalised	-	-	-	-	-
Disposals/ Adjustments	-	-	3.30	-	0.69
<b>As at 31.03.2022</b>	<b>110.39</b>	<b>1.59</b>	<b>430.83</b>	<b>19.90</b>	<b>67.75</b>
<b>Accumulated depreciation/ amortisation</b>					
<b>As at 31.03.2020</b>	<b>-</b>	<b>0.32</b>	<b>9.06</b>	<b>-</b>	<b>6.91</b>
Charge for the year	-	0.03	0.75	-	0.99
Adjustment for disposals	-	-	-	-	0.22
<b>As at 31.03.2021</b>	<b>-</b>	<b>0.35</b>	<b>9.81</b>	<b>-</b>	<b>7.68</b>
Charge for the year	-	0.02	4.96	0.95	3.67
Adjustment for disposals	-	-	1.26	-	0.41
<b>As at 31.03.2022</b>	<b>-</b>	<b>0.37</b>	<b>13.51</b>	<b>0.95</b>	<b>10.94</b>
<b>Net block as at 31.03.2021</b>	<b>110.39</b>	<b>1.24</b>	<b>120.59</b>	<b>-</b>	<b>13.21</b>
<b>Net block as at 31.03.2022</b>	<b>110.39</b>	<b>1.22</b>	<b>417.32</b>	<b>18.95</b>	<b>56.81</b>

**16.1** The formalities regarding registration of title deed in respect of an immovable property acquired by the Company is yet to be executed. The details are as below:

#### (a) As at 31<sup>st</sup> March 2022

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.01	Land & Development officer under Ministry of Urban Development, New Delhi

#### (b) As at 31<sup>st</sup> March 2021

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.07	Land & Development officer under Ministry of Urban Development, New Delhi



## Consolidated Notes to Accounts

(₹ in Crores)

				Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
<b>22.94</b>	<b>20.98</b>	<b>0.40</b>	<b>200.03</b>	<b>287.62</b>	<b>0.77</b>	<b>13.74</b>
4.80	5.12	-	118.23	131.70	-	0.07
-	-	-	-	22.04	-	-
3.41	8.24	-	12.40	105.69	-	0.01
<b>24.33</b>	<b>17.86</b>	<b>0.40</b>	<b>305.86</b>	<b>335.67</b>	<b>0.77</b>	<b>13.80</b>
3.34	7.16	-	381.68	32.35	-	1.02
-	-	-	-	5.10	-	-
0.96	0.87	-	5.82	367.05	0.77	0.01
<b>26.71</b>	<b>24.15</b>	<b>0.40</b>	<b>681.72</b>	<b>6.07</b>	<b>-</b>	<b>14.81</b>
<b>16.56</b>	<b>12.91</b>	<b>0.32</b>	<b>46.08</b>	<b>-</b>	<b>-</b>	<b>4.92</b>
2.93	2.50	0.02	7.22	-	-	2.74
2.72	5.20	-	8.14	-	-	0.01
<b>16.77</b>	<b>10.21</b>	<b>0.34</b>	<b>45.16</b>	<b>-</b>	<b>-</b>	<b>7.65</b>
3.20	2.52	0.03	15.35	-	-	2.89
0.75	0.41	-	2.83	-	-	0.01
<b>19.22</b>	<b>12.32</b>	<b>0.37</b>	<b>57.68</b>	<b>-</b>	<b>-</b>	<b>10.53</b>
<b>7.56</b>	<b>7.65</b>	<b>0.06</b>	<b>260.70</b>	<b>335.67</b>	<b>0.77</b>	<b>6.15</b>
<b>7.49</b>	<b>11.83</b>	<b>0.03</b>	<b>624.04</b>	<b>6.07</b>	<b>-</b>	<b>4.28</b>

Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.





## Consolidated Notes to Accounts

**16.2** As on 31<sup>st</sup> March 2022, 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 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Gross Carrying Value	3.30	3.30
Net Carrying Value	2.27	2.31

### 16.3 Capital Work in Progress (CWIP)

#### (a) CWIP ageing schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	6.07	-	-	-	6.07	153.75	90.67	69.71	21.54	335.67

There are no capital work in progress as on the reporting year where activity has been suspended.

#### (b) CWIP completion schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	-	-	-	-	-	-	-	-	-	-
- Project-1	6.07	-	-	-	6.07	329.60	6.07	-	-	335.67

### 16.4 Intangible assets under development

#### (a) Intangible assets under development ageing schedule

(₹ in Crores)

Particulars	As at 31 <sup>st</sup> March 2022					As at 31 <sup>st</sup> March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	-	-	-	-	-	-	0.12	-	0.65	0.77

There are no intangible assets under development as on the reporting year where activity has been suspended or which have exceeded cost as compared to its original plan or where completion is overdue.

**16.5** 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.

**16.6** 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 7.94% (previous year 8%) for the Company in terms of Ind AS 23 'Borrowing Costs'.

### 16.7 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)

## Consolidated Notes to Accounts

### 17 Other non-financial assets

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
(A) Capital Advances	8.19	8.84
(B) Other Advances	3.56	3.34
(C) Balances with Govt. Authorities	42.20	68.06
(D) Pre-Spent Corporate Social Responsibility (CSR) Expenses	0.48	4.03
(E) Prepaid Expenses	3.12	4.29
(F) Deferred Employee Cost	11.11	14.09
(G) Other Assets	0.02	0.02
<b>Total (A to G)</b>	<b>68.68</b>	<b>102.67</b>

### 18 Assets classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Disposal Group</b>		
(i) Investment in associates	0.40	0.60
(ii) Loans to associates	12.83	13.45
(iii) Provision for impairment on assets classified as held for sale	(9.71)	-
<b>Sub-Total (i+ii+iii)</b>	<b>3.52</b>	<b>14.05</b>
<b>(B) Assets Classified as Held for Sale-Building</b>	0.86	0.00
<b>Total (B)</b>	<b>0.86</b>	<b>0.00</b>
<b>Grand Total (A+B)</b>	<b>4.38</b>	<b>14.05</b>
<b>Liabilities directly associated with assets classified as held for sale</b>		
<b>(C) Payable to associates</b>	0.01	0.08
<b>Total (C)</b>	<b>0.01</b>	<b>0.08</b>
<b>Net Assets held for sale (A+B-C)</b>	<b>4.37</b>	<b>13.97</b>

### 18.1 Investments in associates

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Investments in Equity Instruments of associates (fully paid up)</b>		
equity shares of ₹ 10/- each		
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	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	0.05
MP Power Transmission Package II Limited	-	0.05
Rajgarh Transmission Limited	0.05	0.05
Ramgarh New Transmission Ltd	-	-
Sikar Transmission Limited	-	0.05
ER NER Transmission Limited	0.05	
<b>Total</b>	<b>0.40</b>	<b>0.60</b>



## Consolidated Notes to Accounts

### 18.2 Loans to Associates

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Chandil Transmission Limited	2.54	2.53
Dumka Transmission Limited	2.48	2.47
Mandar Transmission Limited	2.22	2.21
Koderma Transmission Limited	2.28	2.27
MP Power Transmission Package I Limited	1.99	1.07
Rajgarh Transmission Limited	0.28	-
ER NER Transmission Limited	0.28	-
Receivable from SPV-Yet to Incorporate	0.76	-
Fatehgarh Bhadla Transco Limited	-	0.91
Kallam Transmission Limited	-	0.11
MP Power Transmission Package II Limited	-	1.09
Sikar New Transmission Limited	-	0.77
Gadag Transmission Limited	-	0.02
<b>Total</b>	<b>12.83</b>	<b>13.45</b>

### 18.3 Liabilities directly associated with assests classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Bidar Transmission Limited	0.01	0.03
Rajgarh Transmission Limited	-	0.05
<b>Total</b>	<b>0.01</b>	<b>0.08</b>

### 18.4 Provision for impairment on assets classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Chandil Transmission Limited	2.59	-
Dumka Transmission Limited	2.53	-
Mandar Transmission Limited	2.27	-
Koderma Transmission Limited	2.33	-
<b>Total</b>	<b>9.71</b>	<b>-</b>

**18.5** Jharkhand Urja Sancharan Nigam Limited (JUSNL) has cancelled RFQ and RFP of transmission projects in State of Jharkhand. These projects have been kept in abeyance w.e.f. 01.10.2020. RECPDCL vide letters dated 14.10.2020, 06.11.2020 and 28.07.2021 has communicated JUSNL regarding recovery of expenses incurred on these SPVs. However, no communication has been received from JUSNL in this regard. As the bidding process of these SPVs has been cancelled and there is less probability of recovery of expenses already incurred, hence as an accounting prudence provision for impairment loss of approx. ₹9.71 crore has been created.

**18.6** 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'.

With a view to monetise its idle assets, during the year the Company has disposed certain residential building units through e-auction process, with carrying value ₹1.18 crores (previous year Nil), classified under "Assets classified as held for sale" as required under Ind-AS 105. Such sale has resulted in gain of ₹30.19 crores during the current year (previous year Nil) (refer note 35).

**18.7** Further, residential building units with carrying value ₹0.86 crores (previous year Nil) classified under "Assets classified as held for sale" are pending for disposal as at 31<sup>st</sup> March 2022. The process for their disposal is expected to be completed during the year 2022-23 through e-auction process.



## Consolidated Notes to Accounts

### 19 Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Trade Payables</b>		
Total outstanding dues of MSMEs	-	0.01
Total outstanding dues of creditors other than MSMEs	36.48	61.84
<b>Total</b>	<b>36.48</b>	<b>61.85</b>

### 19.1 Trade Payables ageing schedule

(₹ in Crores)

Particulars	Outstanding as at 31 <sup>st</sup> March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>(i) MSME</b>					
- Disputed	-	-	-	-	-
- Others	-	-	-	-	-
<b>Sub-total (i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Other than MSME</b>					
- Disputed	-	-	-	-	-
- Others	15.02	8.38	11.30	1.78	36.48
<b>Sub-total (ii)</b>	<b>15.02</b>	<b>8.38</b>	<b>11.30</b>	<b>1.78</b>	<b>36.48</b>
<b>Total (i+ii)</b>	<b>15.02</b>	<b>8.38</b>	<b>11.30</b>	<b>1.78</b>	<b>36.48</b>

(₹ in Crores)

Particulars	Outstanding as at 31 <sup>st</sup> March 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>(i) MSME</b>					
- Disputed	-	-	-	-	-
- Others	0.01	-	-	-	0.01
<b>Sub-total (i)</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>(ii) Other than MSME</b>					
- Disputed	-	-	-	-	-
- Others	35.39	14.34	10.33	1.77	61.84
<b>Sub-total (ii)</b>	<b>35.39</b>	<b>14.34</b>	<b>10.33</b>	<b>1.77</b>	<b>61.84</b>
<b>Total (i+ii)</b>	<b>35.40</b>	<b>14.34</b>	<b>10.33</b>	<b>1.77</b>	<b>61.85</b>

### 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 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(A) Secured Long-Term Debt Securities</b>				
(i) Institutional Bonds	1,955.00	2,065.31	3,470.00	3,679.52
(ii) 54EC Capital Gain Tax Exemption Bonds	24,146.13	25,025.49	17,264.97	17,901.65
(iii) Tax Free Bonds	11,763.30	12,158.86	12,602.97	13,044.23
(iv) Bond Application Money	1,291.54	1,291.13	856.62	854.71
<b>Sub-total (A)</b>	<b>39,155.97</b>	<b>40,540.79</b>	<b>34,194.56</b>	<b>35,480.11</b>



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(B) Unsecured Long-Term Debt Securities</b>				
(i) Institutional Bonds	1,44,074.60	1,48,998.67	1,69,856.60	1,75,707.24
(ii) Infrastructure Bonds	3.96	8.00	11.07	21.36
(iii) Foreign Currency Bonds	30,322.85	30,027.15	26,461.71	26,060.40
<b>Sub-total (B)</b>	<b>1,74,401.41</b>	<b>1,79,033.82</b>	<b>1,96,329.38</b>	<b>2,01,789.00</b>
<b>Total - Debt Securities (A+B)</b>	<b>2,13,557.38</b>	<b>2,19,574.61</b>	<b>2,30,523.94</b>	<b>2,37,269.11</b>
<b>Debt Securities issued in/ outside India</b>				
(i) Debt Securities in India	1,83,234.53	1,89,547.46	2,02,547.23	2,11,208.71
(ii) Debt Securities outside India	30,322.85	30,027.15	26,461.71	26,060.40
<b>Total - Debt Securities</b>	<b>2,13,557.38</b>	<b>2,19,574.61</b>	<b>2,30,523.94</b>	<b>2,37,269.11</b>

Refer Note No. 22.2 for reconciliation between the figure represented in Face Value and Amortised Cost

### 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 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>123-I Series - 9.40% Redeemable at par on 17.07.2021</b>	-	-	1,515.00	1,615.61
<b>123-IIIB Series - 9.34% Redeemable at par on 23.08.2024</b>	1,955.00	2,065.31	1,955.00	2,063.91
<b>Total - Institutional Bonds</b>	<b>1,955.00</b>	<b>2,065.31</b>	<b>3,470.00</b>	<b>3,679.52</b>

#### (ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24</b>	6,651.77	6,937.05	6,651.77	6,935.40
<b>Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25</b>	6,157.72	6,417.26	6,157.72	6,415.55
<b>Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26</b>	5,312.07	5,510.93	4,455.48	4,550.70
<b>Series XV (2021-22) - 5% Redeemable at par during financial year 2026-27</b>	6,024.57	6,160.25	-	-
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>24,146.13</b>	<b>25,025.49</b>	<b>17,264.97</b>	<b>17,901.65</b>

#### (iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2011-12</b>	2,160.33	2,287.99	3,000.00	3,176.71
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				

## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2012-13 Series 2A &amp; 2B</b>	500.00	512.60	500.00	531.26
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				
<b>Series 2012-13 Tranche 1</b>	2,007.35	2,055.08	2,007.35	2,030.86
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				
<b>Series 2012-13 Tranche 2</b>	131.06	134.06	131.06	138.66
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				
<b>Series 2013-14 Series 3A &amp; 3B</b>	1,350.00	1,413.35	1,350.00	1,358.55
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				
<b>Series 2013-14 Tranche 1</b>	3,410.60	3,497.89	3,410.60	3,499.86
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				
<b>Series 2013-14 Series 4A &amp; 4B</b>	150.00	155.48	150.00	161.92
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				
<b>Series 2013-14 Tranche 2</b>	1,057.40	1,084.77	1,057.40	1,128.99
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				
<b>Series 2015-16 Series 5A</b>	300.00	306.33	300.00	317.75
7.17% Redeemable at par on 23.07.2025				
<b>Series 2015-16 Tranche 1</b>	696.56	711.30	696.56	699.67
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				
<b>Total - Tax Free Bonds</b>	<b>11,763.30</b>	<b>12,158.86</b>	<b>12,602.97</b>	<b>13,044.23</b>





## Consolidated Notes to Accounts

### (iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	1,291.54	1,291.13	856.62	854.71
5% Redeemable at par after 5 years from the deemed date of allotment				
<b>Total - Bond Application Money</b>	<b>1,291.54</b>	<b>1,291.13</b>	<b>856.62</b>	<b>854.71</b>

### 20.2 Details of Unsecured Long-Term Debt Securities

#### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>157<sup>th</sup> Series</b> - 7.60% Redeemable at par on 17.04.2021	-	-	1,055.00	1,131.66
<b>154<sup>th</sup> Series</b> - 7.18% Redeemable at par on 21.05.2021	-	-	600.00	637.16
<b>161B Series</b> - 7.73% Redeemable at par on 15.06.2021	-	-	800.00	849.11
<b>174<sup>th</sup> Series</b> - 8.15% Redeemable at par on 18.06.2021	-	-	2,720.00	2,894.23
<b>100<sup>th</sup> Series</b> - 9.63% Redeemable at par on 15.07.2021	-	-	1,500.00	1,602.90
<b>101-III Series</b> - 9.48% Redeemable at par on 10.08.2021	-	-	3,171.80	3,364.42
<b>184-B Series STRPP-B</b> - 7.55% Redeemable at par on 26.09.2021**	-	-	300.00	311.58
<b>139<sup>th</sup> Series</b> - 7.24% Redeemable at par on 21.10.2021	-	-	2,500.00	2,575.17
<b>105<sup>th</sup> Series</b> - 9.75% Redeemable at par on 11.11.2021	-	-	3,922.20	4,069.73
<b>127<sup>th</sup> Series</b> - 8.44% Redeemable at par on 04.12.2021	-	-	1,550.00	1,664.92
<b>141<sup>st</sup> Series</b> - 7.14% Redeemable at par on 09.12.2021	-	-	1,020.00	1,038.03
<b>177<sup>th</sup> Series</b> - 8.50% Redeemable at par on 20.12.2021	-	-	1,245.00	1,274.16
<b>190B Series</b> - 6.32% Redeemable at par on 31.12.2021	-	-	2,489.40	2,502.64
<b>193<sup>th</sup> Series</b> - 6.99% Redeemable at par on 31.12.2021	-	-	1,115.00	1,121.46
<b>165<sup>th</sup> Series</b> - 8.83% Redeemable at par on 21.01.2022	-	-	2,171.00	2,207.16
<b>145<sup>th</sup> Series</b> - 7.46% Redeemable at par on 28.02.2022	-	-	625.00	628.85
<b>132<sup>nd</sup> Series</b> - 8.27% Redeemable at par on 09.03.2022	-	-	700.00	750.81
<b>173<sup>th</sup> Series</b> - 8.35% Redeemable at par on 11.03.2022	-	-	2,500.00	2,509.41
<b>198A Series</b> - 6.60% Redeemable at par on 21.03.2022	-	-	2,596.00	2,600.39
<b>167<sup>th</sup> Series</b> - 8.45% Redeemable at par on 22.03.2022	-	-	2,571.80	2,577.65
<b>179<sup>th</sup> Series</b> - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.84	1,000.00	1,065.70
<b>107<sup>th</sup> Series</b> - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.82	2,378.20	2,554.56
<b>186A Series</b> - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.90	2,500.00	2,629.63
<b>150<sup>th</sup> Series</b> - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.76	2,670.00	2,775.38
<b>184-B Series STRPP-C</b> - 7.55% Redeemable at par on 26.09.2022**	300.00	311.59	300.00	311.56
<b>152<sup>nd</sup> Series</b> - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.38	1,225.00	1,264.18
<b>111-II Series</b> - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.72	2,211.20	2,283.50
<b>155<sup>th</sup> Series</b> - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,959.41	1,912.00	1,958.74
<b>185<sup>th</sup> Series</b> - 7.09% Redeemable at par on 13.12.2022	2,759.00	2,817.14	2,759.00	2,816.25
<b>187<sup>th</sup> Series</b> - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.51	2,090.00	2,127.24
<b>159<sup>th</sup> Series</b> - 7.99% Redeemable at par on 23.02.2023	950.00	957.53	950.00	957.57
<b>188A Series</b> - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.22	1,400.00	1,400.17
<b>114<sup>th</sup> Series</b> - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,667.36	4,300.00	4,666.94



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>195<sup>th</sup> Series</b> - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.43	2,985.00	3,179.21
<b>191A Series</b> - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.39	1,100.00	1,106.06
<b>200<sup>th</sup> Series PP-MLD</b> - 5.36% Redeemable at par on 30.06.2023*	500.00	546.01	500.00	518.94
<b>184-B Series STRPP-D</b> - 7.55% Redeemable at par on 26.09.2023**	298.00	309.49	298.00	309.46
<b>202B Series</b> - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,544.12	2,474.00	2,556.56
<b>205-A Series</b> - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,151.79	2,135.00	2,157.04
<b>209<sup>th</sup> Series</b> - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.38	1,550.00	1,552.62
<b>210<sup>th</sup> Series</b> - 5.74 % Redeemable at par on 20.06.2024	4,000.00	4,215.56	-	-
<b>180-A Series</b> - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,075.09	1,018.00	1,072.68
<b>191B Series</b> - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.48	1,100.00	1,106.18
<b>212<sup>th</sup> Series</b> - Floating (linked to T-Bill) Redeemable at par on 31.10.2024	2,500.00	2,538.84	-	-
<b>186B Series</b> - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.91	1,500.00	1,537.78
<b>128<sup>th</sup> Series</b> - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.88	2,250.00	2,418.67
<b>129<sup>th</sup> Series</b> - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.71	1,925.00	2,063.52
<b>130<sup>th</sup> Series</b> - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.36	2,325.00	2,493.14
<b>131<sup>st</sup> Series</b> - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.25	2,285.00	2,304.22
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,514.48	2,500.00	2,513.83
<b>201A Series</b> - 5.90% Redeemable at par on 31.03.2025	900.00	935.39	900.00	935.50
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.50	2,396.00	2,453.28
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.00
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.49
<b>136<sup>th</sup> Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,670.75	2,585.00	2,671.10
<b>203B Series</b> - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,821.01	2,777.00	2,844.16
<b>204B Series</b> - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,111.47	2,082.00	2,116.78
<b>205-B Series</b> - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,018.82	2,000.00	2,024.68
<b>211<sup>th</sup> Series</b> - 6.23% Redeemable at par on 31.10.2031 with Put/ Call option exercisable on 31.10.2026	1,200.00	1,232.57	-	-
<b>140<sup>th</sup> Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,152.19	2,100.00	2,151.65
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,066.06	3,000.00	3,055.87
<b>147<sup>th</sup> Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,750.60	2,745.00	2,745.44
<b>156<sup>th</sup> Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.30	3,533.00	3,612.72
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.39	2,500.00	2,637.36
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.01	2,500.00	2,627.99
<b>168<sup>th</sup> Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,625.69	2,552.40	2,624.45
<b>169<sup>th</sup> Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,620.97	2,554.00	2,621.52
<b>176<sup>th</sup> Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.73	1,600.70	1,735.65
<b>178<sup>th</sup> Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,169.96	1,097.00	1,168.79
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,169.56	2,070.90	2,166.39
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	870.60	907.18	580.40	604.76
<b>192<sup>nd</sup> Series</b> - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,396.36	2,382.00	2,395.75
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.09	1,100.00	1,100.08
<b>189<sup>th</sup> Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.91	3,054.90	3,054.85
<b>197<sup>th</sup> Series</b> - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.89	3,740.00	3,989.76
<b>198B Series</b> - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.76	1,569.00	1,673.70



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>202A Series</b> - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,627.03	3,500.00	3,649.96
<b>203A Series</b> - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,094.06	5,000.00	5,142.50
<b>204A Series</b> - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.79	2,500.00	2,527.31
<b>201B Series</b> - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,359.79	1,300.00	1,360.02
<b>213<sup>th</sup> Series</b> - 6.92% Redeemable at par on 20.03.2032	1,380.00	1,382.86	-	-
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.67	5,063.00	5,314.66
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.24	3,028.00	3,163.23
<b>207<sup>th</sup> Series</b> - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,641.75	4,589.90	4,644.40
<b>208<sup>th</sup> Series</b> - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,625.48	3,613.80	3,627.67
<b>Total - Institutional Bonds</b>	<b>1,44,074.60</b>	<b>1,48,998.67</b>	<b>1,69,856.60</b>	<b>1,75,707.24</b>

\* PP-MLD- Principal Protected Market Linked Debentures

\*\* STRPP- Separately Transferable Redeemable Principal Parts

### (ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series-II (2011-12)</b> - Redeemable at par	3.96	8.00	11.07	21.36
<b>Total - Infrastructure Bonds</b>	<b>3.96</b>	<b>8.00</b>	<b>11.07</b>	<b>21.36</b>

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2022	As at 31.03.2021	Redemption Details
8.95% Cumulative	-	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	-	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	
<b>Total</b>	<b>3.96</b>	<b>11.07</b>	

Amounts have been shown at face value

### (iii) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>4.75% US \$500 Mn Bonds</b> - Redeemable at par on 19.05.2023	3,790.36	3,848.85	3,675.24	3,726.60
<b>5.250% US \$700 Mn Bonds</b> - Redeemable at par on 13.11.2023	5,306.50	5,387.23	5,145.33	5,209.90
<b>3.375% US \$650 Mn Bonds</b> - Redeemable at par on 25.07.2024	4,927.46	4,941.02	4,777.81	4,784.36
<b>3.50% US \$500 Mn Bonds</b> - Redeemable at par on 12.12.2024	3,790.36	3,822.14	3,675.24	3,703.43
<b>2.25% US \$500 Mn Bonds</b> - Redeemable at par on 01.09.2026	3,790.36	3,785.82	3,675.24	3,672.19
<b>2.75% US \$400 Mn Bonds</b> - Redeemable at par on 13.01.2027	3,032.28	3,045.13	-	-
<b>3.875% US \$450 Mn Green Bonds</b> - Redeemable at par on 07.07.2027	3,411.32	3,102.47	3,307.71	2,956.72
<b>4.625% US \$300 Mn Bonds</b> - Redeemable at par on 22.03.2028	2,274.21	2,094.49	2,205.14	2,007.20
<b>Total - Foreign Currency Bonds</b>	<b>30,322.85</b>	<b>30,027.15</b>	<b>26,461.71</b>	<b>26,060.40</b>



## 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 31.03.2022	For the year ended 31.03.2021
Funds raised during the year under GMTN Programme	USD 0.4 Billion	USD 1 Billion
Cumulative amount raised under GMTN Programme	USD 4.4 Billion	USD 4 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 4.0 Billion	USD 3.6 Billion

The amounts raised during the year have been utilized for the stated objects in the Offering Circular. Further, there has been no default as on the Balance Sheet date in the repayment of debt securities and borrowings and the Company has met all its debt servicing obligations, whether principal or interest, during the year.

### 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 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Unsecured Long-Term Borrowings</b>				
(i) Term Loans from Banks	42,878.32	42,919.86	29,938.58	29,953.76
(ii) Term Loans from Financial Institutions	6,800.00	6,800.00	5,800.00	5,800.00
(iii) Foreign Currency Borrowings	35,634.60	35,329.87	21,024.72	20,890.94
(iv) Term Loans from Govt. of India	10,000.00	10,325.12	10,000.00	10,325.12
(v) Lease Liability	0.03	0.03	0.05	0.05
<b>Sub-total (A)</b>	<b>95,312.95</b>	<b>95,374.88</b>	<b>66,763.35</b>	<b>66,969.87</b>
<b>(B) Unsecured Short-Term Borrowings</b>				
(i) FCNR (B) Loans	9,854.92	9,861.13	5,329.10	5,335.01
(ii) Short Term Loans/ Loans repayable on demand from Banks	1,410.93	1,415.58	10,186.52	10,201.99
(iii) Loans repayable on demand from Holding Company	-	-	3,000.00	3,000.49
<b>Sub-total (B)</b>	<b>11,265.85</b>	<b>11,276.71</b>	<b>18,515.62</b>	<b>18,537.49</b>
<b>Total - Borrowings (other than Debt Securities) (A to B)</b>	<b>1,06,578.80</b>	<b>1,06,651.59</b>	<b>85,278.97</b>	<b>85,507.36</b>
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(i) Borrowings in India	70,944.20	71,321.72	64,254.25	64,616.42
(ii) Borrowings outside India	35,634.60	35,329.87	21,024.72	20,890.94
<b>Total - Borrowings (other than Debt Securities)</b>	<b>1,06,578.80</b>	<b>1,06,651.59</b>	<b>85,278.97</b>	<b>85,507.36</b>

Please refer Note No. 22.2 for reconciliation between the figure represented in Face Value and Amortised Cost

### 21.1 Details of Unsecured Long-term Borrowings

#### (i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Canara Bank	-	-	1,000.00	1,000.00
₹ 500 crores repaid on 05.07.2021, ₹ 500 crores repaid on 03.01.2022.				
- Bank of Baroda	-	-	2,000.00	2,000.36
₹ 2,000 crores repaid on 29.10.2021.				
- State Bank of India	12,729.30	12,729.30	10,839.90	10,839.90
₹ 4,999.98 crores repayable in 7 semi-annual instalments, first instalment due on 14.07.2022; ₹ 1,379.46 crores repayable in 3 annual instalments, next instalment due on 05.09.2022; ₹ 2,349.86 crores with ₹ 1650 crore repayable on 15.10.2022 and ₹ 699.86 crores on 05.03.2023; and ₹ 4,000 crores repayable in structured instalments, first instalment due on 29.10.2023.				





## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- HDFC Bank	12,000.00	12,040.15	4,650.00	4,664.47
₹ 650 crores repayable on 30.09.2022, ₹ 2000 crores repayable on 04.12.2022, ₹ 2000 crores repayable on 15.06.2023, ₹ 1500 crores repayable on 19.06.2023, ₹ 300 crores repayable on 29.09.2023, ₹ 1500 crores repayable on 30.09.2023, ₹ 350 crores repayable on 11.10.2023, ₹ 350 crores repayable on 05.11.2023, ₹ 500 crores repayable on 15.01.2024, ₹ 850 crores repayable on 17.11.2026 and ₹ 2000 crores repayable on 31.03.2027.				
- Punjab National Bank	4,996.98	4,996.98	4,396.84	4,396.84
₹ 1,996.98 crores repayable in 3 annual instalments, first instalment due on 27.08.2023, ₹ 2,000 crores repayable on 11.11.2026 and ₹ 1,000 crores repayable in 5 annual instalments, first instalment due on 29.03.2028.				
- ICICI Bank	2,850.00	2,850.48	-	-
₹ 2,000 crores repayable in 9 annual instalments, first instalment due on 28.09.2023 and ₹ 850 crores repayable in 17 semi-annual instalments, first instalment due on 09.12.2023.				
- Deutsche Bank	1,000.00	1,000.15	500.00	500.08
₹ 500 crores repayable on 18.12.2023 and ₹ 500 crores repayable on 21.05.2024				
- JP Morgan Chase Bank	1,500.00	1,500.00	1,500.00	1,500.00
₹ 1,500 crores repayable on 26.03.2024				
- Bank of India	749.87	750.00	-	-
₹ 749.87 crores repayable in 5 annual instalments, first instalment due on 27.09.2024.				
- HSBC Bank	3,402.49	3,403.03	1,652.50	1,652.77
₹ 565 crores repayable on 19.05.2025, ₹ 187.49 crores repayable on 18.12.2025, ₹ 900 crores repayable on 25.03.2026, ₹ 500 crores repayable on 06.07.2026, ₹ 500 crores repayable on 09.07.2026, ₹ 85 crores repayable on 25.03.2030 and ₹ 665 crores repayable on 28.03.2030				
- Central Bank	500.00	500.00	-	-
₹ 500 crores repayable in 7 annual instalments, first instalment due on 28.02.2026.				
- Jammu & Kashmir Bank	300.00	300.05	-	-
₹ 300 crores repayable on 28.10.2026				
- Karur Vysya Bank	250.00	250.04	-	-
₹ 250 crores repayable on 29.10.2026				
- South Indian Bank	300.00	300.00	-	-
₹ 300 crores repayable on 08.11.2026				
- Mizuho Bank	300.00	300.00	-	-
₹ 300 crores repayable on 21.01.2027				
- Union Bank of India	1,999.68	1,999.68	3,399.34	3,399.34
₹ 1,999.68 crores repayable in 5 annual instalments, first instalment due on 31.03.2027.				
<b>Total - Unsecured Term Loans from Banks</b>	<b>42,878.32</b>	<b>42,919.86</b>	<b>29,938.58</b>	<b>29,953.76</b>



## Consolidated Notes to Accounts

### (ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>- Indian Infrastructure Finance Company Ltd. (IIFCL)</b>	<b>6,800.00</b>	<b>6,800.00</b>	<b>5,800.00</b>	<b>5,800.00</b>
₹ 1,000 crores repayable on 03.06.2022 and ₹ 800 crores repayable on 23.06.2023, ₹ 1,500 crores repayable on 23.02.2024, ₹ 500 crores repayable on 14.03.2024, ₹ 1,000 crores repayable on 25.03.2026, ₹ 1,000 crores repayable on 27.03.2026 and ₹ 1,000 crores repayable on 09.08.2026				
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>6,800.00</b>	<b>6,800.00</b>	<b>5,800.00</b>	<b>5,800.00</b>

### (iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2022	23.47	23.48	50.06	50.07
KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2022	222.81	223.55	317.22	317.87
<b>Sub-Total (1)</b>	<b>246.28</b>	<b>247.03</b>	<b>367.28</b>	<b>367.94</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>KfW-IV Loan</b> - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, next instalment falling due on 15.05.2022	1,637.43	1,639.80	1,241.16	1,243.23
<b>Sub-Total (2)</b>	<b>1,637.43</b>	<b>1,639.80</b>	<b>1,241.16</b>	<b>1,243.23</b>
<b>(3) Bilateral/ Syndicated Loans</b>				
<b>US \$100 Mn</b> - Repayable on 05.10.2021	-	-	735.05	733.36
<b>US \$230 Mn</b> - Repayable on 19.01.2022	-	-	1,690.61	1,676.86
<b>US \$200 Mn</b> - Repayable on 28.07.2022	1,516.14	1,516.11	1,470.09	1,461.67
<b>US \$150 Mn</b> - Repayable on 11.09.2022	1,137.11	1,136.75	1,102.57	1,097.49
<b>US \$250 Mn</b> - Repayable on 29.08.2023	1,895.18	1,895.18	1,837.62	1,831.68
<b>¥ 10,327.12 Mn</b> - Repayable on 08.08.2023	642.66	636.04	685.31	673.06
<b>US \$250 Mn</b> - Repayable on 27.03.2024	1,895.18	1,880.88	1,837.62	1,815.96
<b>US \$150 Mn</b> - Repayable on 29.03.2024	1,137.11	1,125.35	1,102.57	1,085.82
<b>US \$100 Mn</b> - Repayable on 01.07.2024	758.07	755.34	735.05	729.68
<b>SG \$72.08 Mn</b> - Repayable on 30.03.2025	403.21	396.92	391.79	383.78
<b>US \$75 Mn</b> - Repayable on 30.03.2025	568.55	561.90	551.29	542.57
<b>US \$170 Mn</b> - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,288.72	1,288.65	1,249.58	1,249.55
<b>¥ 10,519 Mn</b> - Repayable on 25.09.2025	654.60	645.86	698.04	686.00
<b>US \$425 Mn</b> - Repayable on 16.03.2026	3,221.80	3,207.65	3,123.95	3,095.46
<b>US \$600 Mn</b> - Repayable on 25.08.2026	4,548.43	4,499.53	-	-
<b>US \$75 Mn</b> - Repayable on 07.10.2026	568.55	565.00	-	-
<b>US \$1175 Mn</b> - Repayable on 29.12.2026	8,907.33	8,751.96	-	-
<b>¥ 37506 Mn</b> - Repayable on 03.03.2027	2,334.04	2,293.52	-	-
<b>US \$300 Mn</b> - Repayable on 02.06.2030	2,274.21	2,286.40	2,205.14	2,216.83
<b>Sub-Total (3)</b>	<b>33,750.89</b>	<b>33,443.04</b>	<b>19,416.28</b>	<b>19,279.77</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>35,634.60</b>	<b>35,329.87</b>	<b>21,024.72</b>	<b>20,890.94</b>



## Consolidated Notes to Accounts

### (iv) Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	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	10,325.12
₹ 5,000 crores repayable on 13.12.2028 and ₹ 5,000 crores repayable on 04.10.2029				
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,325.12</b>

### 21.2 Unsecured Short-Term Borrowings

#### (i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$75 Mn - Repaid on 22.04.2021	-	-	551.29	553.09
US\$75 Mn - Repaid on 20.05.2021	-	-	551.29	553.11
US\$75 Mn - Repaid on 15.11.2021	-	-	551.29	551.29
US\$200 Mn - Repaid on 20.12.2021	-	-	1,470.09	1,470.15
US\$200 Mn - Repaid on 30.12.2021	-	-	1,470.09	1,472.31
US\$100 Mn - Repaid on 30.12.2021	-	-	735.05	735.06
US\$200 Mn - Repayable on 24.05.2022	1,516.14	1,517.78	-	-
US\$150 Mn - Repayable on 27.05.2022	1,137.11	1,137.16	-	-
US\$200 Mn - Repayable on 03.06.2022	1,516.14	1,516.21	-	-
US\$25 Mn - Repayable on 07.06.2022	189.52	189.72	-	-
US\$150 Mn - Repayable on 18.06.2022	1,137.11	1,137.17	-	-
US\$200 Mn - Repayable on 10.12.2022	1,516.14	1,517.90	-	-
US\$75 Mn - Repayable on 14.12.2022	568.55	569.21	-	-
US\$200 Mn - Repayable on 30.12.2022	1,516.14	1,517.91	-	-
US\$100 Mn - Repayable on 23.02.2023	758.07	758.07	-	-
<b>Total - FCNR (B) Loans</b>	<b>9,854.92</b>	<b>9,861.13</b>	<b>5,329.10</b>	<b>5,335.01</b>

**21.3** Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 21.1 (i), (ii) and (iv) have been raised at interest rates ranging from 5.00% to 8.29% payable on monthly/quarterly/semi annual rests.

**21.4** Foreign Currency Borrowings in Note No. 21.1(iii) have been raised at fixed interest rates ranging from 0.65% to 1.86% per annum and variable interest rates ranging from a spread of 13 bps to 210 bps over external benchmarks including 1/3/6 Months' USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) and Credit Adjustment Spread as applicable on transition of loans to new benchmark rates.

### 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-IIIIB 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 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,



## Consolidated Notes to Accounts

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 and XV 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.

**21.6** No charges or satisfaction are yet to be registered with Registrar of Companies ROC beyond the respective statutory date.

### 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 31.03.2022		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) <b>115<sup>th</sup> Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023</b>	2,500.00	2,668.11	2,500.00	2,667.90
	-	-	-	-
(ii) <b>175<sup>th</sup> Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029</b>	2,151.20	2,100.70	2,151.20	2,151.45
(iii) <b>199<sup>th</sup> Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030</b>	1,999.50	2,047.66	1,999.50	2,127.54
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,816.47</b>	<b>6,650.70</b>	<b>6,946.89</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	6,650.70	6,816.47	6,650.70	6,946.89
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,816.47</b>	<b>6,650.70</b>	<b>6,946.89</b>

Refer Note No. 22.2 for reconciliation between the figure represented in Face Value and Amortised Cost

### 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 AAA, 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
<b>As at 31<sup>st</sup> March 2022</b>				
<b>Total Amount as per Ind-AS</b>	<b>2,19,574.61</b>	<b>1,06,651.59</b>	<b>6,816.47</b>	<b>3,33,042.67</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,736.43)	(430.69)	(296.94)	(7,464.06)
Add: Ind-AS Adjustments	719.20	357.90	131.17	1,208.27
<b>Total Borrowings Outstanding</b>	<b>2,13,557.38</b>	<b>1,06,578.80</b>	<b>6,650.70</b>	<b>3,26,786.88</b>
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Total Amount as per Ind-AS</b>	<b>2,37,269.11</b>	<b>85,507.36</b>	<b>6,946.89</b>	<b>3,29,723.36</b>
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	824.41	169.23	3.29	996.93
<b>Total Borrowings Outstanding</b>	<b>2,30,523.94</b>	<b>85,278.97</b>	<b>6,650.70</b>	<b>3,22,453.61</b>



## Consolidated Notes to Accounts

**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.

### 23 Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Unpaid Dividends (Refer Note 23.1)</b>	6.39	5.79
<b>(B) Bond Application Money refundable and interest accrued thereon</b>	-	0.01
<b>(C) Unpaid Principal &amp; Interest on Bonds (Refer Note 23.1)</b>		
- Matured Bonds & Interest Accrued thereon	22.01	49.77
- Interest on Bonds	6.72	18.95
<b>Sub-total (C)</b>	<b>28.73</b>	<b>68.72</b>
<b>(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)</b>	97,373.51	91,398.16
Add: Interest on such funds (net of refund)	33.24	28.96
Less: Disbursed to Beneficiaries (cumulative)	(96,514.35)	(90,098.32)
<b>Undisbursed Funds to be disbursed as Subsidy/ Grant</b>	<b>892.40</b>	<b>1,328.80</b>
<b>(E) Payables towards Bonds Fully serviced by Govt. of India</b>	24,318.29	24,314.43
<b>(F) Other Liabilities</b>	462.83	495.25
<b>Total (A to F)</b>	<b>25,708.64</b>	<b>26,213.00</b>

**23.1** 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 31<sup>st</sup> March 2022 is ₹ 1.22 crores (₹ 0.62 crores as at 31<sup>st</sup> March 2021) 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 ₹ 0.73 Crores as at 31<sup>st</sup> March 2022 (₹ 0.71 Crores as at 31<sup>st</sup> March 2021) 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 31.03.2022	Year ended 31.03.2021
<b>Opening Balance of Interest Subsidy Fund</b>	<b>0.71</b>	<b>0.69</b>
Add: Interest earned during the year	0.02	0.02
Less: Interest subsidy passed on to the borrower	-	-
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.73</b>	<b>0.71</b>

**23.3** Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) and Revamped Distribution Sector Scheme (RDSS). The funds received for disbursement to various agencies under the schemes are kept in a respective separate bank accounts. The undisbursed funds for the schemes (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Funds to be disbursed as Subsidy/ Grant" under the head "Other Financial Liabilities".



## Consolidated Notes to Accounts

### 23.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>28.96</b>	<b>31.96</b>
Add: Interest earned/Adjustment during the year	25.25	30.48
Less: Amount refunded to Govt./Adjusted during the year	(20.98)	(33.48)
<b>Closing Balance</b>	<b>33.24</b>	<b>28.96</b>

**23.5** For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ Nil (Previous year ₹ 2,500 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 2<sup>nd</sup> December, 2020 and 3<sup>rd</sup> 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 31.03.2022	As at 31.03.2021
<b>GoI-I Series</b>	8.09%	Semi-annual	21.03.2028	1,837.00	1,837.00
<b>GoI-II Series</b>	8.01%	Semi-annual	24.03.2028	1,410.00	1,410.00
<b>GoI-III Series</b>	8.06%	Semi-annual	27.03.2028	753.00	753.00
<b>GoI-IV Series</b>	8.70%	Semi-annual	28.09.2028	3,000.00	3,000.00
<b>GoI-V Series</b>	8.54%	Semi-annual	15.11.2028	3,600.00	3,600.00
<b>GoI-VI Series</b>	8.80%	Semi-annual	22.01.2029	2,027.00	2,027.00
<b>GoI-VII Series</b>	8.60%	Semi-annual	08.03.2029	1,200.00	1,200.00
<b>GoI-VIII Series</b>	8.30%	Semi-annual	25.03.2029	4,000.00	4,000.00
<b>GoI- IX Series</b>	7.14%	Semi-annual	02.03.2030	1,500.00	1,500.00
<b>GoI- X Series</b>	8.25%	Semi-annual	26.03.2030	532.30	532.30
<b>GoI- XI Series</b>	7.20%	Semi-annual	31.03.2030	1,750.00	1,750.00
<b>GoI- XII Series</b>	6.45%	Semi-annual	07.01.2031	1,000.00	1,000.00
<b>GoI- XIII Series</b>	6.63%	Semi-annual	28.01.2031	1,000.00	1,000.00
<b>GoI- XIV Series</b>	6.50%	Semi-annual	26.03.2031	500.00	500.00
<b>Total</b>				<b>24,109.30</b>	<b>24,109.30</b>

### 24 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Provision for Income Tax	18.01	2,691.90
Less: Advance Income-tax & TDS	(7.76)	(2,677.50)
<b>Current tax liabilities (Net)</b>	<b>10.25</b>	<b>14.40</b>

### 25 Provisions

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Provisions for</b>		
<b>(A) Employee Benefits (Refer Note 60)</b>		
Gratuity	0.34	1.30
Earned Leave Liability	25.57	18.57
Post Retirement Medical Benefits	0.71	7.71





## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Medical Leave Liability	21.49	20.91
Settlement Allowance	1.79	1.89
Economic Rehabilitation Scheme	4.15	4.13
Long Service Award	2.25	2.02
Incentive	28.47	47.92
Loyalty Bonus	-	0.15
<b>Sub-total (A)</b>	<b>84.77</b>	<b>104.60</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort Refer 25.1 & 25.2)	20.90	9.09
<b>Sub-total (B)</b>	<b>20.90</b>	<b>9.09</b>
<b>Total (A+B)</b>	<b>105.67</b>	<b>113.69</b>

### 25.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Opening balance</b>	<b>9.09</b>	<b>8.38</b>
Add: Created during the year	17.18	0.75
Less: Reversed/ Adjusted during the year	(5.37)	(0.04)
<b>Closing balance</b>	<b>20.90</b>	<b>9.09</b>

**25.2** The Company has maximum credit risk exposure of ₹ 4,068.95 crores (previous year ₹ 2,608.85 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 31.03.2022	As at 31.03.2021
(A) Income Received in Advance	-	0.01
(B) Sundry Liabilities Account (Interest Capitalisation)	4.10	5.07
(C) Unbilled Liability towards Capital Account	26.96	28.53
(D) Unamortised Fee on Undisbursed Loans	28.72	68.64
(E) Advance received from Govt. towards Govt. Schemes	1.00	1.17
(F) Statutory Dues	28.25	26.82
(G) Other Liabilities	0.10	0.01
<b>Total (A to G)</b>	<b>89.13</b>	<b>130.25</b>

### 27 Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
<b>Total</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>

### 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 31.03.2022		For the year ended 31.03.2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Share Capital at the beginning of the period</b>	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Add: Shares issued & allotted during the period	-	-	-	-
<b>Share Capital at the end of the period</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>



## Consolidated Notes to Accounts

### 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.

**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 31.03.2022		As at 31.03.2021	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Limited	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	15,89,92,122	8.05%	16,72,55,577	8.47%

### 27.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Reserve for Bad and doubtful debts 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 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.

(₹ in Crores)

Name of the Company	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%

### 27.7 Details of equity shares held by the promoters

Name of the Promoter	As at 31.03.2022			As at 31.03.2021		
	No. of Shares	Percentage	% change during the year	No. of Shares	Percentage	% change during the year
The President of India	-	-	-	-	-	-
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	-	1,03,94,95,247	52.63%	-

### 28 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	5,584	558.40
<b>Total</b>	<b>5,584</b>	<b>558.40</b>	<b>5,584</b>	<b>558.40</b>

### 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 31.03.2022		For the year ended 31.03.2021	
	Number	Amount	Number	Amount
<b>Balance at the beginning of the year</b>	<b>5,584</b>	<b>558.40</b>	-	-
Increase/ (Decrease) during the year	-	-	5,584	558.40
<b>Balance at the end of the year</b>	<b>5,584</b>	<b>558.40</b>	<b>5,584</b>	<b>558.40</b>



## Consolidated Notes to Accounts

### 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 31.03.2022		As at 31.03.2021	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	665	11.91%
HPGCL Employees Pension Fund Trust	500	8.95%	500	8.95%

**28.3** Company had 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. Further, the periodic coupon payments are accordingly adjusted with retained earnings."

### 29 Other Equity

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Other Reserves</b>		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	22,302.93	19,222.23
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	196.82	2,128.41
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	5,814.00	3,804.00
(iv) Securities Premium	2,236.54	2,236.54
(v) Foreign Currency Monetary Item Translation Difference Account	(555.29)	(573.16)
(vi) Capital Reserve	0.00	4.70
(vii) General Reserve	11,839.45	9,903.16
<b>(B) Retained Earnings</b>	7,186.05	4,606.01
<b>(C) Other Comprehensive Income (OCI)</b>		
- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	-	(1.19)
- Equity Instruments through Other Comprehensive Income	(37.98)	24.07
- Effective Portion of Cash Flow Hedges	194.21	(165.61)
- Cost of Hedging reserve	(395.95)	41.45
<b>Total - Other Equity (A+B+C)</b>	<b>48,780.78</b>	<b>41,230.61</b>

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 2021-22

- (a) ₹ 1,931.59 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.

#### (ii) During the financial year 2020-21

- (a) ₹ 1,152.55 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(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

### 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.



## Consolidated Notes to Accounts

### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>19,222.23</b>	<b>16,659.10</b>
Add: Transferred from Retained Earnings	3,080.70	2,563.13
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>22,302.93</b>	<b>19,222.23</b>

### 29.3 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) 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)(viia) 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>2,128.41</b>	<b>2,992.83</b>
Add: Transferred from Retained Earnings	-	288.13
Less: Transferred to General Reserve	(1,931.59)	(1,152.55)
<b>Balance as at the end of the year</b>	<b>196.82</b>	<b>2,128.41</b>

### 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>3,804.00</b>	<b>2,131.00</b>
Add: Transferred from Retained Earnings	2,010.00	1,673.00
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>5,814.00</b>	<b>3,804.00</b>

### 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:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>2,236.54</b>	<b>2,236.54</b>
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>2,236.54</b>	<b>2,236.54</b>





## Consolidated Notes to Accounts

### 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 31<sup>st</sup> 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>(573.16)</b>	<b>(1,719.38)</b>
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	(216.94)	437.65
Less: Amortisation during the year	234.81	708.57
<b>Balance as at the end of the year</b>	<b>(555.29)</b>	<b>(573.16)</b>

### 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>9,903.16</b>	<b>6,976.22</b>
Add: Transferred from Retained Earnings	-	981.10
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (vii) of the Income Tax Act, 1961	1,931.59	1,152.55
Add: Transferred from Debenture Redemption Reserve	-	-
Add: Transferred from Impairment Reserve	-	793.29
Add: Transferred from Capital Reserve	4.70	-
<b>Balance as at the end of the year</b>	<b>11,839.45</b>	<b>9,903.16</b>

### 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 has been transferred to General Reserve during the FY 20-21.

#### Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>-</b>	<b>793.29</b>
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	(793.29)
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>



## Consolidated Notes to Accounts

### 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>24.07</b>	<b>106.26</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	24.74	160.52
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(86.79)	(242.71)
<b>Balance as at the end of the year</b>	<b>(37.98)</b>	<b>24.07</b>

### 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>(165.61)</b>	<b>(226.08)</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	359.82	60.47
<b>Balance as at the end of the year</b>	<b>194.21</b>	<b>(165.61)</b>

### 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.

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>41.45</b>	<b>(204.75)</b>
Add: Recognition through Other Comprehensive Income (net of taxes)	(437.40)	246.20
<b>Balance as at the end of the year</b>	<b>(395.95)</b>	<b>41.45</b>

### 29.12 Detail of Movement in Capital Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>Balance as at the beginning of the year</b>	<b>4.70</b>	<b>4.70</b>
Less: Transferred to General Reserve	(4.70)	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>4.70</b>



## Consolidated Notes to Accounts

### 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 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Balance as at the beginning of the year	(1.19)	(2.48)
Add: Recognition through Other Comprehensive Income (net of taxes)	1.19	1.29
Balance as at the end of the year	-	(1.19)

### 29.14 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
Balance as at the beginning of the year	4,606.01	3,674.25
Add: Profit for the year	10,035.69	8,378.24
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(6.23)	(10.67)
Add: Recognition through Other Comprehensive Income (net of taxes)	(0.02)	(0.05)
Less: Transferred to General Reserve	-	(981.10)
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(3,080.70)	(2,563.13)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	-	(288.13)
Less: Transferred to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(2,010.00)	(1,673.00)
Less: Transferred to Debenture Redemption Reserve	-	-
Less: Transferred to Impairment Reserve	-	-
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	86.79	242.71
Less: Coupon Payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	(34.12)	-
Less: Issue expenses on Perpetual Debt Instruments (net of taxes)	-	(0.70)
Less: Dividend paid during the year	(2,411.37)	(2,172.41)
Less: Dividend Distribution Tax	-	-
Balance as at the end of the year	7,186.05	4,606.01

### 29.15 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2022		For the year ended 31 <sup>st</sup> March, 2021	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
	(₹)	(₹ in Crores)	(₹)	(₹ in Crores)
Interim Dividend	10.50	2,073.66	11.00	2,172.41
Final/ Proposed Dividend	4.80	947.96	1.71	337.71
<b>Total Dividend</b>	<b>15.30</b>	<b>3021.62</b>	<b>12.71</b>	<b>2,510.12</b>

The Board of Directors at its meeting held on 13th May, 2022 recommended final dividend of ₹ 4.80/- per equity share (on face value of ₹ 10/- each) for the financial year 2021-22, subject to approval of Shareholders in the ensuing Annual General Meeting.

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend.



## Consolidated Notes to Accounts

### 30 Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2022			Year ended 31.03.2021		
	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
<b>(A) Interest on Loan Assets</b>						
(i) Long term financing	-	37,613.72	-	-	34,160.00	-
Less: Rebate for timely payments/ completion etc	-	(0.04)	-	-	(0.06)	-
Long term financing (net)	-	37,613.68	-	-	34,159.94	-
(ii) Short term financing	-	197.16	-	-	69.98	-
<b>Sub-total (A)</b>	-	<b>37,810.84</b>	-	-	<b>34,229.92</b>	-
<b>(B) Interest Income from Investments</b>						
(i) Interest from Long Term Investments	-	110.44	27.15	-	29.40	195.30
<b>Sub-total (B)</b>	-	<b>110.44</b>	<b>27.15</b>	-	<b>29.40</b>	<b>195.30</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	89.78	-	-	161.44	-
<b>Sub-total (C)</b>	-	<b>89.78</b>	-	-	<b>161.44</b>	-
<b>(D) Other Interest Income</b>						
(i) Interest on Delayed Payments by Borrowers	-	154.54	-	-	72.84	-
(ii) Interest from Staff Advances	-	0.97	-	-	3.70	-
(iii) Interest on Mobilisation Advance	-	0.24	-	-	0.56	-
(iv) Unwinding of Discount of Security Deposits	-	0.16	-	-	0.19	-
(v) Interest from SPVs	-	0.37	-	-	0.16	-
<b>Sub-total (D)</b>	-	<b>156.28</b>	-	-	<b>4.61</b>	-
<b>Total - Interest Income (A to D)</b>	-	<b>38,167.34</b>	<b>27.15</b>	-	<b>34,498.21</b>	<b>195.30</b>

### 31 Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Dividend from Long-Term Investments	4.21	27.97
<b>Total - Dividend Income</b>	<b>4.21</b>	<b>27.97</b>

### 31.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Dividend on FVOCI Equity Investments</b>		
- Investments held at the end of the year	3.20	27.63
- Investments derecognized during the year	1.01	0.34
<b>Total</b>	<b>4.21</b>	<b>27.97</b>



## Consolidated Notes to Accounts

### 32 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Fees based Income	92.22	26.57
Prepayment Premium	465.37	35.14
Fee for Implementation of Govt. Schemes	15.23	33.67
<b>Total - Fees and Commission Income</b>	<b>572.82</b>	<b>95.38</b>

### 33 Sale of services

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Consultancy Engineering Services	150.96	163.65
<b>Total</b>	<b>150.96</b>	<b>163.65</b>

### 34 Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Net gain/ (loss) on disposal of assets classified as held for sale	30.19	
Rental Income	16.32	2.17
Liabilities/Provision Written Back	10.09	-
Fees from Training Courses	6.57	2.77
Interest from Income Tax Refund	0.84	1.00
Miscellaneous Income	6.14	16.78
<b>Total - Other Income</b>	<b>70.15</b>	<b>22.72</b>

### 35 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(i) Interest on Borrowings</b>		
- Loans from Govt. of India	822.50	820.81
- Loans from Banks/ Financial Institutions	2,788.79	2,091.00
- External Commercial Borrowings	577.12	630.50
- Lease Liability	-	0.11
<b>Sub-Total (i)</b>	<b>4,188.41</b>	<b>3,542.42</b>
<b>(ii) Interest on Debt Securities</b>		
- Domestic Debt Securities	14,759.43	15,289.04
- Foreign Currency Debt Securities	1,294.73	1,196.54
- Commercial Paper	14.76	35.32
<b>Sub-Total (ii)</b>	<b>16,068.92</b>	<b>16,520.90</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	523.30	523.75
<b>Sub-Total (iii)</b>	<b>523.30</b>	<b>523.75</b>
<b>(iv) Other Interest Expense</b>		
- Swap Premium	1,269.34	894.62
- Interest on Advance Income Tax	0.75	22.71
- Interest on liability towards employee benefits	3.48	2.32
- Miscellaneous interest expense	1.86	4.37
<b>Sub-Total (iv)</b>	<b>1,275.43</b>	<b>924.02</b>
<b>Total - Finance Costs</b>	<b>22,056.06</b>	<b>21,511.09</b>
Less: Finance Costs Capitalised	(5.10)	(22.04)
<b>Total - Finance Costs (Net)</b>	<b>22,050.96</b>	<b>21,489.05</b>



## Consolidated Notes to Accounts

### 36 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Net translation/ transaction exchange loss/ (gain)	799.05	330.26
<b>Total</b>	<b>799.05</b>	<b>330.26</b>

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 ₹ 234.81 crores (Previous year ₹ 708.57 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 <sup>st</sup> March 2022	75.8071	0.6223	84.6599	55.9438
As at 31 <sup>st</sup> March 2021	73.5047	0.6636	86.0990	54.3581

### 37 Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i) Guarantee Fee	4.29	-
(ii) Listing and Trusteeship Fee	0.84	0.78
(iii) Agency Fees	2.01	3.01
(iv) Credit Rating Expenses	6.69	3.33
(v) Other Finance Charges	2.90	2.83
<b>Total (i to v)</b>	<b>16.73</b>	<b>9.95</b>

### 38 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
(i) On trading Portfolio	-	-
(ii) Others		
- Changes in fair value of Derivatives	351.36	545.92
- Changes in fair value of Long Term Investments	(12.78)	2.43
- Changes in fair value of Short-term MF investments	7.99	23.98
<b>Sub-total (ii)</b>	<b>346.57</b>	<b>572.33</b>
<b>Total (A)</b>	<b>346.57</b>	<b>572.33</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	365.03	590.79
- Unrealised	(18.46)	(18.46)
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>346.57</b>	<b>572.33</b>

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

### 39 Impairment on financial instruments

(₹ in Crores)

Particulars	Year ended 31.03.2022		Year ended 31.03.2021	
	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 *	-	3,434.36	-	2,363.33
(ii) - Investments	-	28.72	-	-
(iii) - Others	-	6.94	-	82.61
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>3,470.02</b>	<b>-</b>	<b>2,445.94</b>

\* includes ₹ 11.81 crores (Previous year ₹ 0.71 crores) towards impairment allowance on Letter of Comfort.





## Consolidated Notes to Accounts

### 40 Cost of services rendered

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Project Expenses	65.11	88.67
<b>Total</b>	<b>65.11</b>	<b>88.67</b>

### 41 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Salaries and Allowances	134.23	119.67
- Contribution to Provident Fund and Other Funds	11.60	13.96
- Expenses towards Post Employment Benefits	7.46	4.87
- Rent towards Residential Accommodation for Employees	3.77	2.19
- Staff Welfare Expenses	23.03	22.93
<b>Total</b>	<b>180.09</b>	<b>163.62</b>

### 42 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Depreciation on Property, Plant & Equipment	15.35	8.12
- Amortization on Intangible Assets	2.89	2.74
<b>Total</b>	<b>18.24</b>	<b>10.86</b>

### 43 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Direct Expenditure	166.88	141.73
- Overheads	5.47	4.54
<b>Total</b>	<b>172.35</b>	<b>146.27</b>

**43.1** Ministry of Corporate Affairs (MCA) vide its notification dated January 22, 2021 has prescribed Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, effective prospectively from the date of notification, as clarified by MCA. These rules 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 30<sup>th</sup> 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.

### 43.2 Details of Gross Amount required to be spent by the Group:

- Gross amount required to be spent by the company during the year is ₹ 172.35 crores (previous year ₹ 146.27 crores)
- Amount approved by the Board to be spent during the year is ₹ 172.35 crores (previous year ₹ 146.27 crores)
- Refer Note no. 58 for related party transactions related to CSR.
- Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(A) Opening Balance - Excess amount spent</b>	<b>(4.03)</b>	<b>-</b>
(B) Amount required to be spent during the year	172.35	146.27
(C) Amount spent during the year	168.80	150.30
<b>(D) Closing Balance - Excess amount spent* (A+B-C)</b>	<b>(0.48)</b>	<b>(4.03)</b>

\* eligible to be set-off in the next three succeeding financial years



## Consolidated Notes to Accounts

### 43.3 Amount spent during the year

(₹ in Crores)

Particulars	Year ended 31.03.2022			Year ended 31.03.2021		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
<b>(i) Construction/ acquisition of any asset</b>	-	-	-	-	-	-
<b>(ii) On purpose other than (i) above</b>						
Health/Sanitation / Waste Management / Drinking water	54.75	-	54.75	28.48	-	28.48
Education/ Vocational/ Skill Development	16.83	-	16.83	18.20	-	18.20
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	8.25	-	8.25	18.01	-	18.01
Sports	15.00	-	15.00	-	-	-
Contribution to PM CARES Fund	50.00	-	50.00	50.03	-	50.03
Provision of food/ration to migrant workers due to COVID- 19 and Providing Cold Chain equipment for COVID-19 vaccination	0.60	-	0.60	7.75	-	7.75
Others	17.90	-	17.90	23.29	-	23.29
Administrative overheads including training, impact assessment etc.	5.47	-	5.47	4.54	-	4.54
<b>Total (ii)</b>	<b>168.80</b>	<b>-</b>	<b>168.80</b>	<b>150.30</b>	<b>-</b>	<b>150.30</b>

In support of the fight against the Covid-19 pandemic, the Company committed a total contribution of ₹ 200 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund), of which ₹ 50 crores was contributed during the year 2021-22, ₹ 50 crores contributed during the year 2020-21 and ₹ 100 crores contributed during the year 2019-20.

### 44 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Travelling and Conveyance	11.72	9.56
- Publicity & Promotion Expenses	2.32	8.36
- Repairs and Maintenance	27.45	18.37
- Rent, taxes and energy costs	7.32	16.95
- Insurance Charges	0.09	0.10
- Communication costs	2.91	3.43
- Printing & stationery	0.94	0.99
- Director's sitting fees	0.21	0.10
- Auditors' fees and expenses	1.59	1.52
- Legal & Professional Charges	11.59	11.28
- Net Loss on Disposal of Property, Plant & Equipment	0.97	4.03
- Training And Conference Expense	7.65	2.97
- Govt. Scheme Monitoring Expenses	18.49	18.28
- Impairment allowance on assets classified as held for sale	9.71	-
- Other Expenditure	21.35	13.44
<b>Total</b>	<b>124.31</b>	<b>109.38</b>

### 44.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Fees paid to statutory auditors :</b>		
- as auditor	0.62	0.74
- for taxation matters *	0.17	0.33
- for company law matters (includes limited review fees)	0.33	0.26
- for other services	-	-
(i) Certification of MTN Offer Document/ Comfort Letter	0.10	0.10
(ii) For Certifications	0.22	0.04



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Fees paid to statutory auditors :</b>		
- for reimbursement of expenses	0.03	-
<b>Sub-total</b>	<b>1.47</b>	<b>1.47</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	0.12	0.05
<b>Total - Auditor's fees and expenses</b>	<b>1.59</b>	<b>1.52</b>

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

### 45 Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
- Current tax expense	3,069.23	2,698.02
- Current tax expense/ (benefit) pertaining to earlier years	(3.96)	222.95
<b>Sub-total - Current Tax</b>	<b>3,065.27</b>	<b>2,920.97</b>
- Deferred tax expense/ (credit)	(670.44)	(519.62)
<b>Total</b>	<b>2,394.83</b>	<b>2,401.35</b>

### 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 31.03.2022	Year ended 31.03.2021
<b>Profit before Tax</b>	<b>12,430.53</b>	<b>10,779.59</b>
<b>Statutory income tax rate</b>	<b>25.168%</b>	<b>25.168%</b>
<b>Expected income tax expense</b>	<b>3,128.52</b>	<b>2,713.01</b>
<b>Tax effect of income tax adjustments:</b>		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(775.36)	(645.09)
Non-allowability of CSR expenses & other adjustments	42.95	112.70
Other non-deductible tax expenses	(1.03)	6.16
Non Taxable Income	(2.59)	(8.57)
Tax Expense Earlier Years	(3.96)	222.95
Impact of change in tax rates	(3.98)	-
Tax effect on JV profit accounted for using equity method	2.97	0.50
Tax effect of intra group revenue reversals	7.30	(0.31)
<b>Tax expense</b>	<b>2,394.83</b>	<b>2,401.35</b>

### 46 Earnings per Share

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Numerator</b>		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)	10,035.70	8,378.24
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	10,035.70	8,378.24
<b>Denominator</b>		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	50.82	42.42
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	50.82	42.42



## Consolidated Notes to Accounts

### 47 Contingent Liabilities and Commitments :

#### 47.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(A) Claims against the Company not acknowledged as debts</b>	30.21	29.67
<b>(B) Taxation Demands</b>		
(i) - Demands raised by the Income Tax Department	167.69	25.41
(ii) - Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	0.90	0.30
(iii) - Demands raised in respect of GST	17.89	-
<b>(C) Others</b>		
- Letters of Comfort	4,068.95	2,608.85
- Bank Guarantees	31.06	38.49

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(i) above are against the various demands raised by Income Tax Department. The company is contesting these demands and the management believes that its position will likely be upheld in the appellate process.

The amount referred to in B(ii) above are against the appeal filed by Income Tax Department in High Court against the relief allowed to the Company at ITAT level.

The amount referred to in B(iii) above is against the GST refund appeal filed by REC.

#### 47.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>- Contracts remaining to be executed on capital account</b>		
- Towards Property, Plant & Equipment	129.13	225.95
- Towards Intangible Assets	-	0.16
<b>- Other Commitments</b>		
- CSR Commitments	400.30	260.85

### 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
(iv) Registration Number	Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)	L0012

### 49 Implementation of Govt. Schemes

#### 49.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country during Oct 2017. The scheme envisaged 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 was ₹ 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. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

#### 49.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of Government of India covering all aspects of rural power distribution was launched in Nov 2014. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 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;





## Consolidated Notes to Accounts

- (ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- (iii) Micro-grid and Off-grid distribution network;
- (iv) Rural Electrification component under the RGGVY 12<sup>th</sup> and 13<sup>th</sup> plans, subsumed to DDUGJY.

The scheme had estimated outlay of ₹ 75,893 Crore including budgetary support of ₹ 63,027 Crore from Government of India during the entire implementation period. Additional Infra under DDUGJY was sanctioned with a total outlay of ₹ 7,069 Cr including budgetary support of ₹ 5,302 Cr. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

### 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.

### 49.4 Revamped Distribution Sector Scheme (RDSS)

Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to them so as to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of ₹ 3,03,758 Crore over 5 years i.e. FY 2021-22 to FY 2025-26 including an estimated Government Budgetary Support (GBS) of ₹ 97,631 Crore.

- (i) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.
- (ii) Reduction of ACS-ARR gap to zero by 2024-25.
- (iii) Improvement in the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

Components of the scheme are :

Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure.

Part B – Training & Capacity Building and other Enabling & Supporting Activities.

### 49.5 J&K Prime Minister's Development Plan (PMDP)

Government 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.

### 49.6 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.



## Consolidated Notes to Accounts

The debt-equity ratio of the Group is as below:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Net debt	3,26,645.89	3,21,274.39
Net Worth	51,314.10	43,763.93
<b>Debt-equity ratio</b>	<b>6.37</b>	<b>7.34</b>

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.

## 51 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 Adequacy Ratio or Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%), computed by dividing company's Tier-I and Tier-II capital by Risk Weighted Assets.

Particulars	Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	As at 31.03.2022	As at 31.03.2021	% Variance
(i) CRAR	57,937.08	2,45,436.54	23.61%	19.72%	19.70%
(ii) CRAR - Tier I Capital	48,052.65	2,45,436.54	19.58%	16.31%	20.04%
(iii) CRAR - Tier II Capital	9,884.43	2,45,436.54	4.03%	3.41%	18.10%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.16% (previous year 1.44%)

\* Numerator being Tier-I & Tier-II capital majorly consists of Equity (Refer Note no. 25, 26 and 27) and Denominator being Risk Weighted Assets majorly represents the weighted sum of company's credit exposure(s) such as Loans (Refer Note no. 10) and Investments (Refer Note no. 11), calculated in line with circular(s) issued by RBI in this regard, from time to time.

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
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.



## Consolidated Notes to Accounts

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, Debt Securities and Preference Shares	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.

#### 52.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(i) Low credit risk on financial reporting date</b>		
Cash and cash equivalents	140.99	1,179.24
Bank balances other than cash and cash equivalents	2,518.96	2,223.58
Loans *	3,35,876.99	3,58,891.11
Trade Receivables	79.46	105.33
Investments **	1,872.66	1,269.95
Other financial assets	24,415.31	24,419.88
<b>(ii) Moderate credit risk</b>		
Loans *	36,424.23	2,888.05
Trade Receivables	15.09	34.74
<b>(iii) High credit risk</b>		
Loans *	17,159.89	18,256.93
Investments in Preference Share ***	28.72	-
Other financial assets	91.17	88.53

\* 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 subsidiary and joint venture as they are carried at cost in line with the exemption given under Ind AS 27.

\*\*\* Represents principal outstanding without deduction for expected credit losses in respect to the investment in Redeemable Preference Shares of Rattan India Power Limited.



## Consolidated Notes to Accounts

### 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 subsidiary, 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 in High Quality Liquid Assets (HQLAs) 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.

### Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution

REC also invests in securities issued by borrower entities as a part of the settlement/ resolution plan duly approved by the Company or the Consortium of Lenders, as applicable and in case of resolutions under Insolvency & Bankruptcy Code 2016, approved by Committee of Creditors and National Company Law Tribunal (NCLT) of the competent jurisdiction. Credit risk related to these securities is managed by monitoring the recoverability of such amounts continuously.

#### 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:

- **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 Investment in G-Sec, State Development loans and Debt Securities** - Considering that the investments are in debt securities including Government Securities/ minimum investment grade rated Government Companies in High Quality Liquid Assets (HQLAs), credit risk is considered low.
- **For Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution** - Credit risk is evaluated on the basis of recoverability of such securities. Wherever medium or high risk evaluated on such investments, suitable loss allowance is provided.
- **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.



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Details of expected credit loss for financial assets other than loans and trade receivables is disclosed as follows:

(₹ in Crores)

Particulars	As at 31.03.2022			As at 31.03.2021		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	140.99	-	140.99	1,179.24	-	1,179.24
Bank balances (other than cash and cash equivalents)	2,518.96	-	2,518.96	2,223.58	-	2,223.58
Investments*	1,930.10	28.72	1,901.38	1,269.95	-	1,269.95
Other financial assets **	24,506.48	91.17	24,415.31	24,508.41	88.53	24,419.88

\*The impairment allowance has been provided in full on 'Investments in Redeemable Preference Shares' of Rattan India Power Limited considered as credit-impaired.

\*\*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 periodic basis, the loan assets are reviewed and categorized as High/Moderate/Low based on ECL methodology. 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 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.

- 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.



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- 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.
- 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.
- 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.
- 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.
- 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:

- 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.





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### (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:

- 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.



## Consolidated Notes to Accounts

### (I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

Credit Risk Category Mapped (Internal/Ratings)	As at 31.03.2022				As at 31.03.2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Performing</b>								
Very Good (AAA   AA   A   Government Loan)	1,81,968.90	11,661.35	-	1,93,630.25	2,20,485.16	1,421.82	-	2,21,906.98
Good (BBB   BB   B)	96,631.68	24,762.88	-	1,21,394.57	1,07,998.93	69.68	-	1,08,068.61
Average (C )	54,755.07	-	-	54,755.07	28,532.47	-	-	28,532.47
Fair (D)	2,521.34	-	-	2,521.34	1,874.55	1,396.55	-	3,271.10
Non- Performing (D)	-	-	17,159.89	17,159.89	-	-	18,256.93	18,256.93
<b>Gross Exposure</b>	<b>3,35,876.99</b>	<b>36,424.23</b>	<b>17,159.89</b>	<b>3,89,461.12</b>	<b>3,58,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>3,80,036.09</b>
Loss allowance	2,790.22	369.61	11,565.73	14,725.57	1,282.46	141.43	11,791.31	13,215.20
<b>Net Exposure</b>	<b>3,33,086.77</b>	<b>36,054.62</b>	<b>5,594.16</b>	<b>3,74,735.55</b>	<b>3,57,608.65</b>	<b>2,746.62</b>	<b>6,465.62</b>	<b>3,66,820.89</b>

### (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



## Consolidated Notes to Accounts

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:

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2022	Stage 1	
	Gross Amount	12 months ECL
<b>Opening Balance</b>	<b>3,58,891.11</b>	<b>1,282.46</b>
Transfer to 12 months ECL	2,031.94	134.62
Transfer to life time ECL not credit impaired	(35,361.06)	(40.15)
Transfer to Lifetime ECL credit impaired	(1,516.73)	(214.87)
Additional provision due to changes in PD/ LGD	-	1,235.51
New Financial assets originated or purchased (including further disbursements in existing assets)	62,483.86	569.85
Financial Assets that have been derecognised (including recoveries in existing assets)	(50,652.13)	(177.20)
Write offs	-	-
<b>Closing Balance</b>	<b>3,35,876.99</b>	<b>2,790.22</b>

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2021	Stage 1	
	Gross Amount	12 months ECL
<b>Opening Balance</b>	<b>2,99,697.53</b>	<b>488.46</b>
Transfer to 12 months ECL	2,509.24	353.78
Transfer to life time ECL not credit impaired	(1,609.07)	(1.90)
Transfer to Lifetime ECL credit impaired	-	-
Additional provision due to changes in PD/ LGD	-	123.92
New Financial assets originated or purchased (including further disbursements in existing assets)	94,564.60	414.89
Financial Assets that have been derecognised (including recoveries in existing assets)	(36,271.19)	(96.69)
Write offs	-	-
<b>Closing Balance</b>	<b>3,58,891.11</b>	<b>1,282.46</b>

### (L) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31.03.2022	
	Stage I	Stage II
<b>Total Exposure</b>	<b>3,35,876.99</b>	<b>36,424.23</b>
Impairment Allowance	2,790.22	369.61
ECL %	0.83%	1.01%



## Consolidated Notes to Accounts

(₹ in Crores)

Stage 2		Stage 3		Total	
Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>2,888.05</b>	<b>141.43</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>3,80,036.09</b>	<b>13,215.20</b>
(1,396.55)	(139.66)	(635.39)	5.03	-	(0.01)
35,361.06	40.15	-	-	-	-
-	-	1,516.73	214.87	-	-
-	293.79	-	1,517.77	-	3,047.07
3,877.11	40.22	-	-	66,360.97	610.07
(4,305.44)	(6.32)	(54.37)	(39.24)	(55,011.94)	(222.76)
-	-	(1,924.01)	(1,924.01)	(1,924.01)	(1,924.01)
<b>36,424.23</b>	<b>369.61</b>	<b>17,159.89</b>	<b>11,565.73</b>	<b>3,89,461.11</b>	<b>14,725.56</b>

(₹ in Crores)

Stage 2		Stage 3		Total	
Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>2,431.27</b>	<b>963.83</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>3,23,384.35</b>	<b>12,004.42</b>
(53.05)	(1.82)	(2,456.18)	(351.96)	0.01	-
1,609.07	1.90	-	-	-	-
(36.22)	(0.38)	36.22	0.38	-	-
-	178.15	-	2,037.68	-	2,339.75
264.00	0.47	2.00	0.20	94,830.60	415.56
(421.58)	(95.28)	(333.56)	(200.02)	(37,026.33)	(391.99)
(905.44)	(905.44)	(247.10)	(247.10)	(1,152.54)	(1,152.54)
<b>2,888.05</b>	<b>141.43</b>	<b>18,256.93</b>	<b>11,791.31</b>	<b>3,80,036.09</b>	<b>13,215.20</b>

(₹ in Crores)

		As at 31.03.2021			
Stage III	Total	Stage I	Stage II	Stage III	Total
<b>17,159.89</b>	<b>3,89,461.12</b>	<b>3,58,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>3,80,036.09</b>
11,565.73	14,725.57	1,282.46	141.43	11,791.31	13,215.20
67.40%	3.78%	0.36%	4.90%	64.59%	3.48%





## Consolidated Notes to Accounts

### (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 31.03.2022		As at 31.03.2021	
	Gross Amount	ECL	Gross Amount	ECL
<b>Concentration by industry</b>				
Generation	1,55,202.14	12,298.95	1,56,901.95	12,035.54
Renewables	13,449.27	225.20	17,388.24	117.88
Transcos	64,879.92	774.38	61,309.37	502.51
Discoms	1,52,115.74	1,411.67	1,39,833.76	557.90
Government Loans	3,814.04	15.36	4,602.77	1.37
<b>Total</b>	<b>3,89,461.11</b>	<b>14,725.56</b>	<b>3,80,036.09</b>	<b>13,215.20</b>
<b>Concentration by ownership</b>				
State	3,50,584.17	2,684.59	3,38,973.84	938.40
Private	38,876.94	12,040.97	41,062.25	12,276.80
<b>Total</b>	<b>3,89,461.11</b>	<b>14,725.56</b>	<b>3,80,036.09</b>	<b>13,215.20</b>

### (N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2022	As at 31.03.2021
Power Sector	4.45%	4.84%

### (O) Movement of Credit-impaired Assets

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>(i) Gross Credit-impaired Assets to Gross Advances (%)</b>	4.45%	4.84%
<b>(ii) Net Credit-impaired Assets to Gross Advances (%)</b>	1.45%	1.71%
<b>(iii) Net Credit-impaired Assets to Net Advances (%)</b>	1.51%	1.78%
<b>(iv) Movement of Credit-impaired Assets (Gross)</b>		
(a) Opening balance	18,256.93	21,255.55
(b) Additions during the year	1,516.73	38.22
(c) Reductions during the year	(689.76)	(2789.74)
(d) Write-off during the year	(1924.01)	(247.10)
<b>(e) Closing balance</b>	<b>17,159.89</b>	<b>18,256.93</b>
<b>(v) Movement of Credit-impaired Assets (Net)</b>		
(a) Opening balance	6,465.62	10,703.42
(b) Additions during the year	(215.91)	34.59
(c) Reductions during the year	(655.55)	(4272.39)
(d) Write-off during the year	-	-
<b>(e) Closing balance</b>	<b>5,594.16</b>	<b>6,465.62</b>
<b>(vi) Movement of provisions for Credit-impaired Assets</b>		
(a) Opening balance	11,791.31	10,552.13
(b) Provisions made during the year	1,732.64	2,038.26
(c) Write-back of excess provisions	(34.21)	(551.98)
(d) Provision on assets written off during the year	(1924.01)	(247.10)
<b>(e) Closing balance</b>	<b>11,565.73</b>	<b>11,791.31</b>



## Consolidated 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 4.45% (previous year 5.04%) and Net NPA to Net Loans would have been 1.51% (previous year 1.99%) as at 31<sup>st</sup> March 2022.

### (Q) Write off policy

The Company writes off financial assets, in whole or in part, as directed by the order of the Judicial Authority or 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) There are no 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) (previous year Nil)

(T) There are no reportable cases of loans transferred/ acquired during the FY 2021-22 (previous year Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021.



## Consolidated Notes to Accounts

(U) 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 <sup>st</sup> March 2022	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS
Asset Classification as per RBI Norms			
(1)	(2)	(3)	(4)
<b>Performing Assets</b>			
Standard	Stage 1	3,31,787.14	3,32,586.36
	Stage 2	36,424.23	36,888.95
<b>Sub Total (1)</b>		<b>3,68,211.37</b>	<b>3,69,475.31</b>
<b>Non-Performing Assets</b>			
<b>Substandard Assets</b>	Stage 3	1,512.49	1,512.49
<b>Doubtful Assets</b>			
Up to 1 year	Stage 3	33.28	33.28
1 to 3 years	Stage 3	4,534.01	4,534.01
More than 3 years	Stage 3	11,062.89	11,062.89
<b>Subtotal for doubtful assets</b>		<b>15,630.18</b>	<b>15,630.18</b>
Loss Assets	Stage 3	17.22	17.22
<b>Sub-total for NPA (2)</b>		<b>17,159.89</b>	<b>17,159.89</b>
<b>Total Loan Assets</b>		<b>3,85,371.26</b>	<b>3,86,635.20</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under IRACP norms</b>			
- Letter of Comfort*	Stage 1	4,089.85	4,089.85
<b>Sub-Total (3)</b>		<b>4,089.85</b>	<b>4,089.85</b>
	<b>Stage 1</b>	<b>3,35,876.99</b>	<b>3,36,676.21</b>
	<b>Stage 2</b>	<b>36,424.23</b>	<b>36,888.95</b>
	<b>Stage 3</b>	<b>17,159.89</b>	<b>17,159.89</b>
<b>Total</b>	<b>Total</b>	<b>3,89,461.11</b>	<b>3,90,725.05</b>

\* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109

(₹ in Crores)

For the Year ended 31 <sup>st</sup> March 2021	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS
Asset Classification as per RBI Norms			
(1)	(2)	(3)	(4)
<b>Performing Assets</b>			
Standard	Stage 1	3,56,273.17	3,57,285.43
	Stage 2	2,888.05	2,925.24
<b>Sub Total (1)</b>		<b>3,59,161.22</b>	<b>3,60,210.67</b>
<b>Non-Performing Assets</b>			
<b>Substandard Assets</b>	Stage 3	36.31	36.31
<b>Doubtful Assets</b>			
Up to 1 year	Stage 3	560.99	560.99
1 to 3 years	Stage 3	13,786.04	13,786.04
More than 3 years	Stage 3	3,856.37	3,856.37
<b>Subtotal for doubtful assets</b>		<b>18,203.40</b>	<b>18,203.40</b>
Loss Assets	Stage 3	17.22	17.22
<b>Sub-total for NPA (2)</b>		<b>18,256.93</b>	<b>18,256.93</b>
<b>Total Loan Assets</b>		<b>3,77,418.15</b>	<b>3,78,467.60</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under IRACP norms</b>			
- Letter of Comfort*	Stage 1	2,617.94	2,617.94
<b>Sub-Total (3)</b>		<b>2,617.94</b>	<b>2,617.94</b>
	<b>Stage 1</b>	<b>3,58,891.11</b>	<b>3,59,903.37</b>
	<b>Stage 2</b>	<b>2,888.05</b>	<b>2,925.24</b>
	<b>Stage 3</b>	<b>18,256.93</b>	<b>18,256.93</b>
<b>Total</b>	<b>Total</b>	<b>3,80,036.09</b>	<b>3,81,085.54</b>

\* Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109



## Consolidated Notes to Accounts

(₹ in Crores)

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
(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
2,769.32	3,29,817.04	1,771.72	997.60
369.61	36,519.34	391.52	(21.91)
<b>3,138.93</b>	<b>3,66,336.38</b>	<b>2,163.24</b>	<b>975.69</b>
437.16	1,075.33	190.83	246.33
3.33	29.95	7.25	(3.92)
2,981.99	1,552.01	1,952.89	1029.10
8,126.03	2,936.86	8,108.58	17.45
<b>11,111.35</b>	<b>4,518.82</b>	<b>10,068.72</b>	<b>1042.63</b>
17.22	-	17.22	-
<b>11,565.73</b>	<b>5,594.15</b>	<b>10,276.77</b>	<b>1,288.96</b>
<b>14,704.66</b>	<b>3,71,930.53</b>	<b>12,440.01</b>	<b>2264.65</b>
20.90	4,068.95	-	20.90
<b>20.90</b>	<b>4,068.95</b>	<b>-</b>	<b>20.90</b>
<b>2,790.22</b>	<b>3,33,885.99</b>	<b>1,771.72</b>	<b>1018.50</b>
<b>369.61</b>	<b>36,519.34</b>	<b>391.52</b>	<b>(21.91)</b>
<b>11,565.73</b>	<b>5,594.15</b>	<b>10,276.77</b>	<b>1,288.96</b>
<b>14,725.56</b>	<b>3,75,999.48</b>	<b>12,440.01</b>	<b>2285.55</b>

(₹ in Crores)

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
(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
1,273.37	3,56,012.06	2,304.84	(1031.47)
141.43	2,783.81	145.62	(4.19)
<b>1,414.80</b>	<b>3,58,795.87</b>	<b>2,450.46</b>	<b>(1035.66)</b>
3.63	32.68	3.63	-
303.81	257.18	301.24	2.57
8,514.57	5,271.46	6,913.49	1601.08
2,952.08	904.29	2,665.23	286.85
<b>11,770.46</b>	<b>6,432.93</b>	<b>9,879.96</b>	<b>1890.50</b>
17.22	-	17.22	-
<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
<b>13,206.11</b>	<b>3,65,261.48</b>	<b>12,351.27</b>	<b>854.84</b>
9.09	2,608.85	-	9.09
<b>9.09</b>	<b>2,608.85</b>	<b>-</b>	<b>9.09</b>
<b>1,282.46</b>	<b>3,58,620.91</b>	<b>2,304.84</b>	<b>(1022.38)</b>
<b>141.43</b>	<b>2,783.81</b>	<b>145.62</b>	<b>(4.19)</b>
<b>11,791.31</b>	<b>6,465.61</b>	<b>9,900.81</b>	<b>1,890.50</b>
<b>13,215.20</b>	<b>3,67,870.33</b>	<b>12,351.27</b>	<b>863.93</b>



## Consolidated Notes to Accounts

### 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

(Amount ₹ in Crores)

Particulars	Less than 1 year	1 year- 2 year	2 year- 3 year	More than 3 year	Total
<b>As at 31<sup>st</sup> March 2022</b>					
Gross carrying value	88.93	19.35	14.56	54.43	177.27
Expected loss rate	14.03%	6.82%	99.52%	100.00%	46.66%
Expected credit loss (provision)	12.48	1.32	14.49	54.43	82.72
Carrying amount (net of impairment)	76.45	18.03	0.07	-	94.55
<b>As at 31<sup>st</sup> March 2021</b>					
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

### 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 <sup>st</sup> March 2022	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
<b>Non-Derivative Financial Liabilities :</b>											
<b>Rupee Borrowings</b>											
Debt Securities											
- Principal	-	-	-	-	5,878.20	2,970.00	14,058.86	53,719.87	39,133.38	67,474.22	<b>1,83,234.53</b>
- Interest	-	379.26	348.22	1,085.23	2,345.40	2,433.79	6,289.22	21,667.98	14,748.20	22,279.94	<b>71,577.24</b>
Other Borrowings											
- Principal	-	-	160.93	1,150.00	1,000.00	1,824.29	5,163.63	17,836.77	15,155.51	18,798.15	<b>61,089.28</b>
- Interest	272.39	-	63.24	202.90	496.89	671.39	1,604.83	4,949.21	3,439.46	3,027.89	<b>14,728.20</b>
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	<b>6,650.70</b>
- Interest	-	-	-	201.50	114.94	-	163.60	759.35	557.08	787.73	<b>2,584.20</b>
<b>Foreign Currency Borrowings</b>											
Debt Securities											
- Principal	-	-	-	-	-	-	-	17,814.67	6,822.64	5,685.54	<b>30,322.85</b>



## Consolidated Notes to Accounts

(₹ in Crores)

As at 31 <sup>st</sup> March 2022	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
- Interest	-	-	-	227.28	66.15	285.65	584.79	1,691.31	769.79	171.02	<b>3,795.99</b>
Other Borrowings											
- Principal	-	-	-	2,744.22	2,887.33	2,664.98	4,506.16	8,555.57	21,129.28	3,001.98	<b>45,489.52</b>
- Interest	8.00	7.18	22.42	67.65	124.53	263.85	447.00	1,388.28	812.26	516.82	<b>3,657.99</b>
<b>Derivative Liabilities :</b>											
Interest rate swaps	-	-	-	0.07	-	18.82	0.00	42.62	-	112.01	<b>173.52</b>
Currency swaps	-	-	-	-	-	-	-	13.87	-	34.50	<b>48.37</b>
Reverse cross currency swap	-	-	-	-	-	-	-	22.50	-	308.74	<b>331.24</b>
Seagull Option	-	-	-	-	-	-	-	-	-	-	-

(₹ in Crores)

As at 31 <sup>st</sup> 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
<b>Non-Derivative Financial Liabilities :</b>											
<b>Rupee Borrowings</b>											
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	<b>2,04,062.23</b>
- 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	<b>82,281.27</b>
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	<b>58,925.15</b>
- 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	<b>12,227.90</b>
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	<b>6,650.70</b>
- Interest	-	-	-	201.50	162.21	-	192.96	1,107.77	704.25	1,375.22	<b>3,743.91</b>
<b>Foreign Currency Borrowings</b>											
Debt Securities											
- Principal	-	-	-	-	-	-	-	8,820.56	12,128.28	5,512.87	<b>26,461.71</b>
- Interest	-	-	-	220.52	64.14	194.94	485.15	1,841.77	670.06	395.99	<b>3,872.57</b>
Other Borrowings											
- Principal	-	-	551.29	551.29	45.31	12.51	6,797.99	8,043.62	4,575.17	5,776.64	<b>26,353.82</b>
- Interest	8.81	1.21	7.27	68.26	60.15	130.44	246.98	841.03	615.06	800.45	<b>2,779.66</b>
<b>Derivative Liabilities :</b>											
Interest rate swaps	-	-	-	-	-	-	29.88	343.06	30.71	-	<b>403.65</b>
Currency swaps	-	-	-	-	-	-	-	-	16.48	104.60	<b>121.08</b>
Reverse cross currency swap	-	-	-	-	-	-	-	-	19.67	258.66	<b>278.33</b>
Seagull Option	-	-	24.92	18.33	-	-	-	-	-	-	<b>43.25</b>

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.



## Consolidated 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
<b>As at 31<sup>st</sup> March 2022</b>											
Principal	158.66	-	2,077.03	2,142.80	4,800.08	8,892.93	19,691.55	74,970.39	74,346.88	1,83,586.28	<b>3,70,666.60</b>
Interest	611.62	-	892.06	1,559.14	6,094.78	9,076.43	17,252.35	59,983.17	44,663.39	71,842.69	<b>2,11,975.63</b>
<b>As at 31<sup>st</sup> March 2021</b>											
Principal	878.97	-	1,866.73	1,747.68	4,838.22	8,947.33	17,793.88	72,044.11	67,832.43	1,88,262.69	<b>3,64,212.04</b>
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	<b>2,17,938.50</b>

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

(₹ in Crores)

As at 31 <sup>st</sup> March 2022	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
<b>Loan Assets</b>	158.66	-	2,077.03	2,142.80	6,181.63	8,892.93	19,691.55	74,970.39	74,346.88	1,83,468.67	<b>3,71,930.54</b>
<b>Investments</b>			0.31	-	2.81	2.82	56.17	80.05	180.59	1,867.69	<b>2,190.44</b>
<b>Rupee Borrowings</b>											
Debt Securities	19.34	367.83	330.52	993.71	7,777.02	4,636.58	15,210.81	53,696.32	39,118.89	67,396.43	<b>1,89,547.46</b>
Other Borrowings	6.56	-	200.55	1,150.00	1,000.00	2,149.40	5,165.59	17,836.77	15,155.52	18,796.19	<b>61,460.59</b>
Subordinated Liabilities		-	-	168.38	126.46	-	2.11	2,499.73	-	4,019.79	<b>6,816.47</b>
<b>Foreign Currency Borrowings</b>											
Debt Securities	-	-	-	172.81	40.17	89.14	-	17,755.78	6,805.78	5,163.48	<b>30,027.15</b>
Other Borrowings	5.62	2.42	4.43	2,747.65	2,910.57	2,680.96	4,506.16	8,499.93	20,837.27	2,995.98	<b>45,191.00</b>

(₹ in Crores)

As at 31 <sup>st</sup> 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
<b>Loan Assets</b>	878.97	-	1,866.73	1,747.68	4,838.22	9,451.43	17,793.88	72,044.11	67,832.43	1,88,808.04	<b>3,65,261.49</b>
<b>Investments</b>		-	0.31	-	-	-	37.80	100.64	136.13	1,448.81	<b>1,723.68</b>
<b>Rupee Borrowings</b>											
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	<b>2,11,208.71</b>
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	<b>59,281.41</b>
Subordinated Liabilities	-	-	-	168.38	129.51	-	1.60	2,499.52	-	4,147.88	<b>6,946.89</b>
<b>Foreign Currency Borrowings</b>	-										
Debt Securities	-	-	-	-	-	62.02	213.39	8,768.94	12,094.51	4,921.54	<b>26,060.40</b>
Other Borrowings	6.59	-	551.29	557.44	68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	<b>26,225.95</b>



## Consolidated Notes to Accounts

### 52.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Expiring within one year (cash credit and other facilities)</b>		
- Fixed rate		
- Floating rate	8,803.05	5,547.28
<b>Expiring beyond one year (loans/ borrowings)</b>		
- Fixed rate	-	-
- Floating rate	1,245.90	-

### 52.2.4 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)

Particulars	As at 31.03.2022	As at 31.03.2021
Number of significant counterparties*	15	20
Amount (₹ in Crores)	1,55,352.32	1,82,250.87
<b>% of Total Liabilities</b>	<b>43.21%</b>	<b>51.04%</b>

#### (ii) Top 10 borrowings

Particulars	As at 31.03.2022		As at 31.03.2021	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from State Bank of India	12,729.30	3.89%	10,839.90	3.36%
2 Term Loan from Govt. of India- National Small Savings Fund (NSSF)	12,000.00	3.67%	4,650.00	1.44%
3 54EC- Series XII (2018-19)	10,000.00	3.06%	10,000.00	3.10%
4 54EC- Series XIII (2019-20)	8,907.33	2.73%	-	-
5 Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	6,800.00	2.08%	5,800.00	1.80%
6 54EC- Series XII (2018-19)	6,651.77	2.04%	6,651.77	2.06%
7 54EC- Series XIII (2019-20)	6,157.72	1.88%	6,157.72	1.91%
8 54EC- Series XV (2021-22)	6,024.57	1.84%	-	-
9 Tax Free Bonds (2013-14 Series)	6,000.00	1.84%	-	-
10 54EC- Series XIV (2020-21)	5,312.07	1.63%	-	-
11 Foreign Currency Bonds- US \$700 Mn Bonds	-	-	5,145.33	1.60%
12 Institutional Bonds- 182nd Series	-	-	5,063.00	1.57%
13 Institutional Bonds- 203rd A Series	-	-	5,000.00	1.55%
14 Foreign Currency Bonds- US \$650 Mn Bonds	-	-	4,777.81	1.48%
<b>Total</b>	<b>80,582.76</b>	<b>24.65%</b>	<b>64,085.53</b>	<b>19.87%</b>





## Consolidated Notes to Accounts

### (iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product*	As at 31.03.2022		As at 31.03.2021	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>1 Debt Securities</b>				
Institutional Bonds	1,46,029.60	40.61%	1,73,326.60	48.54%
Foreign Currency Bonds	30,322.85	8.43%	26,461.71	7.41%
54EC Capital Gain Tax Exemption Bonds	25,437.67	7.07%	18,121.59	5.07%
Tax Free Bonds	11,763.30	3.27%	12,602.97	3.53%
<b>Sub-Total (1)</b>	<b>2,13,553.42</b>	<b>59.40%</b>	<b>2,30,512.87</b>	<b>64.55%</b>
<b>2 Borrowings (Other than Debt Securities)</b>				
Term Loans from Banks	42,878.32	11.93%	29,938.58	8.38%
Foreign Currency Borrowings	35,634.60	9.91%	21,024.72	5.89%
Loans repayable on demand from Banks	1,410.93	0.39%	10,186.52	0.03
Term Loans from Govt. of India	10,000.00	2.78%	10,000.00	2.80%
Term Loans from Financial Institutions	6,800.00	1.89%	5,800.00	1.62%
FCNR (B) Loans	9,854.92	2.74%	5,329.10	1.49%
<b>Sub-Total (2)</b>	<b>1,06,578.77</b>	<b>29.64%</b>	<b>82,278.92</b>	<b>23.04%</b>
<b>3 Subordinated Liabilities</b>	6,650.70	1.85%	6,650.70	1.86%
<b>Total (1+2+3)</b>	<b>3,26,782.89</b>	<b>90.89%</b>	<b>3,19,442.49</b>	<b>89.45%</b>

\* 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.

### (iv) Stock Ratios:

Particulars	As at 31.03.2022				As at 31.03.2021			
	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	-	-	-	-	-	-	-	-
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	13,027.82	3.99%	3.62%	3.17%	20,849.55	6.47%	5.84%	5.20%

\* 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.



## Consolidated Notes to Accounts

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.

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 2022 is as follows:

HQLA Items	% of Overall
<b>Assets without Haircut</b>	<b>89%</b>
- Cash and Cash Equivalents	12%
- G-Sec and SDLs	77%
<b>Assets with 15% Haircut</b>	<b>11%</b>
- Corporate Bonds	11%
<b>Assets with 50% Haircut</b>	-
<b>Total</b>	<b>100%</b>

#### Liquidity Coverage Ratio Disclosure

(₹ in Crores)

Particulars	Quarter ended 31.03.2022		Quarter ended 31-12-2021	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>				
<b>Total High Quality Liquid Assets (HQLA)</b>	<b>1,719.78</b>	<b>1,686.09</b>	<b>2,151.50</b>	<b>2,120.54</b>
- AA/AAA Corporate Bonds	224.56	190.87	206.39	175.43
- G-SEC Bonds/ State Development Loans (SDLs)	1,296.73	1,296.73	483.29	483.29
- Banks Autoswap	198.49	198.49	1,461.82	1,461.82
<b>Cash Outflows</b>				
Other contractual funding obligations	8,279.00	9,520.85	11,720.66	13,478.76
Other contingent funding obligations	848.00	975.20	2,193.98	2,523.08
<b>Total Cash Outflows</b>	<b>9,127.00</b>	<b>10,496.05</b>	<b>13,914.64</b>	<b>16,001.84</b>
<b>Cash Inflows</b>				
Inflows from fully performing exposures	6,414.00	4,810.50	7,480.10	5,610.08
Other cash inflows	10,223.00	7,667.25	11,807.52	8,855.64
<b>Total Cash Inflows (restricted to 75% of Outflows on every observation day)</b>	<b>16,637.00</b>	<b>7,872.04</b>	<b>19,287.63</b>	<b>11,760.86</b>
<b>Total Adjusted Value</b>				
Total HQLA (A)		1,686.09		2,120.54
Total Net Cash Outflows (B)		2,624.01		4,240.98
<b>Liquidity Coverage Ratio (LCR)</b>		<b>64.26%</b>		<b>50.00%</b>
<b>% Variance</b>		<b>28.51%</b>		

\* For average, daily observation during Quarter-4 of FY 2021-22, has been considered.





## Consolidated Notes to Accounts

### 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. The Company has a risk management policy which aims to manage the foreign currency risk 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 and cross currency swap to hedge its exposure to foreign currency 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.

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 31<sup>st</sup> March 2022 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2022			As at 31.03.2021		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	9,436.00	7,620.00	1,816.00	6,893.85	3,500.00	3,393.85
INR Equivalent	71,531.58	57,765.01	13,766.57	50,673.04	25,726.65	24,946.39
JPY ¥	58,729.87	20,846.05	37,883.82	21,600.36	20,845.99	754.37
INR Equivalent	3,654.76	1,297.25	2,357.51	1,433.40	1,383.34	50.06
EURO €	26.32	0.87	25.45	36.85	11.40	25.45
INR Equivalent	222.82	7.37	215.45	317.30	98.12	219.18
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	403.21	403.21	-	391.79	391.79	-
<b>Total</b>	<b>75,812.37</b>	<b>59,472.84</b>	<b>16,339.53</b>	<b>52,815.53</b>	<b>27,599.90</b>	<b>25,215.63</b>

#### 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 31.03.2022		As at 31.03.2021	
	Favorable	Adverse	Favorable	Adverse
USD/INR	515.09	(515.09)	933.39	(933.39)
JPY/INR	88.21	(88.21)	1.87	(1.87)
EUR/INR	8.06	(8.06)	8.20	(8.20)

\* Holding all other variables constant



## Consolidated Notes to Accounts

### 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. Some of the borrowings of the Company are exposed to interest rate risk with floating interest rates linked to USD LIBOR (London Inter Bank Offered Rate), SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate), T-Bills, Repo Rate 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.

The table below shows the overall exposure of the Company to the liabilities linked with floating interest rates as at 31<sup>st</sup> March 2022 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2022			As at 31.03.2021		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	50,178.32	-	50,178.32	35,738.58	-	35,738.58
USD \$	4,636.00	1,325.00	3,311.00	2,768.85	1,630.00	1,138.85
INR Equivalent	35,144.17	10,044.44	25,099.73	20,352.38	11,981.27	8,371.11
JPY ¥	58,352.72	10,327.16	48,025.56	20,846.14	10,327.14	10,519.00
INR Equivalent	3,631.29	642.66	2,988.63	1,383.35	685.31	698.04
SGD \$	72.08	72.08	-	72.08	72.08	-
INR Equivalent	403.21	403.21	-	391.79	391.79	-
<b>Total INR Equivalent</b>	<b>89,356.99</b>	<b>11,090.31</b>	<b>78,266.68</b>	<b>57,866.10</b>	<b>13,058.37</b>	<b>44,807.73</b>

The Company also uses Interest Rate Swaps to manage fair value risk on interest rate borrowings to mitigate the interest rate sensitivity mismatch. Through such swaps, the fixed rate borrowings amounting to ₹ 11,850.70 crores as on 31st March 2022 (Previous year Nil) have been converted into floating rate borrowings through the use of MIBOR-linked Overnight Indexed Swaps.

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 31.03.2022	As at 31.03.2021
Rupee Loans	3,75,805.76	3,63,580.03



## Consolidated Notes to Accounts

### 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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(292.84)	292.84	(167.65)	167.65
Interest Rate Swaps	(44.34)	44.34	-	-
Floating/ semi-fixed Rate Loan Assets	1,406.11	(1406.11)	1,360.37	(1360.37)

\* 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.

### 52.5 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 LIBOR (London Inter-Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), TONA (Tokyo Overnight Average Rate), SORA (Singapore Overnight Rate Averages), etc. The summary of such borrowings as on 31<sup>st</sup> March, 2022 are as below:

Benchmark	Amount (₹ in Crores)	Amount (USD Mn Equivalent)
3M USD LIBOR	7,201.67	950.00
6M USD LIBOR	27,373.94	3,611.00
O/N SOFR	568.55	75.00
TONA	3,631.29	479.02
SORA	403.21	53.19
<b>Total</b>	<b>39,178.67</b>	<b>5,168.21</b>

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR has ceased to be published after 31<sup>st</sup> December 2021 and 1 Month, 3 Month and 6 Month USD LIBOR will cease to be published after 30<sup>th</sup> June 2023.

#### (i) Exposure directly affected by the Interest Rate Benchmark Reform (IBOR)

While some of the floating rate borrowings of the Company are already under the new benchmarks, some of the borrowings will also get repaid before the cessation date of the respective interest rates, i.e. 3M USD LIBOR and 6M USD LIBOR. Accordingly, the total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 25,963.93 crores (USD 3.425 Billion) as on 31<sup>st</sup> March, 2022. Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 3,790.36 crores (USD 0.500 Billion).



## Consolidated Notes to Accounts

### (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 (RFRs). 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.

With respect to the term loans, REC has been actively engaging with the lenders to initiate the transition exercise at an early stage. During the year 2021-22, REC has completed the transition documentation for two JPY loans amounting to JPY 20,846.12 Billion (INR equivalent as on 31<sup>st</sup> March, 2022 ₹ 1,297.25 crores) with the benchmark changed from JPY LIBOR to TONA. Additionally, an active transition for one SGD loan amounting to SGD 72.08 Million (INR equivalent as on 31<sup>st</sup> March, 2022 ₹ 403.21 crores) has also been concluded during the year with the benchmark changed from 6M SOR (Singapore Swap Offer Rate) to SORA (Singapore Overnight Rate Average). Where the interest rate risk for these loans was hedged, the interest rate benchmarks in such derivatives have been suitably changed to the new benchmarks.

### (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.

### 52.6 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, principal only 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

#### (a) Effects of hedge accounting on balance sheet

(₹ in Crores)

As at 31 <sup>st</sup> March 2022	Notional amount (in Mn)	Carrying amount of hedging instruments	
Type of hedge and risks		Assets	Liabilities
<b>Cash flow hedge</b>			
Foreign exchange and interest rate risk			
(i) Foreign currency options structures			
- Seagull Structure	USD 7,045	4,744.05	-
	USD 20,846.12	102.15	-
- Call Spread	USD 250	76.73	-
(ii) Cross Currency Interest Rate swaps	USD 1,300	22.69	43.78
	JPY 10,327.12	-	1.50
	SGD 72.08	23.86	-
(iii) Principal only swaps	USD 375	-	48.37
(iv) Interest rate swaps	USD 425	92.42	-

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	Notional amount (in Millions)	Carrying amount of hedging instruments	
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	1458.96	43.25
	JPY 20,846.12	198.23	-
- Call Spread	USD 250	77.74	-
(ii) Cross currency swaps	USD 1,350	-	244.37
	JPY 10,327.12	-	4.06
	SGD 72.08	23.86	-
(iii) Principal only swaps	USD 375	-	121.08
(iv) Interest rate swaps	USD 260	-	69.74



## Consolidated Notes to Accounts

(₹ in Crores)

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
May 2022 - Jan 2027	1:1	74.30665848	(399.81)	399.81
Aug 2023 - Sep 2025	1:1	0.659080153	(96.08)	96.08
Mar 2024	1:1	57.523	(74.08)	74.08
May 2022 - Mar 2025	1:1	2.99% and 72.94	112.67	(112.67)
Aug 2023	1:1	0.42% and 0.62	0.82	(0.82)
Mar 2025	1:1	1.44%	21.54	(21.54)
Mar 2025 - Jun 2030	1:1	75.41	(49.08)	49.08
Mar 2024 - Oct 2026	1:1	2.23%	130.27	(130.27)

(₹ in Crores)

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
April 2021 - Oct 2025	1:1	73.32	(611.68)	611.68
Aug 2023 - Sep 2025	1:1	0.66	(131.87)	131.87
Mar 2024	1:1	71.94	(93.51)	93.51
Dec 2021 - Mar 2025	1:1	2.92% and 72.93	(73.78)	73.78
Aug 2023	1:1	0.42% and 0.62	(0.08)	0.08
Mar 2025	1:1	1.44%	21.54	(21.54)
Mar 2025 - Jun 2030	1:1	75.41	(174.62)	174.62
Mar 2024 - Jul 2024	1:1	2.32%	(1.12)	1.12



## Consolidated Notes to Accounts

### (b) Effects of Cash Flow 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
<b>Year ended 31.03.2022</b>				
- Currency risk and interest rate risk	(377.06)	-	(995.95)	Gain/ loss on foreign exchange translation
			126.43	Finance cost
<b>Year ended 31.03.2021</b>				
- Currency risk and interest rate risk	(1,065.12)	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost

### (c) Movement in cash flow hedging reserve and cost of hedging reserve

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Effective portion of Cash Flow Hedges</b>		
<b>Opening Balance</b>	(165.61)	(226.08)
Add: Changes in intrinsic value of foreign currency option structures	1108.37	(625.61)
Add: Changes in fair value of cross currency swaps	111.72	(52.32)
Add: Changes in fair value of interest rate swaps	130.27	(1.12)
Less: Amounts reclassified to profit or loss	(869.52)	759.86
Less: Deferred tax relating to above (net)	(121.02)	(20.34)
<b>Closing Balance</b>	<b>194.21</b>	<b>(165.61)</b>
<b>Costs of hedging reserve</b>		
<b>Opening Balance</b>	<b>41.45</b>	<b>(204.75)</b>
Add: Change in deferred time value of foreign currency option structures	(1727.42)	(386.06)
Less: Amortisation of time value	1142.91	715.06
Less: Deferred tax relating to above (net)	147.11	(82.80)
<b>Closing Balance</b>	<b>(395.95)</b>	<b>41.45</b>

### (d) Fair Value Hedges

At 31<sup>st</sup> March 2022, Company has outstanding interest rate swap agreements of ₹ 11,850.70 crores (Previous year Nil) wherein the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount. Such agreements are being used to hedge the exposure to the changes in fair value of fixed rate borrowings.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). As such, a hedge ratio of 1:1 for the hedging relationships has been established as the underlying risk of the interest rate swap is identical to the hedged risk component.

The impact of the hedging instrument on the balance sheet as at 31<sup>st</sup> March 2022 is, as follows:

(₹ in Crores)

Fair value hedge	Notional amount	Carrying amount *	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
- Interest rate swap	11,850.70	(111.92)	Derivative financial instruments	(111.92)

\* Carrying amount here is exclusive of the interest receivable under such derivative contract as on reporting date.



## Consolidated Notes to Accounts

### The impact of the hedged item on the balance sheet as at 31<sup>st</sup> March 2022 is, as follows:

(₹ in Crores)

Fair value hedge	Carrying amount	Accumulated fair value adjustments	Line item in the balance sheet in which the hedged item is included	Change in value used for calculating hedge ineffectiveness
- Subordinated Liabilities	4,148.36	(128.33)	Subordinated Liabilities	(128.33)
- Institutional bonds	7,881.97	16.41	Debt Securities- Institutional Bonds	16.41

The decrease in fair value of the interest rate swap of ₹ 111.92 Crore (Previous year Nil) has been offset with a similar gain on the respective subordinated liabilities and debt securities.

### 52.7 Market Risk - Price risk

The Company is exposed to price risks arising from investments in equity shares. 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 31.03.2022		As at 31.03.2021	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	13.41	(13.41)	21.51	(21.51)
Impact on Profit and Loss account (PL)	2.48	(2.48)	1.18	(1.18)

### 53 Additional Disclosures in respect of derivatives

#### 53.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
(i) The notional principal of swap agreements	33,239.41	25,035.68
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	563.77	339.60
(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	390.25	(64.05)

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.

#### 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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
(i) Derivatives (Notional Principal Amount)						
For hedging	59,472.85	27,599.89	33,239.41	25,035.68	4,747.00	4,547.00
(ii) Marked to Market Positions						
a) Asset (+)	4,946.40	1,971.62	563.77	339.60	-	-
b) Liability (-)	48.37	164.33	173.52	403.65	331.25	278.33
(iii) Credit Exposure	5,131.08	4,854.40	490.82	574.96	662.05	632.05
(iv) Unhedged Exposures	16,339.53	25,215.63	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





## Consolidated Notes to Accounts

### 54 Impact of Covid-19 Pandemic on the Company

Since outbreak of COVID-19, our Country has experienced two further waves of pandemic following the discovery of mutant coronavirus variants. These waves led to temporary reimposition of localised /regional lockdown, which were subsequently lifted. With improving coverage of vaccination programme and resumption of economic activities, India is witnessing recovery in demand. Company's strong credit profile, liquidity access and availability of contingency buffers provides it no reasons to believe that the current crisis will have any significant impact on its operations, including the going concern assessment. However, the impact will continue to be dependent, among other things, on uncertain future developments about discovery of further coronavirus variants and any action to contain its spread, whether government mandated or otherwise.

### 55 Exposure Related Disclosures

RBI, vide its letter dated 17<sup>th</sup> September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12<sup>th</sup> 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 16<sup>th</sup> June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31<sup>st</sup> March, 2022. The Company has again represented to RBI for further extension of above exemption for a further period of five years. The matter, considering Company's business model and strategic positioning being a Government Company, is under consideration of RBI and the response is awaited. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary maximum upto 150% of owned funds, which is based on the board approved policy and the rating of the borrowers as per 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 31<sup>st</sup> March 2022 and 31<sup>st</sup> March 2021.

#### 55.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2022 (As at 31<sup>st</sup> March 2021 Nil).

#### 55.2 Exposure to Capital Market

(₹ in Crores)			
Particulars	As at 31.03.2022	As at 31.03.2021	
(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;	317.78	929.57	
(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) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-	
(ix) Financing to stockbrokers for margin trading	-	-	
(x) All exposures to Alternative Investment Funds	-	-	
<b>Total Exposure to Capital Market</b>	<b>317.78</b>	<b>929.57</b>	



## Consolidated Notes to Accounts

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 31.03.2022	As at 31.03.2021	
<b>(i) Concentration of Advances</b>			
Total Advances to twenty largest borrowers	2,39,602.97	2,28,371.07	
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	62.17%	60.51%	
<b>(ii) Concentration of Exposures</b>			
Total Exposure to twenty largest borrowers	3,29,335.41	3,42,453.58	
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	61.93%	62.28%	
<b>(iii) Concentration of Credit-impaired Assets</b>			
Total Exposure to the top four Credit-impaired Assets	<b>8,645.97</b>	<b>8,489.02</b>	

### 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 31.03.2022	As at 31.03.2021
<b>Financial assets measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	9	5,079.87	1,758.79
(ii) Fair value through profit and loss	9	430.30	552.43
Investments measured at			
(i) Fair value through other comprehensive income	11	268.26	430.13
(ii) Fair value through profit and loss	11	182.07	209.65
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	6	140.99	1,179.24
Bank balances (other than cash and cash equivalents)	7	2,518.96	2,223.58
Trade receivables	8	94.55	140.07
Loan Assets	10	3,71,930.54	3,65,261.49
Investments	11	1,740.10	1,083.90
Other financial assets	12	24,415.31	24,419.88
<b>Total</b>		<b>4,06,800.95</b>	<b>3,97,259.16</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments measured at			
(i) Fair value through other comprehensive income	9	205.64	482.51
(ii) Fair value through profit and loss	9	347.50	363.80
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	19	36.48	61.85
Debt securities	20	2,19,574.61	2,37,269.11
Borrowings (other than debt securities)	21	1,06,651.59	85,507.36
Subordinated liabilities	22	6,816.47	6,946.89
Other financial liabilities	23	25,708.64	26,213.00
<b>Total</b>		<b>3,59,340.93</b>	<b>3,56,844.52</b>





## Consolidated Notes to Accounts

### 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 31.03.2022				As at 31.03.2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments at FVOCI</b>								
Equity investments	53.52	-	214.74	268.26	430.13	-	-	430.13
<b>Investments at FVTPL</b>								
Equity investments	49.52	-	-	49.52	23.60	-	-	23.60
Perpetual Bonds	-	-	-	-	-	-	-	-
Debentures	-	-	132.55	132.55	-	-	143.06	143.06
Preference Shares	-	-	-	-	-	-	42.99	42.99
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	5,510.17	-	5,510.17	-	2,311.22	-	2,311.22
<b>Liability at FVTPL</b>								
Derivative financial instruments	-	553.14	-	553.14	-	846.31	-	846.31

#### 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 Unquoted Equity of Universal Commodity Exchange Limited (UCX) - Level 3** - Investment in unquoted equity shares of 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.
- (D) **Investment in Unquoted Equity of Energy Efficiency Services Limited (EESL)- Level 3** - Investment in unquoted equity shares of EESL is classified as Level 3. EESL ceases to be a Joint Venture (JV) with effect from September 01, 2021. The fair value has been calculated on the basis of Financial Statement of the investee company.
- (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 taken as Nil as future cash flows are uncertain in such instruments. 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 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.



## Consolidated Notes to Accounts

- (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 <sup>st</sup> March 2022					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Unquoted Equity Shares	
Opening Balance	-	42.99	143.06	-	-	186.05
Received in Loan Settlement (Refer Note 10.3)	-	-	-	-	-	-
Settlement	-	-	(41.95)	-	-	(41.95)
Transfer in Level 3	-	-	-	-	218.10	218.10
Transfer from Level 3	-	-	-	-	-	-
Interest income (i)	-	6.02	21.13	-	-	27.15
Fair value changes	-	(49.01)	10.31	-	(3.36)	(42.06)
Closing Balance	-	-	132.55	-	214.74	347.29
Unrealised gain (loss) at year-end	-	(32.42)	12.49	-	(19.36)	(39.29)

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2021					Total
	FVTPL			FVOCI		
	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 from Level 3	-	-	-	6.15	-	6.15
Interest income	167.32	6.26	21.72	-	-	195.30
Fair value changes	-	(8.68)	-	(6.15)	-	(14.83)
Closing Balance	-	42.99	143.06	-	-	186.05
Unrealised gain (loss) at period-end	-	10.57	12.42	(6.15)	(16.00)	0.84

Refer Note No. 11.5 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

- (i) \* forms part of line item 'Interest Income' in the Standalone Statement of Profit and Loss.
- (ii) Fair value gain/(loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Standalone Statement of Profit and Loss.
- (iii) Fair value gain/(loss) on Investments at FVOCI forms part of line item 'Changes in Fair Value of FVOCI Equity Instruments' in the Standalone Statement of Profit and Loss.



## Consolidated Notes to Accounts

### 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:

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	140.99	140.99	1,179.24	1,179.24
Bank balances (other than cash and cash equivalents)	2,518.96	2,518.96	2,223.58	2,223.58
Trade receivables	94.55	94.55	140.07	140.07
Loans	3,71,930.54	3,72,175.00	3,65,261.49	3,66,843.62
Investments	1,740.10	1,778.29	1,083.90	1,096.95
Other financial assets	24,415.31	24,415.16	24,419.88	24,421.76
<b>Total</b>	<b>4,00,840.45</b>	<b>4,01,122.96</b>	<b>3,94,308.16</b>	<b>3,95,905.22</b>
<b>Financial liabilities</b>				
Trade payables	36.48	36.48	61.85	61.85
Debt securities	2,19,574.61	2,21,167.25	2,37,269.11	2,35,683.50
Borrowings (other than debt securities)	1,06,651.59	1,07,306.18	85,507.36	85,562.85
Subordinated liabilities	6,816.47	7,131.25	6,946.89	7,610.21
Other financial liabilities	25,708.64	25,708.64	26,213.00	26,213.00
<b>Total</b>	<b>3,58,787.79</b>	<b>3,61,349.79</b>	<b>3,55,998.21</b>	<b>3,55,131.41</b>

### 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 2022 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.

#### 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.



## Consolidated Notes to Accounts

### Investments in securities issued by Borrower entities at the time of Loan Settlement/ Resolution

The fair value has been 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.

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 31.03.2022	As at 31.03.2021
<b>Principal amount remaining unpaid as at the period end</b>	-	<b>0.01</b>
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.	-	-
Interest accrued and remaining unpaid as at the period end	-	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. S.K.G Rahate	Chairman & Managing Director w.e.f 22 <sup>nd</sup> February, 2022
Sh. Sanjay Malhotra	Chairman & Managing Director upto 10 <sup>th</sup> February, 2022
Sh. Ajoy Choudhury	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical) upto 31 <sup>st</sup> October, 2021
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director) upto 31 <sup>st</sup> January, 2022
Smt. Parminder Chopra	PFC Nominee Director (Non-executive Director) w.e.f 4 <sup>th</sup> February, 2022
Sh. Tanmay Kumar	Govt. Nominee Director upto 6 <sup>th</sup> September, 2021
Sh. Vishal Kapoor	Govt. Nominee Director w.e.f 7 <sup>th</sup> September, 2021
Dr. Gambheer Singh	Part Time Non-Official Independent Director w.e.f 15 <sup>th</sup> November, 2021
Dr. Manoj M. Pande	Part Time Non-Official Independent Director w.e.f 15 <sup>th</sup> November, 2021
Dr. Durgesh Nandini	Part Time Non-Official Independent Director w.e.f 30 <sup>th</sup> December, 2021
Sh. J.S. Amitabh	Executive Director & Company Secretary

##### (2) Ultimate Holding Company

Power Finance Corporation Ltd.

##### (3) Associate Companies of REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

Chandil Transmission Limited
Dumka Transmission Limited
Mandar Transmission Limited
Koderma Transmission Limited
Rajgarh transmission limited
Bidar transmission limited
MP Power Transmission Package-I Limited
ER NER Transmission Limited (incorporated on 06.10.2021)
Sikar New Transmission Limited (incorporated on 2 June, 2020 and transferred to M/s Power Grid Corporation of India Limited on 4 June, 2021)



## Consolidated Notes to Accounts

MP Power Transmission Package-II Limited (incorporated on 20 August, 2020 and transferred to M/s Adani Transmission Limited on 1 November, 2021)

Kallam Transmission Limited (incorporated on 28 May, 2020 and transferred to M/s Indigrid I Limited (Lead Member) on 28 December, 2021)

Gadag Transmission Limited (incorporated on 2 June, 2020 and transferred to M/s Renew

Fatehgarh Bhadla Transco Limited (incorporated on 2 June, 2020 and transferred to M/s Power Grid Corporation of India Limited on 4 June, 2021)

Dinchang Transmission Limited (struck off from the ROC vide MCA letter dated 17.08.2021)

### (4) Joint Ventures

Energy Efficiency Services Limited (EESL) (upto 31<sup>st</sup> August, 2021)

### (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

### (7) Companies in which Key Managerial Personnel are Directors

NHPC Limited (Related Party upto 6<sup>th</sup> September, 2021)

SJVN Limited (Related Party upto 6<sup>th</sup> September, 2021)

Kholongchhu Hydro Energy Limited (Related Party upto 6<sup>th</sup> September, 2021)

Punatsangchhu-I, Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

Punatsangchhu-II, Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

Mangdechhu Hydroelectric Project Authority in Bhutan (Related Party upto 6<sup>th</sup> September, 2021)

### (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. Ravinder Singh Dhillon	Chairman & Managing Director
Smt. Parminder Chopra	Director (Finance)
Sh. Praveen Kumar Singh	Director (Commercial) upto 31 <sup>st</sup> January, 2022
Sh. Rajiv Ranjan Jha	Director (Projects) w.e.f 28 <sup>th</sup> October, 2021
Sh. Tanmay Kumar	Govt. Nominee Director upto 6 <sup>th</sup> September, 2021
Sh. Vishal Kapoor	Govt. Nominee Director w.e.f 7 <sup>th</sup> September, 2021
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director
Adv. Bhaskar Bhattacharya	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Smt. Usha Sanjeev Nair	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Shri. Prasanna Tantri	Part Time Non-Official Independent Director w.e.f 23 <sup>rd</sup> December, 2021
Shri Manohar Balwani	Company Secretary

#### (b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCL)

#### (c) Associate Companies of Ultimate Holding Company

Bihar Mega Power Limited

Orissa Integrated Power Limited

Jharkhand Infrapower Limited

Coastal Tamil Nadu Power Limited

Bihar Infrapower Limited



## Consolidated Notes to Accounts

Deoghar Infra Limited

Sakhigopal Integrated Power Company Limited

Ghogarpalli Integrated Power Company Limited

Odisha Infrapower Limited

Deoghar Mega Power Limited

Cheyur Infra Limited

Ananthpuram Kurnool Transmission Limited

Khetri-Narela Transmission Limited

Coastal Karnataka Power Limited

Bhadla Sikar Transmission Limited

Mohanlalganj Transmission Limited (incorporated on 08.06.2021)

Kishtwar Transmission Limited (incorporated on 15.04.2021)

Chhatarpur Transmission Limited (incorporated on 25.01.2022)

Nangalbira-Bongaigaon Transmission Limited (incorporated on 09.04.2021 and transferred on 16.12.2021)

Khavda-Bhuj Transmission Limited (incorporated on 18.05.2021 and transferred on 18.01.2022)

Koppal- Narendra Transmission Limited (transferred on 13.12.2021)

Sikar-II Aligarh Transmission Limited (transferred on 08.06.2021)

Karur Transmission Limited (transferred on 18.01.2022)

Chhattisgarh Surguja Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Tatiya Andhra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Coastal Maharashtra Mega Power Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

Bijawar-Vidarbha Transmission Limited (under approval for striking off the name from the records of Registrar of Companies)

Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)

### (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

### 58.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Power Finance Corporation Ltd.</b>		
Loan Repayable on Demand	-	3,000.49
<b>Associates</b>		
Loans to associates	12.83	13.45
Payables	0.01	0.08
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Provisions	1.05	9.00





## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Other financial assets	-	-
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	1.90	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.16	0.15
Staff Loans & Advances	0.18	0.28
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.17	0.12
<b>REC Foundation</b>		
Other Non Financial Assets	1.20	1.54
<b>Companies in which Key Managerial Personnel are Directors</b>		
Debt Securities	-	10.00

### 58.3 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Power Finance Corporation Ltd.</b>		
Dividend Paid	1,269.22	1,143.44
Directors' Sitting Fee	0.08	0.10
Loan Repayable on Demand raised	-	3,000.00
Finance Cost	14.47	0.49
<b>Post-employment Benefits Plan Trusts</b>		
Contributions made by the Company	18.28	1.42
Finance Costs - Interest Paid	3.28	3.29
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Subscription to the bonds of Company	2.20	-
Finance Costs - Interest Paid	0.38	0.38
<b>Key Managerial Personnel</b>		
Repayment/ Recovery of Staff Loans & Advances	0.10	0.17
Interest Income on Staff Loans	0.04	0.05
Finance Cost	0.02	0.01
Employee Benefits Expense - Managerial Remuneration	3.05	3.21
Directors' Sitting Fee	0.13	-
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	0.01	-
<b>REC Foundation</b>		
Payment towards Corporate Social Responsibility (CSR) Expenses	112.00	90.00
<b>Companies in which Key Managerial Personnel are Directors</b>		
Finance Cost	0.35	0.33
Dividend Income	4.13	27.52



## Consolidated Notes to Accounts

### 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. The Company also makes advances to its subsidiary company on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary company 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 31.03.2022	Year ended 31.03.2021
(i) Short-term employee benefits	2.91	3.01
(ii) Post employment benefits	0.14	0.20
<b>Total</b>	<b>3.05</b>	<b>3.21</b>

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.

### 58.6 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.  
Patratu Vidut Utpadan Nigam Ltd.  
THDC India Ltd.

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
Disbursement of Loans	2,059.64	2,837.27
Interest income recognised	1,829.69	2,178.00

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Loan Assets	17,854.95	22,649.28
Interest Accrued	4.52	7.73

Refer Note No. 12, 21.1 (i) and 35 in respect of material transactions with the Central Govt.

### 59 Disclosures in respect of Ind AS 116 'Leases'

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.

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.



## Consolidated Notes to Accounts

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.

During the year ended 31<sup>st</sup> March, 2022, the expenses relating to short-term leases are ₹ 6.21 crores (previous year ₹12.92 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 6.23 crores. (previous year ₹ 12.95 crores).

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>Opening Balance</b>	0.05	2.12
Finance Cost accrued during the year	-	0.11
Payments made during the year	(0.02)	(2.18)
<b>Closing Balance</b>	<b>0.03</b>	<b>0.05</b>

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Upto 1 year	0.02	0.02
1-5 years	0.02	0.04
More than 5 years	-	-

### 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 registered trust 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 ₹ 11.60 crores (previous year ₹ 13.96 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 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	30.43	32.44
Fair Value of Plan Assets	30.09	30.25
<b>Net Defined Benefit (Asset)/ Liability</b>	<b>0.34</b>	<b>2.19</b>



## Consolidated Notes to Accounts

### 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>32.44</b>	<b>36.82</b>	<b>30.25</b>	<b>35.47</b>	<b>2.19</b>	<b>1.35</b>
<b>Included in profit or loss</b>						
Current service Cost	1.79	1.93	-	-	1.79	1.93
Interest cost / income	2.17	2.28	2.11	2.38	0.06	-0.10
<b>Total amount recognised in profit or loss</b>	<b>3.96</b>	<b>4.21</b>	<b>2.11</b>	<b>2.38</b>	<b>1.85</b>	<b>1.83</b>
<b>Included in OCI</b>						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.65)	(0.49)	-	-	(0.65)	(0.49)
-Actuarial loss (gain) arising from Experience adjustments	(0.29)	0.58	-	-	(0.29)	0.58
Return on plan assets excluding interest income	-	-	(0.18)	(0.33)	0.18	0.33
<b>Total amount recognised in OCI</b>	<b>(0.94)</b>	<b>0.09</b>	<b>(0.18)</b>	<b>(0.33)</b>	<b>(0.76)</b>	<b>0.42</b>
Contribution by employers	-	-	2.94	1.42	(2.94)	(1.42)
Benefits paid	(5.03)	(8.68)	(5.03)	(8.69)	-	0.01
<b>Closing Balance</b>	<b>30.43</b>	<b>32.44</b>	<b>30.09</b>	<b>30.25</b>	<b>0.34</b>	<b>2.19</b>

##### 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 31.03.2022	As at 31.03.2021
Present value of Defined benefit obligation	165.51	151.69
Fair Value of Plan Assets	164.80	144.06
<b>Net Defined Benefit (Asset)/ Liability</b>	<b>0.71</b>	<b>7.63</b>

### 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>151.69</b>	<b>136.42</b>	<b>144.06</b>	<b>140.64</b>	<b>7.63</b>	<b>(4.22)</b>
<b>Included in profit or loss</b>						
Current service Cost	3.29	2.90	-	-	3.29	2.90
Past service cost	2.50	-	-	-	2.50	-
Interest cost / income	10.31	8.94	10.07	9.45	0.24	(0.51)
<b>Total amount recognised in profit or loss</b>	<b>16.10</b>	<b>11.84</b>	<b>10.07</b>	<b>9.45</b>	<b>6.03</b>	<b>2.39</b>





## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
<b>Included in OCI</b>						
<b>Re-measurement loss (gain)</b>						
- Actuarial loss (gain) arising from changes in financial assumptions	(4.08)	(5.20)	-	-	(4.08)	(5.20)
- Actuarial loss (gain) arising from changes in demographic assumptions	3.75	-	-	-	3.75	-
-Actuarial loss (gain) arising from Experience adjustments	10.58	19.94	-	-	10.59	19.94
Return on plan assets excluding interest income	-	-	2.90	1.64	(2.90)	(1.64)
<b>Total amount recognised in OCI</b>	<b>10.25</b>	<b>14.74</b>	<b>2.90</b>	<b>1.64</b>	<b>7.36</b>	<b>13.10</b>
Contribution by participants	0.15	-	0.06	0.08	0.09	(0.08)
Contribution by employers	-	-	7.71	-	(7.72)	-
Benefits paid	(12.68)	(11.31)	-	(7.75)	(12.68)	(3.56)
<b>Closing Balance</b>	<b>165.51</b>	<b>151.69</b>	<b>164.80</b>	<b>144.06</b>	<b>0.71</b>	<b>7.63</b>

### 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 31.03.2022	As at 31.03.2021
<b>Present value of Defined benefit obligation</b>		
- ERS	4.15	4.13

#### Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
<b>Opening Balance</b>	<b>4.13</b>	<b>4.25</b>
<b>Included in profit or loss</b>		
Current service Cost	0.20	0.20
Interest cost / income	0.26	0.25
<b>Total amount recognised in profit or loss</b>	<b>0.46</b>	<b>0.45</b>
<b>Included in OCI</b>		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	(0.06)	0.02
-Actuarial loss (gain) arising from Experience adjustments	0.89	0.73
<b>Total amount recognised in OCI</b>	<b>0.83</b>	<b>0.75</b>
Benefits paid	(1.27)	(1.32)
<b>Closing Balance</b>	<b>4.15</b>	<b>4.13</b>



## Consolidated Notes to Accounts

### 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.

### 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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
<b>Cash &amp; Cash Equivalents</b>	<b>0.38</b>	<b>0.01</b>	<b>0.11</b>	<b>1.90</b>
<b>Unquoted Plan Assets</b>				
State Government Debt Securities			22.58	
Corporate Bonds/ Debentures	-	-	142.11	142.16
Others - Insurer managed funds & T-bills	29.71	30.24	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>29.71</b>	<b>30.24</b>	<b>164.69</b>	<b>142.16</b>
<b>Total</b>	<b>30.09</b>	<b>30.25</b>	<b>164.80</b>	<b>144.06</b>

Actual return on plan assets is ₹ 14.9 crores (previous year ₹ 13.14 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, 2022 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 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	7.37%	6.99%	7.37%	6.99%	7.37%	6.99%
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)	17.35	16.03	17.35	16.03	17.35	16.03

The Principal 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.



## Consolidated Notes to Accounts

### 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 31.03.2022		As at 31.03.2021	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.50% movement)</b>				
- Gratuity	(0.80)	0.85	(0.90)	0.97
- PRMS	(12.16)	12.66	(11.14)	11.66
- ERS	(0.15)	0.17	(0.15)	0.17
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.19	(0.21)	0.14	(0.13)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.15	(0.14)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	11.68	(10.57)	10.83	(10.44)
<b>Medical Cost (10% movement)</b>				
- PRMS	16.98	(16.28)	15.56	(14.92)

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 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
Less than 1 year	4.71	7.87	14.02	12.20	1.11	1.19
From 1 to 5 years	17.61	20.81	83.46	72.60	3.60	3.00
Beyond 5 years	32.92	31.10	327.63	285.02	4.74	3.19
<b>Total</b>	<b>55.24</b>	<b>59.78</b>	<b>425.11</b>	<b>369.82</b>	<b>9.45</b>	<b>7.38</b>

### 60.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021	Year ended 31.03.2022	Year ended 31.03.2021
Expected contribution	1.76	3.98	4.35	10.91	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.20 years (as at 31.03.2021 - 12.54 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 ₹ 9.37 crore (Previous period ₹ 4.55 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.



## Consolidated Notes to Accounts

### 60.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to Nil (previous year ₹ 0.76 crores) 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 Nil (Previous year ₹ 0.20 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, 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:

- 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).
- 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.
- 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.
- 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 Modifications in the Significant Accounting Policies

The policy on Business Combination under Common Control, Expenditure on Issue of Shares and Fair Value Hedges have been added. Further, certain accounting policies have also been reworded to bring in more clarity and align with Company's practice. There is no financial impact of such modifications carried out in the accounting policies.

### 63 Provisions, Contingencies and Impairment loss allowances debited to Consolidated Statement of Profit and Loss

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(i) Impairment Loss Allowance for loans*	3,434.36	2,363.33
(ii) Impairment Loss Allowance for Investments	28.72	-
(iii) Impairment Loss Allowance for Other Receivables	6.94	82.61
(iv) Provision made for Income Tax	2,394.83	2,401.35

\* includes ₹ 11.81 crores (Previous year ₹ 0.71 crores) towards impairment allowance on Letter of Comfort.



## Consolidated Notes to Accounts

**64** 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.

### 64.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31.03.2022	Year ended 31.03.2021
(A) Income from Loan Assets	38,522.97	34,364.47
(B) Fee for Implementation of Govt. Schemes	15.23	33.67
(C) Income from Treasury Operations	235.36	410.12
(D) Revenue from sale of services	150.96	163.65
<b>Total</b>	<b>38,924.52</b>	<b>34,971.91</b>

**64.2** The Group does not have any reportable geographical segment as the primary operations of the Group are carried out within the country.

**64.3** No single borrower has contributed 10% or more to the Company's revenue during the financial year 2021-22 and 2020-21

### 65 Subsidiaries, joint venture and associates considered for consolidation

#### A. Wholly owned subsidiaries of the Company:

(₹ in Crores)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31.03.22	As at 31.03.21
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	India	100%	100%

#### B. Joint venture

(₹ in Crores)

Name of entity	Place of business/ country of incorporation	Ownership interest/ Carrying Amount held by the Group**	
		As at 31.03.22	As at 31.03.21
Energy Efficiency Services Limited (EESL)*	India		
Ownership interest		15.68%	22.18%
Carrying Amount**		214.74	257.74

\* During the year, pursuant to agreement executed amongst the Joint Venture partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited, EESL ceased to be a jointly controlled entity of the Company with effect from September 01, 2021, under Ind-AS framework.

\* The financial statements for FY 2021-22 is 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 31.03.22	As at 31.03.21
Dinchang Transmission Limited	India	100.00%	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%
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)	India	100.00%	100.00%
MP Power Transmission Package-I Limited	India	100.00%	100.00%
Bidar Transmission Limited (Earlier Bidar Karnataka Line)	India	100.00%	100.00%
ER NER Transmission Limited	India	100.00%	-



## Consolidated Notes to Accounts

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31.03.22	As at 31.03.21
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%
Kallam transmission Limited (Earlier Osmanabad Maharashtra Line)*	India	-	100.00%
MP Power Transmission Package-II Limited*	India	-	100.00%

\* The above SPV has been sold during the year

Note: The above investments are managed as per the mandate from Government of India (Gol) 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.

### 66 Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

#### 66.1 Share in Net Assets i.e. Total Assets minus Total Liabilities

(₹ in Crores)

Name of the Entity	As at March 31, 2022		As at March 31, 2021	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
<b>Parent</b>				
REC Limited	99.36%	50,985.60	99.23%	43,426.37
<b>Subsidiaries - Indian</b>				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	0.64%	328.59	0.68%	297.99
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	-	-	0.59%	257.74
<b>Associates - Indian</b>				
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	-	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	-	0.05
MP Power Transmission Package-I Limited	-	0.05	-	0.05
MP Power Transmission Package-II Limited	-	-	-	0.05
<b>Adjustments or eliminations effect</b>	<b>0.00%</b>	<b>(0.43)</b>	<b>-0.50%</b>	<b>(218.77)</b>
<b>Total</b>	<b>100.00%</b>	<b>51,314.10</b>	<b>100.00%</b>	<b>43,763.93</b>





## Consolidated Notes to Accounts

### Share in profit and loss

(₹ in Crores)

Name of the Entity	Year ended 31.03.2022		Year ended 31.03.2021	
	As % of Consolidated Net Profit	Amount	As % of Consolidated Net Profit	Amount
<b>Parent</b>				
REC Limited	100.10%	10,045.92	99.80%	8,361.78
<b>Subsidiaries - Indian</b>				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	0.53%	53.03	0.31%	25.62
REC Transmission Projects Company Limited	-	-	0.00%	-
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	(0.12%)	(11.81)	(0.02%)	(1.97)
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	<b>(0.51%)</b>	<b>(51.44)</b>	<b>(0.09%)</b>	<b>(7.19)</b>
<b>Total</b>	<b>100.00%</b>	<b>10,035.70</b>	<b>100.00%</b>	<b>8,378.24</b>

### Share in Other Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2022		Year ended 31.03.2021	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
<b>Parent</b>				
REC Limited	102.02%	(59.07)	99.73%	456.52
<b>Subsidiaries - Indian</b>				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	-	-	-	-
REC Transmission Projects Company Limited	-	-	-	-
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	(2.02%)	1.17	0.27%	1.24
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>(57.90)</b>	<b>100.00%</b>	<b>457.76</b>

### Share in Total Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2022		Year ended 31.03.2021	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
<b>Parent</b>				
REC Limited	100.09%	9,986.85	99.80%	8,818.30
<b>Subsidiaries - Indian</b>				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	0.53%	53.03	0.29%	25.62
REC Transmission Projects Company Limited	0.00%	-	-	-
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	(0.11%)	(10.64)	(0.01%)	(0.73)



## Consolidated Notes to Accounts

(₹ in Crores)

Name of the Entity	Year ended 31.03.2022		Year ended 31.03.2021	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	(0.52%)	(51.44)	(0.08%)	(7.19)
<b>Total</b>	<b>100.00%</b>	<b>9,977.80</b>	<b>100.00%</b>	<b>8,836.00</b>

### 67 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	140.99	-	1,179.24	-
(b) Bank balances other than (a) above	2,453.95	65.01	2,222.36	1.22
(c) Trade receivables	94.55	-	140.07	-
(d) Derivative financial instruments	343.37	5,166.80	258.94	2,052.28
(e) Loans	39,144.60	3,32,785.94	36,576.91	3,28,684.58
(f) Investments	62.11	2,128.33	38.10	1,685.58
(g) Other financial assets	274.14	24,141.17	280.26	24,139.62
<b>Total - Financial Assets (1)</b>	<b>42,513.71</b>	<b>3,64,287.26</b>	<b>40,695.88</b>	<b>3,56,563.28</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	-	191.56	-	168.92
(b) Deferred tax assets (net)	-	3,160.12	-	2,461.03
(c) Investment Property	-	-	-	0.01
(d) Property, Plant & Equipment	-	624.04	-	260.70
(e) Capital Work-in-Progress	(0.00)	6.07	-	335.67
(f) Intangible Assets Under Development	-	-	-	0.77
(g) Other Intangible Assets	-	4.28	-	6.15
(h) Other non-financial assets	60.49	8.19	93.83	8.84
(i) Investments accounted for using equity method	-	-	-	257.74
<b>Total - Non-Financial Assets (2)</b>	<b>60.49</b>	<b>3,994.26</b>	<b>93.83</b>	<b>3,499.83</b>
<b>(3) Assets classified as held for sale</b>	<b>4.38</b>	<b>-</b>	<b>14.05</b>	<b>-</b>
<b>Total ASSETS (1+2+3)</b>	<b>42,578.58</b>	<b>3,68,281.52</b>	<b>40,803.76</b>	<b>3,60,063.11</b>
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	18.89	534.25	73.13	773.18
(b) Trade Payables				
(I) Trade payables				
(i) total outstanding dues of MSMEs	-	-	0.01	-
(ii) total outstanding dues of creditors other than MSMEs	36.48	-	61.84	-
(II) Other payables				
(i) total outstanding dues of MSMEs	-	-	-	-
(ii) total outstanding dues of creditors other than MSMEs	-	-	-	-



## Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(c) Debt Securities	29,637.91	1,89,936.70	45,055.83	1,92,213.28
(d) Borrowings (other than debt securities)	22,529.92	84,121.67	27,509.52	57,997.84
(e) Subordinated Liabilities	296.95	6,519.52	299.49	6,647.40
(f) Other financial liabilities	1,598.01	24,110.63	2,102.37	24,110.63
<b>Total - Financial Liabilities (1)</b>	<b>54,118.16</b>	<b>3,05,222.77</b>	<b>75,102.19</b>	<b>2,81,742.33</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	10.25	-	14.40	-
(b) Provisions	57.60	48.07	71.82	41.87
(c) Other non-financial liabilities	59.63	29.50	97.89	32.36
<b>Total - Non-Financial Liabilities (2)</b>	<b>127.48</b>	<b>77.57</b>	<b>184.11</b>	<b>74.23</b>
<b>(3) Liabilities directly associated with assets classified as held for sale</b>	<b>0.01</b>	<b>-</b>	<b>0.08</b>	<b>-</b>
<b>Total LIABILITIES (1+2+3)</b>	<b>54,245.65</b>	<b>3,05,300.34</b>	<b>75,286.39</b>	<b>2,81,816.55</b>

Previous year figures have been reclassified/ regrouped to conform to the current classification.

- 68** There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
- 69** The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.
- 70** 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 (N), 52.1.3 (O), 52.1.3 (R), 52.1.3 (S), 52.1.3 (T), 52.1.3 (U), 52.2.2, 52.2.4, 52.3, 53.55, 58, 62, 63, 68, 69, 71, 72.
- 71** No penalties have been levied on the Company by any regulator during the year ended 31st March 2022 (previous year Nil).  
However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) imposing a total fine of ₹ 75,59,080 (inclusive of GST) for non-compliance for the quarters ended 30th June 2021, 30th September 2021 and 31st December 2021 on 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.
- 72** No complaints have been received by the company from the borrowers under the Fair Practices Code during the year ended 31<sup>st</sup> March 2022 (previous year Nil).
- 73** Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.  
The Notes to Accounts 1 to 73 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

**R.S. Dhillon**  
Chairman & Managing Director  
DIN - 00278074

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 : Gurugram  
Date : 13<sup>th</sup> May 2022



## REC 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 2022

(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 31.03.2022		As at 31.03.2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>				
<b>(1) Loans and advances availed by the NBFC</b>				
inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	40,597.85	-	35,534.72	-
- Unsecured	1,86,643.60	-	2,09,508.98	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
- Secured Loans from Financial Institutions	-	-	-	-
- Unsecured Loans from Govt. of India	10,325.12	-	10,325.12	-
- Unsecured Loans from Banks	42,919.86	-	29,953.76	-
- Unsecured Loans from Financial Institutions	6,800.00	-	5,800.00	-
(d) Inter-corporate Loans and Borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans	-	-	-	-
- Foreign Currency Borrowings	35,687.77	-	21,060.17	-
- FCNR(B) Loans	9,861.13	-	5,335.01	-
- Short Term Loans/ Loans Repayable on Demand	1,415.58	-	10,201.99	-
- Unsecured Loans from Holding Company	-	-	3,000.49	-
- Finance Lease Obligations	0.03	-	0.05	-
- Loans Repayable on Demand from Banks & FIs				

(₹ in Crores)

Particulars	As at 31.03.2022		As at 31.03.2021	
<b>ASSETS SIDE :</b>				
<b>(2) Break-up of Loans and Advances including bills receivables</b>				
(a) Secured	2,13,512.93		2,47,657.93	
(b) Unsecured	1,57,153.67		1,16,554.11	
<b>(3) INVESTMENTS :</b>				
<b>Current Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity	49.52		23.60	
<b>Unquoted:</b>				
(i) Shares : (a) Preference	-		69.08	
(ii) Debentures and Bonds	238.76		292.16	
<b>Long Term Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity	53.52		430.13	
(ii) Debentures and Bonds	259.39		259.63	
(iii) Government Securities	1,374.51		649.08	
<b>Unquoted:</b>				
(i) Shares : (a) Equity	214.74		257.74	
(ii) Units of mutual funds	-		-	





(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
<b>As at 31.03.2022</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	2,13,512.93	1,57,153.67
<b>Total</b>	<b>2,13,512.93</b>	<b>1,57,153.67</b>
<b>As at 31.03.2021</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	2,47,657.93	1,16,554.11
<b>Total</b>	<b>2,47,657.93</b>	<b>1,16,554.11</b>

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2022		As at 31.03.2021	
	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)
<b>1. Related Parties</b>				
(a) Companies in the same Group	-	-	257.74	257.74
<b>2. Other than Related Parties</b>	2,190.44	2,190.44	1,723.68	1,723.68
<b>Total</b>	<b>2,190.44</b>	<b>2,190.44</b>	<b>1,981.42</b>	<b>1,981.42</b>

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	17,159.89	18,256.93
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	5,594.16	6,465.62
<b>(iii) Asset acquired in satisfaction of debts</b>	-	349.28

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

R.S. Dhillon  
Chairman & Managing Director  
DIN - 00278074

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S. Murthy  
Partner  
M.No. : 072290

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



Form AOC-1

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2021-22

Part A: Subsidiaries

(₹ in Crores)

Particulars	(I)
<b>1 Name of the Subsidiary</b>	<b>REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)</b>
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	328.50
6 Total assets	518.61
7 Total Liabilities	190.02
8 Investments	91.52
9 Turnover	177.20
10 Profit/ (Loss) Before Taxation	68.88
11 Provision for Taxation	15.85
12 Profit/ (Loss) After Taxation	53.03
13 Proposed Dividend	8.91
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

Part B: Associates and Joint Ventures

Details of Associates

(₹ in Crores)

Name of Associates	Bidar Transmission Limited*	Chandil Transmission Limited #	Dumka Transmission Limited #	ERNER Transmission Limited *	Koderma Transmission Limited *	Mandar Transmission Limited #	MP Power Transmission Package I Limited *	Rajgarh Transmission Limited *
1 Latest audited Balance Sheet Date	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22	31-Mar-22
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
Amount of Investment in Associates/ Joint Venture	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%
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
5 Networth attributable to Shareholding as per latest audited Balance Sheet	0.07	(2.15)	(2.10)	(0.26)	(1.92)	(1.87)	(1.62)	(0.10)
6 Profit / (Loss) for the year	(0.01)	-	-	(0.31)	-	-	(0.80)	(0.20)
i. Considered in Consolidation **	-	-	-	-	-	-	-	-
ii. Not Considered in Consolidation	(0.01)	-	-	(0.31)	-	-	(0.80)	(0.20)

\* The latest audited Balance Sheet available for associates have been prepared on the basis of IND-AS.

# The latest management certified Balance Sheet available for associates have been prepared on the basis of IND-AS.

\*\* 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.** Five associates were transferred during FY 2021-22 whose details are as follows:



Name of SPV	Date of transfer
Fatehgarh Bhadla Transco Limited	04.06.2021
Sikar New Transmission Limited	04.06.2021
MP Power Transmission Package II Limited	01.11.2021
Kallam Transmission Limited	28.12.2021
Gadag Transmission Limited	17.03.2022

#### Detail of joint Venture

During the year, pursuant to agreement executed amongst the Joint venture partners i.e. NTPC Limited, Power Finance Corporation Limited, REC Limited and Power Grid Corporation of India Limited, EESL ceased to be a jointly controlled entity of the company with effect from September 01, 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.x**

The following associates have been sold during the year, as a part of business process:

Name of subsidiary	Date of Sale
Fatehgarh Bhadla Transco Limited	04.06.2021
Sikar New Transmission Limited	04.06.2021
MP Power Transmission Package II Limited	01.11.2021
Kallam Transmission Limited	28.12.2021
Gadag Transmission Limited	17.03.2022

#### For and on behalf of the Board

**J.S. Amitabh**  
ED & Company Secretary

**Ajoy Choudhury**  
Director (Finance)  
DIN - 06629871

**R.S. Dhillon**  
Chairman & Managing Director  
DIN - 00278074

#### In terms of our Audit Report of even date

**For S.K. Mittal & Co.**  
Chartered Accountants  
Firm Reg. No.: 001135N

**S. Murthy**  
Partner  
M.No. : 072290

**For O.P. Bagla & Co. LLP.**  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

**Atul Aggarwal**  
Partner  
M.No. : 092656

Place : Gurugram  
Date : 13<sup>th</sup> May 2022



## 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") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, 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 as at 31<sup>st</sup> March, 2022, 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, 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 evolvement 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 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.	<b>Impairment allowance of Loan Assets –</b> (Refer Note No. 52.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.14) 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.	<b>We have applied following audit procedures in this regard</b> a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b). Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment considering management perception on the same. c). 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.



## 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") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2022, 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 as at 31<sup>st</sup> March, 2022, 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, 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 evolvement 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 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.	<b>Impairment allowance of Loan Assets –</b> (Refer Note No. 52.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.14) 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.	<b>We have applied following audit procedures in this regard</b> a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b). Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment considering management perception on the same. c). 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.



S. No.	Key Audit Matter	Auditor's Response
	<p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>Since the company is a Non-Banking Finance Company (NBFC) 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. 90.52% of total assets, the audit procedure for impairment of loan assets has been considered as Key Audit Matter in our audit.</p>	<p>d) Assessment of impairment based upon 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.</p> <p>e) We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>f) Components and calculations in the study for impairment allowance carried out by external agency 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 reliance on report of the external agency.</p> <p>g) Further, the Management, pursuing a Board approved methodology reviews the impairment allowance in the report of the external agency and enhanced/reduced the impairment on case to case basis as management overlay. We have obtained a detailed analysis from the management for such changes. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same.</p> <p>h) Comparison of ECL with the amount of provisioning as required 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.</p>
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>(Refer Note No. 9 to the standalone Ind AS Financial Statements read with accounting policy No. 3.13)</p> <p>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.</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income for cash flow hedges.</p> <p>In view of significance and impact on financial statements we have identified it as a key audit matter.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>a) 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.</p> <p>b) Verification of fair value of derivative in terms of Ind AS 109.</p> <p>c) Testing the accuracy and completeness of derivative transactions.</p> <p>d) Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>e) Obtained details of various financial derivative contracts as outstanding as on 31st March 2022.</p> <p>f) Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>g) 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.</p> <p>h) Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income for cash flow hedges.</p> <p>i) 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.</p>

The following key audit matters with respect audit opinion on the financial statement of REC Power Development and Consultancy Limited (formerly known as REC Power Distribution Company Limited), a wholly owned subsidiary company has been reported by the component auditors vide their report dated 11.05.2022 and has been reproduced by us as under :





S. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Valuation of account Receivable in view of risk of credit loss</b></p> <p>(Refer to Note no. 52.1.5 "Financial Instrument" and Note no. 8 "Trade Receivable" of )</p> <p>Accounts receivables is a significant item in the Company's financial statements as at March 31, 2022 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment.</p> <p>The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer.</p> <p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit incorporated the following procedure with regards to provisioning of receivables:</p> <ul style="list-style-type: none"> <li>Understood and evaluated the accounting policy of the company.</li> <li>We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss.</li> <li>Inquired with senior management regarding status of collectability of the receivable</li> <li>For material balances, the basis of provision was discussed with the management.</li> </ul> <p>Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time.</p>
2.	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</b></p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Refer Notes 3.4 and 64.1 to the Financial Statements</p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</p> <p>We carried out the following procedures:</p> <ul style="list-style-type: none"> <li>Understand the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls.</li> <li>Regarding the stage of completion and revenue in respect of ongoing projects, we have relied upon the reports of the Technical Experts of the Company as we did not have that technical expertise with us.</li> <li>Selected a sample of continuing and new contracts and performed the following procedures:</li> <li>Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>Compared these performance obligations with that identified and recorded by the Company.</li> <li>Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed.</li> <li>In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the company.</li> <li>Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings</li> </ul>





## 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.

## Management's Responsibility 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 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 are responsible for assessing the ability of the Group 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 are responsible for overseeing the financial reporting process of the Group.

## 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 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 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 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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

We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 518.61 Crores (₹ 662.79 Crores as at 31<sup>st</sup> March 2021) as at 31<sup>st</sup> March 2022, total revenues of ₹ 177.20 Crores (Previous year ₹ 184.86 Crores) and net cash flows amounting to ₹ -24.16 Crores (Previous year ₹ -0.93 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 ₹ 53.03 crores (Previous Year ₹ 25.62 crores) and total comprehensive income of ₹ 53.03 crores (Previous Year ₹ 25.62 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.

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:
  - 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.
  - 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.
  - 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.
  - In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
  - 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.
  - With respect to the adequacy of the internal financial controls over financial reporting of the company and operative 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/subsidiary 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:
- The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 47 to the Consolidated Ind AS Financial Statements;
  - According to the information and explanations given to us, The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses;
  - 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 incorporated in India.
  - (a) The Management of the group has represented (refer Note No. 10.5) that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management of the group has represented (refer Note No. 10.5), that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 as amended and provided under (a) and (b) above, contain any material misstatement.
  - The dividends (Interim and Final) declared and paid during the year by the Group till the date of this report is in compliance with section 123 of the Companies Act, 2013
2. With respect to the matters specified in clause (xxi) of paragraph 3 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, we report that according to the information and explanations given to us, and based on the CARO report issued by us for the Company and report issued by the auditor of its subsidiary included in the consolidated financial statements, there are no qualifications or adverse remarks in such reports.

**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 : 22072290AIYJSC9493

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 22092656AIYHFZ4536

**Place : Gurugram**  
**Date : 13th May 2022**



## **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 31<sup>st</sup> March 2022, we have audited the internal financial controls over financial reporting of REC Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, 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, 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 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:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- 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
- 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, 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 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 Consolidated Ind AS financial statements of the Group. 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.

## 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 in so far as it relates to the subsidiary company which is incorporated in India, is based on the corresponding reports of the auditors of such company.

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

**Name : S. Murthy**  
Designation : Partner  
Membership Number : 072290  
UDIN : 22072290AIYJSC9493

**Place : Gurugram**  
**Date : 13<sup>th</sup> May 2022**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 22092656AIYHFZ4536





## **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 2022.**

The preparation of consolidated financial statements of REC Limited for the year ended 31 March 2022 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 13 May 2022.

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 2022, 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 Development and Consultancy Limited and Bidar 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**

**(Deepak Kapoor)  
Director General of Audit (Energy)  
Delhi**

**Place: New Delhi  
Dated: 22 July 2022**

### **ANNEXURE**

List of Subsidiaries, Associate Companies and Jointly Controlled Entities of REC Limited whose financial statements were not audited by the Comptroller and Auditor General of India

#### **Associate Companies**

1. Chandil Transmission Limited
2. Dumka Transmission Limited
3. ER NER Transmission Limited
4. Koderma Transmission Limited
5. Mandar Transmission Limited
6. MP Power Transmission Package-I Limited
7. Rajgarh Transmission Limited

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
	<b>ASSETS</b>			
(1)	<b>Financial Assets</b>			
(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
	<b>Total - Financial Assets (1)</b>		<b>396,951.24</b>	<b>343,497.14</b>
(2)	<b>Non-Financial Assets</b>			
(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
	<b>Total - Non-Financial Assets (2)</b>		<b>3,281.95</b>	<b>2,990.45</b>
	<b>Total ASSETS (1+2)</b>		<b>400,233.19</b>	<b>346,487.59</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
(1)	<b>Financial Liabilities</b>			
(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
	<b>Total - Financial Liabilities (1)</b>		<b>356,571.73</b>	<b>311,228.91</b>
(2)	<b>Non-Financial Liabilities</b>			
(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
	<b>Total - Non-Financial Liabilities (2)</b>		<b>235.09</b>	<b>182.12</b>
(3)	<b>EQUITY</b>			
(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
	<b>Total - Equity (3)</b>		<b>43,426.37</b>	<b>35,076.56</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3)</b>		<b>400,233.19</b>	<b>346,487.59</b>
	<b>Company Overview and Significant Accounting Policies</b>	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 : 28<sup>th</sup> May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31-03-2021	Year ended 31-03-2020
	<b>Revenue from Operations</b>			
(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)
<b>I.</b>	<b>Total Revenue from Operations (i to iv)</b>		<b>35,387.89</b>	<b>29,765.21</b>
<b>II.</b>	<b>Other Income</b>	30	22.55	63.92
<b>III.</b>	<b>Total Income (I+II)</b>		<b>35,410.44</b>	<b>29,829.13</b>
	<b>Expenses</b>			
(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
<b>IV.</b>	<b>Total Expenses (i to viii)</b>		<b>24,654.31</b>	<b>22,845.84</b>
<b>V.</b>	<b>Profit before Tax (III-IV)</b>		<b>10,756.13</b>	<b>6,983.29</b>
<b>VI.</b>	<b>Tax Expense</b>	40		
(i)	Current tax		2,906.90	1,615.87
(ii)	Deferred Tax		(512.55)	481.26
	<b>Total Tax Expense (i+ii)</b>		<b>2,394.35</b>	<b>2,097.13</b>
<b>VII.</b>	<b>Profit for the year</b>		<b>8,361.78</b>	<b>4,886.16</b>
	<b>Other comprehensive Income/(Loss)</b>			
(i)	<b>Items that will not be reclassified to profit or loss</b>			
(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
	<b>Sub-Total (i)</b>		<b>149.85</b>	<b>(118.96)</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>			
(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
	<b>Sub-Total (ii)</b>		<b>306.67</b>	<b>(430.83)</b>
<b>VIII.</b>	<b>Other comprehensive Income/(Loss) for the year (i+ii)</b>		<b>456.52</b>	<b>(549.79)</b>
<b>IX.</b>	<b>Total comprehensive Income for the year (VII+VIII)</b>		<b>8,818.30</b>	<b>4,336.37</b>
<b>X.</b>	<b>Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	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 : 28<sup>th</sup> May 2021

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)														
A Equity share capital														
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														
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		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	Debenture Redemption Reserve	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Impairment Reserve	Retained Earnings	FVOCI-Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
Balance as at 31 <sup>st</sup> March 2019		15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	(764.82)	5,177.40	-	4,899.39	136.88	-	-	32,328.02
Profit for the year										4,886.16				4,886.16
Remeasurement 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)	(547.64)
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		-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)										(86.19)	86.19		-	-
Foreign Currency Translation gain/ (loss) on long term monetary items during the year							(1,630.51)							(1,630.51)
Amortisation during the year							675.95							675.95
Total- Other adjustments		1,522.32	(41.89)	978.00	(1,318.13)	-	(954.56)	1,745.69	793.29	(3,765.47)	86.19	-	-	(954.56)
Dividends										(2,172.41)				(2,172.41)
Dividend Distribution Tax										(435.78)				(435.78)
Total- Transaction with owners		-	-	-	-	-	-	-	-	(2,608.19)	-	-	-	(2,608.19)
Balance as at 31 <sup>st</sup> March 2020		16,659.10	2,992.83	2,131.00	-	2,236.54	(1,719.38)	6,923.09	793.29	3,409.74	106.26	(226.08)	(204.75)	33,101.64
Profit for the year										8,361.78				8,361.78
Remeasurement of Defined Benefit Plans (net of taxes)										(10.67)				(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							437.65							437.65
Amortisation during the year							708.57							708.57
Issue expenses on Perpetual Debt Instruments (net of taxes)										(0.70)				(0.70)
Total- Other adjustments		2,563.13	(864.42)	1,673.00	-	-	1,146.22	2,926.94	(793.29)	(5,263.35)	(242.71)	-	-	1,145.52
Dividends		-	-	-	-	-	-	-	-	(2,172.41)				(2,172.41)
Total- Transaction with owners		-	-	-	-	-	-	-	-	(2,172.41)	-	-	-	(2,172.41)
Balance as at 31 <sup>st</sup> 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	40,893.03

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

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

For and on behalf of the Board

S. Murthy  
Partner  
M.No. : 072290

Atul Aggarwal  
Partner  
M.No. : 092656

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjay Malhotra  
Chairman & Managing Director  
DIN - 00992744

Place : New Delhi  
Date : 28<sup>th</sup> May 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	10,756.13		6,983.29	
<b>Adjustments for:</b>				
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		-	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>13,492.28</b>		<b>10,952.41</b>	
<b>Inflow / (Outflow) on account of :</b>				
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	
<b>Cash flow from Operations</b>	<b>(40,837.82)</b>		<b>(30,716.29)</b>	
1. Income Tax Paid (including TDS)	(2,694.33)		(1,748.64)	
2. Income Tax refund	11.73		16.67	
<b>Net Cash Flow from Operating Activities</b>		<b>(43,520.42)</b>		<b>(32,448.26)</b>
<b>B. Cash Flow from Investing Activities</b>				
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)		-	
<b>Net Cash Flow from Investing Activities</b>		<b>863.83</b>		<b>(135.73)</b>



### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021 (CONTD.)

(₹ in Crores)

Particulars	Year ended 31-03-2021		Year ended 31-03-2020	
<b>C. Cash Flow from Financing Activities</b>				
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				
<b>Net Cash flow from Financing Activities</b>		<b>42,119.05</b>		<b>33,919.08</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>(537.54)</b>		<b>1,335.09</b>
Cash & Cash Equivalents as at the beginning of the year		<b>1,678.03</b>		<b>342.94</b>
Cash & Cash Equivalents as at the end of the year		<b>1,140.49</b>		<b>1,678.03</b>

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
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,140.49</b>	<b>1,678.03</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> 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	
<b>Year ended 31-03-2021</b>						
Rupee Debt Securities	195,022.98	15,499.66	657.68	-	87.34	<b>211,267.66</b>
Commercial Paper	2,889.68	(2,925.00)	-	-	35.32	-
Rupee Term Loans/ WCDL	32,978.45	26,275.47	27.44	-	-	<b>59,281.36</b>
Foreign Currency Debt Securities & other Borrowings	50,629.65	2,884.39	16.81	(1,392.24)	147.74	<b>52,286.35</b>
Subordinated Liabilities	4,819.65	1,999.50	128.90	-	(1.16)	<b>6,946.89</b>
<b>Total</b>	<b>286,340.41</b>	<b>43,734.02</b>	<b>830.83</b>	<b>(1,392.24)</b>	<b>269.24</b>	<b>329,782.26</b>
<b>Year ended 31-03-2020</b>						
Rupee Debt Securities	172,971.40	21,280.39	729.47	-	41.72	<b>195,022.98</b>
Commercial Paper	7,696.32	(5,270.30)	-	-	463.66	<b>2,889.68</b>
Rupee Term Loans/ WCDL	24,884.25	7,899.65	194.55	-	-	<b>32,978.45</b>
Foreign Currency Debt Securities & other Borrowings	33,950.25	12,617.57	73.78	3,930.12	57.93	<b>50,629.65</b>
Subordinated Liabilities	4,818.76	-	0.61	-	0.28	<b>4,819.65</b>
<b>Total</b>	<b>244,320.98</b>	<b>36,527.31</b>	<b>998.41</b>	<b>3,930.12</b>	<b>563.59</b>	<b>286,340.41</b>

\* 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.  
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 : 28<sup>th</sup> 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.

## NOTES TO ACCOUNTS

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.

## 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.

## 3.7 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.'



## NOTES TO ACCOUNTS

### 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.

## NOTES TO ACCOUNTS

### *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.

## NOTES TO ACCOUNTS

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.

## NOTES TO ACCOUNTS

### 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

## NOTES TO ACCOUNTS

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



## NOTES TO ACCOUNTS

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.

## NOTES TO ACCOUNTS

**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
<b>- Balances with Banks</b>		
- in current accounts	237.93	1,173.41
- deposits with original maturity less than 3 months*	902.44	504.56
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>1,140.49</b>	<b>1,678.03</b>

\* includes High Quality Liquid Assets (HQLAs) of ₹ 262.00 crores (previous year Nil) maintained as per RBI Circular dated November 4<sup>th</sup>, 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
<b>- Earmarked Balances with Banks</b>		
- For unpaid dividends		
- For Govt. funds for onward disbursement as grant	5.79	4.75
	1,065.84	1,616.49
<b>- Earmarked Term Deposits</b>		
- Deposits in Compliance of Court Order		
- Term Deposit held as Margin Money against Bank Guarantee	0.56	0.53
	0.25	-
<b>- Balances with banks not available for use pending allotment of securities</b>	<b>856.62</b>	<b>400.19</b>
<b>Total (Other Bank Balances)</b>	<b>1,929.06</b>	<b>2,021.96</b>
- Term Deposits held as margin money against Bank Guarantee for more than 12 months	<b>0.25</b>	-

**7.1** There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31<sup>st</sup> 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
<b>(i) Currency Derivatives</b>						
- 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	-
<b>Sub-total (i)</b>	<b>27,599.89</b>	<b>1,971.62</b>	<b>164.33</b>	<b>32,049.49</b>	<b>3,177.14</b>	<b>-</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	25,035.68	339.60	403.65	29,056.52	141.71	586.06
<b>Sub-total (ii)</b>	<b>25,035.68</b>	<b>339.60</b>	<b>403.65</b>	<b>29,056.52</b>	<b>141.71</b>	<b>586.06</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
<b>Total - Derivative Financial Instruments (i + ii + iii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

#### 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
<b>(i) Cash Flow Hedging</b>						
<b>- Currency Derivatives</b>						
- 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	-
<b>- Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	13,055.84	-	318.18	9,498.62	5.24	134.45
<b>Sub-total (i)</b>	<b>38,131.97</b>	<b>1,758.79</b>	<b>482.51</b>	<b>31,370.65</b>	<b>1,766.92</b>	<b>437.59</b>
<b>(ii) Undesignated Derivatives</b>						
	19,050.60	552.43	363.80	34,082.36	1,551.93	888.14
<b>Total - Derivative Financial Instruments (i+ii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

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
<b>(A) Loans</b>				
(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
<b>Total (A) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (A) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(B) Security Details</b>				
(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
<b>Total (B) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (B) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(I) Loans in India</b>				
(i) Public Sector	338,810.31	339,877.44	284,644.05	286,210.40
(ii) Private Sector	<b>38,607.84</b>	<b>38,590.16</b>	<b>37,780.63</b>	<b>37,869.14</b>
<b>Total (C)(I) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (C)(I) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(II) Loans outside India</b>	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	-	-	-	-
<b>Total (C)(I) and (C)(II)</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>

#### 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
<b>Net Loans</b>	<b>365,261.49</b>	<b>312,083.50</b>
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
<b>Gross Loans</b>	<b>377,418.15</b>	<b>322,424.68</b>



## 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
<b>Opening Balance</b>	<b>11,996.04</b>	<b>11,497.93</b>
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)
<b>Closing Balance</b>	<b>13,206.11</b>	<b>11,996.04</b>

**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 4<sup>th</sup> 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 4<sup>th</sup> 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 23<sup>rd</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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
<b>Subsidiaries :</b>			
REC Power Distribution Company Ltd.	India	100.00%	100.00%
REC Transmission Projects Company Ltd.	India	-	100.00%
<b>Joint Ventures :</b>			
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 23<sup>rd</sup> 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
<b>(E) Recoverable from Govt. of India</b>		
- Towards GoI Fully Serviced Bonds (Refer Note No. 20.5)	24,314.48	21,931.30
<b>(F) Other amounts recoverable</b>	127.03	140.95
Less: Impairment Loss allowance (Refer Note No. 11.2)	(88.04)	(30.85)
<b>Other Amounts Recoverable (Net)</b>	<b>38.99</b>	<b>110.10</b>
<b>Total (A to F)</b>	<b>24,399.21</b>	<b>22,081.59</b>

### 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
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	7.39	7.29
<b>Sub-total (A)</b>	<b>7.39</b>	<b>7.29</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.28	0.33
- To Others	32.27	26.99
<b>Sub-total (B)</b>	<b>32.55</b>	<b>27.32</b>
<b>Total (A+B)</b>	<b>39.94</b>	<b>34.61</b>

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)
<b>Closing balance</b>	<b>88.04</b>	<b>30.85</b>

### 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)
<b>Sub-Total</b>	<b>155.12</b>	<b>258.90</b>
Tax Deposited on income tax demands under contest	5.20	201.05
Provision for income tax for demand under contest	(0.25)	(67.29)
<b>Sub-Total</b>	<b>4.95</b>	<b>133.76</b>
<b>Current tax assets (Net)</b>	<b>160.07</b>	<b>392.66</b>

### 13. Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Deferred Tax Assets (Net)</b>	<b>2,437.71</b>	<b>2,034.32</b>

## NOTES TO ACCOUNTS

### 13.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
<b>Total Deferred Tax Assets</b>	<b>2,735.09</b>	<b>158.48</b>	<b>(109.15)</b>	<b>-</b>	<b>2,784.42</b>
<b>Deferred Tax Liabilities</b>					
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)			-
<b>Total Deferred Tax Liabilities</b>	<b>700.77</b>	<b>(354.07)</b>	<b>-</b>	<b>-</b>	<b>346.71</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,034.32</b>	<b>512.55</b>	<b>(109.15)</b>	<b>-</b>	<b>2,437.71</b>

### Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
<b>Total Deferred Tax Assets</b>	<b>2,965.49</b>	<b>(387.69)</b>	<b>157.29</b>	<b>-</b>	<b>2,735.09</b>
<b>Deferred Tax Liabilities</b>					
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
<b>Total Deferred Tax Liabilities</b>	<b>607.20</b>	<b>93.57</b>	<b>-</b>	<b>-</b>	<b>700.77</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,358.29</b>	<b>(481.26)</b>	<b>157.29</b>	<b>-</b>	<b>2,034.32</b>

## 14 Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
<b>As at 31<sup>st</sup> March 2021</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>As at 31<sup>st</sup> March 2020</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>

## 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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
<b>Unsecured, considered good</b>		
(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
<b>Total (A to G)</b>	<b>81.50</b>	<b>113.27</b>

## 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
<b>(A) Secured Long-Term Debt Securities</b>				
(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
<b>Sub-total (A)</b>	<b>34,240.00</b>	<b>35,526.77</b>	<b>38,494.74</b>	<b>39,948.68</b>

## 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>(B) Unsecured Long-Term Debt Securities</b>				
(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
<b>Sub-total (B)</b>	<b>196,341.38</b>	<b>201,801.29</b>	<b>172,659.29</b>	<b>177,138.86</b>
<b>(C) Unsecured Short-Term Debt Securities</b>				
(i) Commercial Paper	-	-	2,925.00	2,889.68
<b>Sub-total (C)</b>	<b>-</b>	<b>-</b>	<b>2,925.00</b>	<b>2,889.68</b>
<b>Total - Debt Securities (A+B+C)</b>	<b>230,581.38</b>	<b>237,328.06</b>	<b>214,079.03</b>	<b>219,977.22</b>
<b>Debt Securities issued in/ outside India</b>				
(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
<b>Total - Debt Securities</b>	<b>230,581.38</b>	<b>237,328.06</b>	<b>214,079.03</b>	<b>219,977.22</b>

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
<b>123-IIIB Series - 9.34% Redeemable at par on 23.08.2024</b>	1,955.00	2,063.91	1,955.00	2,063.95
<b>123-I Series - 9.40% Redeemable at par on 17.07.2021</b>	1,515.00	1,615.61	1,515.00	1,615.56
<b>Total - Institutional Bonds</b>	<b>3,470.00</b>	<b>3,679.52</b>	<b>3,470.00</b>	<b>3,679.51</b>

#### (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
<b>Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26</b>	4,455.48	4,550.70	-	-
<b>Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25</b>	6,157.72	6,415.55	5,759.14	5,907.48
<b>Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24</b>	6,651.77	6,935.40	6,651.77	6,934.10
<b>Series XI (2017-18) - 5.25% Redeemed at par during financial year 2020-21</b>	-	-	9,565.23	9,940.15
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>17,264.97</b>	<b>17,901.65</b>	<b>21,976.14</b>	<b>22,781.73</b>

#### (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
<b>Series 2015-16 Tranche 1</b>	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				
<b>Series 2015-16 Series 5A</b>	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				
<b>Series 2013-14 Tranche 2</b>	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				
<b>Series 2013-14 Series 4A &amp; 4B</b>	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				
<b>Series 2013-14 Tranche 1</b>	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				
<b>Series 2013-14 Series 3A &amp; 3B</b>	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				
<b>Series 2012-13 Tranche 2</b>	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				
<b>Series 2012-13 Tranche 1</b>	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				
<b>Series 2012-13 Series 2A &amp; 2B</b>	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				
<b>Series 2011-12</b>	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				
<b>Total - Tax Free Bonds</b>	<b>12,648.41</b>	<b>13,090.89</b>	<b>12,648.41</b>	<b>13,088.03</b>

## (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				
<b>Total - Bond Application Money</b>	<b>856.62</b>	<b>854.71</b>	<b>400.19</b>	<b>399.41</b>

## 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
<b>208 Series</b> - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,627.67	-	-
<b>207 Series</b> - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,644.40	-	-
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.23	3,028.00	3,163.54
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.66	5,063.00	5,315.09
<b>201B Series</b> - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,360.02	-	-
<b>204A Series</b> - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.31	-	-
<b>203A Series</b> - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,142.50	-	-
<b>202A Series</b> - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,649.96	-	-
<b>198B Series</b> - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.70	-	-
<b>197th Series</b> - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.76	-	-
<b>189th Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.85	3,054.90	3,054.80
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.08	1,100.00	1,100.07
<b>192<sup>nd</sup> Series</b> - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,395.75	2,382.00	2,393.16
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	580.40	604.76	290.20	302.31
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,166.39	2,070.90	2,163.58
<b>178th Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,168.79	1,097.00	1,167.75
<b>176th Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.65	1,600.70	1,735.59
<b>169th Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.52	2,554.00	2,621.29
<b>168th Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.45	2,552.40	2,626.01
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.99	2,500.00	2,628.20
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.36	2,500.00	2,637.55
<b>156th Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,612.72	3,533.00	3,614.64
<b>147th Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.44	2,745.00	2,745.34
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.87	3,000.00	3,056.26
<b>140th Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.65	2,100.00	2,152.27
<b>205-B Series</b> - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,024.68	-	-
<b>204B Series</b> - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,116.78	-	-
<b>203B Series</b> - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,844.16	-	-
<b>136th Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.10	2,585.00	2,671.22
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.61
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.05
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.28	2,396.00	2,452.91
<b>201A Series</b> - 5.90% Redeemable at par on 31.03.2025	900.00	935.50	-	-
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,513.83	2,500.00	2,523.03
<b>131<sup>st</sup> Series</b> - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.22	2,285.00	2,304.14
<b>130<sup>th</sup> Series</b> - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.14	2,325.00	2,493.00
<b>129<sup>th</sup> Series</b> - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.52	1,925.00	2,063.40
<b>128<sup>th</sup> Series</b> - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.67	2,250.00	2,418.53
<b>186B Series</b> - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.78	1,500.00	1,537.86
<b>191B Series</b> - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.18	1,100.00	1,107.13
<b>180-A Series</b> - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,072.68	1,018.00	1,070.52
<b>209 Series</b> - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.62	-	-
<b>205-A Series</b> - 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
<b>202B Series</b> - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,556.56	-	-
<b>184-B Series STRPP-D</b> - 7.55% Redeemable at par on 26.09.2023**	300.00	311.54	300.00	311.55
<b>200 Series PP-MLD</b> - 5.36% Redeemable at par on 30.06.2023*	500.00	518.94	-	-
<b>191A Series</b> - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.06	1,100.00	1,106.95
<b>195<sup>th</sup> Series</b> - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.21	-	-
<b>114<sup>th</sup> Series</b> - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.94	4,300.00	4,666.58
<b>188A Series</b> - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.17	1,400.00	1,400.13
<b>159<sup>th</sup> Series</b> - 7.99% Redeemable at par on 23.02.2023	950.00	957.57	950.00	957.40
<b>187<sup>th</sup> Series</b> - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.24	2,090.00	2,129.37
<b>185<sup>th</sup> Series</b> - 7.09% Redeemable at par on 13.12.2022	2,769.00	2,826.46	2,769.00	2,827.04
<b>155<sup>th</sup> Series</b> - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.74	1,912.00	1,959.12
<b>111-II Series</b> - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.50	2,211.20	2,283.64
<b>152<sup>nd</sup> Series</b> - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.18	1,225.00	1,264.12
<b>184-B Series STRPP-C</b> - 7.55% Redeemable at par on 26.09.2022**	300.00	311.56	300.00	311.56
<b>150<sup>th</sup> Series</b> - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.38	2,670.00	2,775.25
<b>186A Series</b> - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.63	2,500.00	2,559.27
<b>107<sup>th</sup> Series</b> - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.56	2,378.20	2,554.46
<b>179<sup>th</sup> Series</b> - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.70	1,000.00	1,065.61
<b>167<sup>th</sup> Series</b> - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.65	2,571.80	2,577.54
<b>198A Series</b> - 6.60% Redeemable at par on 21.03.2022	2,596.00	2,600.39	-	-
<b>173<sup>th</sup> Series</b> - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	2,500.00	2,510.23
<b>132<sup>nd</sup> Series</b> - 8.27% Redeemable at par on 09.03.2022	700.00	750.81	700.00	750.72
<b>145<sup>th</sup> Series</b> - 7.46% Redeemable at par on 28.02.2022	625.00	628.85	625.00	628.97
<b>165<sup>th</sup> Series</b> - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.16	2,171.00	2,207.50
<b>193<sup>th</sup> Series</b> - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,121.46	1,115.00	1,118.70
<b>190B Series</b> - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,502.64	2,489.40	2,511.05
<b>177<sup>th</sup> Series</b> - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.16	1,245.00	1,274.50
<b>141st Series</b> - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.03	1,020.00	1,038.00
<b>127<sup>th</sup> Series</b> - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.92	1,550.00	1,664.78
<b>105<sup>th</sup> Series</b> - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.73	3,922.20	4,070.07
<b>139<sup>th</sup> Series</b> - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.17	2,500.00	2,575.10
<b>184-B Series STRPP-B</b> - 7.55% Redeemable at par on 26.09.2021**	300.00	311.58	300.00	311.57
<b>101-III Series</b> - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.42	3,171.80	3,364.34
<b>100<sup>th</sup> Series</b> - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,603.01
<b>174<sup>th</sup> Series</b> - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.23	2,720.00	2,894.03
<b>161B Series</b> - 7.73% Redeemable at par on 15.06.2021	800.00	849.11	800.00	849.01
<b>154<sup>th</sup> Series</b> - 7.18% Redeemable at par on 21.05.2021	600.00	637.16	600.00	637.04
<b>157<sup>th</sup> Series</b> - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.66	1,055.00	1,131.47
<b>158<sup>th</sup> Series</b> - 7.70% Redeemed at par on 15.03.2021	-	-	2,465.00	2,473.46
<b>98<sup>th</sup> Series</b> - 9.18% Redeemed at par on 15.03.2021	-	-	3,000.00	3,012.79
<b>153<sup>rd</sup> Series</b> - 6.99% Redeemed at par on 31.12.2020	-	-	2,850.00	2,899.77
<b>97<sup>th</sup> Series</b> - 8.80% Redeemed at par on 30.11.2020	-	-	2,120.50	2,183.61
<b>96<sup>th</sup> Series</b> - 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
<b>184-B Series STRPP-A</b> - 7.55% Redeemed at par on 26.09.2020**	-	-	300.00	311.63
<b>149<sup>th</sup> Series</b> - 6.87% Redeemed at par on 24.09.2020	-	-	2,485.00	2,573.44
<b>135<sup>th</sup> Series</b> - 8.36% Redeemed at par on 22.09.2020	-	-	2,750.00	2,817.12
<b>144<sup>th</sup> Series</b> - 7.13% Redeemed at par on 21.09.2020	-	-	835.00	840.30
<b>172<sup>nd</sup> Series</b> - 8.57% Redeemed at par on 20.08.2020	-	-	1,790.00	1,884.21
<b>134<sup>th</sup> Series</b> - 8.37% Redeemed at par on 14.08.2020	-	-	2,675.00	2,740.31
<b>143<sup>rd</sup> Series</b> - 6.83% Redeemed at par on 29.06.2020	-	-	1,275.00	1,289.46
<b>148<sup>th</sup> Series</b> - 7.42% Redeemed at par on 17.06.2020	-	-	1,200.00	1,203.61
<b>Total - Institutional Bonds</b>	<b>169,868.60</b>	<b>175,719.53</b>	<b>148,662.20</b>	<b>153,685.20</b>

\* 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
<b>Series-II (2011-12)</b> - Redeemable at par	11.07	21.36	11.07	19.80
<b>Series-I (2010-11)</b> - Redeemed at par	-	-	5.39	5.39
<b>Total - Infrastructure Bonds</b>	<b>11.07</b>	<b>21.36</b>	<b>16.46</b>	<b>25.19</b>

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	
<b>Total</b>	<b>11.07</b>	<b>11.07</b>	

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
<b>ZCB - Series II</b> (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
<b>ZCB - Series I</b> (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
<b>Total - Zero Coupon Bonds</b>	<b>-</b>	<b>-</b>	<b>1,364.85</b>	<b>1,363.91</b>

\* 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
<b>Total - Foreign Currency Bonds</b>	<b>26,461.71</b>	<b>26,060.40</b>	<b>22,615.78</b>	<b>22,064.56</b>

## 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 <sup>rd</sup> Series - 7.90% Repaid on 19.06.2020	-	-	675.00	664.69
64 <sup>th</sup> Series - 5.48% Repaid on 15.06.2020	-	-	2,250.00	2,224.99
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,925.00</b>	<b>2,889.68</b>



## 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
<b>(A) Unsecured Long-Term Borrowings</b>				
(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
<b>Sub-total (A)</b>	<b>66,763.35</b>	<b>66,969.87</b>	<b>52,680.27</b>	<b>52,827.78</b>
<b>(B) Unsecured Short-Term Borrowings</b>				
(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	-	-
<b>Sub-total (B)</b>	<b>18,515.62</b>	<b>18,537.49</b>	<b>8,705.35</b>	<b>8,715.83</b>
<b>Total - Borrowings (other than Debt Securities) (A to B)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,385.62</b>	<b>61,543.61</b>
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(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
<b>Total - Borrowings (other than Debt Securities)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,385.62</b>	<b>61,543.61</b>

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				
<b>Total - Unsecured Term Loans from Banks</b>	<b>29,938.58</b>	<b>29,953.76</b>	<b>18,899.78</b>	<b>18,900.72</b>

## (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				
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>5,800.00</b>	<b>5,800.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

## (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
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - 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
<b>2.89% KfW-II Loan</b> - Repaid on 30.12.2020	-	-	64.60	65.03
<b>1.86% KfW-III Loan</b> - 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
<b>Sub-Total (1)</b>	<b>367.28</b>	<b>367.94</b>	<b>557.47</b>	<b>558.03</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>6M USD Libor + 0.13% KfW-IV Loan</b> - 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
<b>Sub-Total (2)</b>	<b>1,241.16</b>	<b>1,243.23</b>	<b>1,220.98</b>	<b>1,227.88</b>

## 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
<b>(3) Bilateral/ Syndicated Loans</b>				
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 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
<b>Sub-Total (3)</b>	<b>19,416.28</b>	<b>19,279.77</b>	<b>19,984.26</b>	<b>19,793.38</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>21,024.72</b>	<b>20,890.94</b>	<b>21,762.71</b>	<b>21,579.29</b>

### (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
<b>Total - FCNR (B) Loans</b>	<b>-</b>	<b>-</b>	<b>1,017.71</b>	<b>1,020.89</b>

### (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
<b>- Loan from National Small Savings Fund (NSSF)</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,326.81</b>
₹ 5000 Crores repayable on 13.12.2028 and ₹ 5000 Crores repayable on 04.10.2029				
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,326.81</b>

## 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
<b>Total - FCNR (B) Loans</b>	<b>5,329.10</b>	<b>5,335.01</b>	<b>5,955.49</b>	<b>5,964.91</b>

**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) <b>199th Series - Subordinate Tier-II Bonds - 7.96% Redeemable at par on 15.06.2030</b>	1,999.50	2,127.54	-	-
(ii) <b>175th Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029</b>	2,151.20	2,151.45	2,151.20	2,151.86
(iii) <b>115th Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023</b>	2,500.00	2,667.90	2,500.00	2,667.79
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	6,650.70	6,946.89	4,651.20	4,819.65
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>

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
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Total Amount as per Ind-AS</b>	<b>237,328.06</b>	<b>85,507.36</b>	<b>6,946.89</b>	<b>329,782.31</b>
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
<b>Total Borrowings Outstanding</b>	<b>230,581.38</b>	<b>85,278.97</b>	<b>6,650.70</b>	<b>322,511.05</b>
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Total Amount as per Ind-AS</b>	<b>219,977.22</b>	<b>61,543.61</b>	<b>4,819.65</b>	<b>286,340.48</b>
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
<b>Total Borrowings Outstanding</b>	<b>214,079.03</b>	<b>61,385.62</b>	<b>4,651.20</b>	<b>280,115.85</b>



## 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 <sup>st</sup> 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
<b>(A) Unpaid Dividends</b>	5.79	4.75
<b>(B) Bond Application Money refundable and interest accrued thereon</b>	0.01	-
<b>(C) Unpaid Principal &amp; Interest on Bonds</b>		
- Matured Bonds & Interest Accrued thereon	49.77	39.13
- Interest on Bonds	18.95	17.97
<b>Sub-total (C)</b>	<b>68.72</b>	<b>57.10</b>
<b>(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)</b>	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	<b>1,067.96</b>	<b>1,618.62</b>
<b>(E) Payables towards Bonds Fully serviced by Govt. of India</b>	24,314.43	21,792.32
(F) Payable towards funded staff benefits	9.00	0.38
(G) Other Liabilities	477.20	89.53
<b>Total (A to G)</b>	<b>25,943.11</b>	<b>23,562.70</b>

## 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 31<sup>st</sup> March, 2021 is ₹ 0.62 crores (₹ 0.47 crores as at 31<sup>st</sup> 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 31<sup>st</sup> March 2021 (₹ 0.69 Crores as at 31<sup>st</sup> 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	-	-
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.71</b>	<b>0.69</b>

**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
<b>Closing Balance</b>	<b>2.63</b>	<b>7.75</b>

**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 2<sup>nd</sup> December, 2020 and 3<sup>rd</sup> 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
<b>Gol-I Series</b>	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
<b>Gol-II Series</b>	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
<b>Gol-III Series</b>	8.06%	Semi-annual	27/3/2028	753.00	753.00
<b>Gol-IV Series</b>	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
<b>Gol-V Series</b>	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
<b>Gol-VI Series</b>	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
<b>Gol-VII Series</b>	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
<b>Gol-VIII Series</b>	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
<b>Gol- IX Series</b>	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
<b>Gol- X Series</b>	8.25%	Semi-annual	26/3/2030	532.30	532.30
<b>Gol- XI Series</b>	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
<b>Gol- XII Series</b>	6.45%	Semi-annual	7/1/2031	1,000.00	-
<b>Gol- XIII Series</b>	6.63%	Semi-annual	28/1/2031	1,000.00	-
<b>Gol- XIV Series</b>	6.50%	Semi-annual	26/3/2031	500.00	-
<b>Total</b>				<b>24,109.30</b>	<b>21,609.30</b>

## 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)	-
<b>Current tax liabilities (Net)</b>	<b>10.62</b>	<b>-</b>

## 22 Provisions

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Provisions for</b>		
<b>(A) Employee Benefits</b>		
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
<b>Sub-total (A)</b>	<b>94.87</b>	<b>98.13</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort	9.09	8.38
<b>Sub-total (B)</b>	<b>9.09</b>	<b>8.38</b>
<b>Total (A+B)</b>	<b>103.96</b>	<b>106.51</b>

## 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
<b>Opening balance</b>	<b>8.38</b>	<b>-</b>
Add: Created during the year	0.75	8.38
Less: Reversed/ Adjusted during the year	(0.04)	-
<b>Closing balance</b>	<b>9.09</b>	<b>8.38</b>

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
<b>Total (A to E)</b>	<b>120.51</b>	<b>75.61</b>

### 24. Other Equity

(₹ in Crores)

Particulars	As at 31.03.2021		As at 31.03.2020	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
<b>Total</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 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	-	-	-	-
<b>Share Capital at the end of the year</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 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	-	-
<b>Total</b>	<b>5,584</b>	<b>558.40</b>	<b>-</b>	<b>-</b>

### 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	-	-
<b>Balance at the end of the year</b>	<b>5,584</b>	<b>558.40</b>	<b>-</b>	<b>-</b>

### 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
<b>(A) Other Reserves</b>		
(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>(B) Retained Earnings</b>	4,325.09	3,409.74
<b>(C) Other Comprehensive Income (OCI)</b>		
- 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)
<b>Total - Other Equity</b>	<b>40,893.05</b>	<b>33,101.64</b>

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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>16,659.10</b>	<b>15,136.78</b>
Add: Transferred from Retained Earnings	2,563.13	1,522.32
Less: Transferred to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>19,222.23</b>	<b>16,659.10</b>

## 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>(1,719.38)</b>	<b>(764.82)</b>
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
<b>Balance as at the end of the year</b>	<b>(573.16)</b>	<b>(1,719.38)</b>

### 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>6,923.09</b>	<b>5,177.40</b>
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	-
<b>Balance as at the end of the year</b>	<b>9,850.03</b>	<b>6,923.09</b>

### 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 31<sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
<b>Balance as at the beginning of the year</b>	<b>793.29</b>	<b>-</b>
Add: Transferred from Retained Earnings	-	793.29
Less: Transferred to General Reserve	(793.29)	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>793.29</b>

### 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021		For the year ended 31 <sup>st</sup> 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
<b>Total Dividend</b>	<b>11.00</b>	<b>2,172.41</b>	<b>11.00</b>	<b>2,172.41</b>

## 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
<b>(A) Interest on Loan Assets</b>						
(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	-
<b>Sub-total (A)</b>	<b>-</b>	<b>34,302.76</b>	<b>-</b>	<b>-</b>	<b>29,422.33</b>	<b>-</b>
<b>(B) Interest Income from Investments</b>						
(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	-	-	-	-
<b>Sub-total (B)</b>	-	<b>27.04</b>	<b>195.30</b>	-	<b>2.86</b>	<b>169.75</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	154.41	-	-	61.23	-
<b>Sub-total (C)</b>	-	<b>154.41</b>	-	-	<b>61.23</b>	-
<b>(D) Other Interest Income</b>						
(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	-
<b>Sub-total (D)</b>	-	<b>4.27</b>	-	-	<b>6.90</b>	-
<b>Total - Interest Income (A to D)</b>	-	<b>34,488.48</b>	<b>195.30</b>	-	<b>29,493.32</b>	<b>169.75</b>

## 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
<b>Total - Dividend Income</b>	<b>36.40</b>	<b>89.04</b>

## 28.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Dividend from Joint Ventures accounted at cost</b>		
- Investments held at the end of the year	-	2.10
<b>Dividend on FVOCI Equity Investments</b>		
- Investments held at the end of the year	27.63	36.94
- Investments derecognized during the year	0.34	-
<b>Total</b>	<b>27.97</b>	<b>39.04</b>

## 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
<b>Total - Fees and Commission Income</b>	<b>95.38</b>	<b>38.95</b>

## 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
<b>Total - Other Income</b>	<b>22.55</b>	<b>63.92</b>

### 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
<b>(i) Interest on Borrowings</b>		
- 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
<b>Sub-Total (i)</b>	<b>3,555.59</b>	<b>3,255.28</b>
<b>(ii) Interest on Debt Securities</b>		
- Domestic Debt Securities	15,423.20	13,930.38
- Foreign Currency Debt Securities	1,183.12	854.73
- Commercial Paper	35.32	463.66
<b>Sub-Total (ii)</b>	<b>16,641.64</b>	<b>15,248.77</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	394.15	395.36
<b>Sub-Total (iii)</b>	<b>394.15</b>	<b>395.36</b>
<b>(iv) Other Interest Expense</b>		
- 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	-
<b>Sub-Total (iv)</b>	<b>919.74</b>	<b>113.43</b>
<b>Total - Finance Costs</b>	<b>21,511.12</b>	<b>19,012.84</b>
Less: Finance Costs Capitalised	(22.04)	(15.79)
<b>Total - Finance Costs (Net)</b>	<b>21,489.08</b>	<b>18,997.05</b>

### 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
<b>Total</b>	<b>330.26</b>	<b>2,357.90</b>

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 <sup>st</sup> March 2021	73.5047	0.6636	86.0990	54.3581
As at 31 <sup>st</sup> 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
<b>Total (i to v)</b>	<b>9.95</b>	<b>25.44</b>

### 34 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
(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
<b>Sub-total (ii)</b>	<b>572.33</b>	<b>(25.85)</b>
<b>Total (A)</b>	<b>572.33</b>	<b>(25.85)</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	1,077.91	(60.07)
- Unrealised	(505.58)	34.22
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>572.33</b>	<b>(25.85)</b>

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
<b>Total (i+ii)</b>	<b>-</b>	<b>2,419.62</b>	<b>-</b>	<b>889.56</b>

\* 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
<b>Total</b>	<b>144.84</b>	<b>175.79</b>

### 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
<b>Total</b>	<b>9.53</b>	<b>10.00</b>

### 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
<b>Total</b>	<b>144.32</b>	<b>258.40</b>

**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
<b>Closing Balance*</b>	<b>(3.46)</b>

\* 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
<b>Total (ii)</b>	<b>147.78</b>	<b>-</b>	<b>147.78</b>	<b>258.40</b>	<b>-</b>	<b>258.40</b>

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
<b>Total</b>	<b>106.71</b>	<b>131.70</b>



## 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
<b>Fees paid to statutory auditors :</b>		
- 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
<b>Sub-total</b>	<b>1.31</b>	<b>1.38</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	0.12	0.14
<b>Total - Auditor's fees and expenses</b>	<b>1.43</b>	<b>1.52</b>

\* 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
<b>Sub-total - Current Tax</b>	<b>2,906.90</b>	<b>1,615.87</b>
- Deferred tax expense/ (credit)	(512.55)	481.26
<b>Total</b>	<b>2,394.35</b>	<b>2,097.13</b>

**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
<b>Profit before Tax</b>	<b>10,756.13</b>	<b>6,983.29</b>
<b>Statutory income tax rate</b>	<b>25.168%</b>	<b>25.168%</b>
<b>Expected income tax expense</b>	<b>2,707.10</b>	<b>1,757.55</b>
<b>Tax effect of income tax adjustments:</b>		
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
<b>Tax expense</b>	<b>2,394.35</b>	<b>2,097.13</b>

## NOTES TO ACCOUNTS

## 41 Earnings per Share

(₹ in Crores)

Particulars	Year ended 31-03-2021	Year ended 31-03-2020
<b>Numerator</b>		
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
<b>Denominator</b>		
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
<b>(A) Particulars</b>	0.24	0.22
<b>(B) Claims against the Company not acknowledged as debts</b>		
<b>Taxation Demands</b>	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
<b>- Contracts remaining to be executed on capital account</b>		
- Towards Property, Plant & Equipment	225.95	315.07
- Towards Intangible Assets	0.16	-
<b>- Other Commitments</b>		
- 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 12<sup>th</sup> and 13<sup>th</sup> 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
<b>Debt-equity ratio</b>	<b>7.40</b>	<b>7.94</b>

Net debt represents principal outstanding less cash and cash equivalents available.

## NOTES TO ACCOUNTS

### 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

## NOTES TO ACCOUNTS

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
<b>(i) Low credit risk on financial reporting date</b>		
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
<b>(ii) Moderate credit risk</b>		
Loans *	2,888.05	2,431.27
<b>(iii) High credit risk</b>		
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.

## NOTES TO ACCOUNTS

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

## NOTES TO ACCOUNTS

### (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.

## NOTES TO ACCOUNTS

### (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
<b>Gross Exposure</b>	<b>358,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>380,036.09</b>	<b>299,697.53</b>	<b>2,431.27</b>	<b>21,255.55</b>	<b>323,384.35</b>
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
<b>Net Exposure</b>	<b>357,608.65</b>	<b>2,746.62</b>	<b>6,465.62</b>	<b>366,820.89</b>	<b>299,209.07</b>	<b>1,467.44</b>	<b>10,703.42</b>	<b>311,379.93</b>

### (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

## NOTES TO ACCOUNTS

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 <sup>st</sup> March 2021						(₹ in Crores)	
	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
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 <sup>st</sup> March 2020						(₹ in Crores)	
	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
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
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%



## NOTES TO ACCOUNTS

### (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
<b>Concentration by industry</b>				
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
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>
<b>Concentration by ownership</b>				
State	338,973.84	938.40	284,778.15	297.60
Private	41,062.25	12,276.80	38,606.20	11,706.82
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>

### (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) <b>Gross Credit-impaired Assets to Gross Advances (%)</b>	4.84%	6.59%
(ii) <b>Net Credit-impaired Assets to Gross Advances (%)</b>	1.71%	3.32%
(iii) <b>Net Credit-impaired Assets to Net Advances (%)</b>	1.78%	3.45%
(iv) <b>Movement of Credit-impaired Assets (Gross)</b>		
(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) <b>Movement of Credit-impaired Assets (Net)</b>		
(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) <b>Movement of provisions for Credit-impaired Assets</b>		
(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) <b>Closing balance</b>	<b>11,791.31</b>	<b>10,552.13</b>

## 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 31<sup>st</sup> 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 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> 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
<b>Non-Derivative Financial Liabilities :</b>											
<b>Rupee Borrowings</b>											
<b>Debt Securities</b>											
- 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
<b>Other Borrowings</b>											
- 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
<b>Subordinated Liabilities</b>											
- 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
<b>Foreign Currency Borrowings</b>											
<b>Debt Securities</b>											
- 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
<b>Other Borrowings</b>											
- 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
<b>Derivative Liabilities :</b>											
<b>Interest rate swaps</b>											
<b>Currency swaps</b>	-	-	-	-	-	-	29.88	343.06	30.71	-	403.65
<b>Others -</b>									16.48	104.60	121.08
<b>Reverse cross currency swap</b>	-	-	-	-	-	-	-	-	19.67	258.66	278.33
<b>Seagull Option</b>	-	-	24.92	18.33	-	-	-	-	-	-	43.25



## NOTES TO ACCOUNTS

(₹ in Crores)	As at 31 <sup>st</sup> 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
<b>Non-Derivative Financial Liabilities :</b>												
<b>Rupee Borrowings</b>												
<b>Debt Securities</b>												
- 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	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
<b>Other Borrowings</b>												
- 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	83.73	130.49	352.45	383.51	1,107.43	3,565.31	2,027.49	3,708.64	11,618.06
<b>Subordinated Liabilities</b>												
- Principal	-	-	-	-	-	-	-	-	-	2,500.00	2,151.20	4,651.20
- Interest	-	-	-	-	201.50	-	-	192.96	788.93	587.95	772.38	2,543.72
<b>Foreign Currency Borrowings</b>												
<b>Debt Securities</b>												
- 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
<b>Other Borrowings</b>												
- 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	20.98	36.08	46.93	223.97	236.64	518.73	201.15	17.93	1,326.52
<b>Derivative Liabilities :</b>												
<b>Interest rate swaps</b>												
Others -	-	-	-	-	-	-	-	58.63	190.17	337.26	-	586.06
<b>Reverse cross currency swap</b>												
	-	-	-	-	-	-	-	-	-	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:

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 <sup>st</sup> 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 <sup>st</sup> 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

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 <sup>st</sup> 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	-	-	-	-	-	-	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											
Other Borrowings											
Foreign Currency Assets											
Foreign Currency Liabilities (other than Borrowings)											

## NOTES TO ACCOUNTS

As at 31 <sup>st</sup> 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
<b>Loan Assets</b>	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	<b>312,083.50</b>
<b>Investments</b>											
<b>Rupee Borrowings</b>											
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	<b>197,912.66</b>
Other Borrowings	-	-	502.00	600.00	826.81	2,159.86	1,566.76	11,453.05	5,820.02	10,050.02	<b>32,978.52</b>
Subordinated Liabilities				168.47	-	-	2.11	-	2,499.33	2,149.74	<b>4,819.65</b>
<b>Foreign Currency Borrowings</b>											
Debt Securities	-	-	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	<b>22,064.56</b>
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	<b>28,565.09</b>
<b>Foreign Currency Assets</b>	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Foreign Currency Liabilities (other than Borrowings)</b>	-	-	-	-	-	-	-	-	-	-	<b>-</b>

## 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
<b>Expiring within one year (cash credit and other facilities)</b>		
- Fixed rate	-	-
- Floating rate	5,547.28	8,775.00
<b>Expiring beyond one year (loans/ borrowings)</b>		
- 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 <sup>nd</sup> Series	5,063.00	1.57%	5,063.00	1.81%
8 Institutional Bonds- 203 <sup>rd</sup> 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 <sup>th</sup> Series	-	-	4,300.00	1.54%
12 54EC- Series XI (2017-18)	-	-	9,565.23	3.41%
13 Institutional Bonds- 105 <sup>th</sup> Series	-	-	3,922.20	1.40%
<b>Total</b>	<b>64,085.53</b>	<b>19.87%</b>	<b>62,738.35</b>	<b>22.40%</b>

#### (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
<b>1 Debt Securities</b>				
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%
<b>Sub-Total (1)</b>	<b>230,570.31</b>	<b>64.62%</b>	<b>209,772.72</b>	<b>67.36%</b>

## 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
<b>2 Borrowings (Other than Debt Securities)</b>				
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%
<b>Sub-Total (2)</b>	<b>82,278.92</b>	<b>23.06%</b>	<b>57,635.69</b>	<b>18.51%</b>
<b>3 Subordinated Liabilities</b>	<b>6,650.70</b>	<b>1.86%</b>	<b>4,651.20</b>	<b>1.49%</b>
<b>Total (1+2+3)</b>	<b>319,499.93</b>	<b>89.54%</b>	<b>272,059.61</b>	<b>87.36%</b>

## (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:



## NOTES TO ACCOUNTS

HQLA Items	% of Overall
<b>Assets without Haircut</b>	<b>82%</b>
- Cash and Cash Equivalents	23%
- G-Sec and SDLs	59%
<b>Assets with 15% Haircut</b>	<b>18%</b>
- Corporate Bonds	18%
<b>Assets with 50% Haircut</b>	-
<b>Total</b>	<b>100%</b>

### 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)*
<b>High Quality Liquid Assets</b>				
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
<b>Cash Outflows</b>				
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
<b>Total Cash Outflows</b>	<b>13,914.64</b>	<b>16,001.84</b>	<b>12,388.75</b>	<b>14,247.06</b>
<b>Cash Inflows</b>				
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
<b>Total Cash Inflows (restricted to 75% of Outflows on every observation day)</b>	<b>19,287.63</b>	<b>11,760.86</b>	<b>13,079.11</b>	<b>9,809.33</b>
<b>Total Adjusted Value</b>				
Total HQLA		2,120.54		2,221.13
Total Net Cash Outflows		4,240.98		4,437.73
<b>Liquidity Coverage Ratio</b>		<b>50.00%</b>		<b>50.05%</b>

\*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 31<sup>st</sup> 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	-
<b>Total</b>	<b>52,815.53</b>	<b>27,599.90</b>	<b>25,215.63</b>	<b>51,351.69</b>	<b>32,049.49</b>	<b>19,302.20</b>

### 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.

## NOTES TO ACCOUNTS

### Impact of Hedge Accounting (a) Effects of hedge accounting on balance sheet

As at 31 <sup>st</sup> 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)
			Assets	Liabilities						
Type of hedge and risks										
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
(ii)	- Call Spread	USD 250	77.74	-	Mar 2024	1:1	71.94	(93.51)		93.51
	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
(iii)	Principal only swaps	SGD 72.08	23.86	-	Mar 2025	1:1	1.44%	21.54		(21.54)
		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

## NOTES TO ACCOUNTS

As at 31 <sup>st</sup> March 2020		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	Notional amount (in Mn)	Assets	Liabilities					
<b>Cash flow hedge</b>								
<i>Foreign exchange and interest rate risk</i>								
(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)
- Call Spread	JPY 10,327.10	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
(ii) Cross currency swaps	USD 250	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
	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

## NOTES TO ACCOUNTS

### (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
<b>Year ended 31-03-2021</b>				
<b>Cash flow hedge</b>				
-Currency risk and interest rate risk	(1,065.12)	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost
<b>Year ended 31-03-2020</b>				
<b>Cash flow hedge</b>				
-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
<b>Effective portion of Cash Flow Hedges</b>		
<b>Opening Balance</b>	(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
<b>Closing Balance</b>	<b>(165.61)</b>	<b>(226.08)</b>
<b>Costs of hedging reserve</b>		
<b>Opening Balance</b>	<b>(204.75)</b>	-
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
<b>Closing Balance</b>	<b>41.45</b>	<b>(204.75)</b>

### 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 31<sup>st</sup> 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
<b>INR Borrowings</b>	35,738.58	-	35,738.58	19,899.78	-	19,899.78
<b>USD \$</b>	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
<b>JPY ¥</b>	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	-
<b>SGD \$</b>	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
<b>Total INR Equivalent</b>	<b>57,866.10</b>	<b>13,058.37</b>	<b>44,807.73</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>

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:

## NOTES TO ACCOUNTS

(₹ 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
<b>Total</b>	<b>22,127.52</b>	<b>3,010.35</b>

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR will cease to be published after 31<sup>st</sup> 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)

## NOTES TO ACCOUNTS

### 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

## NOTES TO ACCOUNTS

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. 1<sup>st</sup> March 2020 to 31<sup>st</sup> 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 31<sup>st</sup> March 2021. Accordingly, interest income for the quarter and year ended 31<sup>st</sup> 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 17<sup>th</sup> September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12<sup>th</sup> 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 16<sup>th</sup> June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31<sup>st</sup> 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 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020.

#### 50.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2021 (As at 31<sup>st</sup> 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 mutual 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 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 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)	-	-
<b>Total Exposure to Capital Market</b>	<b>671.93</b>	<b>744.25</b>

## NOTES TO ACCOUNTS

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
<b>(i) Concentration of Advances</b>		
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%
<b>(ii) Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	342,453.58	288,397.43
<b>Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers</b>	<b>62.28%</b>	<b>59.46%</b>
<b>(iii) Concentration of Credit-impaired Assets</b>		
<b>Total Exposure to the top four Credit-impaired Assets (₹ in Crores)</b>	<b>8,489.02</b>	<b>8,618.52</b>

### 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
<b>Financial assets measured at fair value</b>			
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
<b>Financial assets measured at amortised cost</b>			
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
<b>Total</b>		<b>396,733.04</b>	<b>343,278.94</b>
<b>Financial liabilities measured at fair value</b>			
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
<b>Financial liabilities measured at amortised cost</b>			
<b>Debt securities</b>	<b>17</b>	<b>237,328.06</b>	<b>219,977.22</b>
<b>Borrowings (other than debt securities)</b>	<b>18</b>	<b>85,507.36</b>	<b>61,543.61</b>
<b>Subordinated liabilities</b>	<b>19</b>	<b>6,946.89</b>	<b>4,819.65</b>
<b>Other financial liabilities</b>	<b>20</b>	<b>25,943.11</b>	<b>23,562.70</b>
<b>Total</b>		<b>356,571.73</b>	<b>311,228.91</b>

\* Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.



## NOTES TO ACCOUNTS

### 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
<b>Investments at FVOCI</b>								
Equity investments	430.13	-	-	430.13	507.43	6.12	-	513.55
<b>Investments at FVTPL</b>								
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
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	2,311.22	-	2,311.22	-	3,318.85	-	3,318.85
<b>Liability at FVTPL</b>								
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 23<sup>rd</sup> 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

## 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.

### 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 <sup>st</sup> 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 <sup>st</sup> 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

## NOTES TO ACCOUNTS

### 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
<b>Financial assets</b>				
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
<b>Total</b>	<b>393,782.04</b>	<b>395,371.53</b>	<b>337,888.01</b>	<b>336,912.61</b>
<b>Financial liabilities</b>				
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
<b>Total</b>	<b>355,725.42</b>	<b>354,728.26</b>	<b>309,903.18</b>	<b>302,578.38</b>

### 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 31<sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> 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 2<sup>nd</sup> June 2020)

Gadag Transmission Limited (incorporated on 2<sup>nd</sup> June 2020)

## NOTES TO ACCOUNTS

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 4<sup>th</sup> August 2020)

MP Power Transmission Package-II Limited (incorporated on 20th August 2020)

Ramgarh new Transmission Limited (incorporated on 26<sup>th</sup> June 2020 and transferred to Power Grid Corporation of India Limited on 9<sup>th</sup> 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 4<sup>th</sup> November, 2020)

SJVN Limited (Related Party since 4<sup>th</sup> November, 2020)

Kholongchhu Hydro Energy Limited (Related Party since 4<sup>th</sup> 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 <sup>st</sup> May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) upto 31 <sup>st</sup> 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 <sup>th</sup> November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f. 4 <sup>th</sup> November, 2020
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director upto 2 <sup>nd</sup> 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 13<sup>th</sup> May, 2020)

Bhadla Sikar Transmission Limited (through PFFCL- incorporated on 17<sup>th</sup> May, 2020)

Bijawar-Vidhrbha Transmission Limited (through PFFCL- under approval for closure)

## NOTES TO ACCOUNTS

Bikaner-II Bhiwadi Transco Limited (through PFFCL- incorporated on 12<sup>th</sup> May, 2020, sold on 25<sup>th</sup> March 2021)  
Karur Transmission Limited (through PFFCL- incorporated on 20<sup>th</sup> November, 2019)  
Khetri-Narela Transmission Limited (through PFFCL- incorporated on 15<sup>th</sup> May, 2020)  
Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18<sup>th</sup> November, 2019)  
Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)  
Sikar-II Aligarh Transmission Limited (through PFFCL- incorporated on 17<sup>th</sup> 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 23<sup>rd</sup> 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
<b>Power Finance Corporation Ltd.</b>		
Loan Repayable on Demand	3,000.49	-
<b>RECPDCL</b>		
Debt Securities	57.44	10.44
Other Financial Assets	4.16	2.73
Other Financial Liabilities	5.57	3.77
<b>REC TPCL</b>		
Debt Securities	-	47.00
Other Financial Assets	-	1.26
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	8.70
Debt Securities- Holding Company	19.90	19.90
<b>Other financial liabilities- GOI Serviced Bonds</b>	<b>29.30</b>	<b>29.30</b>
Other financial liabilities- Others	9.00	0.38
Other financial assets	-	4.21
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	4.10	4.10
Key Managerial Personnel		
Debt Securities	0.15	0.10
Staff Loans & Advances	0.28	0.33
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.12	0.12
<b>REC Foundation</b>		
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
<b>Power Finance Corporation Ltd.</b>		
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	-
<b>REC PDCL</b>		
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
<b>REC TPCL</b>		
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
<b>EESL</b>		
Investment in Equity	-	71.60
Dividend Income	-	2.10
<b>Post-employment Benefits Plan Trusts</b>		
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
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Finance Costs - Interest Paid	0.38	0.33
<b>Key Managerial Personnel</b>		
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
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	-	0.01
<b>REC Foundation</b>		
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
<b>Total</b>	<b>3.21</b>	<b>2.45</b>

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.

## NOTES TO ACCOUNTS

### 54 Disclosures in respect of Ind AS 116 'Leases'

During the year ended 31<sup>st</sup> 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



## NOTES TO ACCOUNTS

### 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
<b>Opening Balance</b>	36.82	42.41	35.47	44.15	1.35	(1.74)
<b>Included in profit or loss</b>						
Current service Cost	1.93	2.27	-	-	1.93	2.27
<b>Interest cost / income</b>	<b>2.28</b>	<b>2.95</b>	<b>2.38</b>	<b>3.40</b>	<b>-0.10</b>	<b>(0.45)</b>
<b>Total amount recognised in profit or loss</b>	<b>4.21</b>	<b>5.22</b>	<b>2.38</b>	<b>3.40</b>	<b>1.83</b>	<b>1.82</b>
<b>Included in OCI</b>						
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
<b>Total amount recognised in OCI</b>	<b>0.09</b>	<b>0.93</b>	<b>(0.33)</b>	<b>(0.41)</b>	<b>0.42</b>	<b>1.34</b>
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)
<b>Closing Balance</b>	<b>32.44</b>	<b>36.82</b>	<b>30.25</b>	<b>35.47</b>	<b>2.19</b>	<b>1.35</b>

### 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
<b>Net Defined Benefit (Asset)/ Liability</b>	<b>7.63</b>	<b>(4.22)</b>

### 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
<b>Opening Balance</b>	136.42	129.77	140.64	97.99	(4.22)	31.78
<b>Included in profit or loss</b>						
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
<b>Total amount recognised in profit or loss</b>	<b>11.84</b>	<b>12.53</b>	<b>9.45</b>	<b>7.55</b>	<b>2.39</b>	<b>4.98</b>
<b>Included in OCI</b>						
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)
<b>Total amount recognised in OCI</b>	<b>14.74</b>	<b>3.53</b>	<b>1.64</b>	<b>3.32</b>	<b>13.10</b>	<b>0.21</b>
Contribution by employers	-	-	0.08	31.78	(0.08)	(31.78)
Benefits paid	(11.31)	(9.41)	(7.75)	-	(3.56)	(9.41)
<b>Closing Balance</b>	<b>151.69</b>	<b>136.42</b>	<b>144.06</b>	<b>140.64</b>	<b>7.63</b>	<b>(4.22)</b>

**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
<b>Present value of Defined benefit obligation</b>		
- 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
<b>Opening Balance</b>	<b>4.25</b>	<b>3.69</b>
<b>Included in profit or loss</b>		
Current service Cost	0.20	0.16
Interest cost / income	0.25	0.26
<b>Total amount recognised in profit or loss</b>	<b>0.45</b>	<b>0.42</b>
<b>Included in OCI</b>		
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
<b>Total amount recognised in OCI</b>	<b>0.75</b>	<b>1.33</b>
Benefits paid	(1.32)	(1.19)
<b>Closing Balance</b>	<b>4.13</b>	<b>4.25</b>

## 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
<b>Cash &amp; Cash Equivalents</b>	0.01	0.93	1.90	3.40
<b>Unquoted Plan Assets</b>				
Corporate Bonds/ Debentures	-	-	142.16	137.24
Others - Insurer managed funds & T-bills	30.24	34.54	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>30.24</b>	<b>34.54</b>	<b>142.16</b>	<b>137.24</b>
<b>Total</b>	<b>30.25</b>	<b>35.47</b>	<b>144.06</b>	<b>140.64</b>

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
<b>Method Used</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>
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
<b>Discount rate (0.50% movement)</b>				
- 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
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.14	(0.13)	0.14	(0.11)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.16	(0.14)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	10.83	(10.44)	9.74	(9.39)
<b>Medical Cost (10% movement)</b>				
- 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
<b>Total</b>	<b>59.78</b>	<b>60.58</b>	<b>369.82</b>	<b>288.69</b>	<b>7.38</b>	<b>9.44</b>

### 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 23<sup>rd</sup> 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
<b>Total</b>	<b>34,576.53</b>	<b>29,538.19</b>



## 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
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(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
<b>Total - Financial Assets (1)</b>	<b>40,202.01</b>	<b>356,749.23</b>	<b>35,817.34</b>	<b>307,679.80</b>
<b>(2) Non-Financial Assets</b>				
(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
<b>Total - Non-Financial Assets (2)</b>	<b>72.66</b>	<b>3,209.29</b>	<b>62.89</b>	<b>2,927.56</b>
<b>Total ASSETS (1+2)</b>	<b>40,274.67</b>	<b>359,958.52</b>	<b>35,880.23</b>	<b>310,607.36</b>
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(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
<b>Total - Financial Liabilities (1)</b>	<b>74,773.29</b>	<b>281,798.44</b>	<b>70,132.93</b>	<b>241,095.98</b>
<b>(2) Non-Financial Liabilities</b>				
(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
<b>Total - Non-Financial Liabilities (2)</b>	<b>161.67</b>	<b>73.42</b>	<b>138.55</b>	<b>43.57</b>
<b>Total LIABILITIES (1+2)</b>	<b>74,934.96</b>	<b>281,871.86</b>	<b>70,271.48</b>	<b>241,139.55</b>

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 31<sup>st</sup> 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 31<sup>st</sup> 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: 28<sup>th</sup> 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 31<sup>st</sup> 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
<b>LIABILITIES SIDE:</b>				
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
<b>ASSETS SIDE :</b>			
(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 :			
<b>Current Investments:</b>			
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:			
<b>Quoted:</b>			
(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
<b>As at 31-03-2021</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>Total</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>As at 31-03-2020</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>235,470.39</b>	<b>74,958.25</b>
<b>Total</b>	<b>235,470.39</b>	<b>74,958.25</b>

### (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)
<b>1. Related Parties</b>				
(a) Subsidiaries	0.10	0.10	0.10	0.10
(b) Companies in the same Group	218.10	218.10	218.10	218.10
<b>2. Other than Related Parties</b>	<b>1,691.57</b>	<b>1,691.57</b>	<b>2,095.01</b>	<b>2,095.01</b>
<b>Total</b>	<b>1,909.77</b>	<b>1,909.77</b>	<b>2,313.21</b>	<b>2,313.21</b>

### (6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	18,256.93	21,255.55
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	6,465.62	10,703.42
<b>(iii) Asset acquired in satisfaction of debts</b>	<b>349.28</b>	<b>54.60</b>

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: 28<sup>th</sup> 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.	<p><b>Impairment allowance of Loan Assets –</b> (Refer Note No. 47.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.10)</p> <p>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.</p> <p>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.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>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.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>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.</p> <p>Verification of loan assets with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment.</p> <p>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.</p> <p>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.</p> <p>We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>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.</p> <p>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.</p> <p>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.</p>

S. No.	Key Audit Matter	Auditor's Response
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>(Refer Note No. 9 to the standalone Ind AS Financial Statements read with accounting policy No. 3.9)</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109.</p> <p>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.</p> <p>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.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>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.</p> <p>Verification of fair value of derivative in terms of Ind AS 109.</p> <p>Testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31st March 2021 from the Company.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>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.</p> <p>Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income.</p> <p>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.</p>

S. No.	Key Audit Matter	Auditor's Response
3.	<p><b>Modified audit procedures carried out in light of COVID-19 outbreak</b></p> <p>(Refer Note No. 49 to the standalone Ind AS Financial Statements)</p> <p>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.</p> <p>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.</p> <p>We have identified such modified audit procedures as a key audit matter.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>In scenario of lockdown and severe spread of the pandemic, the company facilitated carrying out audit remotely as physical access was restricted.</p> <p>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.</p> <p>We modified our audit procedures as follows :</p> <ol style="list-style-type: none"> <li>Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails.</li> <li>Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels.</li> <li>Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials.</li> <li>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.</li> <li>Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company.</li> <li>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.</li> </ol>

#### 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 : 28<sup>th</sup> 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
<b>Total</b>		<b>10.64</b>	<b>10.58</b>	<b>0.06</b>		

- (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 : 28<sup>th</sup> 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
<b>A.</b>	<b>Directions</b>		
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 : 28<sup>th</sup> 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 : 28<sup>th</sup> 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 31<sup>ST</sup> 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 : 28<sup>th</sup> 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 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31-03-2021	As at 31-03-2020
<b>ASSETS</b>				
(1)	<b>Financial Assets</b>			
(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
	<b>Total - Financial Assets (1)</b>		<b>397,259.16</b>	<b>343,715.01</b>
(2)	<b>Non-Financial Assets</b>			
(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
	<b>Total - Non-Financial Assets (2)</b>		<b>3,593.66</b>	<b>3,305.54</b>
(3)	<b>Assets classified as held for sale</b>	18	<b>14.05</b>	<b>9.53</b>
	<b>Total ASSETS (1+2+3)</b>		<b>400,866.87</b>	<b>347,030.08</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
(1)	<b>Financial Liabilities</b>			
(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
	<b>Total - Financial Liabilities (1)</b>		<b>356,853.53</b>	<b>311,442.65</b>
(2)	<b>Non-Financial Liabilities</b>			
(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
	<b>Total - Non-Financial Liabilities (2)</b>		<b>249.33</b>	<b>190.32</b>
(3)	<b>Liabilities directly associated with assets classified as held for sale</b>	18	<b>0.08</b>	<b>0.68</b>
(4)	<b>EQUITY</b>			
(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
	<b>Total - Equity (4)</b>		<b>43,763.93</b>	<b>35,396.43</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>		<b>400,866.87</b>	<b>347,030.08</b>
<b>Company Overview and Significant Accounting Policies</b>		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 : 28<sup>th</sup> May 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Revenue from Operations</b>			
(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
<b>I.</b>	<b>Total Revenue from Operations (i to v)</b>		<b>35,552.68</b>	<b>29,903.93</b>
<b>II.</b>	<b>Other Income</b>	<b>34</b>	<b>22.72</b>	<b>77.27</b>
<b>III.</b>	<b>Total Income (I+II)</b>		<b>35,575.40</b>	<b>29,981.20</b>
	<b>Expenses</b>			
(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
<b>IV.</b>	<b>Total Expenses (i to ix)</b>		<b>24,793.84</b>	<b>22,960.36</b>
<b>V.</b>	<b>Profit before Tax (III-IV)</b>		<b>10,781.56</b>	<b>7,020.84</b>
<b>V.</b>	<b>Share of Profit/Loss of Joint Venture accounted for using equity method</b>		<b>(1.97)</b>	<b>9.14</b>
<b>VI.</b>	<b>Profit before Tax (III-IV+V)</b>		<b>10,779.59</b>	<b>7,029.98</b>
<b>VII.</b>	<b>Tax Expense</b>	<b>45</b>		
(i)	Current tax		2,920.97	1,645.06
(ii)	Deferred Tax		(519.62)	412.65
	<b>Total Tax Expense (i+ii)</b>		<b>2,401.35</b>	<b>2,057.71</b>
<b>VIII.</b>	<b>Profit for the period</b>		<b>8,378.24</b>	<b>4,972.27</b>
<b>IX.</b>	<b>Other comprehensive Income/(Loss)</b>			
(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
	<b>Sub-Total (i)</b>		<b>149.80</b>	<b>(119.08)</b>
(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
	<b>Sub-Total (ii)</b>		<b>307.96</b>	<b>(434.77)</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>		<b>457.76</b>	<b>(553.85)</b>
<b>X.</b>	<b>Total comprehensive Income for the period (VIII+IX)</b>		<b>8,836.00</b>	<b>4,418.42</b>
<b>XI.</b>	<b>Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	<b>46</b>		
(1)	For continuing operations		42.42	25.18
(2)	For continuing and discontinued operations		42.42	25.18
	<b>Company Overview and Significant Accounting Policies</b>	<b>1 to 5</b>		

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 : 28<sup>th</sup> May 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)															
A. Equity share capital															
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 27 for detail															
B. Instruments entirely equity in nature															
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					-									
C. Other Equity															
Particulars	Reserves & Surplus										Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	FVOCI- Instru- ments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	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 Fund u/s 45-IC of Reserve Bank of India Act, 1934	Debiture Redemption Reserve	Securities Premium Account	Capital Re- serve	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Impair- ment Reserve	Retained Earnings					
Balance as at 31 <sup>st</sup> 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)	(204.75)	(551.70)
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	4,970.00	(3.94)	(116.81)	(226.08)	(204.75)	4,418.42
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to/ (from) Retained Earnings	1,522.32	336.52	978.00	49.15	-	-	-	1,745.69	793.29	(3,679.28)	-	-	-	-	-
Transferred to General Reserve	-	(378.41)	-	(1,367.28)	-	-	-	-	-	(86.19)	-	86.19	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instru- ment (net of taxes)	-	-	-	-	-	-	(1,630.51)	-	-	-	-	-	-	-	(1,630.51)
Foreign Currency Translation Loss on long term monetary items during the year	-	-	-	-	-	4.70	-	-	-	-	-	-	-	-	4.70
Gain on increase in share in EESL	-	-	-	-	-	-	675.95	-	-	-	-	-	-	-	675.95
Amortisation during the year	-	-	-	-	-	4.70	(954.56)	1,745.69	793.29	(3,765.47)	-	86.19	-	-	(949.86)
Total- Other adjustments	1,522.32	(41.89)	978.00	(1,318.13)	-	4.70	(954.56)	1,745.69	793.29	(2,172.41)	-	-	-	-	(2,172.41)
Dividends	-	-	-	-	-	-	-	-	-	(446.06)	-	-	-	-	(446.06)
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	(2,618.47)	-	-	-	-	(2,618.47)
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)	(204.75)	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	246.20	468.43
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	8,367.52	1.29	160.52	60.47	246.20	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	41,230.61
Balance as at 31 <sup>st</sup> March 2021	-	-	-	-	-	-	-	-	-	4,606.01	-	-	-	-	-

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 O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No.: 092656

Place : New Delhi  
Date : 28<sup>th</sup> May 2021

For and on behalf of the Board

Ajoy Choudhury  
Director (Finance)  
DIN - 006629871

J.S. Amitabh  
ED & Company Secretary

Sanjay Malhotra  
Chairman & Managing Director  
DIN - 00992744



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021

(₹ in Crores)

PARTICULARS	Year Ended 31.03.2021		Year Ended 31.03.2020	
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	10,779.59		7,029.98	
<b>Adjustments for:</b>				
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)	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>13,546.02</b>		<b>11,018.50</b>	
<b>Inflow / (Outflow) on account of :</b>				
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	
<b>Cash flow from Operations</b>	<b>(40,827.86)</b>		<b>(30,680.89)</b>	
1. Income Tax Paid (including TDS)	(2,696.20)		(1,777.35)	
2. Income Tax refund	11.73		16.67	
<b>Net Cash Flow from Operating Activities</b>		<b>(43,512.33)</b>		<b>(32,441.57)</b>
<b>B. Cash Flow from Investing Activities</b>				
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	
<b>Net Cash Flow from Investing Activities</b>		<b>860.52</b>		<b>(148.91)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 (CONTD.)**

(₹ in Crores)

PARTICULARS	Year Ended 31.03.2021		Year Ended 31.03.2020	
<b>C. Cash Flow from Financing Activities</b>				
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)	
<b>Net Cash flow from Financing Activities</b>		<b>42,113.34</b>		<b>33,926.20</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>(538.47)</b>		<b>1,335.72</b>
Cash & Cash Equivalents as at the beginning of the year		<b>1,717.71</b>		<b>381.99</b>
Cash & Cash Equivalents as at the end of the year		<b>1,179.24</b>		<b>1,717.71</b>

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
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,179.24</b>	<b>1,717.71</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> 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	
<b>Year ended 31-03-2021</b>						
Rupee Debt Securities	194,964.01	15,499.66	657.70	-	87.34	<b>211,208.71</b>
Commercial Paper	2,889.68	(2,925.00)	-	-	35.32	<b>-</b>
Rupee Term Loans/ WCDL	32,983.45	26,270.47	27.44	-	-	<b>59,281.36</b>
Foreign Currency Debt Securities & other Borrowings	50,629.65	2,884.39	16.81	(1,392.24)	147.74	<b>52,286.35</b>
Subordinated Liabilities	4,819.65	1,999.50	128.90	-	(1.16)	<b>6,946.89</b>
<b>Total</b>	<b>286,286.44</b>	<b>43,729.02</b>	<b>830.85</b>	<b>(1,392.24)</b>	<b>269.24</b>	<b>329,723.31</b>
<b>Year ended 31-03-2020</b>						
Rupee Debt Securities	172,899.12	21,293.39	729.78	-	41.72	<b>194,964.01</b>
Commercial Paper	7,696.32	(5,270.30)	-	-	463.66	<b>2,889.68</b>
Rupee Term Loans/ WCDL	24,884.25	7,904.65	194.55	-	-	<b>32,983.45</b>
Foreign Currency Debt Securities & Bonds	33,950.25	12,617.57	73.78	3,930.12	57.93	<b>50,629.65</b>
Subordinated Liabilities	4,818.76	-	0.61	-	0.28	<b>4,819.65</b>
<b>Total</b>	<b>244,248.70</b>	<b>36,545.31</b>	<b>998.72</b>	<b>3,930.12</b>	<b>563.59</b>	<b>286,286.44</b>

\* 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 : 28<sup>th</sup> 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 31<sup>st</sup> March 2021 were authorized and approved for issue by the Board of Directors on 28<sup>th</sup> 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 01<sup>st</sup> 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
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>1,179.24</b>	<b>1,717.71</b>

\* includes High Quality Liquid Assets (HQLAs) of ₹ 262.00 crores (previous year Nil) maintained as per RBI Circular dated November 4<sup>th</sup>, 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
<b>Total (Other Bank Balances)</b>	<b>2,223.58</b>	<b>2,257.45</b>
- 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 31<sup>st</sup> 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)
	<b>105.33</b>	<b>72.61</b>
(B) Trade receivables which have significant increase in credit risk	55.32	52.01
Less: Allowance for Expected Credit Loss	(20.58)	(15.55)
	<b>34.74</b>	<b>36.46</b>
(C) Credit impaired receivables	46.80	33.60
Less: Allowance for Expected Credit Loss	(46.80)	(33.60)
	-	-
<b>Total Trade Receivables (A+B+C)</b>	<b>140.07</b>	<b>109.07</b>

## 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
<b>(i) Currency Derivatives</b>						
- 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	-
<b>Sub-total (i)</b>	<b>27,599.89</b>	<b>1,971.62</b>	<b>164.33</b>	<b>32,049.49</b>	<b>3,177.14</b>	<b>-</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	25,035.68	339.60	403.65	29,056.52	141.71	586.06
<b>Sub-total (ii)</b>	<b>25,035.68</b>	<b>339.60</b>	<b>403.65</b>	<b>29,056.52</b>	<b>141.71</b>	<b>586.06</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,547.00	-	278.33	4,347.00	-	739.67
<b>Total - Derivative Financial Instruments (i + ii+iii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

#### 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
<b>(i) Cash Flow Hedging</b>						
- 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	-
<b>- Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	13,055.84	-	318.18	9,498.62	5.24	134.45
<b>Sub-total (i)</b>	<b>38,131.97</b>	<b>1,758.79</b>	<b>482.51</b>	<b>31,370.65</b>	<b>1,766.92</b>	<b>437.59</b>
<b>(ii) Undesignated Derivatives</b>	<b>19,050.60</b>	<b>552.43</b>	<b>363.80</b>	<b>34,082.36</b>	<b>1,551.93</b>	<b>888.14</b>
<b>Total - Derivative Financial Instruments (i+ii)</b>	<b>57,182.57</b>	<b>2,311.22</b>	<b>846.31</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>

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
<b>(A) Loans</b>				
(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
<b>Total (A) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (A) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(B) Security Details</b>				
(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
<b>Total (B) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (B) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(I) Loans in India</b>				
(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
<b>Total (C)(I) - Gross Loans</b>	<b>377,418.15</b>	<b>378,467.60</b>	<b>322,424.68</b>	<b>324,079.54</b>
Less: Impairment loss allowance	(13,206.11)	(13,206.11)	(11,996.04)	(11,996.04)
<b>Total (C)(I) - Net Loans</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>
<b>(C)(II) Loans outside India</b>	-	-	-	-
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	-	-	-	-
<b>Total (C) (I) and (C) (II)</b>	<b>364,212.04</b>	<b>365,261.49</b>	<b>310,428.64</b>	<b>312,083.50</b>

#### 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
<b>Net Loans</b>	<b>365,261.49</b>	<b>312,083.50</b>
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
<b>Gross Loans</b>	<b>377,418.15</b>	<b>322,424.68</b>

## 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
<b>Opening Balance</b>	<b>11,996.04</b>	<b>11,497.93</b>
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)
<b>Closing Balance</b>	<b>13,206.11</b>	<b>11,996.04</b>

**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 4<sup>th</sup> 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 4<sup>th</sup> 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 23<sup>rd</sup> 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 31 <sup>st</sup> 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 31 <sup>st</sup> 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
<b>Investment in Joint Ventures</b>		
- Energy Efficiency Services Ltd. (21,81,00,000 Equity shares of ₹ 10 each)	257.74	258.47
<b>Total</b>	<b>257.74</b>	<b>258.47</b>



## 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:**

- 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 10.3 for further details.

**(ii) During the previous year:**

- Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> 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
<b>(F) Other Amounts Recoverable</b>	152.13	164.08
Less: Impairment loss allowance (Refer Note no 12.2)	(88.53)	(30.85)
<b>Other Amounts Recoverable (Net)</b>	<b>63.60</b>	<b>133.23</b>
<b>Total (A to F)</b>	<b>24,419.88</b>	<b>22,101.32</b>

### 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
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	7.39	7.29
<b>Sub-total (A)</b>	<b>7.39</b>	<b>7.29</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.28	0.33
- To Others	32.27	26.99
<b>Sub-total (B)</b>	<b>32.55</b>	<b>27.32</b>
<b>Total (A+B)</b>	<b>39.94</b>	<b>34.61</b>

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
<b>Opening balance</b>	<b>30.85</b>	<b>26.69</b>
Add: Created during the year	64.35	5.78
Less: Reversed/ Adjusted during the year	(6.67)	(1.62)
<b>Closing balance</b>	<b>88.53</b>	<b>30.85</b>

### 13 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Advance Income-tax &amp; TDS</b>	<b>236.26</b>	<b>1,889.71</b>
Less: Provision for Income Tax	(72.35)	(1,613.59)
<b>Sub-Total (1)</b>	<b>163.91</b>	<b>276.12</b>
Tax Deposited on income tax demands under contest	5.26	201.11
Provision for income tax for demand under contest	(0.25)	(67.29)
<b>Sub-Total (2)</b>	<b>5.01</b>	<b>133.82</b>
<b>Current tax assets (Net)</b>	<b>168.92</b>	<b>409.94</b>

### 14 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Deferred Tax Assets (Net)</b>	<b>2,461.03</b>	<b>2,050.57</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 14.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2021 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Los	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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	-	-	-	-	-
<b>Total Deferred Tax Assets</b>	<b>2,751.06</b>	<b>165.32</b>	<b>(109.15)</b>	<b>-</b>	<b>2,807.23</b>
<b>Deferred Tax Liabilities</b>					
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)	-	-	-
<b>Total Deferred Tax Liabilities</b>	<b>700.49</b>	<b>(354.30)</b>	<b>-</b>	<b>-</b>	<b>346.20</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,050.57</b>	<b>519.62</b>	<b>(109.15)</b>	<b>-</b>	<b>2,461.03</b>

### Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
<b>Total Deferred Tax Assets</b>	<b>2,976.73</b>	<b>(382.96)</b>	<b>157.29</b>	<b>-</b>	<b>2,751.06</b>
<b>Deferred Tax Liabilities</b>					
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
<b>Share of undistributed profit of subsidiaries consolidated</b>	<b>56.35</b>	<b>(56.35)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Share of undistributed profit of JV accounted for using equity method</b>	<b>7.48</b>	<b>(7.48)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Others	-	12.57	-	-	12.57
<b>Total Deferred Tax Liabilities</b>	<b>670.80</b>	<b>29.69</b>	<b>-</b>	<b>-</b>	<b>700.49</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,305.93</b>	<b>(412.65)</b>	<b>157.29</b>	<b>-</b>	<b>2,050.57</b>



## 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 &amp; Equipment and Intangible Assets

Particulars	Property, Plant & Equipment										(₹ in Crores)		
	Freehold Land	Right-of-Use Land	Buildings	Right-of-Use Building	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Leasehold Improvements	Total	Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
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 31<sup>st</sup> 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
<b>Gross Carrying Value</b>	-	4.59	68.31	4.59
<b>Net Carrying Value</b>	-	2.07	68.31	2.14

**16.2** As on 31<sup>st</sup> 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
<b>Gross Carrying Value</b>	3.30	3.45
<b>Net Carrying Value</b>	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 31<sup>st</sup> 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
<b>Unsecured, considered good</b>		
(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
<b>Total (A to H)</b>	<b>102.67</b>	<b>132.37</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 18. Disposal Group

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Assets classified as held for sale</b>		
(A) Investment in associates	0.60	0.20
(B) Loans to associates	13.45	9.33
<b>Total (A+B)</b>	<b>14.05</b>	<b>9.53</b>
<b>Liabilities directly associated with assets classified as held for sale</b>		
(C) Payable to associates	0.08	0.68
<b>Total (C)</b>	<b>0.08</b>	<b>0.68</b>
<b>Disposal group -Net assets (A+B-C)</b>	<b>13.97</b>	<b>8.85</b>

#### 18.1 Investments in associates

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Investments in Equity Instruments of associates (fully paid up)</b>		
<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	-
<b>Total</b>	<b>0.60</b>	<b>0.20</b>

#### 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	-
<b>Total</b>	<b>13.45</b>	<b>9.33</b>

## 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
<b>Total</b>	<b>0.08</b>	<b>0.68</b>

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
<b>Trade Payables</b>		
Total outstanding dues of MSMEs	0.01	0.15
Total outstanding dues of creditors other than MSMEs	61.50	46.00
<b>Total</b>	<b>61.51</b>	<b>46.15</b>

### 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
<b>(A) Secured Long-Term Debt Securities</b>				
(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
<b>Sub-total (A)</b>	<b>34,194.56</b>	<b>35,480.11</b>	<b>38,449.30</b>	<b>39,902.00</b>
<b>(B) Unsecured Long-Term Debt Securities</b>				
(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
<b>Sub-total (B)</b>	<b>196,329.38</b>	<b>201,789.00</b>	<b>172,647.29</b>	<b>177,126.57</b>
<b>(C) Unsecured Short-Term Debt Securities</b>				
(i) Commercial Paper	-	-	2,925.00	2,889.68
<b>Sub-total (C)</b>	<b>-</b>	<b>-</b>	<b>2,925.00</b>	<b>2,889.68</b>
<b>Total - Debt Securities (A+B+C)</b>	<b>230,523.94</b>	<b>237,269.11</b>	<b>214,021.59</b>	<b>219,918.25</b>
<b>Debt Securities issued in/ outside India</b>				
(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
<b>Total - Debt Securities</b>	<b>230,523.94</b>	<b>237,269.11</b>	<b>214,021.59</b>	<b>219,918.25</b>

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
<b>123-IIIB Series</b> - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,063.91	1,955.00	2,063.95
<b>123-I Series</b> - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.61	1,515.00	1,615.56
<b>Total - Institutional Bonds</b>	<b>3,470.00</b>	<b>3,679.52</b>	<b>3,470.00</b>	<b>3,679.51</b>

#### (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
<b>Series XIV (2020-21)</b> - 5.75% and 5% Redeemable at par during financial year 2025-26	4,455.48	4,550.70	-	-
<b>Series XIII (2019-20)</b> - 5.75% Redeemable at par during financial year 2024-25	6,157.72	6,415.55	5,759.14	5,907.48
<b>Series XII (2018-19)</b> - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,935.40	6,651.77	6,934.10
<b>Series XI (2017-18)</b> - 5.25% Redeemed at par during financial year 2020-21	-	-	9,565.23	9,940.15
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>17,264.97</b>	<b>17,901.65</b>	<b>21,976.14</b>	<b>22,781.73</b>

#### (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
<b>Series 2015-16 Tranche 1</b>	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				
<b>Series 2015-16 Series 5A</b>	300.00	317.75	300.00	306.98
7.17% Redeemable at par on 23.07.2025	-	-	-	-
<b>Series 2013-14 Tranche 2</b>	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				
<b>Series 2013-14 Series 4A &amp; 4B</b>	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				
<b>Series 2013-14 Tranche 1</b>	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				
<b>Series 2013-14 Series 3A &amp; 3B</b>	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
<b>Series 2012-13 Tranche 2</b>	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				
<b>Series 2012-13 Tranche 1</b>	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				
<b>Series 2012-13 Series 2A &amp; 2B</b>	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				
<b>Series 2011-12</b>	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				
<b>Total - Tax Free Bonds</b>	<b>12,602.97</b>	<b>13,044.23</b>	<b>12,602.97</b>	<b>13,041.35</b>

### (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				
<b>Total - Bond Application Money</b>	<b>856.62</b>	<b>854.71</b>	<b>400.19</b>	<b>399.41</b>

## 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
<b>208 Series</b> - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,627.67	-	-
<b>207 Series</b> - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,644.40	-	-
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.23	3,028.00	3,163.54
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.66	5,063.00	5,315.09
<b>201B Series</b> - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,360.02	-	-
<b>204A Series</b> - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.31	-	-
<b>203A Series</b> - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,142.50	-	-
<b>202A Series</b> - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,649.96	-	-
<b>198B Series</b> - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.70	-	-
<b>197<sup>th</sup> Series</b> - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,989.76	-	-
<b>189<sup>th</sup> Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.85	3,054.90	3,054.80
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.08	1,100.00	1,100.07
<b>192<sup>nd</sup> Series</b> - 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
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	580.40	604.76	290.20	302.31
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,166.39	2,070.90	2,163.58
<b>178<sup>th</sup> Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,168.79	1,097.00	1,167.75
<b>176<sup>th</sup> Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.65	1,600.70	1,735.59
<b>169<sup>th</sup> Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.52	2,554.00	2,621.29
<b>168<sup>th</sup> Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.45	2,552.40	2,626.01
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.99	2,500.00	2,628.20
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.36	2,500.00	2,637.55
<b>156<sup>th</sup> Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,612.72	3,533.00	3,614.64
<b>147<sup>th</sup> Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.44	2,745.00	2,745.34
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.87	3,000.00	3,056.26
<b>140<sup>th</sup> Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.65	2,100.00	2,152.27
<b>205-B Series</b> - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,024.68	-	-
<b>204B Series</b> - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,116.78	-	-
<b>203B Series</b> - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,844.16	-	-
<b>136<sup>th</sup> Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.10	2,585.00	2,671.22
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.61
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.05
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.28	2,396.00	2,452.91
<b>201A Series</b> - 5.90% Redeemable at par on 31.03.2025	900.00	935.50	-	-
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,513.83	2,500.00	2,523.03
<b>131<sup>st</sup> Series</b> - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.22	2,285.00	2,304.14
<b>130<sup>th</sup> Series</b> - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.14	2,325.00	2,493.00
<b>129<sup>th</sup> Series</b> - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.52	1,925.00	2,063.40
<b>128<sup>th</sup> Series</b> - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.67	2,250.00	2,418.53
<b>186B Series</b> - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.78	1,500.00	1,537.86
<b>191B Series</b> - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.18	1,100.00	1,107.13
<b>180-A Series</b> - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,072.68	1,018.00	1,070.52
<b>209 Series</b> - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.62	-	-
<b>205-A Series</b> - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,157.04	-	-
<b>202B Series</b> - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,556.56	-	-
<b>184-B Series STRPP - D</b> - 7.55% Redeemable at par on 26.09.2023**	298.00	309.46	298.00	309.47
<b>200 Series PP-MLD</b> - 5.36% Redeemable at par on 30.06.2023 *	500.00	518.94	-	-
<b>191A Series</b> - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.06	1,100.00	1,106.95
<b>195<sup>th</sup> Series</b> - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.21	-	-
<b>114<sup>th</sup> Series</b> - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.94	4,300.00	4,666.58
<b>188A Series</b> - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.17	1,400.00	1,400.13
<b>159<sup>th</sup> Series</b> - 7.99% Redeemable at par on 23.02.2023	950.00	957.57	950.00	957.40
<b>187<sup>th</sup> Series</b> - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,127.24	2,090.00	2,129.37
<b>185<sup>th</sup> Series</b> - 7.09% Redeemable at par on 13.12.2022	2,759.00	2,816.25	2,759.00	2,816.83
<b>155<sup>th</sup> Series</b> - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.74	1,912.00	1,959.12
<b>111-II Series</b> - 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
<b>152<sup>nd</sup> Series</b> - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.18	1,225.00	1,264.12
<b>184-B Series STRPP-C</b> - 7.55% Redeemable at par on 26.09.2022**	300.00	311.56	300.00	311.56
<b>150<sup>th</sup> Series</b> - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.38	2,670.00	2,775.25
<b>186A Series</b> - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,629.63	2,500.00	2,559.27
<b>107<sup>th</sup> Series</b> - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.56	2,378.20	2,554.46
<b>179<sup>th</sup> Series</b> - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.70	1,000.00	1,065.61
<b>167<sup>th</sup> Series</b> - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.65	2,571.80	2,577.54
<b>198A Series</b> - 6.60% Redeemable at par on 21.03.2022	2,596.00	2,600.39	-	-
<b>173<sup>th</sup> Series</b> - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	2,500.00	2,510.23
<b>132<sup>nd</sup> Series</b> - 8.27% Redeemable at par on 09.03.2022	700.00	750.81	700.00	750.72
<b>145<sup>th</sup> Series</b> - 7.46% Redeemable at par on 28.02.2022	625.00	628.85	625.00	628.97
<b>165<sup>th</sup> Series</b> - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.16	2,171.00	2,207.50
<b>193<sup>th</sup> Series</b> - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,121.46	1,115.00	1,118.70
<b>190B Series</b> - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,502.64	2,489.40	2,511.05
<b>177<sup>th</sup> Series</b> - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.16	1,245.00	1,274.50
<b>141<sup>st</sup> Series</b> - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.03	1,020.00	1,038.00
<b>127<sup>th</sup> Series</b> - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.92	1,550.00	1,664.78
<b>105<sup>th</sup> Series</b> - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.73	3,922.20	4,070.07
<b>139<sup>th</sup> Series</b> - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.17	2,500.00	2,575.10
<b>184-B Series STRPP-B</b> - 7.55% Redeemable at par on 26.09.2021**	300.00	311.58	300.00	311.57
<b>101-III Series</b> - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.42	3,171.80	3,364.34
<b>100<sup>th</sup> Series</b> - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,603.01
<b>174<sup>th</sup> Series</b> - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.23	2,720.00	2,894.03
<b>161B Series</b> - 7.73% Redeemable at par on 15.06.2021	800.00	849.11	800.00	849.01
<b>154<sup>th</sup> Series</b> - 7.18% Redeemable at par on 21.05.2021	600.00	637.16	600.00	637.04
<b>157<sup>th</sup> Series</b> - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.66	1,055.00	1,131.47
<b>158<sup>th</sup> Series</b> - 7.70% Redeemed at par on 15.03.2021	-	-	2,465.00	2,473.46
<b>98<sup>th</sup> Series</b> - 9.18% Redeemed at par on 15.03.2021	-	-	3,000.00	3,012.79
<b>153<sup>rd</sup> Series</b> - 6.99% Redeemed at par on 31.12.2020	-	-	2,850.00	2,899.77
<b>97<sup>th</sup> Series</b> - 8.80% Redeemed at par on 30.11.2020	-	-	2,120.50	2,183.61
<b>96<sup>th</sup> Series</b> - 8.80% Redeemed at par on 26.10.2020	-	-	1,150.00	1,193.96
<b>184-B Series STRPP-A</b> - 7.55% Redeemed at par on 26.09.2020**	-	-	300.00	311.63
<b>149<sup>th</sup> Series</b> - 6.87% Redeemed at par on 24.09.2020	-	-	2,485.00	2,573.44
<b>135<sup>th</sup> Series</b> - 8.36% Redeemed at par on 22.09.2020	-	-	2,750.00	2,817.12
<b>144<sup>th</sup> Series</b> - 7.13% Redeemed at par on 21.09.2020	-	-	835.00	840.30
<b>172<sup>nd</sup> Series</b> - 8.57% Redeemed at par on 20.08.2020	-	-	1,790.00	1,884.21
<b>134<sup>th</sup> Series</b> - 8.37% Redeemed at par on 14.08.2020	-	-	2,675.00	2,740.31
<b>143<sup>rd</sup> Series</b> - 6.83% Redeemed at par on 29.06.2020	-	-	1,275.00	1,289.46
<b>148<sup>th</sup> Series</b> - 7.42% Redeemed at par on 17.06.2020	-	-	1,200.00	1,203.61
<b>Total - Institutional Bonds</b>	<b>169,856.60</b>	<b>175,707.24</b>	<b>148,650.20</b>	<b>153,672.91</b>

\* 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
<b>Series-II (2011-12) - Redeemable at par</b>	11.07	21.36	11.07	19.80
<b>Series-I (2010-11) - Redeemed at par</b>	-	-	5.39	5.39
<b>Total - Infrastructure Bonds</b>	<b>11.07</b>	<b>21.36</b>	<b>16.46</b>	<b>25.19</b>

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	
<b>Total</b>	<b>11.07</b>	<b>11.07</b>	

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
<b>ZCB - Series II</b>	-	-	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)				
<b>ZCB - Series I</b>	-	-	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)				
<b>Total - Zero Coupon Bonds</b>	<b>-</b>	<b>-</b>	<b>1,364.85</b>	<b>1,363.91</b>

\* 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
<b>4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028</b>	2,205.14	2,007.20	2,261.58	2,035.23
<b>3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027</b>	3,307.71	2,956.72	3,392.37	2,982.46
<b>2.25% US \$500 Mn Bonds - Redeemable at par on 01.09.2026</b>	3,675.24	3,672.19	-	-
<b>3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024</b>	3,675.24	3,703.43	3,769.30	3,795.87
<b>3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024</b>	4,777.81	4,784.36	4,900.08	4,900.27
<b>5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023</b>	5,145.33	5,209.90	5,277.01	5,329.61
<b>4.75% US \$500 Mn Bonds - Redeemable at par on 19.05.2023</b>	3,675.24	3,726.60	-	-
<b>3.068% US \$400 Mn Bonds - Redeemed at par on 18.12.2020</b>	-	-	3,015.44	3,021.12
<b>Total - Foreign Currency Bonds</b>	<b>26,461.71</b>	<b>26,060.40</b>	<b>22,615.78</b>	<b>22,064.56</b>



## 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 <sup>rd</sup> Series - 7.90% Repaid on 19.06.2020	-	-	675.00	664.69
64 <sup>th</sup> Series - 5.48% Repaid on 15.06.2020	-	-	2,250.00	2,224.99
<b>Total</b>	-	-	<b>2,925.00</b>	<b>2,889.68</b>

### 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
<b>(A) Unsecured Long-Term Borrowings</b>				
(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
<b>Sub-total (A)</b>	<b>66,763.35</b>	<b>66,969.87</b>	<b>52,682.32</b>	<b>52,829.83</b>
<b>(B) Unsecured Short-Term Borrowings</b>				
(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	-	-
<b>Sub-total (B)</b>	<b>18,515.62</b>	<b>18,537.49</b>	<b>8,710.35</b>	<b>8,720.83</b>
<b>Total - Borrowings (other than Debt Securities) (A to B)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,392.67</b>	<b>61,550.66</b>

## 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
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(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
<b>Total - Borrowings (other than Debt Securities)</b>	<b>85,278.97</b>	<b>85,507.36</b>	<b>61,392.67</b>	<b>61,550.66</b>

## 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				
<b>Total - Unsecured Term Loans from Banks</b>	<b>29,938.58</b>	<b>29,953.76</b>	<b>18,899.78</b>	<b>18,900.72</b>

## 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
<b>- Indian Infrastructure Finance Company Ltd. (IIFCL)</b>	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				
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>5,800.00</b>	<b>5,800.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

### (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
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - 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
<b>2.89% KfW-II Loan</b> repaid on 30.12.2020	-	-	64.60	65.03
<b>1.86% KfW-III Loan</b> - 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
<b>Sub-Total (1)</b>	<b>367.28</b>	<b>367.94</b>	<b>557.47</b>	<b>558.03</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>6M USD Libor + 0.13% KfW-IV Loan</b> - 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
<b>Sub-Total (2)</b>	<b>1,241.16</b>	<b>1,243.23</b>	<b>1,220.98</b>	<b>1,227.88</b>
<b>(3) Bilateral/ Syndicated Loans</b>				
<b>US \$300 Mn</b> - Repayable on 02.06.2030	2,205.14	2,216.83	-	-
<b>US \$425 Mn</b> - Repayable on 16.03.2026	3,123.95	3,095.46	-	-
<b>US \$170 Mn</b> - \$100 Mn repayable on 26.03.2025 and \$ 70 Mn repayable on 06.10.2025	1,249.58	1,249.55	-	-
<b>¥ 10,519 Mn</b> - Repayable on 25.09.2025	698.04	686.00	-	-
<b>US \$75 Mn</b> - Repayable on 30.03.2025	551.29	542.57	565.39	554.38
<b>SG \$72.07 Mn</b> - Repayable on 30.03.2025	391.79	383.78	380.80	367.22
<b>US \$100 Mn</b> - Repayable on 01.07.2024	735.05	729.68	753.86	749.10
<b>US \$150 Mn</b> - Repayable on 29.03.2024	1,102.57	1,085.82	1,130.79	1,104.53
<b>US \$250 Mn</b> - Repayable on 27.03.2024	1,837.62	1,815.96	1,884.65	1,855.66
<b>¥ 10,327.12 Mn</b> - Repayable on 08.08.2023	685.31	673.06	719.28	700.98
<b>US \$250 Mn</b> - 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
<b>Sub-Total (3)</b>	<b>19,416.28</b>	<b>19,279.77</b>	<b>19,984.26</b>	<b>19,793.38</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>21,024.72</b>	<b>20,890.94</b>	<b>21,762.71</b>	<b>21,579.29</b>

## (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
<b>Total - FCNR (B) Loans</b>	<b>-</b>	<b>-</b>	<b>1,017.71</b>	<b>1,020.89</b>

## (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
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,325.12</b>	<b>10,000.00</b>	<b>10,326.81</b>

## 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
<b>US\$140 Mn</b> - Repaid on 13.01.2021	-	-	1,055.40	1,055.51
<b>US\$100 Mn</b> - Repaid on 21.12.2020	-	-	753.86	753.92
<b>US\$100 Mn</b> - Repaid on 03.12.2020	-	-	753.86	753.93
<b>US\$200 Mn</b> - Repaid on 21.09.2020	-	-	753.86	753.86
<b>US\$150 Mn</b> - Repaid on 20.05.2020 and 25.06.2020	-	-	1,507.72	1,512.87
<b>US\$150 Mn</b> - Repaid on 20.05.2020 and 25.06.2020	-	-	1,130.79	1,134.82
<b>Total - FCNR (B) Loans</b>	<b>5,329.10</b>	<b>5,335.01</b>	<b>5,955.49</b>	<b>5,964.91</b>

**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) <b>199th Series - Subordinate Tier-II Bonds -</b> 7.96% Redeemable at par on 15.06.2030	1,999.50	2,127.54	-	-
(ii) <b>175th Series - Subordinate Tier-II Bonds -</b> 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.45	2,151.20	2,151.86
(iii) <b>115th Series - Subordinate Tier-II Bonds -</b> 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.90	2,500.00	2,667.79
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	6,650.70	6,946.89	4,651.20	4,819.65
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>6,650.70</b>	<b>6,946.89</b>	<b>4,651.20</b>	<b>4,819.65</b>

#### 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
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Total Amount as per Ind-AS</b>	<b>237,269.11</b>	<b>85,507.36</b>	<b>6,946.89</b>	<b>329,723.36</b>
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
<b>Total Borrowings Outstanding</b>	<b>230,523.95</b>	<b>85,278.98</b>	<b>6,650.70</b>	<b>322,453.63</b>
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Total Amount as per Ind-AS</b>	<b>219,918.25</b>	<b>61,550.66</b>	<b>4,819.65</b>	<b>286,288.56</b>
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
<b>Total Borrowings Outstanding</b>	<b>214,021.59</b>	<b>61,392.67</b>	<b>4,651.20</b>	<b>280,065.46</b>

**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
<b>Sub-total (B)</b>	<b>68.72</b>	<b>57.10</b>
(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	<b>1,328.19</b>	<b>1,820.77</b>
(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
<b>Total (A to F)</b>	<b>26,222.35</b>	<b>23,782.21</b>

**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 31<sup>st</sup> March 2021 is ₹ 0.62 crores (₹ 0.47 crores as at 31<sup>st</sup> 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 31<sup>st</sup> March 2021 (₹ 0.69 Crores as at 31<sup>st</sup> 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
<b>Opening Balance of Interest Subsidy Fund</b>	<b>0.69</b>	<b>0.63</b>
Add: Interest earned during the year	0.02	0.06
Less: Interest subsidy passed on to the borrower	-	-
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.71</b>	<b>0.69</b>

**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
<b>Opening Balance</b>	<b>31.96</b>	<b>42.58</b>
Add: Interest earned/Adjustment during the year	30.48	50.09
Less: Amount refunded to Govt./Adjusted during the year	33.48	60.71
<b>Closing Balance</b>	<b>28.96</b>	<b>31.96</b>

## 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 3<sup>rd</sup> 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
<b>Gol-I Series</b>	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
<b>Gol-II Series</b>	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
<b>Gol-III Series</b>	8.06%	Semi-annual	27/3/2028	753.00	753.00
<b>Gol-IV Series</b>	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
<b>Gol-V Series</b>	8.54%	Semi-annual	15/11/2028	3,600.00	3,600.00
<b>Gol-VI Series</b>	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
<b>Gol-VII Series</b>	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
<b>Gol-VIII Series</b>	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
<b>Gol- IX Series</b>	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
<b>Gol- X Series</b>	8.25%	Semi-annual	26/3/2030	532.30	532.30
<b>Gol- XI Series</b>	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
<b>Gol- XII Series</b>	6.45%	Semi-annual	7/1/2031	1,000.00	-
<b>Gol- XIII Series</b>	6.63%	Semi-annual	28/1/2031	1,000.00	-
<b>Gol- XIV Series</b>	6.50%	Semi-annual	26/3/2031	500.00	-
<b>Total</b>				<b>24,109.30</b>	<b>21,609.30</b>

## 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)	-
<b>Current tax liabilities (Net)</b>	<b>14.40</b>	<b>-</b>

## 25 Provisions

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Provisions for</b>		
<b>(A) Employee Benefits</b>		
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
<b>Sub-total (A)</b>	<b>95.59</b>	<b>98.71</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort	9.09	8.38
Unspent Corporate Social Responsibility (CSR) Account	-	-
<b>Sub-total (B)</b>	<b>9.09</b>	<b>8.38</b>
<b>Total (A+B)</b>	<b>104.68</b>	<b>107.09</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 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
<b>Total (A to G)</b>	<b>130.25</b>	<b>83.23</b>

### 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
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
<b>Total</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 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	-	-	-	-
<b>Share Capital at the end of the period</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

#### 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	-	-
<b>Total</b>	<b>5,584</b>	<b>558.40</b>	<b>-</b>	<b>-</b>

### 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	-	-
<b>Balance at the end of the year</b>	<b>5,584</b>	<b>558.40</b>	<b>-</b>	<b>-</b>

### 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
<b>(A) Other Reserves</b>		
(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)(viiia) 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>(B) Retained Earnings</b>	<b>4,606.01</b>	<b>3,674.25</b>
<b>(C) Other Comprehensive Income (OCI)</b>		
- 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)
<b>Total - Other Equity (A+B+C)</b>	<b>41,230.61</b>	<b>33,421.51</b>

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)(viiia)(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)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

## CONSOLIDATED NOTES TO ACCOUNTS

- (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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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) (vii) 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 31<sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> 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)(viiia) 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 <sup>st</sup> March, 2021		For the year ended 31 <sup>st</sup> 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
<b>Total Dividend</b>	<b>11.00</b>	<b>2,172.41</b>	<b>11.00</b>	<b>2,172.41</b>

**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
<b>Total - Dividend Income</b>	<b>27.97</b>	<b>36.94</b>

## 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	-
<b>Total</b>	<b>27.97</b>	<b>36.94</b>

### 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
<b>Total - Fees and Commission Income</b>	<b>95.38</b>	<b>38.95</b>

### 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	-
<b>Total</b>	<b>163.65</b>	<b>182.11</b>

### 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
<b>Total - Other Income</b>	<b>22.72</b>	<b>77.27</b>

### 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
<b>(i) Interest on Borrowings</b>		
- 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
<b>Sub-Total (i)</b>	<b>3,555.75</b>	<b>3,255.62</b>
<b>(ii) Interest on Debt Securities</b>		
- Domestic Debt Securities	15,418.64	13,923.95
- Foreign Currency Debt Securities	1,183.12	854.73
- Commercial Paper	35.32	463.66
<b>Sub-Total (ii)</b>	<b>16,637.08</b>	<b>15,242.34</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	394.15	395.36
<b>Sub-Total (iii)</b>	<b>394.15</b>	<b>395.36</b>

## CONSOLIDATED NOTES TO ACCOUNTS

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(iv) <b>Other Interest Expense</b>		
- 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
<b>Sub-Total (iv)</b>	<b>924.11</b>	<b>113.77</b>
<b>Total - Finance Costs</b>	<b>21,511.09</b>	<b>19,007.09</b>
Less: Finance Costs Capitalised	(22.04)	(15.79)
<b>Total - Finance Costs (Net)</b>	<b>21,489.05</b>	<b>18,991.30</b>

## 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
<b>Total</b>	<b>330.26</b>	<b>2,357.90</b>

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 <sup>st</sup> March 2021	73.5047	0.6636	86.0990	54.3581
As at 31 <sup>st</sup> 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
<b>Total (i to v)</b>	<b>9.95</b>	<b>25.44</b>

## 38 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
(A) <b>Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
(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
<b>Total (i+ii)</b>	-	<b>2,445.94</b>	-	<b>919.49</b>

\* 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
<b>Total</b>	<b>88.51</b>	<b>71.61</b>

### 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
<b>Total</b>	<b>163.62</b>	<b>193.15</b>

### 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
<b>Total</b>	<b>10.86</b>	<b>11.77</b>

### 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
<b>Total</b>	<b>146.27</b>	<b>259.29</b>

**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.

## CONSOLIDATED NOTES TO ACCOUNTS

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
<b>Opening Balance</b>	-
Amount required to be spent during the year	146.27
Amount spent during the year	150.31
<b>Closing Balance*</b>	<b>(4.04)</b>

\* 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
<b>Total (ii)</b>	<b>150.31</b>	<b>-</b>	<b>150.31</b>	<b>259.29</b>	<b>-</b>	<b>259.29</b>

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.



## CONSOLIDATED NOTES TO ACCOUNTS

### 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
<b>Total</b>	<b>109.38</b>	<b>130.41</b>

#### 44.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>Fees paid to statutory auditors :</b>		
- 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
<b>Sub-total</b>	<b>1.40</b>	<b>1.48</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	<b>0.12</b>	<b>0.14</b>
<b>Total - Auditor's fees and expenses</b>	<b>1.52</b>	<b>1.62</b>

\* 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
<b>Sub-total - Current Tax</b>	<b>2,920.97</b>	<b>1,645.06</b>
- Deferred tax expense/ (credit)	(519.62)	412.65
<b>Total</b>	<b>2,401.35</b>	<b>2,057.71</b>

**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.

## CONSOLIDATED NOTES TO ACCOUNTS

### 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
<b>Tax effect of income tax adjustments:</b>		
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)	-
<b>Tax expense</b>	<b>2,401.35</b>	<b>2,057.71</b>

### 46 Earnings per Share

(₹ in Crores)		
Particulars	Year ended 31.03.2021	Year ended 31.03.2020
<b>Numerator</b>		
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
<b>Denominator</b>		
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.

## CONSOLIDATED NOTES TO ACCOUNTS

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
<b>Debt-equity ratio</b>	<b>7.34</b>	<b>7.91</b>

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
<b>(i) Low credit risk on financial reporting date</b>		
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
<b>(ii) Moderate credit risk</b>		
Loans *	2,888.05	2,431.27
Trade Receivables	55.32	52.01
<b>(iii) High credit risk</b>		
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:

## CONSOLIDATED NOTES TO ACCOUNTS

- **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

## CONSOLIDATED NOTES TO ACCOUNTS

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:

- (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.

## CONSOLIDATED NOTES TO ACCOUNTS

### (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
<b>Gross Exposure</b>	<b>358,891.11</b>	<b>2,888.05</b>	<b>18,256.93</b>	<b>380,036.09</b>	<b>299,697.53</b>	<b>2,431.27</b>	<b>21,255.55</b>	<b>323,384.35</b>
Loss allowance	1,282.46	141.43	11,791.31	13,215.20	488.46	963.83	10,552.13	12,004.42
<b>Net Exposure</b>	<b>357,608.65</b>	<b>2,746.62</b>	<b>6,465.62</b>	<b>366,820.89</b>	<b>299,209.07</b>	<b>1,467.44</b>	<b>10,703.42</b>	<b>311,379.93</b>

### (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:



**CONSOLIDATED NOTES TO ACCOUNTS**

For the Year ended 31 <sup>st</sup> 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
<b>Opening Balance</b>	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)
<b>Closing Balance</b>	358,891.11	1,282.46	2,888.05	141.43	18,256.93	11,791.31	380,036.09	13,215.20

(₹ in Crores)

For the Year ended 31 <sup>st</sup> 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
<b>Opening Balance</b>	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)
<b>Closing Balance</b>	299,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	323,384.35	12,004.42

(₹ in Crores)

## 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
<b>Concentration by industry</b>				
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
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>
<b>Concentration by ownership</b>				
State	338,973.84	938.40	284,778.15	297.60
Private	41,062.25	12,276.80	38,606.20	11,706.82
<b>Total</b>	<b>380,036.09</b>	<b>13,215.20</b>	<b>323,384.35</b>	<b>12,004.42</b>

### (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	<b>18,256.93</b>	<b>21,255.55</b>
(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

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ 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	-	-
<b>(e) Closing balance</b>	<b>6,465.62</b>	<b>10,703.42</b>
<b>(vi) Movement of provisions for Credit-impaired Assets</b>		
(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	<b>(247.10)</b>	<b>-378.41</b>
<b>(e) Closing balance</b>	<b>11,791.31</b>	<b>10,552.13</b>

**(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 31<sup>st</sup> 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 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 <sup>st</sup> March 2021	For the Year ended 31 <sup>st</sup> 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 <sup>st</sup> 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

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

For the Year ended 31 <sup>st</sup> 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
<b>As at 31<sup>st</sup> March 2021</b>					
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
<b>As at 31<sup>st</sup> March 2020</b>					
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 <sup>st</sup> 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

(₹ in Crores)

As at 31 <sup>st</sup> 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
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	58,147.32	91,405.81
- Interest	-	379.26	242.78	937.01	2,166.66	3,488.47	7,032.41	21,092.29	14,197.97	19,934.11	69,470.96
Other Borrowings											
- Principal	-	-	505.08	600.08	500.08	2,160.09	1,567.21	11,454.18	5,820.02	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	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
Reverse cross currency swap	-	-	-	-	-	-	-	-	75.15	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:

(₹ 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
<b>As at 31<sup>st</sup> March 2021</b>											
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	<b>364,212.04</b>
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	<b>217,938.50</b>
<b>As at 31<sup>st</sup> March 2020</b>											
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	<b>310,428.64</b>
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	<b>189,908.03</b>

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

(₹ in Crores)

As at 31 <sup>st</sup> 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
<b>Loan Assets</b>	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	<b>365,261.49</b>
<b>Investments</b>			0.31	-	-	-	37.80	100.64	136.13	1,448.81	<b>1,723.68</b>
<b>Rupee Borrowings</b>											
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	<b>211,208.71</b>
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	<b>59,281.41</b>
Subordinated Liabilities		-	-	168.38	129.51	-	1.60	2,499.52	-	4,147.88	<b>6,946.89</b>
<b>Foreign Currency Borrowings</b>											
Debt Securities	-	-	-	-	-	62.02	213.39	8,768.94	12,094.51	4,921.54	<b>26,060.40</b>
Other Borrowings	6.59	-	551.29	557.44	68.01	12.51	6,785.72	7,968.17	4,505.29	5,770.93	<b>26,225.95</b>

(₹ in Crores)

As at 31 <sup>st</sup> 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
<b>Loan Assets</b>	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	<b>312,083.50</b>
<b>Investments accounted for using equity method</b>	-	-	-	-	-	-	-	-	-	258.47	<b>258.47</b>
<b>Investments</b>	-	-	-	-	-	-	1,501.45	22.93	-	602.73	<b>2,127.11</b>
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	<b>197,853.69</b>
Other Borrowings	-	-	507.08	600.08	826.89	2,160.09	1,567.21	11,454.18	5,820.02	10,050.02	<b>32,985.57</b>
<b>Subordinated Liabilities</b>	-	-	-	168.47	-	-	2.11	-	2,499.33	2,149.74	<b>4,819.65</b>
Foreign Currency Borrowings	-	-	-	-	-	-	-	-	-	-	-
Debt Securities	-	-	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	<b>22,064.56</b>
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	<b>28,565.09</b>

### 52.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31-03-2021	As at 31-03-2020
<b>Expiring within one year (cash credit and other facilities)</b>		
- Floating rate	5,547.28	8,780.00
<b>Expiring beyond one year (loans/ borrowings)</b>		
- 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 <sup>rd</sup> 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 <sup>th</sup> 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%
<b>Total</b>	<b>64,085.53</b>	<b>19.87%</b>	<b>62,738.35</b>	<b>22.40%</b>

### (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
<b>1 Debt Securities</b>				
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%
<b>Sub-Total (1)</b>	<b>230,512.87</b>	<b>64.55%</b>	<b>209,715.28</b>	<b>67.30%</b>
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%
<b>2 Borrowings (Other than Debt Securities)</b>				



## 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%
<b>Sub-Total (2)</b>	<b>82,278.92</b>	<b>23.04%</b>	<b>57,635.69</b>	<b>18.49%</b>
<b>3 Subordinated Liabilities</b>	<b>6,650.70</b>	<b>1.86%</b>	<b>4,651.20</b>	<b>1.49%</b>
<b>Total (1+2+3)</b>	<b>319,442.49</b>	<b>89.45%</b>	<b>272,002.17</b>	<b>87.28%</b>

### (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 31<sup>st</sup> March 2021 is as follows:

## CONSOLIDATED NOTES TO ACCOUNTS

HQLA Items	% of Overall
<b>Assets without Haircut</b>	<b>82%</b>
- Cash and Cash Equivalents	23%
- G-Sec and SDLs	59%
<b>Assets with 15% Haircut</b>	<b>18%</b>
- Corporate Bonds	18%
<b>Assets with 50% Haircut</b>	<b>-</b>
<b>Total</b>	<b>100%</b>

### 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)*
<b>High Quality Liquid Assets</b>				
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
<b>Cash Outflows</b>				
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
<b>Total Cash Outflows</b>	<b>13,914.64</b>	<b>16,001.84</b>	<b>12,388.75</b>	<b>14,247.06</b>
<b>Cash Inflows</b>				
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
<b>Total Cash Inflows</b>	<b>19,287.63</b>	<b>11,760.86</b>	<b>13,079.11</b>	<b>9,809.33</b>
<b>Total Adjusted Value</b>				
<b>Total HQLA</b>		<b>2,120.54</b>		<b>2,221.13</b>
<b>Total Net Cash Outflows</b>		<b>4,240.98</b>		<b>4,437.73</b>
<b>Liquidity Coverage Ratio (LCR)</b>		<b>50.00%</b>		<b>50.05%</b>

\* 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 31<sup>st</sup> 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	-
<b>Total</b>	<b>52,815.53</b>	<b>27,599.90</b>	<b>25,215.63</b>	<b>51,351.69</b>	<b>32,049.49</b>	<b>19,302.20</b>

### 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.

## Impact of Hedge Accounting

## (a) Effects of hedge accounting on balance sheet

(₹ in Crores)

As at 31 <sup>st</sup> March 2021	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					
<b>Cash flow hedge</b>								
<i>Foreign exchange and interest rate risk</i>								
(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

(₹ in Crores)

## CONSOLIDATED NOTES TO ACCOUNTS

As at 31 <sup>st</sup> 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					
<b>Cash flow hedge</b>								
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



## CONSOLIDATED NOTES TO ACCOUNTS

### (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
<b>Year ended 31-03-2021</b>				
Cash flow hedge				
- Currency risk and interest rate risk	-1065.12	-	580.30	Gain/ loss on foreign exchange translation
			179.56	Finance cost
<b>Year ended 31-03-2020</b>				
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
<b>Effective portion of Cash Flow Hedges</b>		
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
<b>Closing Balance</b>	<b>(165.61)</b>	<b>(226.08)</b>
<b>Costs of hedging reserve</b>		
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
<b>Closing Balance</b>	<b>41.45</b>	<b>(204.75)</b>

### 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.

## CONSOLIDATED NOTES TO ACCOUNTS

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 31<sup>st</sup> 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
<b>INR Borrowings</b>	35,738.58	-	35,738.58	19,899.78	-	19,899.78
<b>USD \$</b>	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
<b>JPY ¥</b>	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	-
<b>SGD \$</b>	72.08	72.08	-	72.08	72.08	-
INR Equivalent	391.79	391.79	-	380.83	380.83	-
<b>Total INR Equivalent</b>	<b>57,866.10</b>	<b>13,058.37</b>	<b>44,807.73</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>

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
<b>Total</b>	<b>22,127.52</b>	<b>3,010.35</b>

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, JPY LIBOR will cease to be published after 31<sup>st</sup> 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)

## CONSOLIDATED NOTES TO ACCOUNTS

### 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.

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 31<sup>st</sup> 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 31<sup>st</sup> March 2021. Accordingly, interest income for the quarter and year ended 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2020.

#### 55.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2021 (As at 31<sup>st</sup> 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
<b>Total Exposure to Capital Market</b>	<b>711.47</b>	<b>784.52</b>



## CONSOLIDATED NOTES TO ACCOUNTS

**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
<b>(i) Concentration of Advances</b>		
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%
<b>(ii) Concentration of Exposures</b>		
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%
<b>(iii) Concentration of Credit-impaired Assets</b>		
<b>Total Exposure to the top four Credit-impaired Assets (₹ in Crores)</b>	<b>8,489.02</b>	<b>8,618.52</b>

### 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
<b>Financial assets measured at fair value</b>			
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
<b>Financial assets measured at amortised cost</b>			
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
<b>Total</b>		<b>397,259.16</b>	<b>343,715.01</b>
<b>Financial liabilities measured at fair value</b>			
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
<b>Financial liabilities measured at amortised cost</b>			
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
<b>Total</b>		<b>356,853.53</b>	<b>311,442.65</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 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
<b>Investments at FVOCI</b>								
Equity investments	430.13	-	-	430.13	507.43	6.12	-	513.55
<b>Investments at FVTPL</b>								
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
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	2,311.22	-	2,311.22	-	3,318.85	-	3,318.85
<b>Liability at FVTPL</b>								
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 23<sup>rd</sup> 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 <sup>st</sup> 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	
<b>Opening Balance</b>	<b>1,500.62</b>	<b>45.41</b>	-	-	-	<b>1,546.03</b>
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)
<b>Closing Balance</b>	<b>-</b>	<b>42.99</b>	<b>143.06</b>	<b>-</b>	<b>-</b>	<b>186.05</b>
Unrealised gain (loss) at year-end	-	10.57	12.42	(6.15)	(16.00)	0.84

(₹ in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2020				
	FVTPL			FVOCI	Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Equity Shares	
<b>Opening Balance</b>	<b>1,556.87</b>	-	-	-	<b>1,556.87</b>
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
<b>Closing Balance</b>	<b>1,500.62</b>	<b>45.41</b>	-	-	<b>1,546.03</b>
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

## CONSOLIDATED NOTES TO ACCOUNTS

### 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
<b>Financial assets</b>				
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
<b>Total</b>	<b>394,308.16</b>	<b>395,905.22</b>	<b>338,324.08</b>	<b>337,355.78</b>
<b>Financial liabilities</b>				
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
<b>Total</b>	<b>356,007.22</b>	<b>355,140.42</b>	<b>310,116.92</b>	<b>302,916.60</b>

#### 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 31<sup>st</sup> 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.

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 <sup>st</sup> 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 28<sup>th</sup> May 2020)

Fatehgarh Bhadla Transco Limited (incorporated on 2<sup>nd</sup> June 2020)

Gadag Transmission Limited (incorporated on 2<sup>nd</sup> June 2020)

Rajgarh Transmission Limited (incorporated on 6<sup>th</sup> June 2020)

Bidar Transmission Limited (incorporated on 8<sup>th</sup> June, 2020)

Sikar new Transmission Limited (incorporated on 11<sup>th</sup> June 2020)

MP Power Transmission Package-I Limited (incorporated on 4<sup>th</sup> August 2020)

MP Power Transmission Package-II Limited (incorporated on 20<sup>th</sup> August 2020)

Ramgarh new Transmission Limited (incorporated on 26<sup>th</sup> June 2020 and transferred to Power Grid Corporation of India Limited on 9<sup>th</sup> 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 4<sup>th</sup> November, 2020)

SJVN Limited (Related Party since 4<sup>th</sup> November, 2020)

Kholongchu Hydro Energy Limited (Related Party since 4<sup>th</sup> 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 <sup>st</sup> May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) upto 31 <sup>st</sup> 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 <sup>th</sup> November, 2020
Sh. Tanmay Kumar	Govt. Nominee Director w.e.f. 4 <sup>th</sup> 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 23<sup>rd</sup> 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
<b>Power Finance Corporation Ltd.</b>		
Loan Repayable on Demand	3000.49	0
<b>Associates</b>		
Loans to associates	13.45	9.33
Payables	0.08	0.68
<b>Post-employment Benefit Plan Trusts</b>		
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
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	4.10	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.15	0.10
Staff Loans & Advances	0.28	0.33
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.12	0.12
<b>REC Foundation</b>		
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
<b>Power Finance Corporation Ltd.</b>		
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	-
<b>Post-employment Benefits Plan Trusts</b>		
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
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Subscription to the bonds of Company	-	-
Finance Costs - Interest Paid	0.38	0.33
<b>Key Managerial Personnel</b>		
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
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	-	0.01
<b>REC Foundation</b>		
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	-	-
<b>Total</b>	<b>3.21</b>	<b>2.45</b>

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	-	-
<b>Total</b>	<b>15.48</b>	<b>12.86</b>

### 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
<b>Total</b>	<b>16.32</b>	<b>13.79</b>

### 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
<b>Opening Balance</b>	<b>2.12</b>	<b>2.76</b>
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)	-
<b>Closing Balance</b>	<b>0.05</b>	<b>2.12</b>

### 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
<b>Total amount recognised in OCI</b>	<b>0.09</b>	<b>0.93</b>	<b>(0.33)</b>	<b>(0.41)</b>	<b>0.42</b>	<b>1.34</b>
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)
<b>Closing Balance</b>	<b>32.44</b>	<b>36.82</b>	<b>30.25</b>	<b>35.47</b>	<b>2.19</b>	<b>1.35</b>

### 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
<b>Opening Balance</b>	<b>136.42</b>	<b>129.77</b>	<b>140.64</b>	<b>97.99</b>	<b>-4.22</b>	<b>31.78</b>
<b>Included in profit or loss</b>						
Current service Cost	2.90	2.80	-	-	2.90	2.80
<b>Interest cost / income</b>	<b>8.94</b>	<b>9.73</b>	<b>9.45</b>	<b>7.55</b>	<b>-0.51</b>	<b>2.18</b>
<b>Total amount recognised in profit or loss</b>	<b>11.84</b>	<b>12.53</b>	<b>9.45</b>	<b>7.55</b>	<b>2.39</b>	<b>4.98</b>
Included in OCI						
<b>Re-measurement loss (gain)</b>						
- 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)
<b>Total amount recognised in OCI</b>	<b>14.74</b>	<b>3.53</b>	<b>1.64</b>	<b>3.32</b>	<b>13.10</b>	<b>0.21</b>
Contribution by employers	-	-	0.08	31.78	(0.08)	(31.78)
Benefits paid	(11.31)	(9.41)	(7.75)	-	(3.56)	(9.41)
<b>Closing Balance</b>	<b>151.69</b>	<b>136.42</b>	<b>144.06</b>	<b>140.64</b>	<b>7.63</b>	<b>(4.22)</b>

## 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
<b>Present value of Defined benefit obligation</b>		
- 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
<b>Opening Balance</b>	<b>4.25</b>	<b>3.69</b>
<b>Included in profit or loss</b>		
Current service Cost	0.20	0.16
Interest cost / income	0.25	0.26
<b>Total amount recognised in profit or loss</b>	<b>0.45</b>	<b>0.42</b>
<b>Included in OCI</b>		
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
<b>Total amount recognised in OCI</b>	<b>0.75</b>	<b>1.33</b>
Benefits paid	(1.32)	(1.19)
<b>Closing Balance</b>	<b>4.13</b>	<b>4.25</b>

### 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
<b>Cash &amp; Cash Equivalents</b>	<b>0.01</b>	<b>0.93</b>	<b>1.90</b>	<b>3.40</b>
Unquoted Plan Assets				
Corporate Bonds/ Debentures	-	-	142.16	137.24
Others - Insurer managed funds & T-bills	30.24	34.54	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>30.24</b>	<b>34.54</b>	<b>142.16</b>	<b>137.24</b>
<b>Total</b>	<b>30.25</b>	<b>35.47</b>	<b>144.06</b>	<b>140.64</b>

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	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>	<b>PUCM</b>
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
<b>Discount rate (0.50% movement)</b>				
- 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
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.14	(0.13)	0.14	(0.11)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.16	(0.14)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	10.83	(10.44)	9.74	(9.39)
<b>Medical Cost (10% movement)</b>				
- 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
<b>Total</b>	<b>59.78</b>	<b>60.58</b>	<b>369.82</b>	<b>288.69</b>	<b>7.38</b>	<b>9.44</b>

### 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 23<sup>rd</sup> 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
<b>Total</b>	<b>34,747.21</b>	<b>29,725.34</b>

**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%

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 <sup>st</sup> March, 2021*	As at 31 <sup>st</sup> March, 2020*
<b>Financial assets</b>		
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
<b>Sub-Total</b>	<b>4,464.69</b>	<b>4,151.77</b>
Non Financial assets	5,098.01	4,957.51
<b>Total assets</b>	<b>9,562.70</b>	<b>9,109.28</b>
Financial Liabilities	8,215.53	7,554.35
Non Financial Liabilities	213.33	373.84
<b>Total liabilities</b>	<b>8,428.86</b>	<b>7,928.19</b>
<b>Net assets</b>	<b>1,133.84</b>	<b>1,181.09</b>

\* Based on unaudited standalone financial position of the joint venture

#### Summarised financial performance of EESL

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March 2021*	For the year ended 31 <sup>st</sup> March 2020*
<b>A. Income</b>		
Revenue from operations	1,471.85	2,487.72
Other income	58.43	87.80
<b>Total (A)</b>	<b>1,530.28</b>	<b>2,575.52</b>
<b>B. Expenses</b>		
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
<b>Total (B)</b>	<b>1,486.32</b>	<b>2,496.50</b>
C. Share of net profits/(losses) of joint ventures accounted for using equity method	-	-
<b>D. Profit before tax (A-B+C)</b>	<b>43.96</b>	<b>79.02</b>
E. Tax Expense	11.09	(3.32)
<b>F. Profit for the period (C-D)</b>	<b>32.87</b>	<b>82.34</b>
<b>G. Other comprehensive income/ (Loss)</b>	<b>(0.29)</b>	<b>(21.60)</b>
<b>H.Total comprehensive income (F+G)</b>	<b>32.58</b>	<b>60.74</b>
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*
<b>Opening net assets</b>	<b>1,211.05</b>	<b>874.58</b>
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)
<b>Closing net assets</b>	<b>1,209.64</b>	<b>1,211.05</b>
Less: Non- Controlling interest in the consolidated financial statements of EESL	(47.65)	(45.76)
<b>Equity attributable to owners</b>	<b>1,161.99</b>	<b>1,165.29</b>

\*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
<b>Total Contingent Liabilities</b>		<b>479.62</b>
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
<b>Parent</b>				
REC Limited	99.23%	43,426.37	99.10%	35,076.56
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.68%	297.99	0.48%	168.20
REC Transmission Projects Company Limited	-	-	0.32%	112.61
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.59%	257.74	0.73%	258.47
<b>Associates - Indian</b>				
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	-	-
<b>Adjustments or eliminations effect</b>	-0.50%	(218.77)	-0.62%	(219.61)
<b>Total</b>	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
<b>Parent</b>				
REC Limited	99.80%	8,361.78	98.27%	4,886.16
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.31%	25.62	0.25%	12.47
REC Transmission Projects Company Limited	-	-	1.09%	54.44
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	-0.02%	-1.97	0.18%	9.14
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	-0.09%	(7.19)	0.20%	10.06
<b>Total</b>	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
<b>Parent</b>				
REC Limited	99.73%	456.52	99.27%	(549.79)
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	-	-	-	-
REC Transmission Projects Company Limited	-	-	-	-
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.27%	1.24	0.73%	(4.06)
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>457.76</b>	<b>100.00%</b>	<b>(553.85)</b>

**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
<b>Parent</b>				
REC Limited	99.80%	8,818.30	87.21%	4,336.37
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.29%	25.62	0.25%	12.47
REC Transmission Projects Company Limited	0.00%	-	1.09%	54.44
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	-0.01%	(0.73)	0.10%	5.08
<b>Associates - Indian</b>	-	-	-	-
<b>Adjustments or eliminations effect</b>	-0.08%	(7.19)	0.20%	10.06
<b>Total</b>	<b>100.00%</b>	<b>8,836.00</b>	<b>100.00%</b>	<b>4,418.42</b>

**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
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(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
<b>Total - Financial Assets (1)</b>	<b>40,695.88</b>	<b>356,563.28</b>	<b>36,221.98</b>	<b>307,493.03</b>

**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
<b>(2) Non-Financial Assets</b>				
(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
<b>Total - Non-Financial Assets (2)</b>	<b>93.83</b>	<b>3,499.83</b>	<b>81.96</b>	<b>3223.58</b>
<b>(3) Assets classified as held for sale</b>	<b>14.05</b>	<b>-</b>	<b>9.53</b>	<b>-</b>
<b>Total ASSETS (1+2+3)</b>	<b>40,803.76</b>	<b>360,063.11</b>	<b>36,313.47</b>	<b>3,10,716.61</b>
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(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
<b>Total - Financial Liabilities (1)</b>	<b>75,111.20</b>	<b>281,742.33</b>	<b>70,401.79</b>	<b>241,040.86</b>
<b>(2) Non-Financial Liabilities</b>				
(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
<b>Total - Non-Financial Liabilities (2)</b>	<b>174.94</b>	<b>74.39</b>	<b>145.90</b>	<b>44.42</b>
<b>(3) Liabilities directly associated with assets classified as held for sale</b>	<b>0.08</b>	<b>-</b>	<b>0.68</b>	<b>-</b>
<b>Total LIABILITIES (1+2+3)</b>	<b>75,286.22</b>	<b>281,816.72</b>	<b>70,548.37</b>	<b>241,085.28</b>

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 31<sup>st</sup> March 2021 (previous year Nil).  
 However, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) vide its letter dated 20<sup>th</sup> August 2020, 8<sup>th</sup> September 2020, 17<sup>th</sup> November 2020 and 15<sup>th</sup> February 2021 and from BSE Ltd. (BSE) vide its mails dated 20<sup>th</sup> August 2020 and 8<sup>th</sup> 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 31<sup>st</sup> 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: 28<sup>th</sup> 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 31<sup>st</sup> 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
<b>LIABILITIES SIDE:</b>				
<b>(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
(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
<b>ASSETS SIDE :</b>		
<b>(2) Break-up of Loans and Advances including bills receivables</b>		
(a) Secured	247,657.93	235,470.39
(b) Unsecured	116,554.11	74,958.25
<b>(3) INVESTMENTS :</b>		
<b>Current Investments:</b>		
<b>Quoted:</b>		
(i) Shares : Equity	23.60	12.50
<b>Unquoted:</b>		
(i) Shares : (a) Preference	69.08	68.34
(ii) Debentures and Bonds	292.16	-
<b>Long Term Investments:</b>		
<b>Quoted:</b>		
(i) Shares : Equity	430.13	507.43
(ii) Debentures and Bonds	259.63	1,532.72
<b>Unquoted:</b>		
(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
<b>As at 31-03-2021</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(a) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>Total</b>	<b>247,657.93</b>	<b>116,554.11</b>
<b>As at 31-03-2020</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(a) Other related Parties	-	-
<b>2. Other than Related Parties</b>	<b>235,470.39</b>	<b>74,958.25</b>
<b>Total</b>	<b>235,470.39</b>	<b>74,958.25</b>

## (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)
<b>1. Related Parties</b>				
(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
<b>Total</b>	<b>1,981.42</b>	<b>1,981.42</b>	<b>2,385.58</b>	<b>2,385.58</b>

## (6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2021	As at 31.03.2020	
<b>(i) Gross Credit-impaired Assets</b>			
(a) Related Parties	-	-	-
(b) Other than related Parties	18,256.93	-	21,255.55
<b>(ii) Net Credit-impaired Assets</b>			
(a) Related Parties	-	-	-
(b) Other than related Parties	6,465.62	-	10,703.42
<b>(iii) Asset acquired in satisfaction of debts</b>	<b>349.28</b>		<b>54.60</b>

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: 28<sup>th</sup> 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*	Chandil 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 9<sup>th</sup> 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: 28<sup>th</sup> 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.	<p><b>Impairment allowance of Loan Assets –</b> (Refer Note No. 52.1.3 to the consolidated Ind AS Financial Statements read with accounting policy No. 3.13)</p> <p>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.</p> <p>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.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>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.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>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.</p> <p>Verification of loan assets with respect to monitoring thereof for recovery/ performance aspects and assessment of the loan impairment.</p> <p>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.</p> <p>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..</p> <p>We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>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.</p> <p>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.</p> <p>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.</p>
2.	<p><b>Fair valuation of Derivative Financial Instruments</b> (Refer Note No. 9 to the consolidated Ind AS Financial Statements read with accounting policy No. 3.12)</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109.</p> <p>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.</p> <p>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.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>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.</p> <p>Verification of fair value of derivative in terms of Ind AS 109</p> <p>Testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31st March 2021 from the Company.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts.</p> <p>Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>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.</p> <p>Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income.</p> <p>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.</p>



S. No.	Key Audit Matter	Auditor's Response
3.	<p><b>Modified audit procedures carried out in light of COVID-19 outbreak</b></p> <p>(Refer Note No. 54 to the consolidated Ind AS Financial Statements)</p> <p>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.</p> <p>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.</p> <p>We have identified such modified audit procedures as a key audit matter.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>In scenario of lockdown and severe spread of the pandemic, the company facilitated carrying out audit remotely as physical access was restricted.</p> <p>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.</p> <p>We modified our audit procedures as follows :</p> <ol style="list-style-type: none"> <li>Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails.</li> <li>Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels.</li> <li>Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials.</li> <li>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.</li> <li>Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company.</li> <li>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.</li> </ol>

#### 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 : 28<sup>th</sup> 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 : 28<sup>th</sup> 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

**REC Limited (formerly Rural Electrification Corporation Limited) - A Govt. of India Enterprise**  
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1949GO1005095

**Statement of Audited Standalone Financial Results for the year ended 31-03-2020**

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2020 (Audited)	31-12-2019 (Unaudited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
1	<b>Income</b>					
	<b>A Interest income</b>					
	(i) Interest income on loan assets	7,691.16	7,464.76	6,493.49	29,422.33	24,727.90
	(ii) Other interest income	64.47	66.82	56.87	240.74	243.12
	<b>Sub-total (A) - Interest Income</b>	<b>7,755.63</b>	<b>7,531.58</b>	<b>6,550.36</b>	<b>29,663.07</b>	<b>24,971.02</b>
	<b>B Other Operating Income</b>					
	(i) Dividend income	73.78	-	56.97	89.04	113.61
	(ii) Fees and commission income	9.99	12.03	2.80	38.95	225.09
	<b>Sub-total (B) - Other Operating Income</b>	<b>83.77</b>	<b>12.03</b>	<b>59.77</b>	<b>127.99</b>	<b>338.70</b>
	<b>C Total Revenue from Operations (A+B)</b>	<b>7,839.40</b>	<b>7,543.61</b>	<b>6,610.13</b>	<b>29,791.06</b>	<b>25,309.72</b>
	<b>D Other Income</b>	<b>55.28</b>	<b>2.23</b>	<b>14.09</b>	<b>63.92</b>	<b>31.44</b>
	<b>Total income (C+D)</b>	<b>7,894.68</b>	<b>7,545.84</b>	<b>6,624.22</b>	<b>29,854.98</b>	<b>25,341.16</b>
2	<b>Expenses</b>					
	<b>A Finance costs</b>	<b>4,941.80</b>	<b>4,767.95</b>	<b>4,161.13</b>	<b>18,997.05</b>	<b>15,641.54</b>
	<b>B Net translation/ transaction exchange loss/ (gain)</b>	<b>1,332.75</b>	<b>353.02</b>	<b>(61.68)</b>	<b>2,357.90</b>	<b>521.19</b>
	<b>C Fees and commission expense</b>	<b>10.49</b>	<b>4.11</b>	<b>12.31</b>	<b>25.44</b>	<b>34.38</b>
	<b>D Net loss/ (gain) on fair value changes</b>	<b>117.97</b>	<b>(107.15)</b>	<b>762.03</b>	<b>25.85</b>	<b>348.52</b>
	<b>E Impairment on financial instruments</b>	<b>538.46</b>	<b>78.33</b>	<b>17.78</b>	<b>889.56</b>	<b>240.33</b>
	<b>F Employee benefits expenses</b>	<b>42.11</b>	<b>39.72</b>	<b>46.47</b>	<b>175.79</b>	<b>157.53</b>
	<b>G Depreciation and amortization</b>	<b>3.15</b>	<b>2.29</b>	<b>2.03</b>	<b>10.00</b>	<b>7.17</b>
	<b>H Corporate social responsibility expenses</b>	<b>176.37</b>	<b>31.04</b>	<b>18.88</b>	<b>258.40</b>	<b>103.39</b>
	<b>I Other expenses</b>	<b>33.35</b>	<b>33.25</b>	<b>30.97</b>	<b>131.70</b>	<b>186.61</b>
	<b>Total expenses (A to I)</b>	<b>7,196.45</b>	<b>5,202.56</b>	<b>4,989.92</b>	<b>22,871.69</b>	<b>17,240.66</b>
3	<b>Profit before tax (1-2)</b>	<b>698.23</b>	<b>2,343.28</b>	<b>1,634.30</b>	<b>6,983.29</b>	<b>8,100.50</b>
4	<b>Tax expense</b>					
	<b>A Current tax</b>					
	- Current year	290.80	447.31	353.13	1,552.99	1,805.65
	- Earlier years	(1.23)	53.81	(14.01)	62.88	(14.01)
	<b>B Deferred tax</b>	<b>(27.05)</b>	<b>199.81</b>	<b>39.05</b>	<b>481.26</b>	<b>545.14</b>
	<b>Total tax expense (A+B)</b>	<b>262.52</b>	<b>700.93</b>	<b>378.17</b>	<b>2,097.13</b>	<b>2,336.78</b>
5	<b>Net profit for the period (3-4)</b>	<b>435.71</b>	<b>1,642.35</b>	<b>1,256.13</b>	<b>4,886.16</b>	<b>5,763.72</b>
6	<b>Other comprehensive Income/(Loss)</b>					
	(i) Items that will not be reclassified to profit or loss					
	(a) Re-measurement gains/(losses) on defined benefit plans	(10.83)	-	(26.83)	(2.87)	(19.37)
	(b) Changes in fair value of FVOCI equity instruments	(86.89)	56.13	(22.02)	(129.20)	(47.26)
	(c) Income tax relating to these items					
	- Re-measurement gains/(losses) on defined benefit plans	2.72	-	9.38	0.72	6.77
	- Changes in fair value of FVOCI equity instruments	(0.40)	0.40	0.12	12.39	(0.68)
	<b>Sub-total (i)</b>	<b>(97.40)</b>	<b>56.53</b>	<b>(39.35)</b>	<b>(118.96)</b>	<b>(60.54)</b>
	(ii) Items that will be reclassified to profit or loss					
	(a) Effective Portion of Cash Flow Hedges	(302.12)	-	-	(302.12)	-
	(b) Cost of hedging reserve	(273.61)	-	-	(273.61)	-
	(c) Income tax relating to these items					
	- Effective Portion of Cash Flow Hedges	76.04	-	-	76.04	-
	- Cost of hedging reserve	68.86	-	-	68.86	-
	<b>Sub-total (ii)</b>	<b>(430.83)</b>	<b>-</b>	<b>-</b>	<b>(430.83)</b>	<b>-</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>	<b>(528.23)</b>	<b>56.53</b>	<b>(39.35)</b>	<b>(549.79)</b>	<b>(60.54)</b>
7	<b>Total comprehensive income for the period (5+6)</b>	<b>(92.52)</b>	<b>1,698.88</b>	<b>1,216.78</b>	<b>4,336.37</b>	<b>5,703.18</b>
8	<b>Paid up equity share capital (Face Value ₹10 per share)</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>
9	<b>Other equity (as per audited balance sheet as at 31st March)</b>				<b>33,101.64</b>	<b>32,328.02</b>
10	<b>Basic &amp; Diluted earnings per equity share of ₹10 each) (in ₹)</b>					
A	For continuing operations	2.21	8.32	6.36	24.74	29.18
B	For continuing and discontinued operations	2.21	8.32	6.36	24.74	29.18

See accompanying notes to the financial results.



**Statement of Audited Consolidated Financial Results for the year ended 31-03-2020**

(₹ in Crores)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2020 (Audited)	31-12-2019 (Unaudited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
<b>1</b>	<b>Income</b>					
<b>A</b>	<b>Interest Income</b>					
(i)	Interest income on loan assets	7,691.16	7,464.76	6,493.49	29,422.33	24,727.90
(ii)	Other interest income	66.62	67.10	59.88	249.45	255.72
	<b>Sub-total (A) - Interest Income</b>	<b>7,757.78</b>	<b>7,531.86</b>	<b>6,553.37</b>	<b>29,671.78</b>	<b>24,983.62</b>
<b>B</b>	<b>Other Operating Income</b>					
(i)	Dividend income	23.78	(2.10)	10.08	36.94	20.38
(ii)	Fees and commission income	9.99	12.03	2.80	38.95	225.09
(iv)	Sale of services	49.93	61.87	83.40	182.11	169.93
	<b>Sub-total (B) - Other Operating Income</b>	<b>83.70</b>	<b>71.80</b>	<b>96.28</b>	<b>258.00</b>	<b>415.40</b>
<b>C</b>	<b>Total Revenue from Operations (A+B)</b>	<b>7,841.48</b>	<b>7,603.66</b>	<b>6,649.65</b>	<b>29,929.78</b>	<b>25,399.02</b>
<b>D</b>	<b>Other Income</b>	<b>62.08</b>	<b>5.91</b>	<b>14.18</b>	<b>77.27</b>	<b>32.31</b>
	<b>Total Income (C+D)</b>	<b>7,903.56</b>	<b>7,609.57</b>	<b>6,663.83</b>	<b>30,007.05</b>	<b>25,431.33</b>
<b>2</b>	<b>Expenses</b>					
<b>A</b>	<b>Finance costs</b>	<b>4,940.22</b>	<b>4,766.22</b>	<b>4,160.52</b>	<b>18,991.30</b>	<b>15,639.20</b>
<b>B</b>	<b>Net translation/ transaction exchange loss/ (gain)</b>	<b>1,332.75</b>	<b>353.02</b>	<b>(61.68)</b>	<b>2,357.90</b>	<b>521.19</b>
<b>C</b>	<b>Fees and commission expense</b>	<b>10.49</b>	<b>4.11</b>	<b>12.31</b>	<b>25.44</b>	<b>34.38</b>
<b>D</b>	<b>Net loss/ (gain) on fair value changes</b>	<b>117.97</b>	<b>(107.15)</b>	<b>762.03</b>	<b>25.85</b>	<b>348.52</b>
<b>D</b>	<b>Impairment on financial instruments</b>	<b>556.56</b>	<b>81.56</b>	<b>21.49</b>	<b>919.49</b>	<b>243.49</b>
<b>E</b>	<b>Cost of services rendered</b>	<b>23.04</b>	<b>17.15</b>	<b>38.01</b>	<b>71.61</b>	<b>85.15</b>
<b>F</b>	<b>Employee benefits expenses</b>	<b>45.89</b>	<b>44.23</b>	<b>51.19</b>	<b>193.15</b>	<b>177.37</b>
<b>G</b>	<b>Depreciation and amortization</b>	<b>3.56</b>	<b>2.77</b>	<b>2.28</b>	<b>11.77</b>	<b>8.29</b>
<b>H</b>	<b>Corporate social responsibility expenses</b>	<b>176.42</b>	<b>31.21</b>	<b>19.58</b>	<b>259.29</b>	<b>104.49</b>
<b>I</b>	<b>Other expenses</b>	<b>34.21</b>	<b>33.03</b>	<b>27.32</b>	<b>130.41</b>	<b>188.76</b>
	<b>Total Expenses (A to I)</b>	<b>7,241.11</b>	<b>5,226.15</b>	<b>5,033.05</b>	<b>22,986.21</b>	<b>17,390.84</b>
<b>3</b>	<b>Share of Profit of Joint Venture accounted for using equity method</b>	<b>1.78</b>	<b>3.05</b>	<b>10.32</b>	<b>9.14</b>	<b>9.95</b>
<b>4</b>	<b>Profit before Tax (1-2+3)</b>	<b>664.23</b>	<b>2,386.47</b>	<b>1,641.10</b>	<b>7,029.98</b>	<b>8,090.44</b>
<b>5</b>	<b>Tax Expense</b>					
<b>A</b>	<b>Current Tax</b>					
-	Current Year	295.19	458.62	366.62	1,579.79	1,826.51
-	Earlier Years	1.16	53.81	(13.28)	65.27	(13.28)
<b>B</b>	<b>Deferred Tax</b>	<b>(106.11)</b>	<b>207.23</b>	<b>35.10</b>	<b>412.65</b>	<b>535.83</b>
	<b>Total Tax Expense (A+B)</b>	<b>190.24</b>	<b>719.66</b>	<b>388.44</b>	<b>2,057.71</b>	<b>2,349.06</b>
<b>6</b>	<b>Net profit for the period (4-5)</b>	<b>473.99</b>	<b>1,666.81</b>	<b>1,252.66</b>	<b>4,972.27</b>	<b>5,741.38</b>
<b>7</b>	<b>Other comprehensive Income/(Loss)</b>					
(i)	<b>Items that will not be reclassified to profit or loss</b>					
(a)	Re-measurement gains/(losses) on defined benefit plans	(10.83)	-	(26.83)	(2.87)	(19.37)
(b)	Changes in fair value of FVOCI equity instruments	(88.89)	56.13	(22.02)	(129.20)	(47.26)
(c)	Share of Profit of Joint Venture accounted for using equity method	(0.02)	-	(0.09)	(0.12)	(0.05)
(d)	<b>Income tax relating to these items</b>					
-	Re-measurement gains/(losses) on defined benefit plans	2.72	-	9.38	0.72	6.77
-	Changes in fair value of FVOCI equity instruments	(0.40)	0.40	0.12	12.39	(0.68)
	<b>Sub-total (i)</b>	<b>(97.42)</b>	<b>56.53</b>	<b>(39.44)</b>	<b>(119.08)</b>	<b>(60.89)</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>					
(a)	Effective Portion of Cash Flow Hedges	(302.12)	-	-	(302.12)	-
(b)	Cost of hedging reserve	(273.61)	-	-	(273.61)	-
(c)	Share of other comprehensive income/ (loss) of Joint venture accounted for using equity method	(0.80)	-	-	(3.94)	-
(D)	<b>Income tax relating to these items</b>					
-	Effective Portion of Cash Flow Hedges	76.04	-	-	76.04	-
-	Cost of hedging reserve	68.86	-	-	68.86	-
	<b>Sub-total (ii)</b>	<b>(431.63)</b>	<b>-</b>	<b>-</b>	<b>(434.77)</b>	<b>-</b>
	<b>Other comprehensive income/(loss) for the period (i + ii)</b>	<b>(529.05)</b>	<b>56.53</b>	<b>(39.44)</b>	<b>(553.85)</b>	<b>(60.59)</b>
<b>8</b>	<b>Total comprehensive Income for the period (6+7)</b>	<b>(55.06)</b>	<b>1,723.34</b>	<b>1,213.22</b>	<b>4,418.42</b>	<b>5,680.79</b>
<b>9</b>	<b>Paid up Equity Share Capital (Face Value ₹10 per share)</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>
<b>10</b>	<b>Other Equity</b>				<b>33,421.51</b>	<b>32,571.42</b>
	<b>(as per audited balance sheet as at 31st March)</b>					
<b>11</b>	<b>Basic &amp; Diluted earnings per equity share of ₹ 10 each (in ₹)</b>					
<b>A</b>	<b>For continuing operations</b>	<b>2.40</b>	<b>8.44</b>	<b>6.34</b>	<b>25.18</b>	<b>29.07</b>
<b>B</b>	<b>For continuing and discontinued operations</b>	<b>2.40</b>	<b>8.44</b>	<b>6.34</b>	<b>25.18</b>	<b>29.07</b>

See accompanying notes to the financial results.



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**Statement of Assets and Liabilities**

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		As at 30.03.2020	As at 31.03.2019	As at 30.03.2020	As at 31.03.2019
		(Audited)	(Audited)	(Audited)	(Audited)
	<b>ASSETS</b>				
(1)	<b>Financial Assets</b>				
(a)	Cash and cash equivalents	1,678.03	342.94	1,717.71	381.99
(b)	Other Bank Balances	2,021.96	1,253.31	2,257.45	1,733.05
(c)	Trade receivables	-	-	110.72	137.72
(d)	Derivative financial instruments	3,318.85	1,802.58	3,318.85	1,802.58
(e)	Loans	3,12,083.50	2,70,450.92	3,12,083.50	2,70,450.92
(f)	Investments	2,313.21	2,397.62	2,127.11	2,283.13
(g)	Other financial assets	22,081.59	18,342.48	22,099.67	18,343.99
	<b>Total - Financial Assets (1)</b>	<b>3,43,497.14</b>	<b>2,94,589.85</b>	<b>3,43,715.01</b>	<b>2,95,153.41</b>
(2)	<b>Non-Financial Assets</b>				
(a)	Current tax assets (net)	392.66	275.83	409.94	293.17
(b)	Deferred tax assets (net)	2,034.32	2,358.29	2,050.57	2,305.93
(c)	Investment Property	0.01	0.01	0.01	0.01
(d)	Property, Plant & Equipment	153.00	153.98	156.97	156.63
(e)	Capital Work-in-Progress	287.62	196.94	287.62	196.94
(f)	Intangible Assets Under Development	0.77	1.59	0.77	1.59
(g)	Other Intangible Assets	8.80	8.51	8.82	8.55
(h)	Other non-financial assets	113.27	132.30	132.37	148.41
(i)	Investments accounted for using equity method	-	-	258.47	179.63
	<b>Total - Non-Financial Assets (2)</b>	<b>2,990.45</b>	<b>3,127.45</b>	<b>3,305.54</b>	<b>3,290.86</b>
(3)	Assets classified as held for sale	-	-	9.53	9.56
	<b>Total ASSETS (1+2+3)</b>	<b>3,46,487.59</b>	<b>2,97,717.30</b>	<b>3,47,030.08</b>	<b>2,98,453.83</b>
	<b>LIABILITIES AND EQUITY</b>				
	<b>LIABILITIES</b>				
(1)	<b>Financial liabilities</b>				
(a)	Derivative financial instruments	1,325.73	159.40	1,325.73	159.40
(b)	Trade payables				
(i)	Trade payables	-	-	0.15	2.65
(ii)	total outstanding dues of MSMEs	-	-	46.00	64.64
(iii)	total outstanding dues of creditors other than MSMEs	-	-	-	-
(c)	Debt securities	2,19,977.22	1,92,839.79	2,19,918.25	1,92,767.51
(d)	Borrowings (other than debt securities)	61,543.61	46,662.54	61,550.66	46,662.54
(e)	Subordinated liabilities	4,819.65	4,818.76	4,819.65	4,818.76
(f)	Other financial liabilities	23,562.70	18,751.75	23,782.21	19,227.07
	<b>Total - Financial Liabilities (1)</b>	<b>3,11,228.91</b>	<b>2,63,232.24</b>	<b>3,11,442.68</b>	<b>2,63,702.57</b>
(2)	<b>Non-Financial Liabilities</b>				
(a)	Provisions	106.51	99.58	107.09	100.24
(b)	Other non-financial liabilities	73.61	82.54	83.23	104.60
	<b>Total - Non-Financial Liabilities (2)</b>	<b>182.12</b>	<b>182.12</b>	<b>190.32</b>	<b>204.84</b>
(3)	Liabilities directly associated with assets classified as held for sale	-	-	0.68	0.08
(4)	<b>EQUITY</b>				
(a)	Equity Share Capital	1,974.92	1,974.92	1,974.92	1,974.92
(b)	Other equity	33,101.64	32,328.02	33,421.51	32,571.42
	<b>Total - Equity (4)</b>	<b>35,076.56</b>	<b>34,302.94</b>	<b>35,396.43</b>	<b>34,546.34</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>	<b>3,46,487.59</b>	<b>2,97,717.30</b>	<b>3,47,030.08</b>	<b>2,98,453.83</b>



**Statement of Cash Flows for the year ended 31st March 2020**

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		Year ended		Year ended	
		31-03-2020 (Audited)	31-03-2019 (Audited)	31-03-2020 (Audited)	31-03-2019 (Audited)
A.	<b>Cash Flow from Operating Activities</b>				
	Net Profit before tax	6,983.29	8,100.50	7,029.98	8,090.44
	Adjustments for:				
1.	Loss on derecognition of property, plant and equipment (net)	1.69	0.86	1.69	0.86
2.	Depreciation & amortization	10.00	7.17	11.78	8.29
3.	Impairment losses on financial assets	889.56	240.33	919.49	243.49
4.	Adjustments towards Effective Interest Rate in respect of Loans	53.02	1.33	53.02	1.33
5.	Adjustments towards Effective Interest Rate in respect of borrowings	62.31	(788.28)	62.31	(788.28)
6.	Fair Value Changes in Derivatives	47.72	351.52	47.72	351.52
7.	Fair Value Changes in FVTPL Instruments	(6.40)	-	(6.40)	-
8.	Interest on Commercial Paper	463.66	402.84	463.66	402.84
9.	Interest Accrued on Zero Coupon Bonds	105.29	97.02	105.29	97.02
10.	Loss/ (Gain) on Exchange Rate fluctuation	2,342.27	558.51	2,342.27	558.51
11.	Loss/ (Gain) on sale of investments	-	-	(3.16)	-
12.	Dividend Income	(89.04)	(113.61)	(36.94)	(20.38)
13.	Interest Income on Investments & others	(172.40)	(193.31)	(181.15)	(205.88)
14.	Provision made for Interest on Advance Income Tax	-	3.46	0.03	3.70
15.	Liabilities no longer required written back	-	-	-	(0.46)
16.	Interest expense on other liabilities	-	-	0.21	-
17.	Share of Profit/Loss of Joint Venture accounted for using equity method	-	-	(9.14)	(9.95)
	Operating profit before Changes in Operating Assets & Liabilities	10,698.97	8,668.34	10,800.66	8,733.05
	Inflow / (Outflow) on account of:				
1.	Loan Assets	(41,664.59)	(41,760.36)	(41,664.59)	(41,760.36)
2.	Derivatives	(407.70)	(1,622.07)	(407.70)	(1,622.07)
3.	Other Operating Assets	(5,426.96)	(13,895.21)	(5,165.04)	(13,856.89)
4.	Operating Liabilities	5,776.56	14,639.43	5,485.44	14,711.38
	Cash flow from Operations	(31,001.22)	(33,969.87)	(30,951.23)	(33,794.89)
1.	Income Tax Paid (including TDS)	(1,748.64)	(2,043.14)	(1,777.35)	(2,070.91)
2.	Income Tax refund	16.67	-	16.67	-
	Net Cash Flow from Operating Activities	(32,763.69)	(36,013.01)	(32,711.91)	(35,865.80)
B.	<b>Cash Flow from Investing Activities</b>				
1.	Sale of Property, Plant & Equipment	0.11	0.10	0.11	0.10
2.	Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(97.09)	(85.51)	(97.51)	(85.88)
3.	Investment in Intangible Assets (including intangible assets under development)	(2.75)	(5.00)	(2.75)	(5.04)
4.	Finance Costs Capitalised	(15.79)	(11.37)	(15.79)	(11.37)
5.	Investment in Equity Shares of EESL	(71.60)	-	(71.60)	-
6.	Sale of Equity Shares	4.23	24.39	4.23	24.39
7.	Sale/(Investment) of/in shares of associate companies (Net)	-	-	0.30	(0.40)
8.	Redemption of Debt Securities (net of investment)	47.16	398.17	47.16	398.17
9.	Interest Income from investments	226.39	150.68	231.04	158.07
10.	Investment in Term Deposits (incl. interest)	-	-	(15.90)	(106.64)
11.	Investment in Staggered Papers	-	-	(18.00)	-
12.	Sale of Investments in bonds	-	-	21.15	-
13.	Maturity/(Investment) of Corporate and Term deposits	-	-	(0.05)	64.99
14.	Dividend Income	89.04	113.61	36.94	20.38
15.	Realisation of investments accounted for using equity method	-	-	2.10	-
	Net Cash Flow from Investing Activities	179.70	585.07	121.43	456.77
C.	<b>Cash Flow from Financing Activities</b>				
1.	Issue/ (Redemption) of Rupee Debt Securities (Net)	21,280.39	4,220.72	21,293.39	4,220.72
2.	Issue/ (Redemption) of Commercial Paper (net)	(9,270.30)	4,143.04	(9,270.30)	4,143.04
3.	Raising/ (Repayments) of Rupee Term Loans/ WCCL from Govt / Bonds/ FIs (net)	7,899.65	24,350.00	7,904.65	24,350.00
4.	Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	12,617.57	3,718.78	12,617.57	3,718.78
5.	Raising/ (Redemption) of Subordinated Liabilities (net)	-	2,151.20	-	2,151.20
6.	Payment of Dividend on Equity Shares	(2,172.41)	(2,518.02)	(2,172.41)	(2,515.63)
7.	Payment of Corporate Dividend Tax	(435.78)	(506.84)	(446.06)	(525.52)
8.	Repayment towards Lease Liability Principal amount	(0.04)	-	(0.64)	-
	Net Cash flow from Financing Activities	33,919.08	33,588.88	33,926.20	35,542.59
	Net Increase/Decrease in Cash & Cash Equivalents	1,335.09	130.94	1,335.72	133.56
	Cash & Cash Equivalents as at the beginning of the period	342.94	212.00	383.99	248.43
	Cash & Cash Equivalents as at the end of the period	1,678.03	342.94	1,719.71	381.99





**Notes:**

- The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meetings held on 17th June 2020. These results have been audited by the Statutory Auditors of the Company.
- The audited accounts of the subsidiary companies, REC Power Distribution Company Limited (standalone) and REC Transmission Projects Company Limited (consolidated) and unaudited standalone accounts of joint venture (Energy Efficiency Services Limited) have been consolidated in accordance with the Indian Accounting Standard 110 'Consolidated Financial Statements', Indian Accounting Standard 111 'Joint Arrangements' and Indian Accounting Standard 28 'Investments in Associates and Joint Ventures'.
- Details of credit-impaired loan assets and impairment loss allowance maintained in respect of such accounts are as under:

		(₹ in Crores)	
S. No.	Particulars	As at 31st March 2020	As at 31st March 2019
1.	Credit-impaired loan assets	21,255.55	20,348.44
2.	Impairment loss allowance	10,552.13	9,698.95
	Impairment Allowance Coverage (%) (2/1)	49.64%	47.66%

- Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.
- The Company, along with its subsidiaries has adopted Ind AS 116 'Leases', using modified retrospective method with the initial date of application of 1st April, 2019. Accordingly, in one of the subsidiaries, REC Power Distribution Company Limited, an amount of ₹ 2.65 crores have been recognised as the Right of Use assets (ROU) on the initial date of application, which is equivalent to the lease liability.
- The Company has applied hedge accounting requirements in Ind AS 109 prospectively from 1 January 2020, 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.
- As required by RBI Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of Implementation of Ind-AS in NBFC, the Company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI to "Impairment Reserve".
- The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard (Ind AS) 108 'Operating Segments'.
- The Company had exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. According it has recognised the Provision for Income Tax (current tax) for the quarter and year ended 31st March 2020 and also remeasured Deferred Tax Assets/ Liability on the basis of the rate prescribed under Section 115BAA.
- As per the Notification No. G.S.R. 574(E) dated 16th August 2019 issued by the Ministry of Corporate Affairs, the Company, being an NBFC, is not required to create Debenture Redemption Reserve (DRR) pursuant to Sec. 71 of the Companies Act, 2013, read with Rule 18 of the Companies (Share Capital & Debentures) Rules 2014. Pursuant to the notification, the DRR existing in the books of Accounts as at 30th June 2019 amounting to ₹ 1,367.27 crores had been transferred to General Reserve during the quarter ended 30th Sept. 2019.
- The domestic debt instruments of REC continue to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA, Credit Rating Agencies. Further, the Company enjoys international credit rating of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and Fitch respectively.
- Details of previous due dates for the payment of interest/ repayment of principal along with next due date for the payment of interest/ principal in respect of listed non-convertible debt securities have been annexed herewith this statement as Annexure-A in terms of the requirements of Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Company has not issued any redeemable preference shares till date.
- The additional information as required under Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as below:

S. No.	Particulars	Unit	As at 31st March 2020
(i)	Net Worth	₹ in Crores	35,076.56
(ii)	Debenture Redemption Reserve	₹ in Crores	-
(iii)	Debt-Equity Ratio	times	7.99

- 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. Necessary disclosure as required in the said framework regarding issuance of debt securities is annexed as Annexure-B.
- For all the secured bonds issued by the Company and outstanding as at 31st March 2020, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
- The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a significant decline and volatility in global and Indian financial markets. It has also caused a significant disruption in the Global and Indian economic activities. On 11 March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO). The situation has been under close watch by the Company to take prompt actions for continuity of business operations in an optimised manner. The impact of Covid-19 outbreak on the business operations of the Company is annexed as Annexure-C.
- The disclosure in respect of related party transactions on a Consolidated basis for the year ended 31st March 2020 have been annexed herewith this statement as Annexure-D.
- The figures for the quarter ended 31st March 2020 and 31st March 2019 are derived by deducting the year to date figures for the period ended 31st December 2019 and 31st December 2018 from the audited figures for the year ended 31st March 2020 and 31st March 2019 respectively.
- Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

Place: New Delhi  
Date: 17th June 2020



For REC Limited  
  
Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342





**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a)	Cash and cash equivalents	6	1,678.03	342.94
(b)	Other bank balances	7	2,021.96	1,253.31
(c)	Derivative financial instruments	8	3,318.85	1,802.58
(d)	Loans	9	3,12,083.50	2,70,450.92
(e)	Investments	10	2,313.21	2,397.62
(f)	Other financial assets	11	22,081.59	18,342.48
	<b>Total - Financial Assets (1)</b>		<b>3,43,497.14</b>	<b>2,94,589.85</b>
<b>(2) Non-Financial Assets</b>				
(a)	Current tax assets (net)	12	392.66	275.83
(b)	Deferred tax assets (net)	13	2,034.32	2,358.29
(c)	Investment Property	14	0.01	0.01
(d)	Property, Plant & Equipment	15	153.00	153.98
(e)	Capital Work-in-Progress	15	287.62	196.94
(f)	Intangible Assets Under Development	15	0.77	1.59
(g)	Other Intangible Assets	15	8.80	8.51
(h)	Other non-financial assets	16	113.27	132.30
	<b>Total - Non-Financial Assets (2)</b>		<b>2,990.45</b>	<b>3,127.45</b>
	<b>Total ASSETS (1+2)</b>		<b>3,46,487.59</b>	<b>2,97,717.30</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a)	Derivative financial instruments	8	1,325.73	159.40
(b)	Debt Securities	17	2,19,977.22	1,92,839.79
(c)	Borrowings (other than debt securities)	18	61,543.61	46,662.54
(d)	Subordinated Liabilities	19	4,819.65	4,818.76
(e)	Other financial liabilities	20	23,562.70	18,751.75
	<b>Total - Financial Liabilities (1)</b>		<b>3,11,228.91</b>	<b>2,63,232.24</b>
<b>(2) Non-Financial Liabilities</b>				
(a)	Provisions	21	106.51	99.58
(b)	Other non-financial liabilities	22	75.61	82.54
	<b>Total - Non-Financial Liabilities (2)</b>		<b>182.12</b>	<b>182.12</b>
<b>(3) EQUITY</b>				
(a)	Equity Share Capital	23	1,974.92	1,974.92
(b)	Other equity	24	33,101.64	32,328.02
	<b>Total - Equity (3)</b>		<b>35,076.56</b>	<b>34,302.94</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3)</b>		<b>3,46,487.59</b>	<b>2,97,717.30</b>

Accompanying Notes to Financial Statements 1 to 62

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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: 17<sup>th</sup> June 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Revenue from Operations</b>			
(i)	Interest Income	25	29,663.07	24,971.02
(ii)	Dividend Income	26	89.04	113.61
(iii)	Fees and Commission Income	27	38.95	225.09
<b>I.</b>	<b>Total Revenue from Operations (i to iii)</b>		<b>29,791.06</b>	<b>25,309.72</b>
<b>II.</b>	<b>Other Income</b>	28	63.92	31.44
<b>III.</b>	<b>Total Income (I+II)</b>		<b>29,854.98</b>	<b>25,341.16</b>
	<b>Expenses</b>			
(i)	Finance Costs	29	18,997.05	15,641.54
(ii)	Net translation/ transaction exchange loss	30	2,357.90	521.19
(iii)	Fees and commission Expense	31	25.44	34.38
(iv)	Net loss on fair value changes	32	25.85	348.52
(v)	Impairment on financial instruments	33	889.56	240.33
(vi)	Employee Benefits Expenses	34	175.79	157.53
(vii)	Depreciation and amortization	35	10.00	7.17
(viii)	Corporate Social Responsibility Expenses	36	258.40	103.39
(ix)	Other Expenses	37	131.70	186.61
<b>IV.</b>	<b>Total Expenses (i to ix)</b>		<b>22,871.69</b>	<b>17,240.66</b>
<b>V.</b>	<b>Profit before Tax (III-IV)</b>		<b>6,983.29</b>	<b>8,100.50</b>
<b>VI.</b>	<b>Tax Expense</b>	38		
(i)	Current tax		1,615.87	1,791.64
(ii)	Deferred Tax		481.26	545.14
	<b>Total Tax Expense (i+ii)</b>		<b>2,097.13</b>	<b>2,336.78</b>
<b>VII.</b>	<b>Profit for the period</b>		<b>4,886.16</b>	<b>5,763.72</b>
	<b>Other comprehensive Income/(Loss)</b>			
(i)	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gains/(losses) on defined benefit plans		(2.87)	(19.37)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(129.20)	(47.26)
(c)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		0.72	6.77
	- Changes in Fair Value of FVOCI Equity Instruments		12.39	(0.68)
	<b>Sub-Total (i)</b>		<b>(118.96)</b>	<b>(60.54)</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>			
(a)	Effective Portion of Cash Flow Hedges		(302.12)	-
(b)	Cost of hedging reserve		(273.61)	-
(c)	Income tax relating to these items			
	-Effective Portion of Cash Flow Hedges		76.04	-
	- Cost of hedging reserve		68.86	-
	<b>Sub-Total (ii)</b>		<b>(430.83)</b>	<b>-</b>
<b>VIII.</b>	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>		<b>(549.79)</b>	<b>(60.54)</b>
<b>IX.</b>	<b>Total comprehensive Income for the period (VII+VIII)</b>		<b>4,336.37</b>	<b>5,703.18</b>
<b>X.</b>	<b>Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	39		
(1)	For continuing operations		24.74	29.18
(2)	For continuing and discontinued operations		24.74	29.18

Accompanying Notes to Financial Statements 1 to 62

For and on behalf of the Board

J.S. Amitabh  
ED & Company SecretaryAjoy Choudhury  
Director (Finance)  
DIN - 06629871Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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/N500091Gaurav Mittal  
Partner  
M.No. : 099387Atul Aggarwal  
Partner  
M.No. : 092656Place: New Delhi  
Date: 17<sup>th</sup> June 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

A Equity share capital													(₹ in Crores)
Particulars													As at 31-03-2020
Opening Balance													1,974.92
Changes in equity share capital during the year													-
Closing Balance													1,974.92
B Other Equity													(₹ in Crores)
Particulars	Reserves & Surplus												Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Debenture Redemption Reserve	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Impairment Reserve	Retained Earnings	FVOCI-Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	
Balance as at 31 <sup>st</sup> March 2018	13,813.19	2,761.10	-	1,121.54	2,236.54	(86.29)	5,177.40	-	5,114.51	190.24	-	-	30,328.23
Profit for the year									5,763.72				5,763.72
Remeasurement of Defined Benefit Plans									(12.60)				(12.60)
Recognition through Other Comprehensive Income (net of taxes)									-	(47.94)	-		(47.94)
Total Comprehensive Income	-	-	-	-	-	-	-	-	5,751.12	(47.94)	-	-	5,703.18
Other adjustments													
Transfer to/ (from) Retained Earnings	1,323.59	273.62	1,153.00	196.59			-	-	(2,946.80)				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument									5.42	(5.42)			-
Foreign Currency Translation Loss on long term monetary items during the year						(1,404.88)							(1,404.88)
Amortisation during the year						726.35							726.35
Total- Other adjustments	1,323.59	273.62	1,153.00	196.59	-	(678.53)	-	-	(2,941.38)	(5.42)	-	-	(678.53)
Dividends									(2,518.02)				(2,518.02)
Dividend Distribution Tax									(506.84)				(506.84)
Total- Transaction with owners and taxes	-	-	-	-	-	-	-	-	(3,024.86)	-	-	-	(3,024.86)
Balance as at 31 <sup>st</sup> March 2019	15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	(764.82)	5,177.40	-	4,899.39	136.88	-	-	32,328.02
Profit for the year									4,886.16				4,886.16
Remeasurement of Defined Benefit Plans									(2.15)				(2.15)
Recognition through Other Comprehensive Income (net of taxes)									-	(116.81)	(226.08)	(204.75)	(547.64)
Total Comprehensive Income	-	-	-	-	-	-	-	-	4,884.01	(116.81)	(226.08)	(204.75)	4,336.37
Other adjustments													
Transfer to/ (from) Retained Earnings	1,522.32	336.52	978.00	49.15			-	793.29	(3,679.28)				-
Transfer to General Reserve		(378.41)		(1,367.28)			1,745.69		-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument									(86.19)	86.19			-
Foreign Currency Translation Loss on long term monetary items during the year						(1,630.51)							(1,630.51)
Amortisation during the year						675.95							675.95
Total- Other adjustments	1,522.32	(41.89)	978.00	(1,318.13)	-	(954.56)	1,745.69	793.29	(3,765.47)	86.19	-	-	(954.56)
Dividends									(2,172.41)				(2,172.41)
Dividend Distribution Tax									(435.78)				(435.78)
Total- Transaction with owners and taxes	-	-	-	-	-	-	-	-	(2,608.19)	-	-	-	(2,608.19)
Balance as at 31 <sup>st</sup> March 2020	16,659.10	2,992.83	2,131.00	-	2,236.54	(1,719.38)	6,923.09	793.29	3,409.74	106.26	(226.08)	(204.75)	33,101.64

Refer Note No. 24.1 for details regarding drawdown/ transfers from Reserves and Note No. 24.9 for appropriation to Impairment Reserve

## Accompanying Notes to Financial Statements 1 to 62

In terms of our 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

For and on behalf of the Board

Gaurav Mittal  
Partner  
M.No. : 099387

Atul Aggarwal  
Partner  
M.No. : 092656

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

Place: New Delhi  
Date: 17<sup>th</sup> June 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

(₹ in Crores)

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
<b>A. Cash Flow from Operating Activities :</b>				
<b>Net Profit before Tax</b>	6,983.29		8,100.50	
<b>Adjustments for:</b>				
1. Loss on derecognition of Property, Plant and Equipment (net)	1.69		0.86	
2. Depreciation & Amortization	10.00		7.17	
3. Impairment losses on financial assets	889.56		240.33	
4. Adjustments towards Effective Interest Rate in respect of Loans	53.02		1.33	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	62.31		(788.28)	
6. Fair Value Changes in Derivatives	47.72		351.52	
7. Fair Value Changes in FVTPL Instruments	(6.40)		-	
8. Interest on Commercial Paper	463.66		402.84	
9. Interest Accrued on Zero Coupon Bonds	105.29		97.02	
10. Loss/ (Gain) on Exchange Rate fluctuation	2,342.27		558.51	
11. Dividend Income	(89.04)		(113.61)	
12. Interest Income on Investments	(172.40)		(193.31)	
13. Provision made for Interest on Advance Income Tax	-		3.46	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>10,690.97</b>		<b>8,668.34</b>	
<b>Inflow / (Outflow) on account of :</b>				
1. Loan Assets	(41,664.59)		(41,760.36)	
2. Derivatives	(407.70)		(1,622.07)	
3. Other Operating Assets	(5,426.96)		(13,895.21)	
4. Operating Liabilities	5,776.56		14,639.43	
<b>Cash flow from Operations</b>	<b>(31,031.72)</b>		<b>(33,969.87)</b>	
1. Income Tax Paid (including TDS)	(1,748.64)		(2,043.14)	
2. Income Tax refund	16.67		-	
<b>Net Cash Flow from Operating Activities</b>		<b>(32,763.69)</b>		<b>(36,013.01)</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Property, Plant & Equipment	0.11		0.10	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(97.09)		(85.51)	
3. Investment in Intangible Assets (including intangible assets under development)	(2.75)		(5.00)	
4. Finance Costs Capitalised	(15.79)		(11.37)	
5. Investment in Equity Shares of EESL	(71.60)		-	
6. Sale of Equity Shares	4.23		24.39	
7. Redemption of Debt Securities (net of investment)	47.16		398.17	
8. Interest Income from investments	226.39		150.68	
9. Dividend Income	89.04		113.61	
<b>Net Cash Flow from Investing Activities</b>		<b>179.70</b>		<b>585.07</b>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 (CONTD.)

(₹ in Crores)

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
<b>C. Cash Flow from Financing Activities</b>				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	21,280.39		4,220.72	
2. Issue/ (Redemption) of Commercial Paper (net)	(5,270.30)		4,143.04	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./Banks/ FIs (net )	7,899.65		24,350.00	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	12,617.57		3,718.78	
5. Raising/ (Redemption) of Subordinated Liabilities (net)	-		2,151.20	
6. Payment of Dividend on Equity Shares	(2,172.41)		(2,518.02)	
7. Payment of Corporate Dividend Tax	(435.78)		(506.84)	
8. Repayment towards Lease Liability	(0.04)		-	
<b>Net Cash flow from Financing Activities</b>		<b>33,919.08</b>		<b>35,558.88</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>1,335.09</b>		<b>130.94</b>
Cash & Cash Equivalents as at the beginning of the year		<b>342.94</b>		212.00
Cash & Cash Equivalents as at the end of the year		<b>1,678.03</b>		342.94

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
- Cash in Hand (including postage & imprest)	0.06	0.01
- Balances with Banks	1,173.41	339.97
- Short-term Deposits with Scheduled Banks	504.56	2.96
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,678.03</b>	<b>342.94</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 (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	
<b>FY 2019-20</b>						
Rupee Debt Securities	1,72,971.40	21,280.39	729.47	-	41.72	1,95,022.98
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
<b>Total</b>	<b>2,44,320.98</b>	<b>36,527.31</b>	<b>998.41</b>	<b>3,930.12</b>	<b>563.59</b>	<b>2,86,340.41</b>
<b>FY 2018-19</b>						
Rupee Debt Securities	1,68,517.14	4,220.72	124.83	-	108.71	1,72,971.40
Commercial Paper	3,150.44	4,143.04	-	-	402.84	7,696.32
Rupee Term Loans/ WCDL	414.82	24,350.00	119.43	-	-	24,884.25
Foreign Currency Debt Securities & other Borrowings	29,689.04	3,718.78	104.02	1,220.89	(782.48)	33,950.25
Subordinated Liabilities	2,667.36	2,151.20	1.58	-	(1.38)	4,818.76
<b>Total</b>	<b>2,04,438.80</b>	<b>38,583.74</b>	<b>349.86</b>	<b>1,220.89</b>	<b>(272.31)</b>	<b>2,44,320.98</b>

\* 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 - 06629871Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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/N500091Gaurav Mittal  
Partner  
M.No. : 099387Atul Aggarwal  
Partner  
M.No. : 092656Place: New Delhi  
Date: 17<sup>th</sup> June 2020



## 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 Company has 22 State 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) as an Infrastructure Finance Company (IFC).

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.

### 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 year ended 31<sup>st</sup> March 2020 were authorized and approved for issue by the Board of Directors on 17<sup>th</sup> June 2020.

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.

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.

## NOTES TO ACCOUNTS

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.

### **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

## NOTES TO ACCOUNTS

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.

### **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.'

## 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

## NOTES TO ACCOUNTS

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.

### **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

## NOTES TO ACCOUNTS

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.

### **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.

### **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.

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.

## NOTES TO ACCOUNTS

### 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.

### 3.12 Dividend

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.

### 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 ₹1,00,000/- is recognized as expense upon initial recognition.



## NOTES TO ACCOUNTS

### 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.

Dividend Distribution Tax is recognized at the same time when the liability to pay a dividend is recognized.

### 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 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.

## NOTES TO ACCOUNTS

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 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

## NOTES TO ACCOUNTS

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.

## 4. Implementation of New/ Modified Standards

### Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The Company adopted Ind AS 116 using modified retrospective method of adoption, with the date of initial application being 01.04.2019. The adoption did not have any material impact on the financial statements of the Company.

### Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:

The Appendix is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

### Amendment to Ind AS 12 – Income taxes

The amendments to the guidance in Ind AS 12, 'Income Taxes', is in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Since, the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

### Amendment to Ind AS 19 – Plan amendment, curtailment or settlement

The amendments to Ind AS 19, 'Employee Benefits', is in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The amendments had no impact on the consolidated financial statements of the Company as it did not have any plan amendments, curtailment or settlement during the year.

### 4.1 Adoption of Hedge Accounting

The Company has applied hedge accounting requirements in Ind AS 109 prospectively from 1<sup>st</sup> January 2020, 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.

### 4.2 Standards issued but not yet effective

There are no new amendments issued by MCA which are effective for period w.e.f. 01.04.2020.

## NOTES TO ACCOUNTS

### 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.

**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 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 31-03-20	As at 31-03-19
- Balances with Banks	1,173.41	339.97
- Cash in Hand (including postage & imprest)	0.06	0.01
<b>Sub-total</b>	<b>1,173.47</b>	<b>339.98</b>
- Term Deposits & Other Cash Equivalents		
- Deposits with original maturity less than 3 months	504.56	2.96
<b>Sub-total</b>	<b>504.56</b>	<b>2.96</b>
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>1,678.03</b>	<b>342.94</b>

### 7. Other Bank Balances

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
- Earmarked Balances with Banks		
- For unpaid dividends	4.75	4.15
- For govt. funds for onward disbursement as grant	1,616.49	522.50
- Earmarked Term Deposits		
- For govt. funds for further disbursement	-	2.15
- Deposits in Compliance of Court Order	0.53	2.47
- Balances with banks not available for use pending allotment of securities	400.19	722.04
<b>Total (Other Bank Balances)</b>	<b>2,021.96</b>	<b>1,253.31</b>

7.1 There are no repatriation restrictions with respect to Cash & Cash equivalents and Other bank balances as at 31<sup>st</sup> March 2020 (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 45 for Risk Management Disclosures in respect of the derivatives.

## Part I

(₹ in Crores)

Particulars	As at 31-03-20			As at 31-03-19		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Currency Derivatives</b>						
- Spot and forwards	565.39	27.62	-	518.78	-	10.26
- Currency swaps	3,094.32	432.94	-	5,701.69	419.05	0.41
- Others						
- Call Spread	6,068.56	504.12	-	3,839.01	129.43	-
- Seagull Options	22,321.22	2,212.46	-	14,306.98	1,093.63	18.57
<b>Sub-total (i)</b>	<b>32,049.49</b>	<b>3,177.14</b>	<b>-</b>	<b>24,366.46</b>	<b>1,642.11</b>	<b>29.24</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	29,056.52	141.71	586.06	21,436.70	160.47	130.16
<b>Sub-total (ii)</b>	<b>29,056.52</b>	<b>141.71</b>	<b>586.06</b>	<b>21,436.70</b>	<b>160.47</b>	<b>130.16</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,347.00	-	739.67	-	-	-
<b>Total - Derivative Financial Instruments (i + ii+iii)</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>

## Part II

Included in Part I are derivatives held for hedging and risk management purposes as below (Refere Note 4.1)

(₹ in Crores)

Particulars	As at 31-03-20			As at 31-03-19		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Cash Flow Hedging</b>						
<b>- Currency Derivatives</b>						
- Currency Swaps	8,638.68	2.32	303.14	-	-	-
- Others						
- Call Spread	1,884.65	97.16	-	-	-	-
- Seagull Options	11,348.70	1,662.20	-	-	-	-
<b>- Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	9,498.62	5.24	134.45	-	-	-
<b>Sub-total (i)</b>	<b>31,370.65</b>	<b>1,766.92</b>	<b>437.59</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Undesignated Derivatives</b>	<b>34,082.36</b>	<b>1,551.93</b>	<b>888.14</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>
<b>Total - Derivative Financial Instruments (i+ii)</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>

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 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Loans</b>				
(i) Term Loans	3,21,526.76	3,23,177.53	2,79,021.68	2,79,748.67
(ii) Working Capital Loans	897.92	902.01	2,188.00	2,200.18
<b>Total (A) - Gross Loans</b>	<b>3,22,424.68</b>	<b>3,24,079.54</b>	<b>2,81,209.68</b>	<b>2,81,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (A) - Net Loans</b>	<b>3,10,428.64</b>	<b>3,12,083.50</b>	<b>2,69,711.75</b>	<b>2,70,450.92</b>
<b>(B) Security Details</b>				
(i) Secured by tangible assets	2,44,034.67	2,45,113.22	2,16,394.62	2,06,845.46
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/ Govt. Guarantees	58,166.76	58,684.29	42,575.45	52,751.86
(iv) Unsecured	20,223.25	20,282.03	22,239.61	22,351.53
<b>Total (B) - Gross Loans</b>	<b>3,22,424.68</b>	<b>3,24,079.54</b>	<b>2,81,209.68</b>	<b>2,81,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (B) - Net Loans</b>	<b>3,10,428.64</b>	<b>3,12,083.50</b>	<b>2,69,711.75</b>	<b>2,70,450.92</b>
<b>(C)(I) Loans in India</b>				
(i) Public Sector	2,84,644.05	2,86,210.40	2,47,719.13	2,48,463.55
(ii) Private Sector	37,780.63	37,869.14	33,490.55	33,485.30
<b>Total (C)(I) - Gross Loans</b>	<b>3,22,424.68</b>	<b>3,24,079.54</b>	<b>2,81,209.68</b>	<b>2,81,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (C)(I) - Net Loans</b>	<b>3,10,428.64</b>	<b>3,12,083.50</b>	<b>2,69,711.75</b>	<b>2,70,450.92</b>
<b>(C)(II) Loans outside India</b>				
(i) Public Sector	-	-	-	-
(ii) Private Sector	-	-	-	-
<b>Total (C)(II) - Gross Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (C)(I) and (C)(II)</b>	<b>3,10,428.64</b>	<b>3,12,083.50</b>	<b>2,69,711.75</b>	<b>2,70,450.92</b>

#### 9.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Net Loans</b>	<b>3,12,083.50</b>	<b>2,70,450.92</b>
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(1,351.75)	(445.05)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(382.63)	(341.01)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	11,996.04	11,497.93
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	79.52	46.89
<b>Gross Loans</b>	<b>3,22,424.68</b>	<b>2,81,209.68</b>

**NOTES TO ACCOUNTS****9.2** Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31-03-20	Year ended 31-03-19
<b>Opening Balance</b>	<b>11,497.93</b>	<b>11,275.45</b>
Add: Impairment loss allowance provided during the year (Refer Note 33)	876.52	222.48
Less: Allowance utilised towards write-off of loans	(378.41)	-
<b>Closing Balance</b>	<b>11,996.04</b>	<b>11,497.93</b>

**9.3** In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS), the Company has written off loans amounting to Rs. 378.41 crores (Previous year Nil). The details of write-offs for the current year are as below:

- (a) Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26<sup>th</sup> 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.
- (b) Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> 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 under Settlement have been classified under the head 'Investments' (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 31-03-20		As at 31-03-19	
	%	Amount	%	Amount
Gross Loan Book		3,22,424.68		2,81,209.68
Loan Assets for which balance confirmations have been received from borrowers	88%	2,85,183.96	89%	2,49,046.78
Loan Assets for which balance confirmations are yet to be received from borrowers	12%	37,240.72	11%	32,162.90
<i>of which,</i>				
<i>Loans secured by tangible assets</i>	67%	25,015.01	72%	23,286.95
<i>Loans covered by Government Guarantee/ Loans to Government</i>	21%	7,685.39	25%	7,938.71
<i>Unsecured loans</i>	12%	4,540.32	3%	937.24

**10. Investments**

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Amortised Cost	At fair value				Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Debt Securities							
11.15% Perpetual Bonds of Indian Bank (5,000 Bonds of ₹ 0.10 Crores each)			500.31		500.31	-	500.31
11.25% Perpetual Bonds of Bank of Baroda (5,000 Bonds of ₹ 0.10 Crores each)			500.00		500.00		500.00
11.25% Perpetual Bonds of Syndicate Bank* (5,000 Bonds of ₹ 0.10 Crores each)			500.31		500.31	-	500.31
Sub-total - Debt Securities	-	-	1,500.62	-	1,500.62	-	1,500.62

**NOTES TO ACCOUNTS**

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Amortised Cost	At fair value				Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Equity Instruments						-	
- NHPC Ltd. (17,53,02,206 Equity shares of ₹ 10 each)	-	349.73	-	-	349.73	-	349.73
- Indian Energy Exchange Ltd. (1,22,71,211 Equity shares of ₹ 1 each)	-	157.01	-	-	157.01	-	157.01
- HUDCO Ltd. (3,47,429 Equity shares of ₹ 10 each)	-	0.69	-	-	0.69	-	0.69
- Universal Commodity Exchange Ltd. (1,60,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	-	-
- Rattan India Power Ltd. (9,25,68,105 Equity shares of ₹ 10 each)	-	-	12.50	-	12.50	-	12.50
Sub-total - Equity Instruments	-	507.43	12.50	-	519.93	-	519.93
Subsidiaries							
- REC Power Distribution Company Ltd. (50,000 Equity shares of ₹ 10 each)	-	-	-	-	-	0.05	0.05
- REC Transmission Projects Company Ltd. (50,000 Equity shares of ₹ 10 each)	-	-	-	-	-	0.05	0.05
Sub-total - Subsidiaries	-	-	-	-	-	0.10	0.10
Joint Ventures							
- Energy Efficiency Services Ltd. (21,81,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	218.10	218.10
Sub-total - Joint Ventures	-	-	-	-	-	218.10	218.10
Investment in Preference Shares							
- Rattan India Power Ltd. (2,87,20,978 redeemable preference shares of ₹ 10 each)	22.93	-	-	-	-	-	22.93
- Rattan India Power Ltd. (4,33,03,616 optionally convertible cumulative redeemable preference shares of ₹ 10 each)	-	-	45.41	-	45.41	-	45.41
Sub-total - Preference Shares	22.93	-	45.41	-	45.41	-	68.34
Others							
- Units of 'Small is Beautiful' Venture Capital Fund (61,52,200 units of ₹ 10 each)	-	6.12	-	-	6.12	-	6.12
- Inter-Corporate Deposits	-	-	-	-	-	-	-
Sub-total - Others	-	6.12	-	-	6.12	-	6.12
Total - Gross (A)	22.93	513.55	1,558.53	-	2,072.08	218.20	2,313.21
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	22.93	513.55	1,558.53	-	2,072.08	218.20	2,313.21
Total (B)	22.93	513.55	1,558.53	-	2,072.08	218.20	2,313.21
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	22.93	513.55	1,558.53	-	2,072.08	218.20	2,313.21

\* Refer note 18.2.(ii) regarding amalgamation of public sector banks w.e.f 01-04-2020

## NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Amortised Cost	At fair value				Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Government Securities					-		
- Govt. of MP Power Bonds - II (1 Bond of ₹ 47.16 Crores)	47.16	-	-	-	-		47.16
Sub-total - Government Securities	47.16	-	-	-	-	-	47.16
Debt Securities							
11.15% Perpetual Bonds of Indian Bank (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	-	500.31
11.25% Perpetual Bonds of Bank of Baroda (5,000 Bonds of ₹ 0.10 Crores each)	-	-	556.25	-	556.25	-	556.25
11.25% Perpetual Bonds of Syndicate Bank (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	-	500.31
Sub-total - Debt Securities	-	-	1,556.87	-	1,556.87	-	1,556.87
Equity Instruments							
- NHPC Ltd. (17,53,02,206 Equity shares of ₹ 10 each)	-	433.00	-	-	433.00	-	433.00
- Indian Energy Exchange Ltd. (1,25,00,000 Equity shares of ₹ 1 each)	-	206.25	-	-	206.25	-	206.25
- HUDCO Ltd. (3,47,429 Equity shares of ₹ 10 each)	-	1.56	-	-	1.56	-	1.56
- Universal Commodity Exchange Ltd. (1,60,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	-	-
- Lanco Teesta Hydro Power Pvt. Ltd. (10,20,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	-	-
Sub-total - Equity Instruments	-	640.81	-	-	640.81	-	640.81
Subsidiaries							
- REC Power Distribution Company Ltd. (50,000 Equity shares of ₹ 10 each)	-	-	-	-	-	0.05	0.05
- REC Transmission Projects Company Ltd. (50,000 Equity shares of ₹ 10 each)	-	-	-	-	-	0.05	0.05
Sub-total - Subsidiaries	-	-	-	-	-	0.10	0.10
Joint Ventures							
- Energy Efficiency Services Ltd. (14,65,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	146.50	146.50
Sub-total - Joint Ventures	-	-	-	-	-	146.50	146.50
Others							
- Units of 'Small is Beautiful' Fund (61,52,200 units of ₹ 10 each)	-	6.18	-	-	6.18	-	6.18
Sub-total - Others	-	6.18	-	-	6.18	-	6.18
Total - Gross (A)	47.16	646.99	1,556.87	-	2,203.86	146.60	2,397.62

## NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Amortised Cost	At fair value				Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	47.16	646.99	1,556.87	-	2,203.86	146.60	2,397.62
Total (B)	47.16	646.99	1,556.87	-	2,203.86	146.60	2,397.62
Less: impairment loss allowance (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	47.16	646.99	1,556.87	-	2,203.86	146.60	2,397.62

### 10.1 Details of Investment in Subsidiaries and Joint Ventures:

(₹ in Crores)

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31.03.2020	31.03.2019
Subsidiaries :			
REC Power Distribution Company Ltd.	India	100.00%	100.00%
REC Transmission Projects Company Ltd.	India	100.00%	100.00%
Joint Ventures :			
Energy Efficiency Services Ltd.	India	22.18%	21.70%

The investments in subsidiaries and joint ventures are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

Under the Right Issue Offer of Energy Efficiency Services Limited (EESL), the Company has been allotted 7,16,00,000 shares of Energy Efficiency Services Limited (EESL) for a consideration of ₹71.60 crores on 8<sup>th</sup> June 2019. As at 31<sup>st</sup> March, 2020, the shareholding of the company in EESL stands at 22.18% as against 21.70% as at 31<sup>st</sup> March, 2019.

**10.2** Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> 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.

**10.3** 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 2019-20			FY 2018-19		
	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	228789	4.23	4.21	-	-	-
Lanco Teesta Hydro Power Limited	102000000	-	(102.00)	-	-	-
NHPC Limited	-	-	-	8709659	24.39	5.42

Under the Buy Back Offer of Indian Energy Exchange Limited, The Company has sold and consequently derecognised 2,28,789 shares for a consideration of ₹4.23 crores on 10<sup>th</sup> April 2019. The shares had been offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

## NOTES TO ACCOUNTS

Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26<sup>th</sup> July, 2019 in respect of Lanco Teesta Hydro Power Lyd, the Company has written off the equity investment of ₹102 crore (10.20 crore equity shares of ₹10 each) upon extinguishment of such equity shares as per the order.

Subsequent to the derecognition of the investments on account of actual sale of the equity shares, the Company has transferred the cumulative gain or loss net of tax impact on such shares from other comprehensive income to retained earnings during the period.

### 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 31-03-20	As at 31-03-19
<b>(A) Loans to Employees (Refer Note No. 11.1)</b>	34.61	28.80
<b>(B) Advances to Employees</b>	0.30	0.32
<b>(C) Loans &amp; Advances to Subsidiaries</b>	3.99	1.72
<b>(D) Security Deposits</b>	1.29	1.13
<b>(E) Recoverable from Govt. of India</b>		
- Towards GoI Fully Serviced Bonds (Refer Note No. 20.5)	21,931.30	18,131.11
- Agency Charges on Govt. Schemes	50.64	159.61
- Reimbursement of Expenses on Govt. Schemes	48.17	0.91
<b>Total - Recoverable from Govt. of India</b>	<b>22,030.11</b>	<b>18,291.63</b>
<b>(F) Recoverable from State Electricity Boards/ Others</b>	4.91	6.17
<b>(G) Other amounts recoverable</b>	37.23	39.40
Less: Impairment Loss allowance (Refer Note No. 11.2)	(30.85)	(26.69)
<b>Other Amounts Recoverable (Net)</b>	<b>6.38</b>	<b>12.71</b>
<b>Total (A to G)</b>	<b>22,081.59</b>	<b>18,342.48</b>

#### 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 31-03-20	As at 31-03-19
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	7.29	3.74
<b>Sub-total (A)</b>	<b>7.29</b>	<b>3.74</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.33	0.46
- To Others	26.99	24.60
<b>Sub-total (B)</b>	<b>27.32</b>	<b>25.06</b>
<b>Total (A+B)</b>	<b>34.61</b>	<b>28.80</b>

The figures above include interest accrued on such loans amounting to ₹6.59 crores (Previous year ₹5.72 crores).



## NOTES TO ACCOUNTS

### 11.2 Movement of impairment loss allowance on other amounts recoverable

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Opening balance	26.69	12.27
Add: Created during the year	5.78	14.42
Less: Reversed/ Adjusted during the year	(1.62)	-
<b>Closing balance</b>	<b>30.85</b>	<b>26.69</b>

### 12. Current tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Advance Income-tax & TDS	1,811.17	1,991.27
Provision for Income Tax	(1,552.27)	(1,802.35)
<b>Sub-Total</b>	<b>258.90</b>	<b>188.92</b>
Tax Deposited on income tax demands under contest	201.05	92.12
Provision for income tax for demand under contest	(67.29)	(5.21)
<b>Sub-Total</b>	<b>133.76</b>	<b>86.91</b>
<b>Current tax assets (Net)</b>	<b>392.66</b>	<b>275.83</b>

### 13. Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Deferred Tax Assets (Net)</b>	<b>2,034.32</b>	<b>2,358.29</b>

### 13.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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
<b>Total Deferred Tax Assets</b>	<b>2,965.49</b>	<b>(387.69)</b>	<b>157.29</b>	<b>-</b>	<b>2,735.09</b>
<b>Deferred Tax Liabilities</b>					
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
<b>Total Deferred Tax Liabilities</b>	<b>607.20</b>	<b>93.57</b>	<b>-</b>	<b>-</b>	<b>700.77</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,358.29</b>	<b>(481.26)</b>	<b>157.29</b>	<b>-</b>	<b>2,034.32</b>

**NOTES TO ACCOUNTS**

Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2019 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,979.61	(12.89)			2,966.72
Provision for Earned Leave	3.50	0.52			4.02
Provision for Medical Leave	6.91	0.66			7.57
<b>Total Deferred Tax Assets</b>	<b>2,990.02</b>	<b>(11.71)</b>	<b>-</b>	<b>-</b>	<b>2,978.31</b>
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	3.05	-			3.05
Unamortised Foreign Currency Exchange Fluctuations	30.15	237.11			267.26
Fair Valuation of Derivatives	(9.27)	21.31			12.04
Financial assets and liabilities measured at amortised cost	61.88	275.01			336.89
FVOCI Investments	0.10		0.68		0.78
<b>Total Deferred Tax Liabilities</b>	<b>85.91</b>	<b>533.43</b>	<b>0.68</b>	<b>-</b>	<b>620.02</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,904.11</b>	<b>(545.14)</b>	<b>(0.68)</b>	<b>-</b>	<b>2,358.29</b>

**14. Investment Property**

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
<b>As at 31<sup>st</sup> March 2020</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
As at 31 <sup>st</sup> March 2019	0.01	-	-	0.01

**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 31-03-20	As at 31-03-19
Carrying Value	0.01	0.01
Fair Value	0.61	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.

## NOTES TO ACCOUNTS

### 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 31.03.2018	82.92	1.59	31.74	9.11	15.80	16.22	0.40	157.78	127.23	1.46	12.38
Additions	27.47	-	-	1.75	4.97	3.22	-	37.41	58.34	0.13	4.87
Borrowings Cost Capitalised									11.37		
Disposals	-	-	-	0.21	0.85	0.94	-	2.00	-	-	-
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/ Adjustments	-	-	-	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
Accumulated depreciation/ amortisation											
As at 31.03.2018	-	0.29	8.10	5.79	11.69	8.45	0.27	34.59	-	-	7.23
Charge for the year	-	0.02	0.48	0.59	2.27	2.27	0.03	5.66	-	-	1.51
Adjustment for disposals	-	-	-	0.06	0.59	0.39	-	1.04	-	-	-
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
Net block as at 31.03.2019	110.39	1.28	23.16	4.33	6.55	8.17	0.10	153.98	196.94	1.59	8.51
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

\*this represents leasehold land which was classified as finance lease under Ind AS 17 and is classified as Right of Use (ROU) asset w.e.f 01 April 2019 on transition to Ind AS 116

**15.1** As on 31<sup>st</sup> March 2020, 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 31.03.2020		As at 31.03.2019	
	Land	Building	Land	Building
Gross Carrying Value	68.31	4.59	68.31	4.59
Net Carrying Value	68.31	2.14	68.31	2.20

**15.2** As on 31<sup>st</sup> March 2020, 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 31.03.2020	As at 31.03.2019
Gross Carrying Value	3.45	3.45
Net Carrying Value	2.41	2.46

**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.

**NOTES TO ACCOUNTS**

**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 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)

**16. Other non-financial assets**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Unsecured, considered good</b>		
(A) Capital Advances	50.38	35.72
(B) Other Advances	5.12	28.86
(C) Balances with Govt. Authorities	44.37	48.00
(D) Prepaid Expenses	0.17	7.51
(E) Deferred Employee Cost	13.21	12.20
(F) Other Assets	0.02	0.01
<b>Total (A to F)</b>	<b>113.27</b>	<b>132.30</b>

**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 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(A) Secured Long-Term Debt Securities</b>				
(i) Institutional Bonds	3,470.00	3,679.51	11,019.40	11,599.27
(ii) 54EC Capital Gain Tax Exemption Bonds	21,976.14	22,781.73	23,157.88	24,010.13
(iii) Tax Free Bonds	12,648.41	13,088.03	12,648.41	13,082.66
(iv) Bond Application Money	400.19	399.41	722.04	720.48
<b>Sub-total (A)</b>	<b>38,494.74</b>	<b>39,948.68</b>	<b>47,547.73</b>	<b>49,412.54</b>
<b>(B) Unsecured Long-Term Debt Securities</b>				
(i) Institutional Bonds	1,48,662.20	1,53,685.20	1,18,253.90	1,22,201.55
(ii) Infrastructure Bonds	16.46	25.19	91.43	98.75
(iii) Zero Coupon Bonds	1,364.85	1,363.91	1,259.57	1,258.56
(iv) Foreign Currency Bonds	22,615.78	22,064.56	12,796.69	12,172.07
<b>Sub-total (B)</b>	<b>1,72,659.29</b>	<b>1,77,138.86</b>	<b>1,32,401.59</b>	<b>1,35,730.93</b>
<b>(C) Unsecured Short-Term Debt Securities</b>				
(i) Commercial Paper	2,925.00	2,889.68	7,975.00	7,696.32
<b>Sub-total (C)</b>	<b>2,925.00</b>	<b>2,889.68</b>	<b>7,975.00</b>	<b>7,696.32</b>
<b>Total - Debt Securities (A+B+C)</b>	<b>2,14,079.03</b>	<b>2,19,977.22</b>	<b>1,87,924.32</b>	<b>1,92,839.79</b>
<b>Debt Securities issued in/ outside India</b>				
(i) Debt Securities in India	1,91,463.25	1,97,912.66	1,75,127.63	1,80,667.72
(ii) Debt Securities outside India	22,615.78	22,064.56	12,796.69	12,172.07
<b>Total - Debt Securities</b>	<b>2,14,079.03</b>	<b>2,19,977.22</b>	<b>1,87,924.32</b>	<b>1,92,839.79</b>

Please refer Note No. 19.2 for reconciliation between the figure represented in face value and Amortised Cost, which includes interest accrued and unamortised expenses as well.

## NOTES TO ACCOUNTS

### 17.1 Details of Secured Long-Term Debt Securities - Refer Note 18.6 for details of the security

#### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>123-IIIB Series</b> - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,063.95	1,955.00	2,062.61
<b>123-I Series</b> - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.56	1,515.00	1,615.29
<b>92-II Series</b> - 8.65% Redeemed at par on 22.01.2020	-	-	945.30	960.65
<b>91-II Series</b> - 8.80% Redeemed at par on 18.11.2019	-	-	995.90	1,028.23
<b>90-C-II Series</b> - 8.80% Redeemed at par on 07.10.2019	-	-	1,040.00	1,084.29
<b>90-B-II Series</b> - 8.72% Redeemed at par on 04.09.2019	-	-	868.20	911.48
<b>90th Series</b> - 8.80% Redeemed at par on 03.08.2019	-	-	2,000.00	2,116.21
<b>122<sup>nd</sup> Series</b> - 9.02% Redeemed at par on 18.06.2019	-	-	1,700.00	1,820.51
<b>Total - Institutional Bonds</b>	<b>3,470.00</b>	<b>3,679.51</b>	<b>11,019.40</b>	<b>11,599.27</b>

#### (ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series XIII (2019-20)</b> - 5.75% Redeemable at par during financial year 2024-25	5,759.14	5,907.48	-	-
<b>Series XII (2018-19)</b> - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,934.10	5,929.73	6,083.83
<b>Series XI (2017-18)</b> - 5.25% Redeemable at par during financial year 2020-21	9,565.23	9,940.15	9,565.23	9,934.60
<b>Series X (2016-17)</b> - 5.25%- 6.00% Redeemed at par during financial year 2019-20	-	-	7,662.92	7,991.70
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>21,976.14</b>	<b>22,781.73</b>	<b>23,157.88</b>	<b>24,010.13</b>

#### (iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2015-16 Tranche 1</b>	700.00	713.90	700.00	713.65
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				
<b>Series 2015-16 Series 5A</b>	300.00	306.98	300.00	306.92
7.17% Redeemable at par on 23.07.2025				
<b>Series 2013-14 Tranche 2</b>	1,059.40	1,085.44	1,059.40	1,084.83
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				

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2013-14 Series 4A &amp; 4B</b>	150.00	155.69	150.00	155.64
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				
<b>Series 2013-14 Tranche 1</b>	3,440.60	3,524.85	3,440.60	3,523.11
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				
<b>Series 2013-14 Series 3A &amp; 3B</b>	1,350.00	1,415.07	1,350.00	1,414.77
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				
<b>Series 2012-13 Tranche 2</b>	131.06	133.92	131.06	133.84
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				
<b>Series 2012-13 Tranche 1</b>	2,017.35	2,063.35	2,017.35	2,062.29
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				
<b>Series 2012-13 Series 2A &amp; 2B</b>	500.00	513.01	500.00	512.92
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				
<b>Series 2011-12</b>	3,000.00	3,175.82	3,000.00	3,174.69
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				
<b>Total - Tax Free Bonds</b>	<b>12,648.41</b>	<b>13,088.03</b>	<b>12,648.41</b>	<b>13,082.66</b>

## (iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	400.19	399.41	722.04	720.48
5.75% Redeemable at par after 5 years from the deemed date of allotment				
<b>Total - Bond Application Money</b>	<b>400.19</b>	<b>399.41</b>	<b>722.04</b>	<b>720.48</b>



## NOTES TO ACCOUNTS

### 17.2 Details of Unsecured Long-Term Debt Securities

#### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.54	-	-
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,315.09	-	-
<b>189<sup>th</sup> Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.80	-	-
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.07	-	-
<b>192<sup>nd</sup> Series</b> - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,393.16	-	-
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	290.20	302.31	-	-
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,163.58	-	-
<b>178<sup>th</sup> Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,167.75	-	-
<b>176<sup>th</sup> Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.59	-	-
<b>169<sup>th</sup> Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.29	2,554.00	2,620.27
<b>168<sup>th</sup> Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,626.01	2,552.40	2,624.99
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.20	2,500.00	2,627.34
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.55	2,500.00	2,636.73
<b>156<sup>th</sup> Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.64	3,533.00	3,614.04
<b>147<sup>th</sup> Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.34	2,745.00	2,745.25
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,056.26	3,000.00	3,055.73
<b>140<sup>th</sup> Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,152.27	2,100.00	2,151.90
<b>136<sup>th</sup> Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.22	2,585.00	2,670.69
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.61	1,800.00	1,913.49
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.05	1,250.00	1,339.00
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,452.91	2,396.00	2,452.88
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,523.03	-	-
<b>131<sup>st</sup> Series</b> - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.14	2,285.00	2,303.12
<b>130<sup>th</sup> Series</b> - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.00	2,325.00	2,492.75
<b>129<sup>th</sup> Series</b> - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.40	1,925.00	2,063.19
<b>128<sup>th</sup> Series</b> - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.53	2,250.00	2,418.29
<b>186B Series</b> - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.86	-	-
<b>191B Series</b> - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,107.13	-	-
<b>180-A Series</b> - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,070.52	-	-
<b>184-B Series STRP-D</b> - 7.55% Redeemable at par on 26.09.2023	300.00	311.55	-	-
<b>191A Series</b> - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.95	-	-
<b>114<sup>th</sup> Series</b> - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.58	4,300.00	4,666.20
<b>188A Series</b> - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.13	-	-
<b>159<sup>th</sup> Series</b> - 7.99% Redeemable at par on 23.02.2023	950.00	957.40	950.00	957.07
<b>187<sup>th</sup> Series</b> - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,129.37	-	-
<b>185<sup>th</sup> Series</b> - 7.09% Redeemable at par on 13.12.2022	2,769.00	2,827.04	-	-

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>155<sup>th</sup> Series</b> - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,959.12	1,912.00	1,958.62
<b>111-II Series</b> - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.64	2,211.20	2,283.10
<b>152<sup>nd</sup> Series</b> - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.12	1,225.00	1,263.82
<b>184-B Series STRP-C</b> - 7.55% Redeemable at par on 26.09.2022	300.00	311.56	-	-
<b>150<sup>th</sup> Series</b> - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.25	2,670.00	2,774.70
<b>186A Series</b> - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,559.27	-	-
<b>107<sup>th</sup> Series</b> - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.46	2,378.20	2,554.12
<b>179<sup>th</sup> Series</b> - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.61	-	-
<b>167<sup>th</sup> Series</b> - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.54	2,571.80	2,576.88
<b>173<sup>th</sup> Series</b> - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,510.23	2,500.00	2,509.41
<b>132<sup>nd</sup> Series</b> - 8.27% Redeemable at par on 09.03.2022	700.00	750.72	700.00	750.61
<b>145<sup>th</sup> Series</b> - 7.46% Redeemable at par on 28.02.2022	625.00	628.97	625.00	628.75
<b>165<sup>th</sup> Series</b> - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.50	2,171.00	2,206.47
<b>193<sup>th</sup> Series</b> - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,118.70	-	-
<b>190B Series</b> - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,511.05	-	-
<b>177<sup>th</sup> Series</b> - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.50	-	-
<b>141<sup>st</sup> Series</b> - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.00	1,020.00	1,037.69
<b>127<sup>th</sup> Series</b> - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.78	1,550.00	1,664.56
<b>105<sup>th</sup> Series</b> - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,070.07	3,922.20	4,069.16
<b>139<sup>th</sup> Series</b> - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.10	2,500.00	2,574.49
<b>184-B Series STRP-B</b> - 7.55% Redeemable at par on 26.09.2021	300.00	311.57	-	-
<b>101-III Series</b> - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.34	3,171.80	3,363.70
<b>100<sup>th</sup> Series</b> - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,603.01	1,500.00	1,602.90
<b>174<sup>th</sup> Series</b> - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.03	2,720.00	2,727.18
<b>161B Series</b> - 7.73% Redeemable at par on 15.06.2021	800.00	849.01	800.00	848.86
<b>154<sup>th</sup> Series</b> - 7.18% Redeemable at par on 21.05.2021	600.00	637.04	600.00	636.89
<b>157<sup>th</sup> Series</b> - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.47	1,055.00	1,131.27
<b>158<sup>th</sup> Series</b> - 7.70% Redeemable at par on 15.03.2021	2,465.00	2,473.46	2,465.00	2,473.14
<b>98<sup>th</sup> Series</b> - 9.18% Redeemable at par on 15.03.2021	3,000.00	3,012.79	3,000.00	3,012.83
<b>153<sup>rd</sup> Series</b> - 6.99% Redeemable at par on 31.12.2020	2,850.00	2,899.77	2,850.00	2,898.98
<b>97<sup>th</sup> Series</b> - 8.80% Redeemable at par on 30.11.2020	2,120.50	2,183.61	2,120.50	2,183.11
<b>96<sup>th</sup> Series</b> - 8.80% Redeemable at par on 26.10.2020	1,150.00	1,193.96	1,150.00	1,193.81
<b>184-B Series STRP-A</b> - 7.55% Redeemable at par on 26.09.2020	300.00	311.63	-	-
<b>149<sup>th</sup> Series</b> - 6.87% Redeemable at par on 24.09.2020	2,485.00	2,573.44	2,485.00	2,572.86
<b>135<sup>th</sup> Series</b> - 8.36% Redeemable at par on 22.09.2020	2,750.00	2,817.12	2,750.00	2,817.11
<b>144<sup>th</sup> Series</b> - 7.13% Redeemable at par on 21.09.2020	835.00	840.30	835.00	840.00
<b>172<sup>nd</sup> Series</b> - 8.57% Redeemable at par on 20.08.2020	1,790.00	1,884.21	1,790.00	1,806.05
<b>134<sup>th</sup> Series</b> - 8.37% Redeemable at par on 14.08.2020	2,675.00	2,740.31	2,675.00	2,740.10

**NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>143<sup>rd</sup> Series</b> - 6.83% Redeemable at par on 29.06.2020	1,275.00	1,289.46	1,275.00	1,289.08
<b>148<sup>th</sup> Series</b> - 7.42% Redeemable at par on 17.06.2020	1,200.00	1,203.61	1,200.00	1,203.42
<b>161A Series</b> - 7.59% Redeemed at par on 13.03.2020	-	-	3,000.00	3,010.44
<b>113<sup>th</sup> Series</b> - 8.87% Redeemed at par on 09.03.2020	-	-	1,542.00	1,550.86
<b>111-I Series</b> - 9.02% Redeemed at par on 19.11.2019	-	-	452.80	467.65
<b>126<sup>th</sup> Series</b> - 8.56% Redeemed at par on 13.11.2019	-	-	1,700.00	1,755.25
<b>125<sup>th</sup> Series</b> - 9.04% Redeemed at par on 11.10.2019	-	-	3,000.00	3,124.59
<b>160<sup>th</sup> Series</b> - 7.77% Redeemed at par on 16.09.2019	-	-	1,450.00	1,510.68
<b>108-II Series</b> - 9.39% Redeemed at par on 20.07.2019	-	-	960.00	1,022.94
<b>95-I Series</b> - 8.70% Redeemed at par on 12.07.2019	-	-	200.00	212.54
<b>Total - Institutional Bonds</b>	<b>1,48,662.20</b>	<b>1,53,685.20</b>	<b>1,18,253.90</b>	<b>1,22,201.55</b>

**(ii) Infrastructure Bonds**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series-II (2011-12)</b> - Redeemable at par	11.07	19.80	11.07	18.37
<b>Series-I (2010-11)</b> - Redeemable at par	5.39	5.39	80.36	80.38
<b>Total - Infrastructure Bonds</b>	<b>16.46</b>	<b>25.19</b>	<b>91.43</b>	<b>98.75</b>

Details of Infrastructure Bonds issued are as under :

**Series II (2011-12) allotted on 15.02.2012**

(₹ in Crores)

Rate of Interest	As at 31.03.2020	As at 31.03.2019	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	
<b>Total</b>	<b>11.07</b>	<b>11.07</b>	

Amounts have been shown at face value

**Series I (2010-11) allotted on 31.03.2011**

(₹ in Crores)

Rate of Interest	As at 31.03.2020	As at 31.03.2019	Redemption Details
8.00%	-	16.92	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	-	58.04	
8.10%	1.61	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	3.79	
<b>Total</b>	<b>5.39</b>	<b>80.36</b>	

Amounts have been shown at face value

**NOTES TO ACCOUNTS****(iii) Zero Coupon Bonds**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value*	Amortised Cost	Face Value*	Amortised Cost
<b>ZCB - Series II</b> (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	250.29	250.14	230.11	229.95
<b>ZCB - Series I</b> (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	1,114.56	1,113.77	1,029.46	1,028.61
<b>Total - Zero Coupon Bonds</b>	<b>1,364.85</b>	<b>1,363.91</b>	<b>1,259.57</b>	<b>1,258.56</b>

\*represents the face value net of unamortised discount on issue of Zero Coupon Bonds

**(iv) Foreign Currency Bonds**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>4.625% US \$300 Mn Bonds - Redeemable at par on 22.03.2028</b>	2,261.58	2,035.23	2,075.14	1,848.33
<b>3.875% US \$450 Mn Green Bonds - Redeemable at par on 07.07.2027</b>	3,392.37	2,982.46	3,112.71	2,693.94
<b>3.50% US \$500 Mn Bonds - Redeemable at par on 12.12.2024</b>	3,769.30	3,795.87	-	-
<b>3.375% US \$650 Mn Bonds - Redeemable at par on 25.07.2024</b>	4,900.08	4,900.27	-	-
<b>5.250% US \$700 Mn Bonds - Redeemable at par on 13.11.2023</b>	5,277.01	5,329.61	4,841.99	4,882.85
<b>3.068% US \$400 Mn Bonds - Redeemable at par on 18.12.2020</b>	3,015.44	3,021.12	2,766.85	2,746.95
<b>Total - Foreign Currency Bonds</b>	<b>22,615.78</b>	<b>22,064.56</b>	<b>12,796.69</b>	<b>12,172.07</b>

**17.3 Details of Unsecured Short-Term Debt Securities****(i) Commercial Paper**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	2,925.00	2,889.68	7,975.00	7,696.32

**Details of Commercial Paper outstanding:**

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>57<sup>th</sup> Series - 8.04% Repaid on 30.04.2019</b>	-	-	2,750.00	2,732.99
<b>58<sup>th</sup> Series - 7.60% Repaid on 27.09.2019</b>	-	-	1,875.00	1,808.27
<b>59<sup>th</sup> Series - 7.72% Repaid on 30.12.2019</b>	-	-	2,350.00	2,222.86
<b>60<sup>th</sup> Series - 7.90% Repaid on 04.03.2020</b>	-	-	1,000.00	932.20
<b>63<sup>rd</sup> Series - 7.90% Repayable on 19.06.2020</b>	675.00	664.69	-	-
<b>64<sup>th</sup> Series - 5.48% Repayable on 15.06.2020</b>	2,250.00	2,224.99	-	-
<b>Total</b>	<b>2,925.00</b>	<b>2,889.68</b>	<b>7,975.00</b>	<b>7,696.32</b>

## 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 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Secured Long-Term Borrowings</b>				
(i) Term Loans from Others - Financial Institutions	-	-	200.00	207.33
<b>Sub-total (A)</b>	-	-	<b>200.00</b>	<b>207.33</b>
<b>(B) Unsecured Long-Term Borrowings</b>				
(i) Lease Liability	0.07	0.07	0.11	0.11
(ii) Term Loans from National Small Savings Fund (NSSF)	10,000.00	10,326.81	5,000.00	5,121.84
(iii) Term Loans from Banks	18,899.78	18,900.72	18,550.00	18,555.08
(iv) Term Loans from Financial Institutions	1,000.00	1,000.00	1,000.00	1,000.00
(v) Foreign Currency Borrowings	21,762.71	21,579.29	17,637.62	17,450.46
(vi) FCNR (B) Loans	1,017.71	1,020.89	933.81	936.96
<b>Sub-total (B)</b>	<b>52,680.27</b>	<b>52,827.78</b>	<b>43,121.54</b>	<b>43,064.45</b>
<b>(C) Unsecured Short-Term Borrowings</b>				
(i) FCNR (B) Loans	5,955.49	5,964.91	3,389.39	3,390.76
(ii) Short Term Loans/ Loans repayable on demand from Banks	2,749.86	2,750.92	-	-
<b>Sub-total (C)</b>	<b>8,705.35</b>	<b>8,715.83</b>	<b>3,389.39</b>	<b>3,390.76</b>
<b>Total - Borrowings (other than Debt Securities) (A to C)</b>	<b>61,385.62</b>	<b>61,543.61</b>	<b>46,710.93</b>	<b>46,662.54</b>
<b>Borrowings (other than Debt Securities) in/ outside India</b>				
(i) Borrowings in India	39,622.91	39,964.32	29,073.31	29,212.08
(ii) Borrowings outside India	21,762.71	21,579.29	17,637.62	17,450.46
<b>Total - Borrowings (other than Debt Securities)</b>	<b>61,385.62</b>	<b>61,543.61</b>	<b>46,710.93</b>	<b>46,662.54</b>

Please refer Note No. 19.2 for reconciliation between the figure represented in face value and Amortised Cost, which includes interest accrued and unamortised expenses as well.

#### 18.1 Details of Secured Long-term Borrowings- Refer note 18.6 for details of the securities

##### (i) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Life Insurance Corporation of India (LIC)	-	-	200.00	207.33
<b>Total - Term Loans from Others - Financial Institutions</b>	-	-	<b>200.00</b>	<b>207.33</b>

## NOTES TO ACCOUNTS

## 18.2 Details of Unsecured Long-term Borrowings

## (i) Term Loans from National Small Savings Fund (NSSF)

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	10,000.00	10,326.81	5,000.00	5,121.84
₹ 5000 Crore repayable on 13.12.2028 and ₹ 5000 Crore repayable on 04.10.2029				
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,326.81</b>	<b>5,000.00</b>	<b>5,121.84</b>

## (ii) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Bank of Baroda	2,500.00	2,500.52	-	-
₹ 416.75 Crore repayable on 12.12.2020, ₹ 1041.75 Crore repayable on 12.12.2021 and ₹ 1041.50 Crore repayable on 12.12.2022				
- Corporation Bank*	699.99	699.99	1,000.00	1,000.00
Loan repayable in 6 semi annual instalments, first instalment due on 06.09.2021.				
- HDFC Bank	2,000.00	2,000.42	2,000.00	2,000.46
₹ 500 Crore repayable on 29.04.2020, ₹ 300 Crore repayable on 29.09.2023, ₹ 350 Crore repayable on 11.10.2023, ₹ 350 Crore repayable on 06.11.2023, ₹ 500 Crore repayable on 15.01.2024				
- Punjab National Bank	1,999.99	1,999.99	3,500.00	3,500.00
₹ 2,000 Crore repayable in 3 annual instalments and first instalment due on 14.09.2021				
- State Bank of India	7,299.92	7,299.92	7,300.00	7,300.00
₹ 5,000 Crore repayable in 3 annual instalments and first instalment due on 15.10.2021, ₹ 2,300 Crore repayable in 5 annual instalments and first instalment due on 05.09.2020				
- Oriental Bank of Commerce *	399.88	399.88	750.00	750.00
Loan repayable in 8 semi-annual instalments, first instalment due on 30.03.2022				
- Union Bank of India	1,500.00	1,500.00	500.00	500.00
Loan repayable in 6 semi-annual instalments, first instalment due on 24.06.2022				
- Syndicate Bank*	2,500.00	2,500.00	-	-
₹ 500 Crore repayable in 4 annual instalments and first instalment due on 28.08.2021, ₹ 2,000 Crore repayable in 4 annual instalments and first instalment due on 28.02.2022				
- United Bank of India*	-	-	1,000.00	1,004.50
- Bank of India	-	-	2,000.00	2,000.00
- Canara Bank	-	-	500.00	500.12
<b>Total - Unsecured Term Loans from Banks</b>	<b>18,899.78</b>	<b>18,900.72</b>	<b>18,550.00</b>	<b>18,555.08</b>

\*The amalgamation of Oriental Bank of Commerce and United Bank of India with Punjab National Bank; Andhra Bank and Corporation Bank with Union Bank of India; Syndicate Bank with Canara Bank and Allahabad Bank with Indian Bank have been notified vide the Gazette of India Notifications G.S.R. 153(E), G.S.R. 154(E), G.S.R. 155(E) and G.S.R. 156(E) dated March 4, 2020, respectively. These amalgamations are effective from 1<sup>st</sup> April 2020



## NOTES TO ACCOUNTS

### (iii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	1,000.00	1,000.00	1,000.00	1,000.00
Repayable on 04.06.2022				
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>

### (iv) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
JICA Loan - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2020 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2020	99.46	99.48	131.40	131.43
2.89% KfW-II Loan - Repayable in equal half-yearly instalments of €3.88 Mn till 30.12.2020, next instalment falling due on 30.06.2020	64.60	65.03	120.87	121.66
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2020	393.41	393.52	449.87	449.13
<b>Sub-Total (1)</b>	<b>557.47</b>	<b>558.03</b>	<b>702.14</b>	<b>702.22</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
6M USD Libor + 0.13% KfW-IV Loan - Repayable in equal half-yearly instalments till 15.11.2030 of €12.00 Mn, first instalment falling due on 15.11.2021	1,220.98	1,227.88	-	-
<b>Sub-Total (2)</b>	<b>1,220.98</b>	<b>1,227.88</b>	<b>-</b>	<b>-</b>
<b>(3) Bilateral/ Syndicated Loans</b>				
US \$75 Mn - Repayable on 30.03.2025	565.39	554.38	-	-
SG \$72.07 Mn - Repayable on 30.03.2025	380.80	367.22	-	-
US \$100 Mn - Repayable on 01.07.2024	753.86	749.10	-	-
US \$150 Mn - Repayable on 29.03.2024	1,130.79	1,104.53	518.78	501.99
US \$250 Mn - Repayable on 27.03.2024	1,884.65	1,855.66	1,729.28	1,696.87
¥ 10,327.12 Mn - Repayable on 31.08.2023	719.28	700.98	645.65	624.64
US \$250 Mn - Repayable on 08.08.2023	1,884.65	1,877.67	1,729.28	1,721.63
US \$150 Mn - Repayable on 12.09.2022	1,130.79	1,121.92	-	-
US \$200 Mn - Repayable on 28.07.2022	1,507.72	1,494.21	1,383.43	1,365.67
US \$230 Mn - Repayable on 19.01.2022	1,733.88	1,702.97	1,590.94	1,551.91
US \$100 Mn - Repayable on 05.10.2021	753.86	745.81	691.71	678.55
US \$240 Mn - Repayable on 26.03.2021	1,809.26	1,793.23	1,660.11	1,631.60
US \$160 Mn - Repayable on 26.03.2021	1,206.17	1,195.78	1,106.74	1,087.77
US \$300 Mn - Repayable on 29.07.2020	2,261.58	2,269.17	2,075.14	2,076.19
US \$300 Mn - Repayable on 01.12.2020	2,261.58	2,260.75	2,075.14	2,067.94
US \$250 Mn - \$57.5 Mn repaid on 26.11.2017 and \$ 192.5 Mn repaid on 29.05.2019	-	-	1,331.55	1,346.66
US \$57.50 Mn - Repaid on 29.05.2019	-	-	397.73	396.82

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
Sub-Total (3)	19,984.26	19,793.38	16,935.48	16,748.24
Total - Foreign Currency Borrowings (1+2+3)	21,762.71	21,579.29	17,637.62	17,450.46

## (v) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US \$135 Mn - \$60 Mn repayable on 04.09.2021 and \$75 Mn repayable on 22.10.2021	1,017.71	1,020.89	933.81	936.96
Total - FCNR (B) Loans	1,017.71	1,020.89	933.81	936.96

## 18.3 Unsecured Short-Term Borrowings

## (i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US\$100 Mn - \$25 Mn repayable on 30.9.2020 and \$75 Mn repayable on 22.01.2021	753.86	753.86	-	-
US\$140 Mn - Repayable on 13.01.2021	1,055.40	1,055.51	-	-
US\$100 Mn - Repayable on 21.12.2020	753.86	753.92	-	-
US\$100 Mn - Repayable on 03.12.2020	753.86	753.93	-	-
US\$200 Mn - Repayable on 21.09.2020	1,507.72	1,512.87	-	-
US\$150 Mn - Repayable in two equal instalment on 20.05.2020 and 25.06.2020	1,130.79	1,134.82	-	-
US\$140 Mn - Repaid on 11.01.2020	-	-	968.40	968.80
US\$100 Mn - Repaid on 19.12.2019	-	-	691.71	692.00
US\$100 Mn - Repaid on 09.12.2019	-	-	691.71	691.99
US\$150 Mn - Repaid on 31.08.2019	-	-	1,037.57	1,037.97
Total - FCNR (B) Loans	5,955.49	5,964.91	3,389.39	3,390.76

**18.4** Term Loans from Govt./ banks/ financial institutions as mentioned in Note No. 17.1 (i) and 17.2 (i) to (iii) have been raised at interest rates ranging from 7.02% to 8.29% payable on monthly/quarterly/semi annual rests.

**18.5** Foreign Currency Borrowings in Note No. 18.2 (iv) (3) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

**18.6 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

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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.

Refer Note No. 9 and 15.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

### 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 31.03.2020		As at 31.03.2019	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) 175 <sup>th</sup> Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.86	2,151.20	2,151.24
(ii) 115 <sup>th</sup> Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.79	2,500.00	2,667.52
<b>Total - Subordinated Liabilities</b>	<b>4,651.20</b>	<b>4,819.65</b>	<b>4,651.20</b>	<b>4,818.76</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	4,651.20	4,819.65	4,651.20	4,818.76
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>4,651.20</b>	<b>4,819.65</b>	<b>4,651.20</b>	<b>4,818.76</b>

### 19.1 Ratings assigned by credit rating agencies and migration of ratings during the year

#### Domestic Credit Ratings

Particulars	Long Term Rating	Short Term Rating
CRISIL	CRISIL AAA	CRISIL A1+
ICRA	ICRA AAA	ICRA A1+
CARE	CARE AAA	CARE A1+
India Ratings and Research	IND AAA	IND A1+

International Credit Ratings	
Particulars	Rating
Fitch Ratings	BBB-
Moody's	Baa3

There has been no migration of ratings during the year.

## NOTES TO ACCOUNTS

## 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
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Total Amount as per Ind-AS</b>	<b>2,19,977.22</b>	<b>61,543.61</b>	<b>4,819.65</b>	<b>2,86,340.48</b>
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
<b>Total Borrowings Outstanding</b>	<b>2,14,079.03</b>	<b>61,385.62</b>	<b>4,651.20</b>	<b>2,80,115.85</b>
<b>As at 31<sup>st</sup> March 2019</b>				
<b>Total Amount as per Ind-AS</b>	<b>1,92,839.79</b>	<b>46,662.54</b>	<b>4,818.76</b>	<b>2,44,321.09</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,061.84)	(207.10)	(169.96)	(6,438.90)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	1,146.37	255.49	2.40	1,404.26
<b>Total Borrowings Outstanding</b>	<b>1,87,924.32</b>	<b>46,710.93</b>	<b>4,651.20</b>	<b>2,39,286.45</b>

**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 26<sup>th</sup> 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 <sup>st</sup> March 2020 (₹ in Crores) *	2,25,885.46
(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 FY	2019-20
(viii) <b>Details of the borrowings</b>	
Particulars	Amount (₹ in Crores)
(a) Incremental borrowing done in the financial year	63,597.42
(b) Mandatory borrowing to be done through issuance of debt securities (25% of a)	15,899.36
(c) Actual borrowings done through debt securities in FY	48,872.42
(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.

## NOTES TO ACCOUNTS

### 20. Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
(A) Unpaid Dividends	4.75	4.15
(B) Bond Application Money refundable and interest accrued thereon	-	0.05
(C) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	39.13	39.52
- Interest on Bonds	17.97	15.91
<b>Sub-total (C)</b>	<b>57.10</b>	<b>55.43</b>
(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)	85,006.38	77,352.65
Add: Interest on such funds (net of refund)	7.75	17.23
Less: Disbursed to Beneficiaries (cumulative)	(83,395.51)	(76,843.10)
Undisbursed Funds to be disbursed as Subsidy/ Grant	<b>1,618.62</b>	<b>526.78</b>
(E) Payables towards Bonds Fully serviced by Govt. of India	21,792.32	17,996.06
(F) Payable towards funded staff benefits	0.38	31.78
(G) Other Liabilities	89.53	137.50
<b>Total (A to G)</b>	<b>23,562.70</b>	<b>18,751.75</b>

**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 31<sup>st</sup> March 2020 is ₹ 0.47 crores (₹ 0.54 crores as at 31<sup>st</sup> March 2019) 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 ₹ 0.69 Crores as at 31<sup>st</sup> March 2020 (₹ 0.63 Crores as at 31<sup>st</sup> March 2019) 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 31.03.2020	Year ended 31.03.2019
Opening Balance of Interest Subsidy Fund	0.63	0.53
Add: Interest earned during the year	0.06	0.11
Less: Interest subsidy passed on to the borrower	-	0.01
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.69</b>	<b>0.63</b>

**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".

**NOTES TO ACCOUNTS**

20.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance	17.23	11.13
Add: Interest earned during the year	30.64	70.21
Less: Amount refunded to Govt. during the year	40.12	64.10
Less: Disbursement out of Interest earned on account of AG&SP Grant	-	0.01
<b>Closing Balance</b>	<b>7.75</b>	<b>17.23</b>

20.5 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 3,782.30 crores (Previous year ₹ 13,827 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 9th September 2019, 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 11).

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2020	As at 31.03.2019
<b>GoI-I Series</b>	8.09%	Semi-annual	21-3-2028	1,837.00	1,837.00
<b>GoI-II Series</b>	8.01%	Semi-annual	24-3-2028	1,410.00	1,410.00
<b>GoI-III Series</b>	8.06%	Semi-annual	27-3-2028	753.00	753.00
<b>GoI-IV Series</b>	8.70%	Semi-annual	28-9-2028	3,000.00	3,000.00
<b>GoI-V Series</b>	8.54%	Semi-annual	15-11-2028	3,600.00	3,600.00
<b>GoI-VI Series</b>	8.80%	Semi-annual	22-1-2029	2,027.00	2,027.00
<b>GoI-VII Series</b>	8.60%	Semi-annual	8-3-2029	1,200.00	1,200.00
<b>GoI-VIII Series</b>	8.30%	Semi-annual	25-3-2029	4,000.00	4,000.00
<b>GoI- IX Series</b>	7.14%	Semi-annual	2-3-2030	1,500.00	-
<b>GoI- X Series</b>	8.25%	Semi-annual	26-3-2030	532.30	-
<b>GoI- XI Series</b>	7.20%	Semi-annual	31-3-2030	1,750.00	-
<b>Total</b>				<b>21,609.30</b>	<b>17,827.00</b>

**21. Provisions**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Provisions for</b>		
<b>(A) Employee Benefits</b>		
Earned Leave Liability	15.95	11.51
Medical Leave Liability	21.87	21.67
Settlement Allowance	1.60	1.42
Economic Rehabilitation Scheme	4.25	3.69
Long Service Award	1.89	1.24
Incentive	52.57	46.99
Pay Revision	-	13.06
<b>Sub-total (A)</b>	<b>98.13</b>	<b>99.58</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort	8.38	-
<b>Sub-total (B)</b>	<b>8.38</b>	<b>-</b>
<b>Total (A+B)</b>	<b>106.51</b>	<b>99.58</b>



## NOTES TO ACCOUNTS

### 21.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Opening balance	-	0.16
Add: Created during the year	8.38	-
Less: Reversed/ Adjusted during the year	-	(0.16)
<b>Closing balance</b>	<b>8.38</b>	<b>-</b>

### 22. Other Non-financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
(A) Sundry Liabilities Account (Interest Capitalisation)	6.57	21.99
(B) Unamortised Fee on Undisbursed Loans	46.15	25.76
(C) Advance received from Govt. towards Govt. Schemes	3.90	5.17
(D) Statutory Dues	18.99	29.62
<b>Total (A to D)</b>	<b>75.61</b>	<b>82.54</b>

### 23. Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
<b>Total</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>

### 23.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	FY 2019-20		FY 2018-19	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Add: Bonus shares issued & allotted during the year	-	-	-	-
<b>Share Capital at the end of the year</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>	<b>1,97,49,18,000</b>	<b>1,974.92</b>

### 23.2 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.

**23.3** 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.

### 23.4 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.

## NOTES TO ACCOUNTS

### 23.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	13,94,25,284	7.06%	11,46,83,937	5.81%

### 23.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	1,03,94,95,247	52.63%

## 24. Other Equity

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(A) Other Reserves</b>		
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	16,659.10	15,136.78
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961	2,992.83	3,034.72
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	2,131.00	1,153.00
(iv) Debenture Redemption Reserve	-	1,318.13
(v) Securities Premium	2,236.54	2,236.54
(vi) Foreign Currency Monetary Item Translation Difference Account	(1,719.38)	(764.82)
(vii) General Reserve	6,923.09	5,177.40
(viii) Impairment Reserve	793.29	-
<b>(B) Retained Earnings</b>	3,409.74	4,899.39
<b>(C) Other Comprehensive Income (OCI)</b>		
- Equity Instruments through Other Comprehensive Income	106.26	136.88
- Effective Portion of Cash Flow Hedges	(226.08)	-
- Cost of Hedging reserve	(204.75)	-
<b>Total - Other Equity</b>	<b>33,101.64</b>	<b>32,328.02</b>

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

### 24.1 Drawdown/ Transfer from Reserves

Pursuant to statutory changes and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve during the year 2019-20:

- ₹ 1,367.27 crores from Debenture Redemption Reserve (DRR) pursuant to the Notification No. G.S.R. 574(E) dated 16<sup>th</sup> August 2019 issued by the Ministry of Corporate Affairs (MCA). Refer Note 24.5.
- ₹ 378.41 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

No amount has been drawn from the reserves during the financial year 2018-19.

### 24.2 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.

## NOTES TO ACCOUNTS

### 24.3 Reserve for Bad and doubtful debts u/s 36(1)(vii) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(vii) 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)(vii) 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.

### 24.4 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.

### 24.5 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company created Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. However, subsequent to the notification by the Ministry of Corporate Affairs during the year, the Company is not required to create Debenture Redemption Reserve (DRR) pursuant to Sec. 71 of the Companies Act, 2013, read with Rule 18 of the Companies (Share Capital & Debentures) Rules 2014.

### 24.6 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.

### 24.7 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 31<sup>st</sup> 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.

### 24.8 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves. In view of the erstwhile provisions of the Companies Act, 1956, the Company had transferred certain percentage of the profits to General Reserve before declaration of dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

### 24.9 Impairment Reserve

Reserve Bank of India (RBI) issued Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of 'Implementation of Indian Accounting Standards' by NBFCs. In terms of the said circular, in case 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 is required to appropriate the difference from their net profit after tax to "Impairment Reserve". No withdrawals are permitted from this reserve without prior permission from the Department of Supervision, RBI. Refer Note. 45.1.3 (V) in respect of the disclosure in respect of comparison between impairment allowance and provisioning under IRACP Norms.

### 24.10 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 Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

## NOTES TO ACCOUNTS

### 24.11 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.

### 24.12 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.

### 24.13 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
	(₹)	(₹ in Crores)	(₹)	(₹ in Crores)
Interim Dividend	11.00	2,172.41	11.00	2,172.41
<b>Total Dividend for the year</b>	<b>11.00</b>	<b>2,172.41</b>	<b>11.00</b>	<b>2,172.41</b>

## 25. Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2020			Year ended 31.03.2019		
	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
<b>(A) Interest on Loan Assets</b>						
(i) Long term financing	-	29,245.18	-	-	24,405.17	-
Less: Rebate for timely payments/completion etc		(0.08)			(6.11)	
Long term financing (net)	-	29,245.10	-	-	24,399.06	-
(ii) Short term financing	-	177.23	-	-	328.84	-
<b>Sub-total (A)</b>	<b>-</b>	<b>29,422.33</b>	<b>-</b>	<b>-</b>	<b>24,727.90</b>	<b>-</b>
<b>(B) Interest Income from Investments</b>						
(i) Interest from CP/ ICD	-	0.21	-	-	0.67	-
(ii) Interest from Govt. Securities	-	1.89	-	-	9.43	-
(iii) Interest from Long Term Investments	-	0.76	169.75	-	15.63	168.25
<b>Sub-total (B)</b>	<b>-</b>	<b>2.86</b>	<b>169.75</b>	<b>-</b>	<b>25.73</b>	<b>168.25</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	61.23	-	-	42.40	-
<b>Sub-total (C)</b>	<b>-</b>	<b>61.23</b>	<b>-</b>	<b>-</b>	<b>42.40</b>	<b>-</b>
<b>(D) Other Interest Income</b>						
(i) Interest from Staff Advances	-	4.45	-	-	3.89	-
(ii) Interest from Subsidiary Companies	-	0.04	-	-	-	-
(iii) Interest on Mobilisation Advance	-	2.39	-	-	2.80	-
(iv) Unwinding of Discount of Security Deposits	-	0.02	-	-	0.05	-
<b>Sub-total (D)</b>	<b>-</b>	<b>6.90</b>	<b>-</b>	<b>-</b>	<b>6.74</b>	<b>-</b>
<b>Total (A to D)</b>	<b>-</b>	<b>29,493.32</b>	<b>169.75</b>	<b>-</b>	<b>24,802.77</b>	<b>168.25</b>

## NOTES TO ACCOUNTS

### 26. Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Dividend from Subsidiary Companies	50.00	90.84
- Dividend from Other Investments	39.04	22.77
<b>Total - Dividend Income</b>	<b>89.04</b>	<b>113.61</b>

#### 26.1 Details of dividend recognised on Other Investment:

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Dividend from Joint Ventrure accounted at cost		
- Investments held at the end of the year	2.10	2.40
Dividend on FVOCI Equity Investments		
- Investments held at the end of the year	36.94	20.13
- Investments derecognized during the year	-	0.24
<b>Total</b>	<b>39.04</b>	<b>22.77</b>

### 27. Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Fees based Income	6.68	2.78
Prepayment Premium	12.75	139.29
Fee for Implementation of Govt. Schemes	19.52	83.02
<b>Total - Fees and Commission Income</b>	<b>38.95</b>	<b>225.09</b>

### 28. Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Provision Written Back	-	10.37
- Fees from Training Courses	6.38	8.69
- Interest from Income Tax Refund	1.68	-
- Miscellaneous Income	55.86	12.38
<b>Total</b>	<b>63.92</b>	<b>31.44</b>

### 29. Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(i) Interest on Debt Securities</b>		
- Domestic Debt Securities	13,930.38	12,971.21
- Foreign Currency Debt Securities	698.20	441.83
- Commercial Paper	463.66	402.84
<b>Sub-Total (i)</b>	<b>15,092.24</b>	<b>13,815.88</b>

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(ii) Interest on Borrowings</b>		
- Loans from Govt. of India	612.97	121.84
- Loans from Banks/ Financial Institutions	1,725.04	594.29
- External Commercial Borrowings	1,073.79	914.19
- Lease Liability	0.01	-
<b>Sub-Total (ii)</b>	<b>3,411.81</b>	<b>1,630.32</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	395.36	203.25
<b>Sub-Total (iii)</b>	<b>395.36</b>	<b>203.25</b>
<b>(iv) Other Interest Expense</b>		
- Swap Premium	108.83	-
- Interest on Advance Income Tax	-	3.46
- Interest on liability towards employee benefits	4.60	-
<b>Sub-Total (iv)</b>	<b>113.43</b>	<b>3.46</b>
<b>Total - Finance Costs</b>	<b>19,012.84</b>	<b>15,652.91</b>
Less: Finance Costs Capitalised	(15.79)	(11.37)
<b>Total - Finance Costs (Net)</b>	<b>18,997.05</b>	<b>15,641.54</b>

## 30. Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net translation/ transaction exchange loss/ (gain)	2,357.90	521.19
<b>Total</b>	<b>2,357.90</b>	<b>521.19</b>

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 ₹675.95 crores (Previous year ₹ 726.35 crores).

**30.1** 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 <sup>st</sup> March 2020	75.3859	0.6965	83.0496	52.8342
As at 31 <sup>st</sup> March 2019	69.1713	0.6252	77.7024	51.1422

## 31. Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i) Guarantee Fee	13.29	11.06
(ii) Listing and Trusteeship Fee	1.51	1.67
(iii) Agency Fees	1.66	0.78
(iv) Credit Rating Expenses	3.05	2.85
(v) Other Finance Charges	5.93	18.02
<b>Total (i to v)</b>	<b>25.44</b>	<b>34.38</b>



## NOTES TO ACCOUNTS

### 32. Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
<b>(i) On trading Portfolio</b>	-	-
<b>(ii) Others</b>		
- Changes in fair value of Derivatives	(47.72)	(351.52)
- Changes in fair value of FVTPL Investments	6.40	-
- Changes in fair value of Short-term investment of surplus funds in Mutual Funds	15.47	3.00
<b>Sub-total (ii)</b>	<b>(25.85)</b>	<b>(348.52)</b>
<b>Total (A)</b>	<b>(25.85)</b>	<b>(348.52)</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	(60.07)	(619.05)
- Unrealised	34.22	270.53
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>(25.85)</b>	<b>(348.52)</b>

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.

### 33. Impairment on financial instruments

(₹ in Crores)

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	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*	-	884.91	-	222.32
(ii) - Others	-	4.65	-	18.01
<b>Total (i+ii)</b>	<b>-</b>	<b>889.56</b>	<b>-</b>	<b>240.33</b>

\*includes ₹8.38 crores (Previous year ₹-0.16 crores towards impairment allowance on Letters of Comfort).

### 34. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Salaries and Allowances	129.00	111.39
- Contribution to Provident Fund and Other Funds	15.19	14.65
- Expenses towards Post Employment Benefits	5.07	11.70
- Rent towards Residential Accommodation for Employees	1.58	0.69
- Staff Welfare Expenses	24.95	19.10
<b>Total</b>	<b>175.79</b>	<b>157.53</b>

**NOTES TO ACCOUNTS****35. Depreciation and amortization**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Depreciation on Property, Plant & Equipment	6.72	5.66
- Amortization on Intangible Assets	3.28	1.51
<b>Total</b>	<b>10.00</b>	<b>7.17</b>

**36. Corporate Social Responsibility Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Direct Expenditure	253.64	98.83
- Overheads	4.76	4.56
<b>Total</b>	<b>258.40</b>	<b>103.39</b>

**36.1 Disclosure in respect of CSR Expenses:****(a) Details of Gross Amount required to be spent by the Company during the year:**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Amount required to be spent on CSR activities as per Section 135 (5) of Companies Act, 2013	156.68	157.29
Carry forward from previous year	243.17	189.27
<b>Gross amount required to be spent</b>	<b>399.85</b>	<b>346.56</b>
Amount spent during the year	258.40	103.39
<b>Unspent Amount</b>	<b>141.45</b>	<b>243.17</b>

**(b) Amount spent during the year (₹ in Crores) :**

Particulars	Year ended 31.03.2020			Year ended 31.03.2019		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
<b>(i) Construction/ acquisition of any asset</b>	-	-	-	-	-	-
<b>(ii) On purpose other than (i) above</b>						
Health/Sanitation / Waste Management / Drinking water	54.67	-	54.67	41.44	-	41.44
Education/ Vocational/ Skill Development	41.57	-	41.57	6.53	-	6.53
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	32.21	-	32.21	16.27	-	16.27
Sports	-	-	-	-	-	-
Contribution to PM CARES Fund	100.00	-	100.00	-	-	-
Provision of food/ration to migrant workers due to COVID- 19	1.59	-	1.59	-	-	-

## NOTES TO ACCOUNTS

### (b) Amount spent during the year (₹ in Crores) : (Contd.)

Particulars	Year ended 31.03.2020			Year ended 31.03.2019		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
Others	23.60	-	23.60	34.59	-	34.59
Administrative overheads including training, impact assessment etc.	4.76	-	4.76	4.56	-	4.56
<b>Total (ii)</b>	<b>258.40</b>	<b>-</b>	<b>258.40</b>	<b>103.39</b>	<b>-</b>	<b>103.39</b>

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 a contribution of ₹100 crores was made during the year 2019-20 and the balance ₹50 crores have been contributed subsequent to 31<sup>st</sup> March 2020. Further, the company also sanctioned an amount of ₹10 crores for distribution of food/ration to migrant workers, of which ₹ 7.07 crores has been incurred till date, including ₹1.59 crores spent till 31<sup>st</sup> March 2020. 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.

### 37. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Travelling and Conveyance	13.69	14.99
- Publicity & Promotion Expenses	5.73	81.72
- Repairs and Maintenance	11.42	6.91
- Rent, taxes and energy costs	12.97	13.91
- Insurance Charges	0.13	0.05
- Communication costs	3.24	2.51
- Printing & stationery	2.70	3.72
- Director's sitting fees	0.19	0.24
- Auditors' fees and expenses	1.52	1.58
- Legal & Professional Charges	11.81	11.47
- Donations & Charity	-	2.00
- Net Loss on Disposal of Property, Plant & Equipment	1.69	0.86
- Monitoring Expenses	22.17	19.29
- Miscellaneous Expenses	44.44	27.36
<b>Total</b>	<b>131.70</b>	<b>186.61</b>

#### 37.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Fees paid to statutory auditors :		
- as auditor	0.44	0.44
- for taxation matters *	0.11	0.28
- for company law matters (includes limited review fees)	0.35	0.45
- for other services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.40	0.20
(ii) Other Certifications	0.04	0.08
- for reimbursement of expenses	0.04	0.03
<b>Sub-total</b>	<b>1.38</b>	<b>1.48</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	<b>0.14</b>	<b>0.10</b>
<b>Total - Auditor's fees and expenses</b>	<b>1.52</b>	<b>1.58</b>

\*includes Nil (Previous year ₹0.09 crores) of fees for taxation matters pertaining to earlier years.

## NOTES TO ACCOUNTS

## 38. Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Current tax expense	1,552.99	1,805.65
- Current tax expense/ (benefit) pertaining to earlier years	62.88	(14.01)
<b>Sub-total - Current Tax</b>	<b>1,615.87</b>	<b>1,791.64</b>
- Deferred tax expense/ (credit)	481.26	545.14
<b>Total</b>	<b>2,097.13</b>	<b>2,336.78</b>

## 38.1 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 31.03.2020	Year ended 31.03.2019
<b>Profit before Tax</b>	<b>6,983.29</b>	<b>8,100.50</b>
<b>Statutory income tax rate</b>	<b>25.168%</b>	<b>34.944%</b>
<b>Expected income tax expense</b>	<b>1,757.55</b>	<b>2,830.64</b>
<b>Tax effect of income tax adjustments:</b>		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(383.14)	(462.51)
Non-allowability of CSR expenses	20.68	19.08
Other non-deductible tax expenses	1.59	0.43
Interest on Advance Income tax disallowed	-	1.20
Exempt income	(22.41)	(38.05)
Income Tax Earlier Years	62.88	(14.01)
Impact of change in tax rate	659.98	-
<b>Tax expense</b>	<b>2,097.13</b>	<b>2,336.78</b>

**38.2** The applicable tax rate for the Company has decreased from 34.944% to 25.168% during the year as the Company exercised the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. The Company has recognised provision for income tax for the year ended 31<sup>st</sup> March 2020 and remeasured its deferred tax assets accordingly.

## 39. Earnings per Share

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Numerator</b>		
Profit for the period from continuing operations as per Statement of Profit and Loss (₹ in Crores)	4,886.16	5,763.72
Profit for the period from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	4,886.16	5,763.72
<b>Denominator</b>		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	24.74	29.18
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	24.74	29.18

## NOTES TO ACCOUNTS

### 40. Contingent Liabilities and Commitments :

#### 40.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(A) Claims against the Company not acknowledged as debts	0.22	0.08
(B) Taxation Demands		
- Demands raised by the Income Tax Department	113.69	86.01
- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	38.30	30.42
- Demands raised in respect of Service Tax	-	0.36
(C) Others		
- Letters of Comfort	951.29	-

The amount referred to in 'A' above are in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

#### 40.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
- Contracts remaining to be executed on capital account		
- Towards Property, Plant & Equipment	315.07	362.23
- Towards Intangible Assets	-	2.82
- Other Commitments		
- CSR Commitments	288.14	299.16

### 41. 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

### 42. Implementation of Govt. Schemes

#### 42.1 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.

#### 42.2 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:

## NOTES TO ACCOUNTS

- (i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- (ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- (iii) Micro-grid and Off-grid distribution network;
- (iv) 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.

### 42.3 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.

### 43. 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 31.03.2020	As at 31.03.2019
Total debt	2,80,115.85	2,39,286.45
Net Worth	35,076.56	34,302.94
<b>Debt-equity ratio</b>	<b>7.99</b>	<b>6.98</b>

Total debt represents principal outstanding.

#### 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.



## NOTES TO ACCOUNTS

### 44. 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 31.03.2020	As at 31.03.2019
(i) CRAR (%)	16.06%	17.77%
(ii) CRAR - Tier I Capital (%)	13.17%	14.44%
(iii) CRAR - Tier II Capital (%)	2.89%	3.33%

Details of Tier II capital and perpetual debt instruments raised during the financial year are as under:

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
Amount of subordinated debt raised as Tier-II capital	-	2,151.20
Amount raised by issue of Perpetual Debt Instruments	-	-

### 45. 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 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.

#### 45.1 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.

## NOTES TO ACCOUNTS

## 45.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Low credit risk on financial reporting date</b>		
Cash and cash equivalents	1,678.03	342.94
Bank balances other than above	2,021.96	1,253.31
Loans *	2,99,697.53	2,56,448.62
Investments **	1,568.96	1,604.03
Other financial assets	22,081.59	18,342.48
<b>(ii) Moderate credit risk</b>		
Loans *	2,431.27	4,412.62
<b>(iii) High credit risk</b>		
Loans *	21,255.55	20,348.44
Other financial assets	30.85	26.69

\*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.

## 45.1.2 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 other bank balances** - 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 of the State Govt./ minimum investment grade rated Government Companies and Public Sector Banks, 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.

## NOTES TO ACCOUNTS

Details of expected credit loss for financial assets other than loans is disclosed as follows:

(₹ in Crores)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	1,678.03	-	1,678.03	342.94	-	342.94
Bank balances other than above	2,021.96	-	2,021.96	1,253.31	-	1,253.31
Investments	1,568.96	-	1,568.96	1,604.03	-	1,604.03
Other financial assets*	22,112.44	30.85	22,081.59	18,369.17	26.69	18,342.48

\*The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.

### 45.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

- (i) **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.
- (ii) **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:

- (i) 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
- (ii) 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 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.

## NOTES TO ACCOUNTS

- (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, loan restructuring details
- 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:

- 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. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities.. Therefore, the Company has applied this criteria only for private entities. However, In case of State sector borrowers with dues more than 60 days but less than 90 days, the external rating or risk score computed using the model will be downgraded by one notch to better capture the riskiness of the borrower.

## NOTES TO ACCOUNTS

### (E) Low credit risk exemption

Ind-AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

Credit risk is considered to be 'low' when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, the Company has taken low credit risk exemption for all state utilities as the Company considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/ loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

### (F) 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.

### (G) 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 rating transition matrix published by ICRA to arrive at annual transition matrix. This annual transition matrix 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 Transmission and Distribution companies the realizable value of the assets were arrived at using suitable assumptions 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.

### (H) 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.

### (I) 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.

**NOTES TO ACCOUNTS****(J) 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 31.03.2020				As at 31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	37,832.86	-	-	37,832.86	-	-	-	-
AA	82,131.73	-	-	82,131.73	3,239.02	-	-	3,239.02
A	71,840.30	-	-	71,840.30	56,158.84	-	-	56,158.84
BBB	28,629.56	-	-	28,629.56	40,834.51	-	-	40,834.51
BB	60,555.15	36.22	-	60,591.37	57,967.67	519.32	-	58,486.99
B	9,876.29	23.37	-	9,899.66	47,683.74	1,030.31	-	48,714.05
C	2,215.02	29.68	-	2,244.70	46,119.65	2,862.99	-	48,982.64
D	-	2,342.00	21,255.55	23,597.55	-	-	20,348.44	20,348.44
Government Loan	6,616.62	-	-	6,616.62	4,445.19	-	-	4,445.19
Gross carrying amount	2,99,697.53	2,431.27	21,255.55	3,23,384.35	2,56,448.62	4,412.62	20,348.44	2,81,209.68
Loss allowance	488.46	963.83	10,552.13	12,004.42	525.26	1,273.72	9,698.95	11,497.93
Carrying amount	2,99,209.07	1,467.44	10,703.42	3,11,379.93	2,55,923.36	3,138.90	10,649.49	2,69,711.75

**(K) 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 Movable 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

**(L) 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:

(₹ in Crores)

FY 2019-20	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	2,56,448.63	525.25	4,412.61	1,273.73	20,348.44	9,698.95	2,81,209.68	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)
Change in Model risk parameters	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Closing Balance	2,99,697.53	488.46	2,431.27	963.83	21,255.55	10,552.13	3,23,384.35	12,004.42

(₹ in Crores)

FY 2018-19	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	2,07,067.88	1,090.78	15,266.52	1,694.30	17,128.43	8,490.53	2,39,462.83	11,275.61
Transfer to 12 months ECL	10,594.28	21.95	(10,594.28)	(21.95)	-	-	-	-
Transfer to life time ECL not credit impaired	(549.56)	(4.38)	1,775.34	372.11	(1,225.78)	(367.73)	-	-
Transfer to Lifetime ECL credit impaired	(2,763.00)	(625.75)	(1,865.40)	(527.07)	4,628.40	1,152.82	-	-
Additional provision due to changes in PD/ LGD	-	(16.82)	-	(266.20)	-	423.75	-	140.73
New Financial assets originated or purchased	56,669.38	78.30	63.82	22.54	-	-	56,733.20	100.84
Financial Assets that have been derecognised	(14,570.35)	(18.83)	(233.39)	-	(182.61)	(0.42)	(14,986.35)	(19.25)
Closing Balance	2,56,448.63	525.25	4,412.61	1,273.73	20,348.44	9,698.95	2,81,209.68	11,497.93

**(M) Details of Stage wise Exposure and Impairment Loss Allowance:**

(₹ in Crores)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Total Exposure	2,99,697.53	2,431.27	21,255.55	3,23,384.35	2,56,448.62	4,412.62	20,348.44	2,81,209.68
Impairment Allowance	488.46	963.83	10,552.13	12,004.42	525.26	1,273.72	9,698.95	11,497.93
ECL %	0.16%	39.64%	49.64%	3.71%	0.20%	28.87%	47.66%	4.09%

**NOTES TO ACCOUNTS****(N) 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 31.03.2020		As at 31.03.2019	
	Gross Amount	ECL	Gross Amount	ECL
<b>Concentration by industry</b>				
Generation	1,47,021.68	11,122.97	1,31,019.56	10,730.93
Renewables	9,163.65	161.31	4,463.99	74.13
Transcos	49,658.96	503.89	51,995.18	429.47
Discoms	1,10,923.44	214.26	89,285.76	262.07
Government Loans	6,616.62	1.99	4,445.19	1.33
<b>Total</b>	<b>3,23,384.35</b>	<b>12,004.42</b>	<b>2,81,209.68</b>	<b>11,497.93</b>
<b>Concentration by ownership</b>				
State	2,84,778.15	297.60	2,47,719.13	445.42
Private	38,606.20	11,706.82	33,490.55	11,052.51
<b>Total</b>	<b>3,23,384.35</b>	<b>12,004.42</b>	<b>2,81,209.68</b>	<b>11,497.93</b>

**(O) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector**

Particulars	As at 31.03.2020	As at 31.03.2019
Power Sector	6.59%	7.24%

**(P) Movement of Credit-impaired Assets**

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
<b>(i) Gross Credit-impaired Assets to Gross Advances (%)</b>	6.59%	7.24%
<b>(ii) Net Credit-impaired Assets to Gross Advances (%)</b>	3.32%	3.79%
<b>(iii) Net Credit-impaired Assets to Net Advances (%)</b>	3.45%	3.95%
<b>(iv) Movement of Credit-impaired Assets (Gross)</b>		
(a) Opening balance	20,348.44	17,128.43
(b) Additions during the year	2,037.61	4,628.40
(c) Reductions during the year	(752.09)	(1408.39)
(d) Write-off during the year	(378.41)	0.00
(e) Closing balance	21,255.55	20,348.44
<b>(iv) Movement of Credit-impaired Assets (Net)</b>		
(a) Opening balance	10,649.49	8,637.90
(b) Additions during the year	691.40	3,051.83
(c) Reductions during the year	(637.47)	(1040.24)
(d) Write-off during the year	-	-
(e) Closing balance	10,703.42	10,649.49
<b>(v) Movement of provisions for Credit-impaired Assets</b>		
(a) Opening balance	9,698.95	8,490.53
(b) Provisions made during the year	1,346.21	1,576.57
(c) Write-back of excess provisions	(114.62)	(368.15)
(d) Provision on assets written off during the year	(378.41)	0.00
(e) Closing balance	10,552.13	9,698.95

## NOTES TO ACCOUNTS

### (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:

Particulars	FY 2019-20	FY 2018-19
No. of Accounts sold/settled as part of IBC proceedings	1	-
Aggregate Outstanding (₹ in Crores)	236.80	-
Aggregate consideration received (₹ in Crores)	124.13	-

(T) The Company has not entered into any securitisation/ assignment transactions during the year ended 31<sup>st</sup> March 2020 (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 31.03.2020	1	2,342.00	2,244.97
As at 31.03.2019	1	2,302.00	1,536.01

One of the borrowers, M/s RKM Powergen Pvt Ltd. has obtained an ad-interim order from Hon'ble High Court of Madras on 18th September 2015 not to classify the account as Non-Performing Asset. Accordingly, the loan outstanding of the borrower has not been classified as Stage III Asset, even though the overdues are more than 90 days old and the asset is credit impaired. However, the Company has created an adequate provision of ₹ 961.63 crore @ 41.06% of the loan outstanding of ₹ 2,342 crore (As at 31<sup>st</sup> March 2019 - ₹ 942.67 crore @ 40.95% of loan outstanding of ₹ 2,302 crore) as per Expected Credit Loss (ECL) Methodology as on 31<sup>st</sup> March 2020 after considering the financial and operational parameters of the project.

**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	Amount
(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
(iv) General Provisions adjusted during the periods against slippages and the residual provisions	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)

Asset Classification as per RBI Norms	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
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
Performing Assets							
Standard	Stage 1	2,98,737.86	3,00,392.16	480.08	2,99,912.08	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)		3,01,169.13	3,02,823.99	1,443.91	3,01,380.08	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		3,22,424.68	3,24,079.54	11,996.04	3,12,083.50	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	2,99,697.53	3,01,351.83	488.46	3,00,863.37	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		3,23,384.35	3,25,039.21	12,004.42	3,13,034.79	12,797.71	(793.29)

The difference between the impairment allowance under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI is appropriated to "Impairment Reserve". Refer Note 24.9.

## 45.2 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.

### 45.2.1 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 <sup>st</sup> March 2020	Up to 30/31 days	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	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	36,677.47	58,204.76	1,91,463.25
- Interest	622.04	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	342.74	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	45.09	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

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Up to 30/31 days	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	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,258.06	1,75,127.63
- Interest	484.75	912.75	1,840.88	2,754.00	6,879.70	19,633.29	11,001.43	13,288.00	56,794.80
Other Borrowings									
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59	24,750.14
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00	9,886.29
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	4,651.20
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00	2,899.76
Foreign Currency Borrowings									
Debt Securities									
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85	12,796.69
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00	3,695.39
Other Borrowings									
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-	21,960.79
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-	1,671.24
Derivative Liabilities :									
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11	130.16
Currency swaps	-	-	-	-	-	0.41	-	-	0.41
Forward Contracts	10.26	-	-	-	-	-	-	-	10.26
Others -									
Seagull Option	-	-	-	0.37	18.20	-	-	-	18.57

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:

(₹ in Crores)

Particulars	Up to 30/31 days	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 <sup>st</sup> March 2020									
Principal	590.00	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	1,63,572.36	3,10,428.64
Interest	613.00	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	1,89,908.03
As at 31 <sup>st</sup> March 2019									
Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	1,35,620.42	2,69,711.76
Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12	1,55,043.84

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.

#### 45.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Up to 30/31 days	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	590.00	306.00	3,638.03	8,565.24	15,889.84	63,791.10	55,014.93	1,64,288.36	3,12,083.50
Investments	-	-	-	-	1,500.62	22.93	-	789.66	2,313.21
Rupee Borrowings									
Debt Securities	1,120.17	712.47	7,589.45	14,788.18	21,133.50	57,816.85	36,641.24	58,110.80	1,97,912.66
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	31.38	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)	-	-	-	-	-	-	-	-	-

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Up to 30/31 days	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	1,850.88	1,316.82	3,401.32	7,627.17	13,781.11	55,904.77	50,995.33	1,35,573.52	2,70,450.92
Investments	56.25	-	-	-	47.78	1,500.00	-	793.59	2,397.62
Rupee Borrowings									
Debt Securities	3,781.97	621.87	3,645.36	11,092.27	22,326.89	65,199.36	25,107.93	48,892.09	1,80,667.74
Other Borrowings	126.93	350.00	500.00	850.00	207.34	4,257.52	13,405.02	5,187.59	24,884.40
Subordinated Liabilities	-	168.38	-	-	1.59	-	2,499.15	2,149.65	4,818.77
Foreign Currency Borrowings									
Debt Securities	-	98.15	24.29	30.88	-	2,722.66	4,784.70	4,511.39	12,172.07
Other Borrowings	27.10	1,750.21	74.77	1,079.80	2,444.00	10,167.79	6,234.49	-	21,778.16
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	-

#### 45.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Expiring within one year (cash credit and other facilities)</b>		
- Fixed rate	-	-
- Floating rate	8,775.00	11,440.00
<b>Expiring beyond one year (loans/ borrowings)</b>		
- Fixed rate	-	-
- Floating rate	497.82	1,577.11

## NOTES TO ACCOUNTS

### 45.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

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.

#### (i) Funding Concentration based on significant counterparty (borrowings)

Particulars	As at 31.03.2020	As at 31.03.2019
Number of significant counterparties	14	16
Amount (₹ in Crores)	1,25,850.36	1,03,251.25
% of Total Liabilities	40.41%	39.20%

#### (ii) Top 10 borrowings

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from National Small Savings Fund (NSSF)	10,000.00	3.57%	5,000.00	2.09%
2 54EC- Series XI (2017-18)	9,565.23	3.41%	9,565.23	4.00%
3 Term Loan from State Bank of India	7,299.92	2.61%	7,300.00	3.05%
4 54EC- Series XI (2018-19)	6,651.77	2.37%	5,929.73	2.48%
5 54EC- Series XI (2018-19)	5,759.14	2.06%	-	0.00%
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,277.01	1.88%	4,841.99	2.02%
7 Institutional Bonds- 182 <sup>nd</sup> Series	5,063.00	1.81%	-	0.00%
8 Foreign Currency Bonds- US \$650 Mn Bonds	4,900.08	1.75%	-	0.00%
9 Institutional Bonds- 114 <sup>th</sup> Series	4,300.00	1.54%	4,300.00	1.80%
10 Institutional Bonds- 105 <sup>th</sup> Series	3,922.20	1.40%	3,922.20	1.64%
<b>Total</b>	<b>62,738.35</b>	<b>22.40%</b>	<b>40,859.15</b>	<b>17.08%</b>

#### (iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product	As at 31.03.2020		As at 31.03.2019	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>1 Debt Securities</b>				
Institutional Bonds	1,52,132.20	48.85%	1,29,273.30	49.08%
Foreign Currency Bonds	22,615.78	7.26%	12,796.69	4.86%
54EC Capital Gain Tax Exemption Bonds	22,376.33	7.19%	23,879.92	9.07%
Tax Free Bonds	12,648.41	4.06%	12,648.41	4.80%
<b>Sub-Total (1)</b>	<b>2,09,772.72</b>	<b>67.36%</b>	<b>1,78,598.32</b>	<b>67.80%</b>
<b>2 Borrowings (Other than Debt Securities)</b>				
Foreign Currency Borrowings	21,762.71	6.99%	17,637.62	6.70%
Term Loans from Banks	18,899.78	6.07%	18,550.00	7.04%
Term Loans from Govt. of India	10,000.00	3.21%	5,000.00	1.90%
FCNR (B) Loans	6,973.20	2.24%	4,323.20	1.64%
<b>Sub-Total (2)</b>	<b>57,635.69</b>	<b>18.51%</b>	<b>45,510.82</b>	<b>17.28%</b>
<b>3 Subordinated Liabilities</b>	<b>4,651.20</b>	<b>1.49%</b>	<b>4,651.20</b>	<b>1.77%</b>
<b>Total (1+2+3)</b>	<b>2,72,059.61</b>	<b>87.36%</b>	<b>2,28,760.34</b>	<b>86.84%</b>

## NOTES TO ACCOUNTS

## (iv) Stock Ratios:

Particulars	As at 31.03.2020				As at 31.03.2019			
	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%	7,975.00	3.33%	3.03%	2.68%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	10,551.34	3.77%	3.39%	3.05%	4,227.62	1.77%	1.60%	1.42%

## 45.3 Market Risk - Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised liabilities denominated in a currency, other than the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

The Company has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk 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.

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 31<sup>st</sup> March 2020 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2020			As at 31.03.2019		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	6,591.96	4,070.00	2,521.96	4,830.00	3,370.00	1,460.00
INR Equivalent	49,694.10	30,682.06	19,012.04	33,409.72	23,310.73	10,098.99
JPY ¥	11,755.14	10,623.67	1,131.47	12,428.85	10,920.22	1,508.63
INR Equivalent	818.75	739.94	78.81	777.05	682.73	94.32
EURO €	55.15	29.70	25.45	73.45	48.00	25.45
INR Equivalent	458.04	246.69	211.35	570.74	373.00	197.74
SGD \$	72.08	72.08	-	-	-	-
INR Equivalent	380.80	380.80	-	-	-	-
Total	51,351.69	32,049.49	19,302.20	34,757.51	24,366.46	10,391.05

## NOTES TO ACCOUNTS

### 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 31.03.2020		As at 31.03.2019	
	Favorable	Adverse	Favorable	Adverse
USD/INR	711.35	(711.35)	328.50	(328.50)
JPY/INR	2.95	(2.95)	3.07	(3.07)
EUR/INR	7.91	(7.91)	6.43	(6.43)

\* Holding all other variables constant

### Hedge accounting

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. These borrowings also exposed to interest rate risk as most of the borrowings are carry interest rate linked to LIBOR, EURIBOR 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.

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.

## Impact of Hedge Accounting

(a) Effects of hedge accounting on balance sheet as at 31<sup>st</sup> March, 2020

(₹ in Crores)

Type of hedge and risks	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
		Assets	Liabilities					
<b>Cash flow hedge</b>								
Foreign exchange and interest rate risk								
(i) Foreign currency options structures								
- Seagull Structure	USD 141.00	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
	JPY 1,032.71	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
- Call Spread	USD 25.00	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
(ii) Cross currency swaps	USD 100.00	-	(297.86)	Dec 2020 - Mar 2025	1:1	3.67%	(175.35)	175.22
	JPY 1,032.71	-	(5.28)	Aug 2023	1:1	0.42%	(1.29)	1.29
	SGD 7.21	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii) Interest rate swaps	USD 126.00	5.24	(134.45)	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91



## NOTES TO ACCOUNTS

### (b) Effects of hedge accounting on statement of profit and loss as at 31<sup>st</sup> March, 2020

(₹ 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
<b>Cash flow hedge</b>				
-Foreign exchange 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 31-03-20
<b>Effective portion of Cash Flow Hedges</b>	
<b>Opening Balance</b>	-
Add: Changes in intrinsic value of foreign currency option structures	687.21
Add: Changes in fair value of cross currency swaps	(174.20)
Add: Changes in fair value of interest rate swaps	(185.90)
Less: Amounts reclassified to profit or loss	(629.23)
Less: Deferred tax relating to above (net)	76.04
<b>Closing Balance</b>	<b>(226.08)</b>
<b>Costs of hedging reserve</b>	
<b>Opening Balance</b>	-
Add: Change in deferred time value of foreign currency option structures	(382.41)
Less: Amortisation of time value	108.80
Less: Deferred tax relating to above (net)	68.86
<b>Closing Balance</b>	<b>(204.75)</b>

#### 45.4 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 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 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.

## NOTES TO ACCOUNTS

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 31<sup>st</sup> March 2020 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2020			As at 31.03.2019		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
<b>INR Borrowings</b>	19,899.78	-	19,899.78	19,550.00	-	19,550.00
<b>USD \$</b>	3,241.96	2,830.00	411.96	2,980.00	2,005.00	975.00
INR Equivalent	24,439.81	21,334.21	3,105.60	20,613.05	13,868.85	6,744.20
<b>JPY ¥</b>	10,327.12	10,327.12	-	10,327.12	10,327.12	-
INR Equivalent	719.28	719.28	-	645.65	645.65	-
<b>SGD \$</b>	72.08	72.08	-	-	-	-
INR Equivalent	380.83	380.83	-	-	-	-
<b>Total INR Equivalent</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>	<b>40,808.70</b>	<b>14,514.50</b>	<b>26,294.20</b>

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 31.03.2020	As at 31.03.2019
Rupee Loans	3,12,065.92	2,79,021.68

### 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 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(86.08)	86.08	(85.53)	85.53
Floating/ semi-fixed Rate Loan Assets	1,167.63	(1167.63)	907.60	(907.60)

*\*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.

### 45.5 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 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	25.68	(25.68)	32.35	(32.35)
Impact on Profit and Loss account (PL)	0.63	(0.63)	-	-

## NOTES TO ACCOUNTS

### 46. Additional Disclosures in respect of derivatives

#### 46.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) The notional principal of swap agreements	65,453.01	45,803.16
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	3,318.85	1,802.58
(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	1,993.12	1,643.18

\*includes all the currency derivatives, interest rate derivatives and reverse cross-currency derivatives entered by the Company. 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.

#### 46.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

#### 46.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
(i) Derivatives (Notional Principal Amount)						
For hedging	32,049.49	24,366.46	29,056.52	21,436.70	4,347.00	-
(ii) Marked to Market Positions						
a) Asset (+)	3,177.14	1,642.11	141.71	160.47	-	-
b) Liability (-)	-	29.24	586.06	130.16	739.67	-
(iii) Credit Exposure	32,049.49	24,366.46	29,056.52	21,436.70	4,347.00	-
(iv) Unhedged Exposures	19,302.20	10,391.05	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

### 47. Impact of Covid-19 Pandemic on the Company

The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a significant decline and volatility in global and Indian financial markets. It has also caused a significant disruption in the Global and Indian economic activities. On 11<sup>th</sup> March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO). The situation has been under close watch by the Company to take prompt actions for continuity of business operations in an optimised manner.

#### Impact on Business Operations

Amidst the tumult of this unprecedented period, the Company had allowed the employees to "Work From Home" even before the announcement of national lockdown with priority to safeguard the health and well-being of our employees. The Company extensively leveraged the digital technology for review & monitoring, information-sharing and knowledge management. The strong Information Technology capability coupled with the availability of E-Office and ERP applications through secure Virtual Private Network (VPN) allowed the Company to continue the business operations without any significant disruptions due to lockdown. During the last fortnight of the year 2019-20, the Company disbursed loans amounting to ₹6,476 crores, while ending the year with disbursements of ₹75,667 crores.

## NOTES TO ACCOUNTS

### Impact on Lending Operations

The Govt. and various regulators have also introduced a variety of measures to contain the spread of virus and to mitigate the impacts of economic disruptions.

The Reserve Bank of India (RBI), in order to mitigate the burden of debt servicing brought about by disruptions of business activities, permitted Lending Institutions for rescheduling of payments in respect of term loans and Working Capital facilities vide Notification No. RBI/ 2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27<sup>th</sup> March 2020 hereinafter refer to as "RBI Notification". In line with the RBI notification, the Company has put in place a board-approved policy framework according to which the borrowers can avail a maximum of three months moratorium on payment of principal and/or interest (including additional interest/ further interest/ charges, wherever applicable) on term loans falling due between 1<sup>st</sup> March 2020 and 31<sup>st</sup> May 2020. Such moratorium is eligible to the borrowers if the borrowers do not have any overdues as on 1<sup>st</sup> March, 2020 or if such overdues have been cleared subsequently upto 31<sup>st</sup> May 2020. The Company has already recovered more than 78% of the total recoveries of more than ₹9,500 crore due for March 2020. In accordance with the board approved policy, an amount of ₹5,172 crores has been deferred representing the amounts falling due between the moratorium period.

Further in line with RBI circular dated 17 April 2020, in case of the standard borrowers and to whom such moratorium has been granted, the period of such moratorium has been excluded from the number of 'Days Past Due' for the purpose of asset classification. However, had this relaxation benefit not been provided, only one borrower with loan outstanding of ₹23.37 crores would have otherwise been downgraded as Stage- 3 asset.

### Availability of Funds from Diverse Sources

The Company has access to various sources for funding its operations including domestic institutional bonds as well as foreign currency bonds, which enhances the reach of the Company to obtain funds from various geographies including United States of America and Europe. Post 31<sup>st</sup> March 2020, the Company has been able to raise more than ₹14,000 crores through domestic bonds and loans from banks & financial institutions. Further, the Company has also raised bonds and term loans amounting to USD 800 Million, amounting to ₹6,047 crores during the same period. This includes USD 500 Million raised through USD Bonds wherein REC became the first Indian company to successfully raise USD bonds during the Covid-19 pandemic on 12<sup>th</sup> May 2020.

Additionally, the Company has available limits of more than ₹7,000 crores towards long term loans and ₹5,000 crores towards Working Capital Loans from various banks. As such, the company has been able to mitigate any negative impact on its liquidity position, allowing the Company to sustain its lending operations without any material impact.

### Covid-19 Relief Package for the Power Sector

Majority of the Power Generation Companies had their power plants operational throughout the lockdown period with limited disruptions in early times of Lockdown. As per the guidelines by Central & State Governments issued from time to time, industries, offices and other commercial places representing major electricity consumers have started resuming their operations with limited capacity. This is steadily increasing the demand for electricity which suffered temporary dips during the lockdown period.

The Govt. of India, as a part of its Covid-19 relief package, has announced liquidity injection to the State discoms in the form of State Govt. guaranteed loans through REC and PFC to clear the outstanding dues of Power Generation and Transmission Companies. Further, the State Governments have been allowed additional borrowing limits from RBI, provided they provide a roadmap for several reform measures, which inter alia includes power sector reforms. The Govt. has also announced to release a tariff policy shortly laying out several reforms for the Power sector, including but not limited to privatisation of discoms in Union Territories etc.

In conjunction with the above cited actions taken by RBI and Government of India and REC's liquidity position and access to diverse sources of funds, at present, there are no reasons to believe that the current crisis will have any significant impact on the ability of the Company to maintain its operations, including the assessment of going concern for the Company. However, 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.

## 48. Exposure Related Disclosures

RBI, vide its letter dated 17<sup>th</sup> 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.

## NOTES TO ACCOUNTS

In respect of Central/State Government entities, RBI vide its letter No.DNBR.PD.CO.No.2184/03.10.001/2015-16 dated 16<sup>th</sup> June 2016 has exempted REC from applicability of RBI's concentration of credit/investment norms till 31<sup>st</sup> 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 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

### 48.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2020 (As at 31<sup>st</sup> March 2019 Nil).

### 48.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(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;	738.13	787.41
(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	6.18
<b>Total Exposure to Capital Market</b>	<b>744.25</b>	<b>793.59</b>

### 48.3 Concentration of Advances, Exposures and Credit-impaired Assets

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Concentration of Advances</b>		
Total Advances to twenty largest borrowers (₹ in Crores)	1,84,741.84	1,58,931.60
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	57.30%	56.52%
<b>(ii) Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	2,88,397.43	2,54,896.66
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.46%	59.46%
<b>(iii) Concentration of Credit-impaired Assets</b>		
Total Outstanding to top four Credit-impaired Assets (₹ in Crores)	8,618.52	8,502.74
Total Exposure to the above four Credit-impaired Assets (₹ in Crores)	8,618.52	8,502.74

## NOTES TO ACCOUNTS

### 49. 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 31.03.2020	As at 31.03.2019
<b>Financial assets measured at fair value</b>			
Derivative financial instruments	8	3,318.85	1,802.58
Investments* measured at			
(i) Fair value through other comprehensive income	10	513.55	646.99
(ii) Fair value through profit and loss	10	1,558.53	1,556.87
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	6	1,678.03	342.94
Other Bank Balances	7	2,021.96	1,253.31
Loan Assets	9	3,12,083.50	2,70,450.92
Investments *	10	22.93	47.16
Other financial assets	11	22,081.59	18,342.48
<b>Total</b>		<b>3,43,278.94</b>	<b>2,94,443.25</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	8	1,325.73	159.40
<b>Financial liabilities measured at amortised cost</b>			
Debt securities	17	2,19,977.22	1,92,839.79
Borrowings (other than debt securities)	18	61,543.61	46,662.54
Subordinated liabilities	19	4,819.65	4,818.76
Other financial liabilities	20	23,562.70	18,751.75
<b>Total</b>		<b>3,11,228.91</b>	<b>2,63,232.24</b>

\*Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

#### 49.1 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.



## NOTES TO ACCOUNTS

### Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments at FVOCI</b>								
Equity investments	507.43	6.12	-	513.55	640.81	6.18	-	646.99
<b>Investments at FVTPL</b>								
Equity investments	12.50	-	-	12.50	-	-	-	-
Perpetual Bonds	-	-	1,500.62	1,500.62	-	-	1,556.87	1,556.87
Preference Shares	-	-	45.41	45.41	-	-	-	-
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	3,318.85	-	3,318.85	-	1,802.58	-	1,802.58
<b>Liability at FVTPL</b>								
Derivative financial instruments	-	1,325.73	-	1,325.73	-	159.40	-	159.40

### 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) **Investment in Venture Capital Fund - Level 2** - Investment in venture capital fund are measured at their fair value as per the Net Asset Value (NAV) Certificate shared by the fund.
- (C) **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.
- (D) **Investment in Perpetual Bond Investments - Level 3** - The Company has made investments in perpetual bonds of Indian Bank, Bank of Baroda and Syndicate Bank which are quoted on NSE/BSE. The Company checks for active market transactions for these bonds. However, there is no history of any market activity in these bonds held by the Company, and therefore, quoted price for such bonds is not available. The Company checks for any significant changes in credit rating of the investee banks, and if no change is noted, then, coupon rate is considered for computing the fair value using discounted cash flow method.
- (E) **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.
- (F) **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 23<sup>rd</sup> 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. (For details refer Note: 10.2).

## NOTES TO ACCOUNTS

### 49.2 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	FY 2019-20				FY 2018-19			
	FVTPL		FVOCI	Total	FVTPL		FVOCI	Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in Equity Shares		Investment in Perpetual Bonds	Investment in Preference Shares	Investment in Equity Shares	
Opening Balance	1,556.87	-	-	1,556.87	1,500.62	-	-	1,500.62
Received in Loan Settlement (Refer Note 9.3)	-	32.42	-	32.42	-	-	-	-
Settlement	(224.50)	-	-	(224.50)	(112.00)	-	-	(112.00)
Transfer from Level 3	-	-	-	-	-	-	-	-
Interest income	168.25	1.50	-	169.75	168.25	-	-	168.25
Fair value changes	-	11.49	-	11.49	-	-	-	-
Closing Balance	1,500.62	45.41	-	1,546.03	1,556.87	-	-	1,556.87
Unrealised gain (loss) at year-end	0.62	12.99	(16.00)	(2.39)	56.87	-	(118.00)	(61.13)

Refer Note No. 10.3 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

### 49.3 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 31.03.2020		As at 31.03.2019	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	1,678.03	1,678.03	342.94	342.94
Bank balances other than above	2,021.96	2,021.96	1,253.31	1,253.31
Loans	3,12,083.50	3,11,112.33	2,70,450.92	2,67,598.29
Investments	22.93	22.93	47.16	47.16
Other financial assets	22,081.59	22,082.69	18,342.48	18,344.15
<b>Total</b>	<b>3,37,888.01</b>	<b>3,36,917.94</b>	<b>2,90,436.81</b>	<b>2,87,585.85</b>
<b>Financial liabilities</b>				
Debt securities	2,19,977.22	2,12,002.44	1,92,839.79	1,94,459.70
Borrowings (other than debt securities)	61,543.61	61,984.35	46,662.54	46,595.45
Subordinated liabilities	4,819.65	5,028.88	4,818.76	4,748.14
Other financial liabilities	23,562.70	23,562.70	18,751.75	18,751.75
<b>Total</b>	<b>3,09,903.18</b>	<b>3,02,578.37</b>	<b>2,63,072.84</b>	<b>2,64,555.04</b>

### 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:

## NOTES TO ACCOUNTS

### 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 31<sup>st</sup> March 2020 was assessed to be insignificant.

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.

**50.** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March 2020. 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.

### **51. Related Party Disclosures :**

#### **51.1 List of Related Parties**

##### **(1) Key Managerial Personnel**

Sh. Sanjeev Kumar Gupta	Chairman & Managing Director w.e.f 01 <sup>st</sup> June 2020 and Director (Technical)
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director and Director (Finance) upto 31 <sup>st</sup> May 2020
Sh. Ajay Choudhary	Director (Finance) w.e.f 1 <sup>st</sup> June 2020
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director w.e.f 18 <sup>th</sup> June 2019)
Sh. Mritunjay Kumar Narayan	Govt. Nominee Director (Non-executive Director w.e.f 2 <sup>nd</sup> September 2019)
Dr. Arun Kumar Verma	Govt. Nominee Director (Non-executive Director upto 2 <sup>nd</sup> Sept 2019)
Dr. Bhagvat Kisanrao Karad	Part Time Non-Official Independent Director (upto 11 <sup>th</sup> March 2020)
Smt. Asha Swarup	Part Time Non-Official Independent Director (upto 7 <sup>th</sup> February 2020)
Sh. Aravamudan Krishna Kumar	Part Time Non-Official Independent Director (upto 12 <sup>th</sup> November 2019)
Prof. T.T. Ram Mohan	Part Time Non-Official Independent Director (upto 12 <sup>th</sup> November 2019)
Sh. J.S. Amitabh	Executive Director & Company Secretary

**NOTES TO ACCOUNTS****(2) Ultimate Holding Company**

Power Finance Corporation Ltd.

**(3) Subsidiary Companies**

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

**(4) Associate Companies of REC Transmission Projects Company Limited**

Dinchang Transmission Limited

Chandil Transmission Limited

Koderma Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

Khetri Transco Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 29<sup>th</sup> August, 2019.

Bhind-Guna Transmission Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 11<sup>th</sup> September, 2019.

Udupi Kasargode Transmission Limited - transferred to Sterlite Grid on 12<sup>th</sup> September, 2019.

Ajmer Phagi Transco Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 3<sup>rd</sup> October, 2019.

WRSS XXI (A) Transco Limited - transferred to Adani Transmission Limited on 14<sup>th</sup> October, 2019.

Lakadia Banaskantha Transco Limited - - transferred to Adani Transmission Limited on 13<sup>th</sup> November, 2019.

Jam Khambaliya Transco Limited - transferred to Adani Transmission Limited on 13<sup>th</sup> November, 2019.

Rampur Sambhal Transco Limited - Incorporated on 02.05.2019 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12<sup>th</sup> December, 2019.

**(5) Joint Ventures**

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

EPAL Holdings 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)

NEESL Private Limited

## NOTES TO ACCOUNTS

### (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

Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

### (1) Key Managerial Personnel of Ultimate Holding Company

Sh. Rajeev Sharma	Chairman & Managing Director (upto 31 <sup>st</sup> May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) w.e.f 12 <sup>th</sup> June 2019 upto 31 <sup>st</sup> May, 2020, Chairman & Managing Director w.e.f 1 <sup>st</sup> June, 2020
Sh. Naveen Bhushan Gupta	Director (Finance)
Sh. Praveen Kumar Singh	Director (Commercial)
Sh Chinmoy Gangopadhyay	Director (Projects)- upto 30 <sup>th</sup> April, 2019
Sh Mritunjay Kumar Narayan	Govt. Nominee Director (Non-executive Director w.e.f 28 <sup>th</sup> August 2019)
Sh Arun Kumar Verma	Govt. Nominee Director (Non-executive Director upto 27 <sup>th</sup> August 2019)
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director w.e.f 11 <sup>th</sup> July 2019)
Shri Sitaram Pareek	Part Time Non-Official Independent Director (upto 5 <sup>th</sup> February 2020)
Shri Manohar Balwani	Company Secretary

### (2) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCCL)  
Power Equity Capital Advisors (Pvt) Limited (PECAP) (Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.)

### (3) Associate Companies of Ultimate Holding Company

Bihar Infra Power Limited  
Bihar Mega Power Limited  
Cheyyur Infra Limited  
Chhatisgarh Surguja Power Limited  
Coastal Karnataka Power Limited  
Coastal Maharashtra Mega Power Limited  
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

**NOTES TO ACCOUNTS**

Sakhigopal Integrated Power Co. Limited

Tatiya Andhra Mega Power Limited

Bhuj-II Transmission Limited (through PFFCL- transferred to Power Grid Corporation of India on 16<sup>th</sup> October, 2019)

Bijawar-Vidhrbha Transmission Limited (through PFFCL- National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP)

Bikaner-Khetri Transmission Limited (through PFFCL- transferred to Adani Transmission Limited on 19th September, 2019.)

Fatehgarh-II Transco Limited (through PFFCL- transferred to Power Grid Corporation of India on 14th October, 2019)

Karur Transmission Limited (through PFFCL- incorporated on 20th November, 2019)

Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18th November, 2019)

Lakadia-Vadodara Transmission Project Limited (through PFFCL- transferred to Sterlite Power Transmission Limited on 26<sup>th</sup> November, 2019)

Meerut-Simbhavali Transmission Limited (through PFFCL- transferred to Power Grid Corporation of India on 19.12.2019)

Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)

Tanda Transmission Company Limited (through PFFCL- under process of strike off)

VAPI-II North Lakhimpur Transmission Ltd. (through PFFCL)

**(4) 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

**51.2 Amount due from/ to the related parties :**

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>RECPDCL</b>		
Debt Securities	10.44	10.44
Other Financial Assets	2.73	1.37
Other Financial Liabilities	3.77	0.49
<b>REC TPCL</b>		
Debt Securities	47.00	60.00
Other Financial Assets	1.26	0.36
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	3.00
Debt Securities- Holding Company	19.90	18.50
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Other financial liabilities- Others	0.38	31.78
Other financial assets	4.21	2.77
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	4.10	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.10	1.00
Staff Loans & Advances	0.33	0.46
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.12	0.10



## NOTES TO ACCOUNTS

### 51.3 Maximum amount of loans/ advances/ investments outstanding in respect of subsidiaries during the year

(₹ in Crores)

Particulars	Loans & Advances		Investments	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
RECTPCL	2.47	1.16	0.05	0.05
RECPDCL	2.92	3.08	0.05	0.05

### 51.4 Transactions with the related parties :

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Power Finance Corporation Ltd.</b>		
Dividend Paid	1,143.44	-
Directors' Sitting Fee	0.02	-
<b>REC PDCL</b>		
Govt. funds disbursed	0.02	0.62
Apportionment of Employee Benefit and Other Expenses	7.37	8.94
Dividend Income	-	22.55
Finance Costs - Interest Paid	0.84	0.84
Other Expenses	9.68	10.56
<b>REC TPCL</b>		
Subscription to Bonds of the company	12.00	-
Govt. funds disbursed	9.50	11.35
Apportionment of Employee Benefit and Other Expenses	4.91	4.39
Dividend Income	50.00	68.29
Finance Costs - Interest Paid	4.76	4.70
Other Expenses	0.61	0.77
<b>Post-employment Benefits Plan Trusts</b>		
Contributions made by the Company during the year	31.78	99.58
Subscription to the bonds of Company	5.70	-
Subscription to GOI Serviced Bonds	-	29.30
Subscription to the bonds of Holding Company	1.40	-
Finance Costs - Interest Paid	1.70	0.27
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Subscription to the bonds of Company	-	-
Finance Costs - Interest Paid	0.33	-
<b>Key Managerial Personnel</b>		
Interest Income on Staff Loans	0.01	0.09
Finance Cost	0.02	0.02
Employee Benefits Expense - Managerial Remuneration	2.45	2.65
Directors' Sitting Fee	0.17	0.24
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	0.01	-

## NOTES TO ACCOUNTS

### 51.5 Terms and conditions of transactions with related parties

The Company makes 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. Further, the finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the interest rate payable on such debt securities is uniformly applicable to all the bondholders. The Company also makes advances to its subsidiary companies on account of apportionment of establishment and administrative expenses, which are recovered on monthly 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.

### 51.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the reporting period is as below:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) Short-term employee benefits	2.25	2.44
(ii) Post employment benefits	0.20	0.21
Total	2.45	2.65

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.

### 51.7 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 31.03.2020	Year ended 31.03.2019
Disbursement of Loans	1,437.18	3,583.67
Interest income recognised	2,139.65	1,935.27

#### Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Loan Assets	21,612.09	21,034.76
Interest Accrued	248.04	15.88

Refer Note No. 11, 18.2(i), 20 and 29 in respect of material transactions with the Central Govt.

## NOTES TO ACCOUNTS

### 52. Disclosures in respect of Ind AS 116 'Leases'

The Company had adopted Ind AS 116 - 'Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards) Second Amendment Rules, 2019 dated 30.03.2019. The Standard requires the Company to recognise each lease on the Balance Sheet as a Right-of-Use asset with corresponding lease liability in respect of the amounts payable towards such leases in future periods. However, the Company has exercised the recognition exemption in respect of short-term leases and leases of low-value underlying assets. Short term leases include leases with termination options, where there are no material economic disincentives to terminate such leases. Such agreements to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

During the year 2019-20, the expenses relating to short-term leases are ₹ 11.41 crores. The total cash outflow towards all leases, including Right-of-Use Assets is ₹ 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	FY 2019-20
Opening Balance	0.11
Finance Cost accrued during the period	0.01
Payments made during the year	(0.05)
Closing Balance	0.07

The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March 2020:

(₹ in Crores)

Particulars	As at 31-03-20
Upto 1 year	0.03
1-5 years	0.04
More than 5 years	-

### 53. Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

#### 53.1 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/ separate 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 ₹ 15.10 Crores (Previous year ₹ 14.59 Crores) towards defined contribution plans.

#### 53.2 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

**NOTES TO ACCOUNTS**

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 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	36.82	42.41
Fair Value of Plan Assets	35.47	44.15
Net Defined Benefit (Asset)/ Liability	1.35	(1.74)

**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 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
<b>Opening Balance</b>	<b>42.41</b>	<b>52.59</b>	<b>44.15</b>	<b>48.66</b>	<b>(1.74)</b>	<b>3.93</b>
<b>Included in profit or loss</b>						
Current service Cost	2.27	2.59	-	-	2.27	2.59
Past service cost	-	-	-	-	-	-
Interest cost / income	2.95	4.00	3.40	3.71	(0.45)	0.29
<b>Total amount recognised in profit or loss</b>	<b>5.22</b>	<b>6.59</b>	<b>3.4</b>	<b>3.71</b>	<b>1.82</b>	<b>2.88</b>
<b>Included in OCI</b>						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	1.82	(0.31)	-	-	1.82	(0.31)
- Actuarial loss (gain) arising from changes in demographic assumptions	-	(1.44)	-	-	-	(1.44)
-Actuarial loss (gain) arising from Experience adjustments	(0.89)	(3.69)	-	-	(0.89)	(3.69)
Return on plan assets excluding interest income	-	-	(0.41)	0.22	0.41	(0.22)
<b>Total amount recognised in OCI</b>	<b>0.93</b>	<b>(5.44)</b>	<b>(0.41)</b>	<b>0.22</b>	<b>1.34</b>	<b>(5.66)</b>
Contribution by participants			-	2.84	-	(2.84)
Contribution by employers			0.06	0.05	(0.06)	(0.05)
Benefits paid	(11.74)	(11.33)	(11.73)	(11.33)	(0.01)	-
<b>Closing Balance</b>	<b>36.82</b>	<b>42.41</b>	<b>35.47</b>	<b>44.15</b>	<b>1.35</b>	<b>(1.74)</b>

**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 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	136.42	129.77
Fair Value of Plan Assets	140.64	97.99
Net Defined Benefit (Asset)/ Liability	(4.22)	31.78

## NOTES TO ACCOUNTS

### 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 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance	129.77	105.19	97.99	-	31.78	105.19
Included in profit or loss						
Current service Cost	2.80	2.06	-	-	2.80	2.06
Past service cost	-	-	-	-	-	-
Interest cost / income	9.73	7.99	7.55	1.25	2.18	6.74
Total amount recognised in profit or loss	12.53	10.05	7.55	1.25	4.98	8.80
Included in OCI						
Re-measurement loss (gain)						
-Actuarial loss (gain) arising from changes in financial assumptions	18.85	(6.34)	-	-	18.85	(6.34)
-Actuarial loss (gain) arising from changes in demographic assumptions	-	1.20			-	1.20
-Actuarial loss (gain) arising from Experience adjustments	(15.32)	29.44	-	-	-15.32	29.44
Return on plan assets excluding interest income	-	-	3.32	-	-3.32	-
Total amount recognised in OCI	3.53	24.30	3.32	-	0.21	24.30
Contribution by participants	-	-	31.78	96.74	(31.78)	(96.74)
Benefits paid	(9.41)	(9.77)	-	-	(9.41)	(9.77)
Closing Balance	136.42	129.77	140.64	97.99	(4.22)	31.78

### 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 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation		
- ERS	4.25	3.69

#### Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance	3.69	3.34
Included in profit or loss		
Current service Cost	0.16	0.18
Interest cost / income	0.26	0.25
Total amount recognised in profit or loss	0.42	0.43

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Included in OCI</b>		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	0.34	(0.02)
- Actuarial loss (gain) arising from Experience adjustments	0.99	0.75
<b>Total amount recognised in OCI</b>	<b>1.33</b>	<b>0.73</b>
Benefits paid	(1.19)	(0.81)
<b>Closing Balance</b>	<b>4.25</b>	<b>3.69</b>

## 53.2.1 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.

## 53.2.2 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
<b>Cash &amp; Cash Equivalents</b>	<b>0.93</b>	<b>0.61</b>	<b>3.40</b>	<b>0.65</b>
<b>Unquoted Plan Assets</b>				
Corporate Bonds/ Debentures	-	-	137.24	97.34
Others - Insurer managed funds & T-bills	34.54	43.54	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>34.54</b>	<b>43.54</b>	<b>137.24</b>	<b>97.34</b>
<b>Total</b>	<b>35.47</b>	<b>44.15</b>	<b>140.64</b>	<b>97.99</b>

Actual return on plan assets is ₹13.86 crores (previous year ₹5.16 crores).



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### 53.2.3 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, 2020 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 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	6.72%	7.71%	6.72%	7.71%	6.72%	7.71%
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)	15.41	13.12	15.41	13.12	15.41	13.12

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.

### 53.2.4 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 31.03.2020		As at 31.03.2019	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.50% movement)</b>				
- Gratuity	(0.77)	0.94	(0.89)	1.10
- PRMS	(10.02)	10.48	(0.77)	0.84
- ERS	(0.15)	0.17	(0.13)	0.15
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.14	(0.11)	0.15	(0.12)
- PRMS	-	-	-	-
- ERS	0.16	(0.14)	0.14	(0.12)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	9.74	(9.39)	6.31	(5.92)
<b>Medical Cost (10% movement)</b>				
- PRMS	13.99	(13.42)	12.98	(12.98)

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.

## NOTES TO ACCOUNTS

## 53.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Less than 1 year	11.95	13.10	9.89	10.38	1.26	0.88
From 1 to 5 years	15.95	31.68	47.71	64.73	2.83	3.35
Beyond 5 years	32.68	31.98	231.09	254.11	5.35	3.12
<b>Total</b>	<b>60.58</b>	<b>76.76</b>	<b>288.69</b>	<b>329.22</b>	<b>9.44</b>	<b>7.35</b>

## 53.2.6 Expected contribution for the next year.

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Expected contribution	3.29	1.72	-	34.74	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.57 years (as at 31.03.2019 - 12.76 years).

## 53.3 Other Long-term Employee Benefits

## 53.3.1 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 ₹ 7.75 crore (Previous year ₹ 7.26 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

## 53.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.93 crore (Previous year ₹ 1.43 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.

## 54. 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 23<sup>rd</sup> 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.

## NOTES TO ACCOUNTS

### Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
  - (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
  - (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
  - (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.
55. 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.

### 55.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(A) Income from Loan Assets	29,441.76	24,869.97
(B) Fee for Implementation of Govt. Schemes	19.52	83.02
(C) Income from Management of Short-term Surplus Funds	76.91	46.07
<b>Total</b>	<b>29,538.19</b>	<b>24,999.06</b>

55.2 The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

55.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2019-20 and 2018-19.

### 56. Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	1,678.03	-	342.94	-
(b) Other Bank Balances	2,021.96	-	1,253.31	-
(c) Derivative financial instruments	1,180.60	2,138.25	325.46	1,477.12
(d) Loans	28,989.11	2,83,094.39	27,977.30	2,42,473.62
(e) Investments	1,500.62	812.59	104.03	2,293.59
(f) Other financial assets	4,229.32	17,852.27	515.48	17,827.00
<b>Total - Financial Assets (1)</b>	<b>39,599.64</b>	<b>3,03,897.50</b>	<b>30,518.52</b>	<b>2,64,071.33</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	-	392.66	-	275.83
(b) Deferred tax assets (net)	-	2,034.32	-	2,358.29
(c) Investment Property	-	0.01	-	0.01

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(d) Property, Plant & Equipment	-	153.00	-	153.98
(e) Capital Work-in-Progress	-	287.62	-	196.94
(f) Intangible Assets Under Development	-	0.77	-	1.59
(g) Other Intangible Assets	-	8.80	-	8.51
(h) Other non-financial assets	62.89	50.38	96.58	35.72
<b>Total - Non-Financial Assets (2)</b>	<b>62.89</b>	<b>2,927.56</b>	<b>96.58</b>	<b>3,030.87</b>
<b>Total ASSETS (1+2)</b>	<b>39,662.53</b>	<b>3,06,825.06</b>	<b>30,615.10</b>	<b>2,67,102.20</b>
<b>LIABILITIES</b>				
(1) Financial Liabilities				
(a) Derivative financial instruments	58.63	1,267.10	35.68	123.72
(b) Debt Securities	48,574.64	1,71,402.58	41,346.94	1,51,492.85
(c) Borrowings (other than debt securities)	19,375.68	42,167.93	7,202.91	39,459.63
(d) Subordinated Liabilities	170.58	4,649.07	169.96	4,648.80
(e) Other financial liabilities	1,953.40	21,609.30	924.75	17,827.00
<b>Total - Financial Liabilities (1)</b>	<b>70,132.93</b>	<b>241,095.98</b>	<b>49,680.24</b>	<b>2,13,552.00</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Provisions	67.81	38.70	60.05	39.53
(b) Other non-financial liabilities	70.74	4.87	82.54	-
<b>Total - Non-Financial Liabilities (2)</b>	<b>138.55</b>	<b>43.57</b>	<b>142.59</b>	<b>39.53</b>
<b>Total LIABILITIES (1+2)</b>	<b>70,271.48</b>	<b>241,139.55</b>	<b>49,822.83</b>	<b>2,13,591.53</b>

Previous year figures have been reclassified/ regrouped to conform to the current classification.

57. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
58. The Board of Directors of RECTPCL and RECPDCL, wholly owned subsidiaries of the Company, have approved the scheme of amalgamation of RECTPCL ("Transferor Company") with RECPDCL ("Transferee Company"), which has also been approved by the Board of Directors of the Company, subject to requisite approvals.
59. 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, 24.1, 41, 44, 45.1.3 (P), 45.1.3 (S), 45.1.3 (T), 45.2.2, 45.3, 46, 48, 51, 57, 60, 61.
60. No penalties have been levied on the Company by any regulator during the year ended 31<sup>st</sup> March 2020 (Previous year Nil).
61. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31<sup>st</sup> March 2020 (Previous year Nil).
62. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 62 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

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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: 17<sup>th</sup> June 2020

**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 31<sup>st</sup> March 2020**

(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 31.03.2020		As at 31.03.2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>				
<b>(1) Loans and advances availed by the NBFC</b>				
inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	40,004.39	-	49,470.47	-
- Unsecured	1,82,845.62	-	1,41,361.86	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
- Secured Loans from Financial Institutions	-	-	207.33	-
- Unsecured Loans from NSSF	10,326.81		5,121.84	
- Unsecured Loans from Banks	18,900.72		18,555.08	
- Unsecured Loans from Financial Institutions	1,000.00		1,000.00	
(d) Commercial Paper	2,925.00	-	7,975.00	-
(e) Other Loans				
- Foreign Currency Borrowings	21,813.83	-	17,705.96	-
- FCNR (B) Loans	6,985.80	-	4,327.72	-
- Short Term Loans/ Loans Repayable on Demand	2,750.92		-	
- Finance Lease Obligations	0.07		0.11	

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>ASSETS SIDE :</b>				
<b>(2) Break-up of Loans and Advances including bills receivables</b>				
(a) Secured	2,35,477.68		2,05,679.19	
(b) Unsecured	75,045.36		64,127.98	
<b>(3) INVESTMENTS :</b>				
<b>Current Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity	12.50		-	
<b>Unquoted:</b>				
(i) Shares : (a) Preference	68.34		-	
<b>Long Term Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity	507.43		640.81	
(ii) Debentures and Bonds	1,500.62		1,556.87	
<b>Unquoted:</b>				
(i) Shares : (a) Equity	218.20		146.60	
(ii) Debentures and Bonds	-		-	
(iii) Units of mutual funds	6.12		6.18	
(iv) Government Securities	-		47.16	

## (4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS	
	Secured	Unsecured
<b>As at 31<sup>st</sup> March 2020</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	3.99
(b) Companies in the same Group	-	-
(c) Other related Parties	-	0.33
<b>2. Other than Related Parties</b>	<b>2,35,477.68</b>	<b>75,041.04</b>
<b>Total</b>	<b>2,35,477.68</b>	<b>75,045.36</b>
<b>As at 31<sup>st</sup> March 2019</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	1.72
(b) Companies in the same Group	-	-
(c) Other related Parties	-	0.46
<b>2. Other than Related Parties</b>	<b>2,05,679.19</b>	<b>64,125.80</b>
<b>Total</b>	<b>2,05,679.19</b>	<b>64,127.98</b>

## (5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2020		As at 31.03.2019	
	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)
<b>1. Related Parties</b>				
(a) Subsidiaries	0.10	0.10	0.10	0.10
(b) Companies in the same Group	218.10	218.10	146.50	146.50
<b>2. Other than Related Parties</b>	<b>2,095.01</b>	<b>2,095.01</b>	<b>2,251.02</b>	<b>2,251.02</b>
<b>Total</b>	<b>2,313.21</b>	<b>2,313.21</b>	<b>2,397.62</b>	<b>2,397.62</b>

## (6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	21,255.55	20,348.44
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	10,703.42	10,649.49
<b>(iii) Asset acquired in satisfaction of debts</b>	-	-

For and on behalf of the Board

J.S. Amitabh  
ED & Company SecretaryAjoy Choudhury  
Director (Finance)  
DIN - 06629871Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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/N500091Gaurav Mittal  
Partner  
M.No. : 099387Atul Aggarwal  
Partner  
M.No. : 092656Place: New Delhi  
Date: 17<sup>th</sup> June 2020



## INDEPENDENT AUDITORS' REPORT

To the Members of  
REC Limited (Formerly Rural Electrification Corporation Limited)  
Report on the Audit of Standalone Ind AS Financial Statements

### Opinion

We have audited the standalone Ind AS financial statements of REC Limited (Formerly Rural Electrification Corporation Limited) ("the Company") which comprise the balance sheet as at 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March 2020, 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

- We draw attention to Note No. 45.1.3 of the standalone Ind AS financial statements regarding, the provision of impairment allowance in respect of its loan assets and undisbursed Letters of Comfort based on the report provided by the credit rating agency appointed by the company in this regard. The basis of determination of impairment allowance, which we have relied upon, is arrived at by the agency, considering the parameters which involve certain technicalities and professional expertise.
- We draw attention to Note No. 47 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.	<p><b>Impairment allowance of Loan Assets –</b></p> <p>(Refer Note No. 45.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.10)</p> <p>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.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>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.</p>

S. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Impairment allowance of Loan Assets –</b></p> <p>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.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>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. 90.07% of total assets, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>Verification of loan assets with respect to monitoring thereof for recovery/performance aspects and assessment of the loan impairment.</p> <p>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.</p> <p>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..</p> <p>We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>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.</p> <p>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.</p> <p>Verification of Impairment reserve in terms of Income Recognition, Assets classification and provisioning norms (IRACP) of Reserve Bank of India created in pursuance of RBI Notification No. DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020.</p>
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>(Refer Note No. 8 to the standalone Ind AS Financial Statements read with accounting policy No. 3.9)</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>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.</p> <p>Verification of fair value of derivative in terms of Ind AS 109</p>

S. No.	Key Audit Matter	Auditor's Response
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' prospectively from 1st January 2020, 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.</p> <p>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.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p>Testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31<sup>st</sup> March 2020 from the Company.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts</p> <p>Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>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.</p> <p>Additionally, we verified the accounting of gain/loss on mark to market basis in the other comprehensive income.</p> <p>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.</p>
3.	<p><b>Modified audit procedures carried out in light of COVID-19 outbreak</b></p> <p>(Refer Note No. 47 to the standalone Ind AS Financial Statements)</p> <p>The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a significant decline and volatility in global and Indian financial markets. It has also caused a significant disruption in the Global and Indian economic activities. On 11th March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO).</p> <p>Due to COVID-19 pandemic, nation-wide lockdown and travel restrictions imposed by Central/ State Government/ local authorities. The lockdown period has been over the period of closing activities of the financial year 2019-2020 and thereafter. It has also effected the period of our 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.</p> <p>We have identified such modified audit procedures as a key audit matter.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>Due to COVID-19 pandemic, nation-wide lockdown and travel restrictions imposed by Central/ State Government/ local authorities during the period of closing of the financial year and period of our audit, the company facilitated carrying out audit remotely as physical access was restricted.</p> <p>Wherever 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.</p> <p>We modified our audit procedures as follows :</p> <ol style="list-style-type: none"> <li>Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails.</li> <li>Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels.</li> </ol>

S. No.	Key Audit Matter	Auditor's Response
3.	Modified audit procedures carried out in light of COVID-19 outbreak	<p><b>We have applied following audit procedures in this regard</b></p> <ul style="list-style-type: none"> <li>c. Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials except during the finalisation of annual accounts.</li> <li>d. 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.</li> <li>e. Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company.</li> <li>f. 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.</li> </ul>

#### 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.

### Other Matters

The audited standalone Ind AS financial statements of the Company for the year ended 31<sup>st</sup> March 2019 were audited by the then Statutory Auditors of the Company, both of whom were predecessor audit firms, and they had expressed an unmodified opinion vide their reports dated 24th May 2019 on such financial statements.

### 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 5<sup>th</sup> 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 40.1 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 : Gaurav Mittal**  
Designation : Partner  
Membership Number : 099387  
UDIN : 20099387AAAABK4718

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADS1054



## 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 (formerly Rural Electrification Corporation Limited) for the Year ended on 31<sup>st</sup> March 2020

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and equipment) .
- (b) According to the information and explanations given to us, the Company has the policy of verifying the fixed assets (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
Freehold Land	1	68.31	68.31	Conveyance Deed by Haryana Urban Development Authority is yet to be executed.
Building	1	4.59	2.14	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 31<sup>st</sup> March, 2020 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 ₹ 28.42 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	Fringe Benefit Tax	0.48	0.40	0.08	2008-09	Commissioner of Income Tax (Appeals) Delhi
Income Tax Act, 1961	Income Tax and interest	113.50	111.35	2.15	2010-11, 2011-12, 2012-13, 2017-18	Commissioner of Income Tax (Appeals) Delhi
Income Tax Act, 1961	Income Tax and interest	79.32	71.43	7.89	2013-14, 2014-15, 2015-16, 2016-17	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax and interest	8.52	3.59	4.93	1998-99, 1999-00, 2000-01, 2006-07, 2009-10, 2010-11, 2011-12	Delhi High Court
Income Tax Act, 1961	Income Tax and interest	17.06	3.76	13.30	1999-00, 2003-04, 2004-05	Supreme Court
Income Tax Act, 1961	TDS	0.07	-	0.07		CPC, TDS
<b>Total</b>		<b>218.95</b>	<b>190.53</b>	<b>28.42</b>		

\* Rs. 26.13 Crore though received by the Company as refund/demand reduced to nil due to appeal effects of favorable decisions of various appellate forums, is however being considered as unpaid on account of further appeals made by the Income Tax Department to higher authorities.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders as at the Balance Sheet date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer. 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 an 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 : Gaurav Mittal**

Designation : Partner  
Membership Number : 099387  
UDIN : 20099387AAAABK4718

**Place : New Delhi**

**Date : 17<sup>th</sup> June 2020**

**M/s O.P. Bagla & Co. LLP.**

Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**

Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADS1054

**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 (formerly Rural Electrification Corporation Limited) for the Year ended on 31<sup>st</sup> March 2020

Sl. No.	Directions	Action Taken	Impact on Standalone Ind AS Financial Statements
<b>A.</b>	<b>Directions</b>		
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.	There has been no such case and the company has been regularly servicing its debt and borrowings obligations.	No impact on the standalone Ind AS Financial Statements
3.	Whether funds received/receivable for specific schemes from central/ state 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.	No impact on the standalone Ind AS Financial Statements

**M/s S.K. Mittal & Co.**  
Chartered Accountants,  
ICAI Firm Registration: 001135N

**Name : Gaurav Mittal**  
Designation : Partner  
Membership Number : 099387  
UDIN : 20099387AAAABK4718

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADS1054

## 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 (formerly known as Rural Electrification Corporation Limited) the Company as of 31st March 2020 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 31 March 2020, 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 31 March 2020 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 : Gaurav Mittal**  
Designation : Partner  
Membership Number : 099387  
UDIN : 20099387AAAABK4718

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADS1054



## NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

The Board of Directors,  
REC Limited (formerly Rural Electrification Corporation Limited)  
Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003

We have audited the accompanying standalone financial statements of **REC Limited (formerly Rural Electrification Corporation Limited ("the Company"))**, which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, 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 10<sup>th</sup> February 1998 vide Certificate of Registration No. 14.000011. RBI issued further Certificate dated 17<sup>th</sup> 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 31<sup>st</sup> March 2020.
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 4th February 2020, has passed resolution for non-acceptance of any public deposits for the year 2019-20.
5. The Company has not accepted any public deposits during the financial year 2019-20.
6. The financial statements of the Company for the year 2019-20 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. In this regard, in compliance of RBI Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020, the Company has appropriated the difference between the impairment allowance under Ind AS 109 and the provisions required under IRACP Norms (including standard asset provisioning) to the "Impairment Reserve".

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 31<sup>st</sup> March 2020 has been filed by company on 15<sup>th</sup> May 2020 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 : 20099387AAAABK4718

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

**M/s O.P. Bagla & Co. LLP.**  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADS1054

**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 2020.**

The preparation of financial statements of REC Limited for the year ended 31<sup>st</sup> March 2020 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 17<sup>th</sup> June 2020.

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<sup>st</sup> March 2020 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: 6<sup>th</sup> August 2020**

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>				
(1)	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	6	1,717.71	381.99
(b)	Other Bank Balances	7	2,257.45	1,733.08
(c)	Trade receivables	8	110.72	137.72
(d)	Derivative financial instruments	9	3,318.85	1,802.58
(e)	Loans	10	312,083.50	270,450.92
(f)	Investments	11	2,127.11	2,283.13
(g)	Other financial assets	12	22,099.67	18,363.99
	<b>Total - Financial Assets (1)</b>		<b>343,715.01</b>	<b>295,153.41</b>
(2)	<b>Non-Financial Assets</b>			
(a)	Current tax assets (net)	13	409.94	293.17
(b)	Deferred tax assets (net)	14	2,050.57	2,305.93
(c)	Investment Property	15	0.01	0.01
(d)	Property, Plant & Equipment	16	156.97	156.63
(e)	Capital Work-in-Progress	16	287.62	196.94
(f)	Intangible Assets Under Development	16	0.77	1.59
(g)	Other Intangible Assets	16	8.82	8.55
(h)	Other non-financial assets	17	132.37	148.41
(i)	Investments accounted for using equity method	11	258.47	179.63
	<b>Total - Non-Financial Assets (2)</b>		<b>3,305.54</b>	<b>3,290.86</b>
(3)	<b>Assets classified as held for sale</b>	18	9.53	9.56
	<b>Total ASSETS (1+2+3)</b>		<b>347,030.08</b>	<b>298,453.83</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
(1)	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	9	1,325.73	159.40
(b)	Trade Payables			
(i)	total outstanding dues of MSMEs	19	0.15	2.65
(ii)	total outstanding dues of creditors other than MSMEs	19	46.00	64.64
(c)	Debt Securities	20	219,918.25	192,767.51
(d)	Borrowings (other than debt securities)	21	61,550.66	46,662.54
(e)	Subordinated Liabilities	22	4,819.65	4,818.76
(f)	Other financial liabilities	23	23,782.21	19,227.07
	<b>Total - Financial Liabilities (1)</b>		<b>311,442.65</b>	<b>263,702.57</b>
(2)	<b>Non-Financial Liabilities</b>			
(a)	Provisions	24	107.09	100.24
(b)	Other non-financial liabilities	25	83.23	104.60
	<b>Total - Non-Financial Liabilities (2)</b>		<b>190.32</b>	<b>204.84</b>
(3)	<b>Liabilities directly associated with assets classified as held for sale</b>	18	0.68	0.08
(4)	<b>EQUITY</b>			
(a)	Equity Share Capital	26	1,974.92	1,974.92
(b)	Other equity	27	33,421.51	32,571.42
	<b>Total - Equity (4)</b>		<b>35,396.43</b>	<b>34,546.34</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>		<b>347,030.08</b>	<b>298,453.83</b>

Accompanying Notes to Financial Statements 1 to 69

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

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: 17<sup>th</sup> June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Revenue from Operations</b>			
(i)	Interest Income	28	29,671.78	24,983.62
(ii)	Dividend Income	29	36.94	20.38
(iii)	Fees and Commission Income	30	38.95	225.09
(iv)	Sale of services	31	182.11	169.93
<b>I.</b>	<b>Total Revenue from Operations (i to iv)</b>		<b>29,929.78</b>	<b>25,399.02</b>
<b>II.</b>	<b>Other Income</b>	32	77.27	32.31
<b>III.</b>	<b>Total Income (I+II)</b>		<b>30,007.05</b>	<b>25,431.33</b>
	<b>Expenses</b>			
(i)	Finance Costs	33	18,991.30	15,639.20
(ii)	Net translation/ transaction exchange loss	34	2,357.90	521.19
(iii)	Fees and commission Expense	35	25.44	34.38
(iv)	Net loss on fair value changes	36	25.85	348.52
(iv)	Impairment on financial instruments	37	919.49	243.49
(v)	Cost of services rendered	38	71.61	85.15
(vi)	Employee Benefits Expenses	39	193.15	177.37
(vii)	Depreciation and amortization	40	11.77	8.29
(viii)	Corporate Social Responsibility Expenses	41	259.29	104.49
(ix)	Other Expenses	42	130.41	188.76
<b>IV.</b>	<b>Total Expenses (i to ix)</b>		<b>22,986.21</b>	<b>17,350.84</b>
<b>V.</b>	<b>Share of Profit/Loss of Joint Venture accounted for using equity method</b>		9.14	9.95
<b>VI.</b>	<b>Profit before Tax (III-IV+V)</b>		<b>7,029.98</b>	<b>8,090.44</b>
<b>VII.</b>	<b>Tax Expense</b>	43		
(i)	Current tax		1,645.06	1,813.23
(ii)	Deferred Tax		412.65	535.83
	<b>Total Tax Expense (i+ii)</b>		<b>2,057.71</b>	<b>2,349.06</b>
<b>VIII.</b>	<b>Profit for the year</b>		<b>4,972.27</b>	<b>5,741.38</b>
<b>IX.</b>	<b>Other comprehensive Income/(Loss)</b>			
<b>(i)</b>	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gains/(losses) on defined benefit plans		(2.87)	(19.37)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(129.20)	(47.26)
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(0.12)	(0.05)
(d)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		0.72	6.77
	- Changes in Fair Value of FVOCI Equity Instruments		12.39	(0.68)
	<b>Sub-Total (i)</b>		<b>(119.08)</b>	<b>(60.59)</b>
<b>(ii)</b>	<b>Items that will be reclassified to profit or loss</b>			
(a)	Effective Portion of Cash Flow Hedges		(302.12)	-
(b)	Cost of hedging reserve		(273.61)	-
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(3.94)	-
(d)	Income tax relating to these items			
	- Effective Portion of Cash Flow Hedges		76.04	-
	- Cost of hedging reserve		68.86	-
	<b>Sub-Total (ii)</b>		<b>(434.77)</b>	<b>-</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>		<b>(553.85)</b>	<b>(60.59)</b>
<b>X.</b>	<b>Total comprehensive Income for the period (VIII+IX)</b>		<b>4,418.42</b>	<b>5,680.79</b>
<b>XI.</b>	<b>Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	44		
(1)	For continuing operations		25.18	29.07
(2)	For continuing and discontinued operations		25.18	29.07

Accompanying Notes to Financial Statements 1 to 69

For and on behalf of the Board

J.S. Amitabh  
ED & Company SecretaryAjoy Choudhury  
Director (Finance)  
DIN - 06629871Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135NS. Murthy  
Partner  
M.No. : 072290For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091Atul Aggarwal  
Partner  
M.No. : 092656Place: New Delhi  
Date: 17<sup>th</sup> June 2020

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

A Equity share capital											(₹ in Crores)					
Particulars											As at 31-03-2020		As at 31-03-2019			
Opening Balance											1,974.92		1,974.92			
Changes in equity share capital during the year													-			
Closing Balance											1,974.92		1,974.92			
B Other Equity											(₹ in Crores)					
Particulars											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	Total
Reserves & Surplus																

Refer Note No. 27.1 for details regarding drawdown/ transfers from Reserves and Note No. 27.9 for appropriation to Impairment Reserve

Accompanying Notes to Financial Statements 1 to 69  
In terms of our 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

For and on behalf of the Board

S. Murthy  
Partner  
M.No. : 072290

Atul Aggarwal  
Partner  
M.No. : 092656

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

Place: New Delhi  
Date: 17<sup>th</sup> June 2020

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2020		YEAR ENDED 31.03.2019	
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	7,029.98		8,090.44	
Adjustments for:				
1. Loss on derecognition of Property, Plant and Equipment (net)	1.69		0.86	
2. Depreciation & Amortization	11.78		8.29	
3. Impairment losses on financial assets	919.49		243.49	
4. Adjustments towards Effective Interest Rate in respect of Loans	53.02		1.33	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	62.31		(788.28)	
6. Fair Value Changes in Derivatives	47.72		351.52	
7. Fair Value Changes in FVTPL Instruments	(6.40)		-	
8. Interest on Commercial Paper	463.66		402.84	
9. Interest Accrued on Zero Coupon Bonds	105.29		97.02	
10. Loss/ (Gain) on Exchange Rate fluctuation	2,342.27		558.51	
11. Loss/ (Gain) on sale of investments	(3.16)		-	
12. Dividend Income	(36.94)		(20.38)	
13. Interest Income on Investments & others	(181.15)		(205.88)	
14. Provision made for Interest on Advance Income Tax	0.03		3.70	
15. Liabilities no longer required written back	-		(0.46)	
16. Interest expense on other liabilities	0.21		-	
17. Share of Profit/Loss of Joint Venture accounted for using equity method	(9.14)		(9.95)	
Operating profit before Changes in Operating Assets & Liabilities	10,800.66		8,733.05	
Inflow / (Outflow) on account of :				
1. Loan Assets	(41,664.59)		(41,760.36)	
2. Derivatives	(407.70)		(1,622.07)	
3. Other Operating Assets	(5,165.04)		(13,856.89)	
4. Operating Liabilities	5,485.44		14,711.38	
Cash flow from Operations	(30,951.23)		(33,794.89)	
1. Income Tax Paid (including TDS)	(1,777.35)		(2,070.91)	
2. Income Tax refund	16.67		-	
Net Cash Flow from Operating Activities		(32,711.91)		(35,865.80)
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Property, Plant & Equipment	0.11		0.10	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(97.51)		(85.88)	
3. Investment in Intangible Assets (including intangible assets under development)	(2.75)		(5.04)	
4. Finance Costs Capitalised	(15.79)		(11.37)	
5. Investment in Equity Shares of EESL	(71.60)		-	
6. Sale of Equity Shares	4.23		24.39	
7. Sale/(Investment) of/in shares of associate companies (Net)	0.30		(0.40)	
8. Redemption of Debt Securities (net of investment)	47.16		398.17	



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 (CONTD.)**

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2020		YEAR ENDED 31.03.2019	
9. Interest Income from investments	231.04		158.07	
10. Investment in Term Deposits (net of interest)	(15.90)		(106.64)	
11. Investment in Staggered Bonds	(18.00)		-	
12. Sale of Investments in bonds	21.15		-	
13. Maturity/(Investment) of Corporate and Term deposits	(0.05)		64.99	
14. Dividend Income	36.94		20.38	
15. Realisation of investments accounted for using equity method	2.10		-	
<b>Net Cash Flow from Investing Activities</b>		<b>121.43</b>		<b>456.77</b>
<b>C. Cash Flow from Financing Activities</b>				
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	21,293.39		4,220.72	
2. Issue/ (Redemption) of Commercial Paper (net)	(5,270.30)		4,143.04	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	7,904.65		24,350.00	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	12,617.57		3,718.78	
5. Raising/ (Redemption) of Subordinated Liabilities (net)	-		2,151.20	
6. Payment of Dividend on Equity Shares	(2,172.41)		(2,515.63)	
7. Payment of Corporate Dividend Tax	(446.06)		(525.52)	
8. Repayment towards Lease Liability	(0.64)		-	
<b>Net Cash flow from Financing Activities</b>		<b>33,926.20</b>		<b>35,542.59</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>1,335.72</b>		<b>133.56</b>
Cash & Cash Equivalents as at the beginning of the year		<b>381.99</b>		<b>248.43</b>
Cash & Cash Equivalents as at the end of the year		<b>1,717.71</b>		<b>381.99</b>

**Components of Cash & Cash Equivalents as at end of the year are:**

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2020	YEAR ENDED 31.03.2019
- Cash in Hand (including postage & imprest)	0.06	0.01
- Balances with Banks	1,195.40	343.60
- Short-term Deposits with Scheduled Banks	522.25	38.38
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,717.71</b>	<b>381.99</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020 (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	
<b>FY 2019-20</b>						
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 & 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
<b>Total</b>	<b>244,248.70</b>	<b>36,545.31</b>	<b>998.72</b>	<b>3,930.12</b>	<b>563.59</b>	<b>286,286.44</b>
<b>FY 2018-19</b>						
Rupee Debt Securities	168,444.86	4,220.72	124.83	-	108.71	172,899.12
Commercial Paper	3,150.44	4,143.04	-	-	402.84	7,696.32
Rupee Term Loans/ WCDL	414.82	24,350.00	119.43	-	-	24,884.25
Foreign Currency Debt Securities & Bonds	29,689.04	3,718.78	104.02	1,220.89	(782.48)	33,950.25
Subordinated Liabilities	2,667.36	2,151.20	1.58	-	(1.38)	4,818.76
<b>Total</b>	<b>204,366.52</b>	<b>38,583.74</b>	<b>349.86</b>	<b>1,220.89</b>	<b>(272.31)</b>	<b>244,248.70</b>

\* 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 Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
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For O.P. Bagla & Co. LLP.  
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Firm Reg. No.: 000018N/N500091

S. Murthy  
Partner  
M.No. : 072290

Atul Aggarwal  
Partner  
M.No. : 092656

Place: New Delhi  
Date: 17<sup>th</sup> June 2020

## 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 Company has 22 State 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) as an Infrastructure Finance Company (IFC).

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.

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 year ended 31<sup>st</sup> March 2020 were authorized and approved for issue by the Board of Directors on 17<sup>th</sup> June 2020.

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 Revenue 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).

## CONSOLIDATED NOTES TO ACCOUNTS

### 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.

#### *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.

#### *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.

##### **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



## CONSOLIDATED NOTES TO ACCOUNTS

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.'

### 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

## CONSOLIDATED NOTES TO ACCOUNTS

(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.

#### *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 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.

#### *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 Group may transfer the same within equity.

## CONSOLIDATED NOTES TO ACCOUNTS

### *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 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.

## **3.13 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.
- 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.

## CONSOLIDATED NOTES TO ACCOUNTS

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

Assets are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financial assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

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

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.

### 3.17 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.

### 3.18 Prepaid Expenses

A prepaid expense up to ₹1,00,000/- is recognized as expense upon initial recognition.

## CONSOLIDATED NOTES TO ACCOUNTS

### 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.

Dividend Distribution Tax is recognized at the same time when the liability to pay a dividend is recognized.

### 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.

#### 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.

## CONSOLIDATED NOTES TO ACCOUNTS

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

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.



## CONSOLIDATED NOTES TO ACCOUNTS

### 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

### Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

With the date of initial application being 01st April 2019, the Group adopted Ind AS 116 using modified retrospective method of adoption using the modified retrospective approach, where right-to-use asset is measured equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments existed at the date of transition. Refer Note 51 for more details.

For accounting periods before the adoption of Ind AS 116, the Group classified a lease as a finance lease or operating lease, by applying judgement and evaluates whether it transfers substantially all the risks and rewards incidental to ownership of the lease asset. A lease classified as a finance lease resulted in recognition of asset with a corresponding finance lease obligation. In case of operating leases, rental payments were recognised as expense in year of payment.

### Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:

The Appendix is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the consolidated financial statements of the Group.

### Amendment to Ind AS 12 – Income taxes

The amendments to the guidance in Ind AS 12, 'Income Taxes', is in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Since, the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

### Amendment to Ind AS 19 – Plan amendment, curtailment or settlement

The amendments to Ind AS 19, 'Employee Benefits', is in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailment or settlement during the year.

## 4.1 Adoption of Hedge Accounting

The Group has applied hedge accounting requirements in Ind AS 109 prospectively from 01st January 2020, 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.

## 4.2 Standards issued but not yet effective

There are no new amendments issued by MCA which are effective for period w.e.f. 01st April 2020.

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 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 Govt. or the Group 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 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 31-03-20	As at 31-03-19
- Balances with Banks	1,195.40	343.60
- Cash on Hand (including postage & imprest)	0.06	0.01
<i>Sub-total</i>	<b>1,195.46</b>	<b>343.61</b>
- Term Deposits & Other Cash Equivalents		
- Deposits with original maturity less than 3 months	522.25	38.38
<i>Sub-total</i>	522.25	38.38
<b>Total (Cash &amp; Cash Equivalents)</b>	<b>1,717.71</b>	<b>381.99</b>

### 7. Other Bank Balances

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
- Earmarked Balances with Banks		
- For unpaid dividends	4.75	4.15
- For govt. funds for onward disbursement as grant	1,817.72	988.31
- Earmarked Term Deposits		
- For govt. funds for further disbursement	32.98	2.15
- Deposits in Compliance of Court Order	0.53	2.47
- Balances with banks not available for use pending allotment of securities	400.19	722.04
- Other Term deposits	1.28	13.96
<b>Total (Other Bank Balances)</b>	<b>2,257.45</b>	<b>1,733.08</b>

- Term Deposits with remaining maturity more than 3 months but less than 12 months	33.90	13.10
- Term Deposits with original maturity more than 12 months	-	-
- Term Deposits held against margin money for more than 12 months	0.37	0.86

7.1 There are no repatriation restrictions with respect to Cash & Cash equivalents and Other bank balances as at 31<sup>st</sup> March 2020 (Previous year Nil).

### 8. Trade Receivables

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
(A) Unsecured, Considered good	87.92	117.03
Less: Allowance for Expected Credit Loss	(13.66)	(9.75)
	<b>74.26</b>	<b>107.28</b>
(B) Trade receivables which have significant increase in credit risk	52.01	34.89
Less: Allowance for Expected Credit Loss	(15.55)	(4.45)
	<b>36.46</b>	<b>30.44</b>
(C) Credit impaired receivables	33.60	23.83
Less: Allowance for Expected Credit Loss	(33.60)	(23.83)
	-	-
<b>Total Trade Receivables (A+B+C)</b>	<b>110.72</b>	<b>137.72</b>

**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 50 for Risk Management Disclosures in respect of the derivatives.

**Part I**

(₹ in Crores)

Particulars	As at 31-03-20			As at 31-03-19		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Currency Derivatives</b>						
- Spot and forwards	565.39	27.62	-	518.78	-	10.26
- Currency swaps	3,094.32	432.94	-	5,701.69	419.05	0.41
- Others						
- Call Spread	6,068.56	504.12	-	3,839.01	129.43	-
- Seagull Options	22,321.22	2,212.46	-	14,306.98	1,093.63	18.57
<b>Sub-total (i)</b>	<b>32,049.49</b>	<b>3,177.14</b>	<b>-</b>	<b>24,366.46</b>	<b>1,642.11</b>	<b>29.24</b>
<b>(ii) Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	29,056.52	141.71	586.06	21,436.70	160.47	130.16
<b>Sub-total (ii)</b>	<b>29,056.52</b>	<b>141.71</b>	<b>586.06</b>	<b>21,436.70</b>	<b>160.47</b>	<b>130.16</b>
<b>(iii) Other derivatives</b>						
- Reverse cross currency swaps	4,347.00	-	739.67	-	-	-
<b>Total - Derivative Financial Instruments (i + ii+iii)</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>

**Part II**

Included in Part I are derivatives held for hedging and risk management purposes as below (Refere Note 4.1):

(₹ in Crores)

Particulars	As at 31-03-20			As at 31-03-19		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>(i) Cash Flow Hedging</b>						
- <b>Currency Derivatives</b>						
- Currency Swaps	8,638.68	2.32	303.14	-	-	-
- Others						
- Call Spread	1,884.65	97.16	-			
- Seagull Options	11,348.70	1,662.20	-			
- <b>Interest Rate Derivatives</b>						
- Forward Rate Agreements and Interest Rate Swaps	9,498.62	5.24	134.45	-	-	-
<b>Sub-total (i)</b>	<b>31,370.65</b>	<b>1,766.92</b>	<b>437.59</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Undesignated Derivatives</b>	<b>34,082.36</b>	<b>1,551.93</b>	<b>888.14</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>
<b>Total - Derivative Financial Instruments</b>	<b>65,453.01</b>	<b>3,318.85</b>	<b>1,325.73</b>	<b>45,803.16</b>	<b>1,802.58</b>	<b>159.40</b>

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 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Loans</b>				
(i) Term Loans	321,526.76	323,177.53	279,021.68	279,748.67
(ii) Working Capital Loans	897.92	902.01	2,188.00	2,200.18
<b>Total (A) - Gross Loans</b>	<b>322,424.68</b>	<b>324,079.54</b>	<b>281,209.68</b>	<b>281,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (A) - Net Loans</b>	<b>310,428.64</b>	<b>312,083.50</b>	<b>269,711.75</b>	<b>270,450.92</b>
<b>(B) Security Details</b>				
(i) Secured by tangible assets	244,034.67	245,113.22	216,394.62	206,845.46
(ii) Secured by intangible assets	-	-	-	-
(iii) Covered by Bank/ Govt. Guarantees	58,166.76	58,684.29	42,575.45	52,751.86
(iv) Unsecured	20,223.25	20,282.03	22,239.61	22,351.53
<b>Total (B) - Gross Loans</b>	<b>322,424.68</b>	<b>324,079.54</b>	<b>281,209.68</b>	<b>281,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (B) - Net Loans</b>	<b>310,428.64</b>	<b>312,083.50</b>	<b>269,711.75</b>	<b>270,450.92</b>
<b>(C) (I) Loans in India</b>				
(i) Public Sector	284,644.05	286,210.40	247,719.13	248,463.55
(ii) Private Sector	37,780.63	37,869.14	33,490.55	33,485.30
<b>Total (C)(I) - Gross Loans</b>	<b>322,424.68</b>	<b>324,079.54</b>	<b>281,209.68</b>	<b>281,948.85</b>
Less: Impairment loss allowance	(11,996.04)	(11,996.04)	(11,497.93)	(11,497.93)
<b>Total (C)(I) - Net Loans</b>	<b>310,428.64</b>	<b>312,083.50</b>	<b>269,711.75</b>	<b>270,450.92</b>
<b>(C)(II) Loans outside India</b>				
(i) Public Sector	-	-	-	-
(ii) Private Sector	-	-	-	-
<b>Total (C)(II) - Gross Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: Impairment loss allowance	-	-	-	-
<b>Total (C)(II) - Net Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (C)(I) and (C)(II)</b>	<b>310,428.64</b>	<b>312,083.50</b>	<b>269,711.75</b>	<b>270,450.92</b>

#### 10.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Net Loans</b>	<b>312,083.50</b>	<b>270,450.92</b>
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(1,351.75)	(445.05)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(382.63)	(341.01)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	11,996.04	11,497.93
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	79.52	46.89
<b>Gross Loans</b>	<b>322,424.68</b>	<b>281,209.68</b>

**CONSOLIDATED NOTES TO ACCOUNTS****10.2** Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Opening Balance</b>	<b>11,497.93</b>	<b>11,275.45</b>
Add: Impairment loss allowance provided during the year (Refer Note 37)	876.52	222.48
Less: Allowance utilised towards write-off of loans	(378.41)	-
<b>Closing Balance</b>	<b>11,996.04</b>	<b>11,497.93</b>

**10.3** In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS), the Company has written off loans amounting to ₹378.41 crores (Previous year Nil). The details of write-offs for the current year are as below:

- (a) Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26<sup>th</sup> 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.
- (b) Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> 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 under Settlement have been classified under the head 'Investments' (Note No. 11).

**10.4** The Company obtains balance confirmation from the borrowers for the balance 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 31-03-20		As at 31-03-19	
	%	Amount	%	Amount
Gross Loan Book of the Company		322,424.68		281,209.68
Loan Assets for which balance confirmations have been received from borrowers	88%	285,183.96	89%	249,046.78
Loan Assets for which balance confirmations is yet to be received from borrowers	12%	37,240.72	11%	32,162.90
of which,				
Loans secured by tangible assets	67%	25,015.01	72%	23,286.95
Loans covered by Government Guarantee/ Loans to Government	21%	7,685.39	25%	7,938.71
Unsecured loans	12%	4,540.32	3%	937.24

**11. Investments****(A) Investments**

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
<b>Debt Securities</b>						
11.15% Perpetual Bonds of Indian Bank (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	500.31
11.25% Perpetual Bonds of Bank of Baroda (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.00	-	500.00	500.00
11.25% Perpetual Bonds of Syndicate Bank* (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	500.31



## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
		(1)	(2)	(3)	(4)	(5=2+3+4)
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO) (86,798 Bonds of ₹ 1,000 each)	8.81	-	-	-	-	8.81
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (42,855 Bonds of ₹ 1,000 each)	4.60	-	-	-	-	4.60
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (35,463 Bonds of ₹ 1,000 each)	3.67	-	-	-	-	3.67
7.49% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) (61,308 Bonds of ₹ 1,000 each)	6.22	-	-	-	-	6.22
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Railway Finance Corporation (IRFC) (22,338 Bonds of ₹ 1,000 each)	2.31	-	-	-	-	2.31
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) (14,028 Bonds of ₹ 1,000 each)	1.40	-	-	-	-	1.40
8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation (HUDCO) (50,000 Bonds of ₹ 1,000 each)	5.09	-	-	-	-	5.09
<b>Sub-total - Debt Securities</b>	<b>32.10</b>	<b>-</b>	<b>1,500.62</b>	<b>-</b>	<b>1,500.62</b>	<b>1,532.72</b>
<b>Equity Instruments</b>						
- NHPC Ltd. (17,53,02,206 Equity shares of ₹ 10 each)	-	349.73	-	-	349.73	349.73
- Indian Energy Exchange Ltd. (1,22,71,211 Equity shares of ₹ 1 each)	-	157.01	-	-	157.01	157.01
- HUDCO Ltd. (3,47,429 Equity shares of ₹ 10 each)	-	0.69	-	-	0.69	0.69
- Universal Commodity Exchange Ltd. (1,60,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	-
- Rattan India Power Ltd. (9,25,68,105 Equity shares of ₹ 10 each)	-	-	12.50	-	12.50	12.50
<b>Sub-total - Equity Instruments</b>	<b>-</b>	<b>507.43</b>	<b>12.50</b>	<b>-</b>	<b>519.93</b>	<b>519.93</b>
<b>Investment in Preference Securities</b>						
- Rattan India Power Ltd. (2,87,20,978 redeemable preference shares of ₹ 10 each)	22.93	-	-	-	-	22.93
- Rattan India Power Ltd. (4,33,03,616 optionally convertible cumulative redeemable preference shares of ₹ 10 each)	-	-	45.41	-	45.41	45.41
<b>Sub-total - Preference Shares</b>	<b>22.93</b>	<b>-</b>	<b>45.41</b>	<b>-</b>	<b>45.41</b>	<b>68.34</b>

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
		(1)	(2)	(3)	(4)	(5=2+3+4)
<b>Others</b>						
- Units of 'Small is Beautiful' Venture Capital Fund (61,52,200 units of ₹ 10 each)	-	6.12	-	-	6.12	6.12
<b>Sub-total - Others</b>	-	6.12	-	-	6.12	6.12
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	55.03	513.55	1,558.53	-	2,072.08	2,127.11
<b>Total (B)</b>	<b>55.03</b>	<b>513.55</b>	<b>1,558.53</b>	<b>-</b>	<b>2,072.08</b>	<b>2,127.11</b>
Less: Impairment loss allowance (C)	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>55.03</b>	<b>513.55</b>	<b>1,558.53</b>	<b>-</b>	<b>2,072.08</b>	<b>2,127.11</b>

\*Refer note 21.2.(ii) regarding amalgamation of public sector banks

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
		(1)	(2)	(3)	(4)	(5=2+3+4)
<b>Government Securities</b>						
- Govt. of MP Power Bonds - II (1 Bond of ₹ 47.16 Crores)	47.16	-	-	-	-	47.16
<b>Sub-total - Government Securities</b>	<b>47.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47.16</b>
<b>Debt Securities</b>						
- Perpetual Bonds of Indian Bank (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	500.31
11.25% Perpetual Bonds of Bank of Baroda (5,000 Bonds of ₹ 0.10 Crores each)	-	-	556.25	-	556.25	556.25
- Perpetual Bonds of Syndicate Bank (5,000 Bonds of ₹ 0.10 Crores each)	-	-	500.31	-	500.31	500.31
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation (HUDCO) (86,798 Bonds of ₹ 1,000 each)	8.81	-	-	-	-	8.81
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (42,855 Bonds of ₹ 1,000 each)	4.60	-	-	-	-	4.60
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (35,463 Bonds of ₹ 1,000 each)	3.68	-	-	-	-	3.68
7.49% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) (61,308 Bonds of ₹ 1,000 each)	6.22	-	-	-	-	6.22

**CONSOLIDATED NOTES TO ACCOUNTS**

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Railway Finance Corporation (IRFC) (22,338 Bonds of ₹ 1,000 each)	2.31	-	-	-	-	2.31
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) (14,028 Bonds of ₹ 1,000 each)	1.40	-	-	-	-	1.40
8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation (HUDCO) (50,000 Bonds of ₹ 1,000 each)	5.09	-	-	-	-	5.09
<b>Sub-total - Debt Securities</b>	<b>32.11</b>	<b>-</b>	<b>1,556.87</b>	<b>-</b>	<b>1,556.87</b>	<b>1,588.98</b>
<b>Equity Instruments</b>						
- NHPC Ltd. (18,40,11,865 Equity shares of ₹ 10 each)	-	433.00	-	-	433.00	433.00
- Indian Energy Exchange Ltd. (1,25,00,000 Equity shares of ₹ 1 each)	-	206.25	-	-	206.25	206.25
- HUDCO Ltd. (3,47,429 Equity shares of ₹ 10 each)	-	1.56	-	-	1.56	1.56
- Universal Commodity Exchange Ltd. (1,60,00,000 Equity shares of ₹ 10 each)	-	-	-	-	-	-
<b>Sub-total - Equity Instruments</b>	<b>-</b>	<b>640.81</b>	<b>-</b>	<b>-</b>	<b>640.81</b>	<b>640.81</b>
<b>Others</b>						
- Units of 'Small is Beautiful' Fund (61,52,200 units of ₹ 10 each)	-	6.18	-	-	6.18	6.18
<b>Sub-total - Others</b>	<b>-</b>	<b>6.18</b>	<b>-</b>	<b>-</b>	<b>6.18</b>	<b>6.18</b>
<b>Total - Gross (A)</b>	<b>79.27</b>	<b>646.99</b>	<b>1,556.87</b>	<b>-</b>	<b>2,203.86</b>	<b>2,283.13</b>
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	79.27	646.99	1,556.87	-	2,203.86	2,283.13
<b>Total (B)</b>	<b>79.27</b>	<b>646.99</b>	<b>1,556.87</b>	<b>-</b>	<b>2,203.86</b>	<b>2,283.13</b>
Less: Impairment loss allowance (C)	-	-	-	-	-	-
<b>Total - Net (D=A-C)</b>	<b>79.27</b>	<b>646.99</b>	<b>1,556.87</b>	<b>-</b>	<b>2,203.86</b>	<b>2,283.13</b>

**(B) Investments accounted for using equity method**

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Investment in Joint Ventures</b>		
- Energy Efficiency Services Ltd. (21,81,00,000 Equity shares of ₹ 10 each)	258.47	179.63
<b>Total</b>	<b>258.47</b>	<b>179.63</b>

Under the Right Issue Offer of Energy Efficiency Services Limited (EESL), the Company has been allotted 7,16,00,000 shares of Energy Efficiency Services Limited (EESL) for a consideration of ₹71.60 crores on 8<sup>th</sup> June 2019. As at 31<sup>st</sup> March, 2020, the shareholding of the company in EESL stands at 22.18% as against 21.70% as at 31<sup>st</sup> March, 2019.

## CONSOLIDATED NOTES TO ACCOUNTS

- 11.1** Pursuant to the One Time Settlement arrangement executed on 23<sup>rd</sup> 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.
- 11.2** 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 2019-20			FY 2018-19		
	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	228,789.0	4.23	4.21	-	-	-
Lanco Teesta Hydro Power Limited	102,000,000.0	-	(102.00)	-	-	-
NHPC Limited	-	-	-	8,709,659.00	24.39	5.42

Under the Buy Back Offer of Indian Energy Exchange Limited, The Company has sold and consequently derecognised 2,28,789 shares for a consideration of ₹4.23 crores on 10<sup>th</sup> April 2019. The shares had been offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26<sup>th</sup> July, 2019 in respect of Lanco Teesta Hydro Power Ltd, the Company has written off the equity investment of ₹102 crore (10.20 crore equity shares of ₹10 each) upon extinguishment of such equity shares as per the order.

Subsequent to the derecognition of the investments on account of actual sale of the equity shares, the Company has transferred the cumulative gain or loss net of tax impact on such shares from other comprehensive income to retained earnings during the period.

## 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 31-03-20	As at 31-03-19
(A) Loans to Employees (Refer Note 12.1)	34.61	28.80
(B) Advances to Employees	0.30	0.32
(C) Security Deposits	1.88	1.76
(D) Recoverable from Govt. of India		
- Towards Govt Fully Serviced Bonds (Refer Note 23.5)	21,931.30	18,131.11
- Agency Charges on Govt. Schemes	50.64	159.61
- Reimbursement of Expenses on Govt. Schemes	48.17	0.91
<b>Total - Recoverable from Govt. of India</b>	<b>22,030.11</b>	<b>18,291.63</b>
(E) Recoverable from State Electricity Boards/ Others	5.20	14.12
(F) Other Amounts Recoverable	37.23	39.40
Less: Impairment loss allowance (Refer Note 12.2)	(30.85)	(26.69)
<b>Other Amounts Recoverable (Net)</b>	<b>6.38</b>	<b>12.71</b>
(G) Other Financial Assets	21.19	14.65
<b>Total (A to G)</b>	<b>22,099.67</b>	<b>18,363.99</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 31-03-20	As at 31-03-19
<b>(A) Secured Loans</b>		
- To employees Other than Key Managerial Personnel	7.29	3.74
<b>Sub-total (A)</b>	<b>7.29</b>	<b>3.74</b>
<b>(B) Unsecured Loans</b>		
- To Key Managerial Personnel	0.33	0.46
- To Others	26.99	24.60
<b>Sub-total (B)</b>	<b>27.32</b>	<b>25.06</b>
<b>Total (A+B)</b>	<b>34.61</b>	<b>28.80</b>

The figures above include interest accrued on such loans amounting to ₹ 6.59 crores (Previous year ₹ 5.72 crores).

### 12.2 Movement of impairment loss allowance on other financial assets

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Opening balance	26.69	12.27
Add: Created during the year	5.78	14.42
Less: Reversed/ Adjusted during the year	(1.62)	-
<b>Closing balance</b>	<b>30.85</b>	<b>26.69</b>

### 13. Current tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Advance Income-tax &amp; TDS</b>	1,889.71	2,056.31
Less; Provision for Income Tax	(1,613.59)	(1,850.05)
<b>Sub-Total (1)</b>	<b>276.12</b>	<b>206.26</b>
Tax Deposited on income tax demands under contest	201.11	92.12
Provision for income tax for demand under contest	(67.29)	(5.21)
<b>Sub-Total (2)</b>	<b>133.82</b>	<b>86.91</b>
<b>Current tax assets (Net)</b>	<b>409.94</b>	<b>293.17</b>

### 14. Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Deferred Tax Assets (Net)</b>	<b>2,050.57</b>	<b>2,305.93</b>

#### 14.1 Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2020 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
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	-	-	-	-	-

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
FVOCI Investments	(0.78)	(1.61)	12.39	-	10.00
Fair Valuation of Derivatives	(12.04)	306.79	144.90	-	439.65
Right of Use asset (Net of lease liability)	-	0.04	-	-	0.04
<b>Total Deferred Tax Assets</b>	<b>2,976.73</b>	<b>(382.96)</b>	<b>157.29</b>	<b>-</b>	<b>2,751.06</b>
<b>Deferred Tax Liabilities</b>					
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
<b>Total Deferred Tax Liabilities</b>	<b>670.80</b>	<b>29.69</b>	<b>-</b>	<b>-</b>	<b>700.49</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,305.93</b>	<b>(412.65)</b>	<b>157.29</b>	<b>-</b>	<b>2,050.57</b>

Significant components of net deferred tax assets and liabilities for the year ended 31<sup>st</sup> March 2019 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
<b>Deferred Tax Assets</b>					
Expected Credit Loss	2,992.06	(14.27)	-	-	2,977.79
Provision for Earned Leave and Loyalty bonus	3.62	0.57	-	-	4.19
Provision for Medical Leave	6.91	0.66	-	-	7.57
<b>Total Deferred Tax Assets</b>	<b>3,002.59</b>	<b>(13.04)</b>	<b>-</b>	<b>-</b>	<b>2,989.55</b>
<b>Deferred Tax Liabilities</b>					
Due to different tax base of Property, Plant & Equipment	2.98	(0.16)	-	-	2.82
Unamortised Foreign Currency Exchange Fluctuations	30.15	237.11	-	-	267.26
Fair Valuation of Derivatives	(9.27)	21.31	-	-	12.04
Financial assets and liabilities measured at amortised cost	61.88	275.01	-	-	336.89
FVOCI Investments	0.10	-	0.68	-	0.78
Share of undistributed profit of subsidiaries consolidated	68.38	(12.03)	-	-	56.35
Share of undistributed profit of JV accounted for using equity method	5.94	1.54	-	-	7.48
<b>Total Deferred Tax Liabilities</b>	<b>160.16</b>	<b>522.78</b>	<b>0.68</b>	<b>-</b>	<b>683.62</b>
<b>Total Deferred Tax Assets (Net)</b>	<b>2,842.43</b>	<b>(535.82)</b>	<b>(0.68)</b>	<b>-</b>	<b>2,305.93</b>



## CONSOLIDATED NOTES TO ACCOUNTS

### 15. Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the year	Sales/ adjustment during the year	Closing Balance
FY 2019-20	0.01	-	-	0.01
FY 2018-19	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 31-03-20	As at 31-03-19
Carrying Value	0.01	0.01
Fair Value	0.61	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.

## 16. Property, Plant &amp; 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	Right-of-Use Building	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Leasehold Improvements	Total	Immovable Property	Computer Software	Computer Software
<b>Gross carrying value</b>													
As at 31.03.2018	82.92	1.59	31.74	-	9.38	18.20	17.60	0.40	2.36	164.19	127.23	1.46	12.47
Additions	27.47	-	-	-	1.82	5.12	3.25	-	0.12	37.78	58.34	0.13	4.91
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	-	-	11.37	-	-
Disposals/ Adjustments	-	-	-	-	0.21	0.87	0.95	-	-	2.03	-	-	-
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/ Adjustments	-	-	-	-	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
<b>Accumulated depreciation/ amortisation</b>													
As at 31.03.2018	-	0.29	8.10	-	5.94	13.21	9.33	0.27	0.46	37.60	-	-	7.31
Charge for the year	-	0.02	0.48	-	0.65	2.75	2.41	0.03	0.44	6.78	-	-	1.52
Adjustment for disposals	-	-	-	-	0.06	0.61	0.40	-	-	1.07	-	-	-
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
Net block as at 31.03.19	110.39	1.28	23.16	-	4.46	7.10	8.56	0.10	1.58	156.63	196.94	1.59	8.55
Net block as at 31.03.20	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

\*this represents leasehold land which was classified as finance lease under Ind AS 17 and is classified as Right of Use (ROU) asset w.e.f 01 April 2019 on transition to Ind AS 116

## CONSOLIDATED NOTES TO ACCOUNTS

**16.1** As on 31<sup>st</sup> March 2020, 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 31.03.2020		As at 31.03.2019	
	Land	Building	Land	Building
Gross Carrying Value	68.31	4.59	68.31	4.59
Net Carrying Value	68.31	2.14	68.31	2.20

**16.2** As on 31<sup>st</sup> March 2020, 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 31.03.2020	As at 31.03.2019
Gross Carrying Value	3.45	3.45
Net Carrying Value	2.41	2.46

**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 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)

## 17. Other non-financial assets

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Unsecured, considered good</b>		
(A) Capital Advances (unsecured, considered good)	50.38	35.72
(B) Other Advances	5.75	30.82
(C) Balances with Govt. Authorities	59.58	62.02
(D) Prepaid Expenses	0.22	7.64
(E) Deferred Employee Cost	13.21	12.20
(F) Deferred Expenses	3.19	-
(G) Other Assets	0.04	0.01
<b>Total (A to G)</b>	<b>132.37</b>	<b>148.41</b>

## 18. Disposal Group

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Assets classified as held for sale</b>		
(A) Investment in associates	0.20	0.50
(B) Loans to associates	9.33	9.06
<b>Total (A+B)</b>	<b>9.53</b>	<b>9.56</b>
<b>Liabilities directly associated with assets classified as held for sale</b>		
(C) Payable to associates	0.68	0.08
<b>Total (C)</b>	<b>0.68</b>	<b>0.08</b>
<b>Disposal group -Net assets (A+B-C)</b>	<b>8.85</b>	<b>9.48</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 18.1 Investments in associates

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Investments in Equity Instruments of associates (fully paid up)</b>		
<i>equity shares of ₹ 10/- each</i>		
Dinchang Transmission Limited**	-	-
Ajmer Phagi Transco Limited	-	0.05
Bhindguna Transmission Limited	-	0.05
Chandil Transmission Ltd	0.05	0.05
Dumka Transmission Ltd.	0.05	0.05
Jam Khambaliya Transco Limited	-	0.05
Khetri Transco Limited	-	0.05
Koderma Transmission Ltd	0.05	0.05
Lakadia Banaskantha Transco Limited	-	0.05
Mandar Transmission Ltd.	0.05	0.05
Udupi Kasargode Trans. Ltd.	-	0.05
<b>Total</b>	<b>0.20</b>	<b>0.50</b>

\*\*Dinchang Transmission Ltd was denotified vide MoP letter dated 25 March 2019 and subsequently investment was written off. MOP permission for striking off company with MCA has been obtained during the year.

### 18.2 Loans to Associates

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Chandil Transmission Limited	2.49	1.99
Dumka Transmission Limited	2.18	1.94
Mandar Transmission Limited	2.43	1.71
Koderma Transmission Limited	2.23	1.76
Ajmer Phagi Transco Ltd	-	0.18
Bhindguna Transmission Limited	-	0.88
UDUPI Kasargode Transmission Ltd	-	0.25
WRSS XXI (A) Transco Ltd	-	0.35
<b>Total</b>	<b>9.33</b>	<b>9.06</b>

### 18.3 Liabilities directly associated with assests classified as held for sale

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
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	-
Rajgarh Madhya Pradesh Line*	0.15	-
Osmanabad Maharashtra Line*	-	-
Khetri Transco Limited	-	0.04
Lakadia Banaskantha Transco Ltd	-	0.04
<b>Total</b>	<b>0.68</b>	<b>0.08</b>

\* these SPVs are in process of Incorporation. However as RFP was issued by March 2020 therefore as per allocation policy, expense have been allocated.

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'.

## CONSOLIDATED NOTES TO ACCOUNTS

### 19. Trade Payables

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Trade Payables</b>		
Total outstanding dues of MSMEs	0.15	2.65
Total outstanding dues of creditors other than MSMEs	46.00	64.64
<b>Total</b>	<b>46.15</b>	<b>67.29</b>

### 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 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>(A) Secured Long-Term Debt Securities</b>				
(i) Institutional Bonds	3,470.00	3,679.51	11,019.40	11,599.27
(ii) 54EC Capital Gain Tax Exemption Bonds	21,976.14	22,781.73	23,157.88	24,010.13
(iii) Tax Free Bonds	12,602.97	13,041.35	12,577.97	13,010.38
(iv) Bond Application Money	400.19	399.41	722.04	720.48
<b>Sub-total (A)</b>	<b>38,449.30</b>	<b>39,902.00</b>	<b>47,477.29</b>	<b>49,340.26</b>
<b>(B) Unsecured Long-Term Debt Securities</b>				
(i) Institutional Bonds	148,650.20	153,672.91	118,253.90	122,201.55
(ii) Infrastructure Bonds	16.46	25.19	91.43	98.75
(iii) Zero Coupon Bonds	1,364.85	1,363.91	1,259.57	1,258.56
(iv) Foreign Currency Bonds	22,615.78	22,064.56	12,796.69	12,172.07
<b>Sub-total (B)</b>	<b>172,647.29</b>	<b>177,126.57</b>	<b>132,401.59</b>	<b>135,730.93</b>
<b>(C) Unsecured Short-Term Debt Securities</b>				
(i) Commercial Paper	2,925.00	2,889.68	7,975.00	7,696.32
<b>Sub-total (C)</b>	<b>2,925.00</b>	<b>2,889.68</b>	<b>7,975.00</b>	<b>7,696.32</b>
<b>Total - Debt Securities (A+B+C)</b>	<b>214,021.59</b>	<b>219,918.25</b>	<b>187,853.88</b>	<b>192,767.51</b>
<b>Debt Securities issued in/ outside India</b>				
(i) Debt Securities in India	191,405.81	197,853.69	175,057.19	180,595.44
(ii) Debt Securities outside India	22,615.78	22,064.56	12,796.69	12,172.07
<b>Total - Debt Securities</b>	<b>214,021.59</b>	<b>219,918.25</b>	<b>187,853.88</b>	<b>192,767.51</b>

Please refer Note No. 22.2 for reconciliation between the figure represented in face value and Amortised Cost, which includes interest accrued and unamortised expenses as well.

#### 20.1 Details of Secured Long-Term Debt Securities - Refer Note 21.6 for details of the security

##### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>123-IIIB Series - 9.34% Redeemable at par on 23.08.2024</b>	1,955.00	2,063.95	1,955.00	2,062.61
<b>123-I Series - 9.40% Redeemable at par on 17.07.2021</b>	1,515.00	1,615.56	1,515.00	1,615.29
<b>92-II Series - 8.65% Redeemed at par on 22.01.2020</b>	-	-	945.30	960.65
<b>91-II Series - 8.80% Redeemed at par on 18.11.2019</b>	-	-	995.90	1,028.23
<b>90-C-II Series - 8.80% Redeemed at par on 07.10.2019</b>	-	-	1,040.00	1,084.29
<b>90-B-II Series - 8.72% Redeemed at par on 04.09.2019</b>	-	-	868.20	911.48
<b>90th Series - 8.80% Redeemed at par on 03.08.2019</b>	-	-	2,000.00	2,116.21
<b>122nd Series - 9.02% Redeemed at par on 18.06.2019</b>	-	-	1,700.00	1,820.51
<b>Total - Institutional Bonds</b>	<b>3,470.00</b>	<b>3,679.51</b>	<b>11,019.40</b>	<b>11,599.27</b>

**CONSOLIDATED NOTES TO ACCOUNTS****(ii) 54EC Capital Gain Tax Exemption Bonds**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series XII (2018-19)</b> - 5.75% Redeemable at par during financial year 2023-24	5,759.14	5,907.48	-	-
<b>Series XII (2018-19)</b> - 5.75% Redeemable at par during financial year 2023-24	6,651.77	6,934.10	5,929.73	6,083.83
<b>Series XI (2017-18)</b> - 5.25% Redeemable at par during financial year 2020-21	9,565.23	9,940.15	9,565.23	9,934.60
<b>Series X (2016-17)</b> - 5.25%- 6.00% Redeemed at par during financial year 2019-20	-	-	7,662.92	7,991.70
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>21,976.14</b>	<b>22,781.73</b>	<b>23,157.88</b>	<b>24,010.13</b>

**(iii) Tax Free Bonds**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2015-16 Tranche 1</b> 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	696.56	710.38	696.56	710.13
<b>Series 2015-16 Series 5A</b> 7.17% Redeemable at par on 23.07.2025	300.00	306.98	300.00	306.92
	-	-	-	-
<b>Series 2013-14 Tranche 2</b> 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	1,057.40	1,083.38	1,057.40	1,082.77
<b>Series 2013-14 Series 4A &amp; 4B</b> 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	150.00	155.69	150.00	155.64
<b>Series 2013-14 Tranche 1</b> 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	3,410.60	3,494.00	3,410.60	3,492.27
<b>Series 2013-14 Series 3A &amp; 3B</b> 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	1,350.00	1,415.07	1,350.00	1,414.77
<b>Series 2012-13 Tranche 2</b> 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	131.06	133.92	131.06	133.84
<b>Series 2012-13 Tranche 1</b> 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	2,007.35	2,053.10	1,982.35	2,026.43



## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series 2012-13 Series 2A &amp; 2B</b> 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	500.00	513.01	500.00	512.92
<b>Series 2011-12</b> 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	3,000.00	3,175.82	3,000.00	3,174.69
<b>Total - Tax Free Bonds</b>	<b>12,602.97</b>	<b>13,041.35</b>	<b>12,577.97</b>	<b>13,010.38</b>

### (iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds 5.75% Redeemable at par after 5 years from the deemed date of allotment	400.19	399.41	722.04	720.48
<b>Total - Bond Application Money</b>	<b>400.19</b>	<b>399.41</b>	<b>722.04</b>	<b>720.48</b>

## 20.2 Details of Unsecured Long-Term Debt Securities

### (i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>183<sup>rd</sup> Series</b> - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.54	-	-
<b>182<sup>nd</sup> Series</b> - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,315.09	-	-
<b>189<sup>th</sup> Series</b> - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.80	-	-
<b>188B Series</b> - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.07	-	-
<b>192<sup>nd</sup> Series</b> - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,393.16	-	-
<b>184-A Series</b> - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	290.20	302.31	-	-
<b>180-B Series</b> - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,163.58	-	-
<b>178<sup>th</sup> Series</b> - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,167.75	-	-
<b>176<sup>th</sup> Series</b> - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.59	-	-
<b>169<sup>th</sup> Series</b> - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.29	2,554.00	2,620.27
<b>168<sup>th</sup> Series</b> - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,626.01	2,552.40	2,624.99
<b>163<sup>rd</sup> Series</b> - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.20	2,500.00	2,627.34
<b>162<sup>nd</sup> Series</b> - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.55	2,500.00	2,636.73
<b>156<sup>th</sup> Series</b> - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.64	3,533.00	3,614.04
<b>147<sup>th</sup> Series</b> - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.34	2,745.00	2,745.25
<b>142<sup>nd</sup> Series</b> - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,056.26	3,000.00	3,055.73
<b>140<sup>th</sup> Series</b> - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,152.27	2,100.00	2,151.90
<b>136<sup>th</sup> Series</b> - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.22	2,585.00	2,670.69
<b>95-II Series</b> - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.61	1,800.00	1,913.49
<b>94<sup>th</sup> Series</b> - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.05	1,250.00	1,339.00
<b>133<sup>rd</sup> Series</b> - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,452.91	2,396.00	2,452.88
<b>190A Series</b> - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,523.03	-	-

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
131 <sup>st</sup> Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.14	2,285.00	2,303.12
130 <sup>th</sup> Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,493.00	2,325.00	2,492.75
129 <sup>th</sup> Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.40	1,925.00	2,063.19
128 <sup>th</sup> Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.53	2,250.00	2,418.29
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,537.86	-	-
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,107.13	-	-
180-A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,070.52	-	-
184-B Series STRP-D - 7.55% Redeemable at par on 26.09.2023	298.00	309.47	-	-
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.95	-	-
114 <sup>th</sup> Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.58	4,300.00	4,666.20
188A Series - 7.12% Redeemable at par on 31.03.2023	1,400.00	1,400.13	-	-
159 <sup>th</sup> Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.40	950.00	957.07
187 <sup>th</sup> Series - 7.24% Redeemable at par on 31.12.2022	2,090.00	2,129.37	-	-
185 <sup>th</sup> Series - 7.09% Redeemable at par on 13.12.2022	2,759.00	2,816.83	-	-
155 <sup>th</sup> Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,959.12	1,912.00	1,958.62
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.64	2,211.20	2,283.10
152 <sup>nd</sup> Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,264.12	1,225.00	1,263.82
184-B Series STRP-C - 7.55% Redeemable at par on 26.09.2022	300.00	311.56	-	-
150 <sup>th</sup> Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,775.25	2,670.00	2,774.70
186A Series - 6.90% Redeemable at par on 30.06.2022	2,500.00	2,559.27	-	-
107 <sup>th</sup> Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.46	2,378.20	2,554.12
179 <sup>th</sup> Series - 8.15% Redeemable at par on 10.06.2022	1,000.00	1,065.61	-	-
167 <sup>th</sup> Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,577.54	2,571.80	2,576.88
173 <sup>th</sup> Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,510.23	2,500.00	2,509.41
132 <sup>nd</sup> Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.72	700.00	750.61
145 <sup>th</sup> Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.97	625.00	628.75
165 <sup>th</sup> Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,207.50	2,171.00	2,206.47
193 <sup>th</sup> Series - 6.99% Redeemable at par on 31.12.2021	1,115.00	1,118.70	-	-
190B Series - 6.32% Redeemable at par on 31.12.2021	2,489.40	2,511.05	-	-
177 <sup>th</sup> Series - 8.50% Redeemable at par on 20.12.2021	1,245.00	1,274.50	-	-
141 <sup>st</sup> Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,038.00	1,020.00	1,037.69
127 <sup>th</sup> Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.78	1,550.00	1,664.56
105 <sup>th</sup> Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,070.07	3,922.20	4,069.16
139 <sup>th</sup> Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,575.10	2,500.00	2,574.49
184-B Series STRP-B - 7.55% Redeemable at par on 26.09.2021	300.00	311.57	-	-
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,364.34	3,171.80	3,363.70
100 <sup>th</sup> Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,603.01	1,500.00	1,602.90
174 <sup>th</sup> Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,894.03	2,720.00	2,727.18
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	849.01	800.00	848.86
154 <sup>th</sup> Series - 7.18% Redeemable at par on 21.05.2021	600.00	637.04	600.00	636.89
157 <sup>th</sup> Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.47	1,055.00	1,131.27
158 <sup>th</sup> Series - 7.70% Redeemable at par on 15.03.2021	2,465.00	2,473.46	2,465.00	2,473.14
98 <sup>th</sup> Series - 9.18% Redeemable at par on 15.03.2021	3,000.00	3,012.79	3,000.00	3,012.83
153 <sup>rd</sup> Series - 6.99% Redeemable at par on 31.12.2020	2,850.00	2,899.77	2,850.00	2,898.98
97 <sup>th</sup> Series - 8.80% Redeemable at par on 30.11.2020	2,120.50	2,183.61	2,120.50	2,183.11
96 <sup>th</sup> Series - 8.80% Redeemable at par on 26.10.2020	1,150.00	1,193.96	1,150.00	1,193.81

**CONSOLIDATED NOTES TO ACCOUNTS**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>184-B Series STRP-A - 7.55% Redeemable at par on 26.09.2020</b>	300.00	311.63	-	-
<b>149<sup>th</sup> Series - 6.87% Redeemable at par on 24.09.2020</b>	2,485.00	2,573.44	2,485.00	2,572.86
<b>135<sup>th</sup> Series - 8.36% Redeemable at par on 22.09.2020</b>	2,750.00	2,817.12	2,750.00	2,817.11
<b>144<sup>th</sup> Series - 7.13% Redeemable at par on 21.09.2020</b>	835.00	840.30	835.00	840.00
<b>172<sup>nd</sup> Series - 8.57% Redeemable at par on 20.08.2020</b>	1,790.00	1,884.21	1,790.00	1,806.05
<b>134<sup>th</sup> Series - 8.37% Redeemable at par on 14.08.2020</b>	2,675.00	2,740.31	2,675.00	2,740.10
<b>143<sup>rd</sup> Series - 6.83% Redeemable at par on 29.06.2020</b>	1,275.00	1,289.46	1,275.00	1,289.08
<b>148<sup>th</sup> Series - 7.42% Redeemable at par on 17.06.2020</b>	1,200.00	1,203.61	1,200.00	1,203.42
<b>161A Series - 7.59% Redeemed at par on 13.03.2020</b>	-	-	3,000.00	3,010.44
<b>113<sup>th</sup> Series - 8.87% Redeemed at par on 09.03.2020</b>	-	-	1,542.00	1,550.86
<b>111-I Series - 9.02% Redeemed at par on 19.11.2019</b>	-	-	452.80	467.65
<b>126<sup>th</sup> Series - 8.56% Redeemed at par on 13.11.2019</b>	-	-	1,700.00	1,755.25
<b>125<sup>th</sup> Series - 9.04% Redeemed at par on 11.10.2019</b>	-	-	3,000.00	3,124.59
<b>160<sup>th</sup> Series - 7.77% Redeemed at par on 16.09.2019</b>	-	-	1,450.00	1,510.68
<b>108-II Series - 9.39% Redeemed at par on 20.07.2019</b>	-	-	960.00	1,022.94
<b>95-I Series - 8.70% Redeemed at par on 12.07.2019</b>	-	-	200.00	212.54
<b>Total - Institutional Bonds</b>	<b>148,650.20</b>	<b>153,672.91</b>	<b>118,253.90</b>	<b>122,201.55</b>

**(ii) Infrastructure Bonds**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>Series-II (2011-12) - Redeemable at par</b>	11.07	19.80	11.07	18.37
<b>Series-I (2010-11) - Redeemable at par</b>	5.39	5.39	80.36	80.38
<b>Total - Infrastructure Bonds</b>	<b>16.46</b>	<b>25.19</b>	<b>91.43</b>	<b>98.75</b>

Details of Infrastructure Bonds issued are as under:

**Series II (2011-12) allotted on 15.02.2012**

(₹ in Crores)

Rate of Interest	As at 31.03.2020	As at 31.03.2019	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
<b>9.15% Annual</b>	<b>1.13</b>	<b>1.13</b>	
<b>Total</b>	<b>11.07</b>	<b>11.07</b>	

Amounts have been shown at face value

**Series I (2010-11) allotted on 31.03.2011**

(₹ in Crores)

Rate of Interest	As at 31.03.2020	As at 31.03.2019	Redemption Details
8.00%	-	16.92	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	-	58.04	
8.10%	1.61	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	3.79	
<b>Total</b>	<b>5.39</b>	<b>80.36</b>	

Amounts have been shown at face value

**CONSOLIDATED NOTES TO ACCOUNTS****(iii) Zero Coupon Bonds**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value*	Amortised Cost	Face Value*	Amortised Cost
<b>ZCB - Series II</b> (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	250.29	250.14	230.11	229.95
<b>ZCB - Series I</b> (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	1,114.56	1,113.77	1,029.46	1,028.61
<b>Total - Zero Coupon Bonds</b>	<b>1,364.85</b>	<b>1,363.91</b>	<b>1,259.57</b>	<b>1,258.56</b>

\* represents the face value net of unamortised discount on issue of Zero Coupon Bonds

**(iv) Foreign Currency Bonds**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>4.625% US \$300 Mn Bonds</b> - Redeemable at par on 22.03.2028	2,261.58	2,035.23	2,075.14	1,848.33
<b>3.875% US \$450 Mn Green Bonds</b> - Redeemable at par on 07.07.2027	3,392.37	2,982.46	3,112.71	2,693.94
<b>3.50% US \$500 Mn Bonds</b> - Redeemable at par on 12.12.2024	3,769.30	3,795.87	-	-
<b>3.375% US \$650 Mn Bonds</b> - Redeemable at par on 25.07.2024	4,900.08	4,900.27	-	-
<b>4.625% US \$700 Mn Bonds</b> - Redeemable at par on 13.11.2023	5,277.01	5,329.61	4,841.99	4,882.85
<b>3.068% US \$400 Mn Bonds</b> - Redeemable at par on 18.12.2020	3,015.44	3,021.12	2,766.85	2,746.95
<b>Total - Foreign Currency Bonds</b>	<b>22,615.78</b>	<b>22,064.56</b>	<b>12,796.69</b>	<b>12,172.07</b>

**20.3 Details of Unsecured Short-Term Debt Securities****(i) Commercial Paper**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	2,925.00	2,889.68	7,975.00	7,696.32

**Details of Commercial Paper outstanding:**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
<b>57<sup>th</sup> Series</b> - 8.04% Repaid on 30.04.2019	-	-	2,750.00	2,732.99
<b>58<sup>th</sup> Series</b> - 7.60% Repaid on 27.09.2019	-	-	1,875.00	1,808.27
<b>59<sup>th</sup> Series</b> - 7.72% Repaid on 30.12.2019	-	-	2,350.00	2,222.86
<b>60<sup>th</sup> Series</b> - 7.90% Repaid on 04.03.2020	-	-	1,000.00	932.20
<b>63<sup>rd</sup> Series</b> - 7.90% Repayable on 19.06.2020	675.00	664.69	-	-
<b>64<sup>th</sup> Series</b> - 5.48% Repayable on 15.06.2020	2,250.00	2,224.99	-	-
<b>Total</b>	<b>2,925.00</b>	<b>2,889.68</b>	<b>7,975.00</b>	<b>7,696.32</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(A) Secured Long-Term Borrowings</b>				
(i) Term Loans from Others - Financial Institutions	-	-	200.00	207.33
<b>Sub-total (A)</b>	-	-	<b>200.00</b>	<b>207.33</b>
<b>(B) Unsecured Long-Term Borrowings</b>				
(i) Lease Liability	2.12	2.12	0.11	0.11
(ii) Term Loans from Govt. of India	10,000.00	10,326.81	5,000.00	5,121.84
(iii) Term Loans from Banks	18,899.78	18,900.72	18,550.00	18,555.08
(iv) Term Loans from Financial Institutions	1,000.00	1,000.00	1,000.00	1,000.00
(v) Foreign Currency Borrowings	21,762.71	21,579.29	17,637.62	17,450.46
(vi) FCNR (B) Loans	1,017.71	1,020.89	933.81	936.96
<b>Sub-total (B)</b>	<b>52,682.32</b>	<b>52,829.83</b>	<b>43,121.54</b>	<b>43,064.45</b>
<b>(C) Unsecured Short-Term Borrowings</b>				
(i) FCNR (B) Loans	5,955.49	5,964.91	3,389.39	3,390.76
(ii) Short Term Loans/ Loans repayable on demand from Banks	2,754.86	2,755.92	-	-
<b>Sub-total (C)</b>	<b>8,710.35</b>	<b>8,720.83</b>	<b>3,389.39</b>	<b>3,390.76</b>
<b>Total - Borrowings (other than Debt Securities) (A to C)</b>	<b>61,392.67</b>	<b>61,550.66</b>	<b>46,710.93</b>	<b>46,662.54</b>
Borrowings (other than Debt Securities) in/ outside India				
(i) Borrowings in India	39,629.96	39,971.37	29,073.31	29,212.08
(ii) Borrowings outside India	21,762.71	21,579.29	17,637.62	17,450.46
<b>Total - Borrowings (other than Debt Securities)</b>	<b>61,392.67</b>	<b>61,550.66</b>	<b>46,710.93</b>	<b>46,662.54</b>

Please refer Note No. 22.2 for reconciliation between the figure represented in face value and Amortised Cost, which includes interest accrued and unamortised expenses as well.

#### 21.1 Details of Secured Long-term Borrowings - Refer Note 21.6 for details of the security

##### (i) Secured Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Life Insurance Corporation of India (LIC)	-	-	200.00	207.33
<b>Total - Term Loans from Others - Financial Institutions</b>	-	-	<b>200.00</b>	<b>207.33</b>

#### 21.2 Details of Unsecured Long-term Borrowings

##### (i) Term Loans from National Small Savings Fund (NSSF)

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	10,000.00	10,326.81	5,000.00	5,121.84
₹5000 Crore repayable on 13.12.2028 and ₹5000 Crore repayable on 04.10.2029				
<b>Total - Term Loans from Govt.</b>	<b>10,000.00</b>	<b>10,326.81</b>	<b>5,000.00</b>	<b>5,121.84</b>

**CONSOLIDATED NOTES TO ACCOUNTS****(ii) Unsecured Term Loans from Banks**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Bank of Baroda ₹416.75 Crore repayable on 12.12.2020, ₹1041.75 Crore repayable on 12.12.2021 and ₹1041.50 Crore repayable on 12.12.2022	2,500.00	2,500.52	-	-
- Corporation Bank* Loan repayable in 6 semi annual instalments, first instalment due on 06.09.2021.	699.99	699.99	1,000.00	1,000.00
- HDFC Bank ₹500 Crore repayable on 29.04.2020, ₹300 Crore repayable on 29.09.2023, ₹350 Crore repayable on 11.10.2023, ₹350 Crore repayable on 06.11.2023, ₹500 Crore repayable on 15.01.2024	2,000.00	2,000.42	2,000.00	2,000.46
- Punjab National Bank ₹2,000 Crore repayable in 3 annual instalments and first instalment due on 14.09.2021	1,999.99	1,999.99	3,500.00	3,500.00
- State Bank of India ₹5,000 Crore repayable in 3 annual instalments and first instalment due on 15.10.2021, ₹2,300 Crore repayable in 5 annual instalments and first instalment due on 05.09.2020	7,299.92	7,299.92	7,300.00	7,300.00
- Oriental Bank of Commerce* Loan repayable in 8 semi-annual instalments, first instalment due on 30.03.2022	399.88	399.88	750.00	750.00
- Union Bank of India Loan repayable in 6 semi-annual instalments, first instalment due on 24.06.2022	1,500.00	1,500.00	500.00	500.00
- Syndicate Bank* ₹500 Crore repayable in 4 annual instalments and first instalment due on 28.08.2021, ₹2,000 Crore repayable in 4 annual instalments and first instalment due on 28.02.2022	2,500.00	2,500.00	-	-
- United Bank of India*	-	-	1,000.00	1,004.50
- Bank of India	-	-	2,000.00	2,000.00
- Canara Bank	-	-	500.00	500.12
<b>Total - Unsecured Term Loans from Banks</b>	<b>18,899.78</b>	<b>18,900.72</b>	<b>18,550.00</b>	<b>18,555.08</b>

\*The amalgamation of Oriental Bank of Commerce and United Bank of India with Punjab National Bank; Andhra Bank and Corporation Bank with Union Bank of India; Syndicate Bank with Canara Bank and Allahabad Bank with Indian Bank have been notified vide the Gazette of India Notifications G.S.R. 153(E), G.S.R. 154(E), G.S.R. 155(E) and G.S.R. 156(E) dated March 4, 2020, respectively. These amalgamations are effective from 1st April 2020

**(iii) Unsecured Term Loans from Others - Financial Institutions**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL) Repayable on 04.06.2022	1,000.00	1,000.00	1,000.00	1,000.00
<b>Total - Term Loans from Others - Financial Institutions</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>



## CONSOLIDATED NOTES TO ACCOUNTS

### (iv) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>(1) ODA Loans - Guaranteed by Govt. of India</b>				
<b>JICA Loan</b> - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2020 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2020	99.46	99.48	131.40	131.43
<b>2.89% KfW-II Loan</b> - Repayable in equal half-yearly instalments of €3.88 Mn till 30.12.2020, next instalment falling due on 30.06.2020	64.60	65.03	120.87	121.66
<b>1.86% KfW-III Loan</b> - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2020	393.41	393.52	449.87	449.13
<b>Sub-Total (1)</b>	<b>557.47</b>	<b>558.03</b>	<b>702.14</b>	<b>702.22</b>
<b>(2) ODA Loans - Without Govt. Guarantee</b>				
<b>6M USD Libor + 0.13% KfW-IV Loan</b> - Repayable in equal half-yearly instalments till 15.11.2030 of €12.00 Mn, first instalment falling due on 15.11.2021	1,220.98	1,227.88	-	-
<b>Sub-Total (2)</b>	<b>1,220.98</b>	<b>1,227.88</b>	<b>-</b>	<b>-</b>
<b>(3) Bilateral/ Syndicated Loans</b>				
<b>US \$75 Mn</b> - Repayable on 30.03.2025	565.39	554.38	-	-
<b>SG \$72.07 Mn</b> - Repayable on 30.03.2025	380.80	367.22	-	-
<b>US \$100 Mn</b> - Repayable on 01.07.2024	753.86	749.10	-	-
<b>US \$150 Mn</b> - Repayable on 29.03.2024	1,130.79	1,104.53	518.78	501.99
<b>US \$250 Mn</b> - Repayable on 27.03.2024	1,884.65	1,855.66	1,729.28	1,696.87
<b>¥ 10,327.12 Mn</b> - Repayable on 31.08.2023	719.28	700.98	645.65	624.64
<b>US \$250 Mn</b> - Repayable on 08.08.2023	1,884.65	1,877.67	1,729.28	1,721.63
<b>US \$150 Mn</b> - Repayable on 12.09.2022	1,130.79	1,121.92	-	-
<b>US \$200 Mn</b> - Repayable on 28.07.2022	1,507.72	1,494.21	1,383.43	1,365.67
<b>US \$230 Mn</b> - Repayable on 19.01.2022	1,733.88	1,702.97	1,590.94	1,551.91
<b>US \$100 Mn</b> - Repayable on 05.10.2021	753.86	745.81	691.71	678.55
<b>US \$240 Mn</b> - Repayable on 26.03.2021	1,809.26	1,793.23	1,660.11	1,631.60
<b>US \$160 Mn</b> - Repayable on 26.03.2021	1,206.17	1,195.78	1,106.74	1,087.77
<b>US \$300 Mn</b> - Repayable on 29.07.2020	2,261.58	2,269.17	2,075.14	2,076.19
<b>US \$300 Mn</b> - Repayable on 01.12.2020	2,261.58	2,260.75	2,075.14	2,067.94
<b>US \$250 Mn</b> - \$57.5 Mn repaid on 26.11.2017 and \$ 192.5 Mn repayable on 29.05.2019	-	-	1,331.55	1,346.66
<b>US \$57.50 Mn</b> - Repaid on 29.05.2019	-	-	397.73	396.82
<b>Sub-Total (3)</b>	<b>19,984.26</b>	<b>19,793.38</b>	<b>16,935.48</b>	<b>16,748.24</b>
<b>Total - Foreign Currency Borrowings (1+2+3)</b>	<b>21,762.71</b>	<b>21,579.29</b>	<b>17,637.62</b>	<b>17,450.46</b>

### (v) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>US \$135 Mn</b> - \$60 Mn repayable on 04.09.2021 and \$75 Mn repayable on 22.10.2021	1,017.71	1,020.89	933.81	936.96
<b>Total - FCNR (B) Loans</b>	<b>1,017.71</b>	<b>1,020.89</b>	<b>933.81</b>	<b>936.96</b>

**CONSOLIDATED NOTES TO ACCOUNTS****21.3 Unsecured Short-Term Borrowings****(i) FCNR (B) Loans**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
<b>US\$100 Mn</b> - \$25 Mn repayable on 30.9.2020 and \$75 Mn repayable on 22.01.2021	753.86	753.86	-	-
<b>US\$140 Mn</b> - Repayable on 13.01.2021	1,055.40	1,055.51	-	-
<b>US\$100 Mn</b> - Repayable on 21.12.2020	753.86	753.92	-	-
<b>US\$100 Mn</b> - Repayable on 03.12.2020	753.86	753.93	-	-
<b>US\$200 Mn</b> - Repayable on 21.09.2020	1,507.72	1,512.87	-	-
<b>US\$150 Mn</b> - Repayable in two equal instalment on 20.05.2020 and 25.06.2020	1,130.79	1,134.82	-	-
<b>US\$140 Mn</b> - Repaid on 11.01.2020	-	-	1,037.57	1,037.97
<b>US\$100 Mn</b> - Repaid on 19.12.2019	-	-	691.71	691.99
<b>US\$100 Mn</b> - Repaid on 09.12.2019	-	-	691.71	692.00
<b>US\$150 Mn</b> - Repaid on 31.08.2019	-	-	968.40	968.80
<b>Total - FCNR (B) Loans</b>	<b>5,955.49</b>	<b>5,964.91</b>	<b>3,389.39</b>	<b>3,390.76</b>

**21.4** Term Loans from Govt./ banks/ financial institutions as mentioned in Note No. 21.1 (i) and 21.2 (i) to (iii) have been raised at interest rates ranging from 7.02% to 8.29% payable on monthly/ quarterly/ semi annual rests.

**21.5** Foreign Currency Borrowings in Note No. 21.2 (iv) (3) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

**21.6 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.

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 31-03-20		As at 31-03-19	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(i) <b>175<sup>th</sup> Series - Subordinate Tier-II Bonds - 8.97% Redeemable at par on 28.03.2029</b>	2,151.20	2,151.86	2,151.20	2,151.24
(i) <b>115<sup>th</sup> Series - Subordinate Tier-II Bonds - 8.06% Redeemable at par on 31.05.2023</b>	2,500.00	2,667.79	2,500.00	2,667.52
<b>Total - Subordinated Liabilities</b>	<b>4,651.20</b>	<b>4,819.65</b>	<b>4,651.20</b>	<b>4,818.76</b>
<b>Subordinated Liabilities in/ outside India</b>				
(i) Borrowings in India	4,651.20	4,819.65	4,651.20	4,818.76
(ii) Borrowings outside India	-	-	-	-
<b>Total - Subordinated Liabilities</b>	<b>4,651.20</b>	<b>4,819.65</b>	<b>4,651.20</b>	<b>4,818.76</b>

#### 22.1 Ratings assigned by credit rating agencies and migration of ratings during the year

##### Domestic Credit Ratings

Particulars	Long Term Rating	Short Term Rating
CRISIL	CRISIL AAA	CRISIL A1+
ICRA	ICRA AAA	ICRA A1+
CARE	CARE AAA	CARE A1+
India Ratings and Research	IND AAA	IND A1+

##### International Credit Ratings

Particulars	Rating
Fitch Ratings	BBB-
Moody's	Baa3

There has been no migration of ratings during the year.

#### 22.2 Reconciliation between carrying values and the actual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Total Amount as per Ind-AS</b>	<b>219,918.25</b>	<b>61,550.66</b>	<b>4,819.65</b>	<b>286,288.56</b>
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
<b>Total Borrowings Outstanding</b>	<b>214,021.59</b>	<b>61,392.67</b>	<b>4,651.20</b>	<b>280,065.46</b>
<b>As at 31<sup>st</sup> March 2019</b>				
<b>Total Amount as per Ind-AS</b>	<b>192,767.51</b>	<b>46,662.54</b>	<b>4,818.76</b>	<b>244,248.81</b>
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,060.00)	(207.10)	(169.96)	(6,437.06)
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	1,146.37	255.49	2.40	1,404.26
<b>Total Borrowings Outstanding</b>	<b>187,853.88</b>	<b>46,710.93</b>	<b>4,651.20</b>	<b>239,216.01</b>

## CONSOLIDATED NOTES TO ACCOUNTS

**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.

### 23. Other Financial Liabilities

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>(A) Unpaid Dividends</b>	4.75	4.15
<b>(B) Bond Application Money refundable and interest accrued thereon</b>	-	0.05
<b>(C) Unpaid Principal &amp; Interest on Bonds</b>		
- Matured Bonds & Interest Accrued thereon	39.13	39.52
- Interest on Bonds	17.97	15.91
<b>Sub-total (C)</b>	<b>57.10</b>	<b>55.43</b>
<b>(D) Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)</b>	85,431.74	77,717.88
Add: Interest on such funds (net of refund)	31.96	42.57
Less: Disbursed to Beneficiaries (cumulative)	(83,684.07)	(76,903.42)
Undisbursed Funds to be disbursed as Subsidy/ Grant	<b>1,779.63</b>	<b>857.03</b>
<b>(E) Payables towards Bonds Fully serviced by Govt. of India</b>	21,792.32	17,996.06
<b>(F) Payable towards funded staff benefits</b>	0.38	31.78
<b>(G) Other Liabilities</b>	148.03	282.57
<b>Total (A to G)</b>	<b>23,782.21</b>	<b>19,227.07</b>

**23.1** 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 31<sup>st</sup> March 2020 is ₹ 0.47 crores (₹ 0.54 crores as at 31<sup>st</sup> March 2019) 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 ₹ 0.69 Crores as at 31<sup>st</sup> March 2020 (₹ 0.63 Crores as at 31<sup>st</sup> March 2019) 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 31.03.2020	Year ended 31.03.2019
Opening Balance of Interest Subsidy Fund	0.63	0.53
Add: Interest earned during the year	0.06	0.11
Less: Interest subsidy passed on to the borrower	-	0.01
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.69</b>	<b>0.63</b>

## CONSOLIDATED NOTES TO ACCOUNTS

**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 31.03.2020	Year ended 31.03.2019
Opening Balance	42.57	24.41
Add: Interest earned during the year	50.10	93.70
Less: Amount refunded to Govt. during the year	60.71	75.53
Less: Disbursement out of Interest earned on account of AG&SP Grant	-	0.01
<b>Closing Balance</b>	<b>31.96</b>	<b>42.57</b>

**23.5** For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 3,782.30 crores (Previous year ₹ 13,827 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 9<sup>th</sup> September 2019, 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 31.03.2020	As at 31.03.2019
<b>GoI-I Series</b>	8.09%	Semi-annual	21-3-2028	1,837.00	1,837.00
<b>GoI-II Series</b>	8.01%	Semi-annual	24-3-2028	1,410.00	1,410.00
<b>GoI-III Series</b>	8.06%	Semi-annual	27-3-2028	753.00	753.00
<b>GoI-IV Series</b>	8.70%	Semi-annual	28-9-2028	3,000.00	3,000.00
<b>GoI-V Series</b>	8.54%	Semi-annual	15-11-2028	3,600.00	3,600.00
<b>GoI-VI Series</b>	8.80%	Semi-annual	22-1-2029	2,027.00	2,027.00
<b>GoI-VII Series</b>	8.60%	Semi-annual	8-3-2029	1,200.00	1,200.00
<b>GoI-VIII Series</b>	8.30%	Semi-annual	25-3-2029	4,000.00	4,000.00
<b>GoI-IX Series</b>	7.14%	Semi-annual	2-3-2030	1,500.00	-
<b>GoI-X Series</b>	8.25%	Semi-annual	26-3-2030	532.30	-
<b>GoI-XI Series</b>	7.20%	Semi-annual	31-3-2030	1,750.00	-
<b>Total</b>				<b>21,609.30</b>	<b>17,827.00</b>

## 24. Provisions

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>Provisions for</b>		
<b>(A) Employee Benefits</b>		
Earned Leave Liability	16.22	11.80
Medical Leave Liability	21.87	21.67
Settlement Allowance	1.60	1.42
Economic Rehabilitation Scheme	4.25	3.69
Long Service Award	1.89	1.24
Incentive	52.57	46.99
Pay Revision	-	13.06
Loyalty Bonus	0.31	0.37
<b>Sub-total (A)</b>	<b>98.71</b>	<b>100.24</b>
<b>(B) Others</b>		
Expected Credit Loss on Letters of Comfort	8.38	-
<b>Sub-total (B)</b>	<b>8.38</b>	<b>-</b>
<b>Total (A+B)</b>	<b>107.09</b>	<b>100.24</b>

**CONSOLIDATED NOTES TO ACCOUNTS****24.1 Movement of Expected Credit Loss provision on Letters of comfort**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Opening balance	-	0.16
Add: Created during the year	8.38	-
Less: Reversed/ Adjusted during the year	-	(0.16)
<b>Closing balance</b>	<b>8.38</b>	<b>-</b>

**25. Other Non-financial Liabilities**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
(A) Income Received in Advance	0.15	2.63
(B) Sundry Liabilities Account (Interest Capitalisation)	6.57	21.99
(C) Unamortised Fee on Undisbursed Loans	46.15	25.76
(D) Advance received from Govt. towards Govt. Schemes	4.14	16.20
(E) Statutory Dues	24.74	37.31
(F) Other Liabilities	1.48	0.71
<b>Total (A to F)</b>	<b>83.23</b>	<b>104.60</b>

**26. Equity Share Capital**

(₹ in Crores)

Particulars	As at 31-03-20		As at 31-03-19	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	1,974,918,000	1,974.92	1,974,918,000	1,974.92
<b>Total</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

**26.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year**

(₹ in Crores)

Particulars	FY 2019-20		FY 2018-19	
	No. of Shares	Amount (₹)	No. of Shares	Amount
Share Capital at the beginning of the year	1,974,918,000	1,974.92	1,974,918,000	1,974.92
Add: Bonus shares issued & allotted during the year	-	-	-	-
<b>Share Capital at the end of the year</b>	<b>1,974,918,000</b>	<b>1,974.92</b>	<b>1,974,918,000</b>	<b>1,974.92</b>

**26.2 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.

**26.3** 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.

**26.4 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.



## CONSOLIDATED NOTES TO ACCOUNTS

### 26.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31-03-20		As at 31-03-19	
	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	139,425,284	7.06%	114,683,937	5.81%

### 26.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31-03-20		As at 31-03-19	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,039,495,247	52.63%	1,039,495,247	52.63%

## 27. Other Equity

(₹ in Crores)

Particulars		As at 31-03-20	As at 31-03-19
<b>(A) Other Reserves</b>			
(i) Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		16,659.10	15,136.78
(ii) Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961		2,992.83	3,034.72
(iii) Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934		2,131.00	1,153.00
(iv) Debenture Redemption Reserve		-	1,318.13
(v) Securities Premium		2,236.54	2,236.54
(vi) Foreign Currency Monetary Item Translation Difference Account		(1,719.38)	(764.82)
(vii) Capital Reserve		4.70	-
(viii) General Reserve		6,976.23	5,230.54
(ix) Impairment Reserve		793.29	-
<b>(B) Retained Earnings</b>		3,674.25	5,088.19
<b>(C) Other Comprehensive Income (OCI)</b>			
- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(2.48)	1.46
- Equity Instruments through Other Comprehensive Income		106.26	136.88
- Effective Portion of Cash Flow Hedges		(226.08)	-
- Cost of Hedging reserve		(204.75)	-
<b>Total - Other Equity (A+B+C)</b>		<b>33,421.51</b>	<b>32,571.42</b>

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

### 27.1 Drawdown/ Transfer from Reserves

Pursuant to statutory changes and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve during the year 2019-20:

- ₹ 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). Refer Note 27.5.
- ₹ 378.41 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viiia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets

No amount has been drawn from the reserves during the financial year 2018-19.

### 27.2 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

## CONSOLIDATED NOTES TO ACCOUNTS

not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

### 27.3 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) 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)(viia) 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.

### 27.4 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.

### 27.5 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company created Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. However, subsequent to the notification by the Ministry of Corporate Affairs during the year, the Company is not required to create Debenture Redemption Reserve (DRR) pursuant to Sec. 71 of the Companies Act, 2013, read with Rule 18 of the Companies (Share Capital & Debentures) Rules 2014.

### 27.6 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.

### 27.7 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 31<sup>st</sup> 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.

### 27.8 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves. In view of the erstwhile provisions of the Companies Act, 1956, the Company had transferred certain percentage of the profits to General Reserve before declaration of dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

### 27.9 Impairment Reserve

Reserve Bank of India (RBI) issued Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 in respect of 'Implementation of Indian Accounting Standards' by NBFCs. In terms of the said circular, in case 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 is required to appropriate the difference from their net profit after tax to "Impairment Reserve". No withdrawals are permitted from this reserve without prior permission from the Department of Supervision, RBI. Refer Note. 50.1.3 (W) in respect of the disclosure in respect of comparison between impairment allowance and provisioning under IRACP Norms.

### 27.10 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 Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

## CONSOLIDATED NOTES TO ACCOUNTS

### 27.11 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 'Cash Flow Hedging reserve'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

### 27.12 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.

### 27.13 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	Dividend per Equity Share (₹)	Dividend Amount (₹ in Crores)	Dividend per Equity Share (₹)	Dividend Amount (₹ in Crores)
Interim Dividend	11.00	2,172.41	11.00	2,172.41
<b>Total Dividend for the year</b>	<b>11.00</b>	<b>2,172.41</b>	<b>11.00</b>	<b>2,172.41</b>

## 28. Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2020			Year ended 31.03.2019		
	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
<b>(A) Interest on Loan Assets</b>						
(i) Long term financing	-	29,245.18	-	-	24,405.17	-
Less: Rebate for timely payments/ completion etc	-	(0.08)	-	-	(6.11)	-
Long term financing (net)	-	29,245.10	-	-	24,399.06	-
(ii) Short term financing	-	177.23	-	-	328.84	-
<b>Sub-total (A)</b>	-	<b>29,422.33</b>	-	-	<b>24,727.90</b>	-
<b>(B) Interest Income from Investments</b>						
(i) Interest from CP/ ICD	-	0.21	-	-	0.67	-
(ii) Interest from Govt. Securities	-	1.89	-	-	9.43	-
(iii) Interest from Long Term Investments	-	3.14	169.75	-	18.01	168.25
<b>Sub-total (B)</b>	-	<b>5.24</b>	<b>169.75</b>	-	<b>28.11</b>	<b>168.25</b>
<b>(C) Interest on Deposits with Banks</b>						
(i) Interest from Deposits	-	66.27	-	-	51.81	-
<b>Sub-total (C)</b>	-	<b>66.27</b>	-	-	<b>51.81</b>	-
<b>(D) Other Interest Income</b>						
(i) Interest from Staff Advances	-	4.45	-	-	3.89	-
(ii) Interest on Mobilisation Advance	-	2.39	-	-	2.80	-
(iii) Unwinding of Discount of Security Deposits	-	0.08	-	-	0.09	-
(iv) Interest from SPVs	-	1.27	-	-	0.77	-
<b>Sub-total (D)</b>	-	<b>8.19</b>	-	-	<b>7.55</b>	-
<b>Total (A to D)</b>	-	<b>29,502.03</b>	<b>169.75</b>	-	<b>24,815.37</b>	<b>168.25</b>

**CONSOLIDATED NOTES TO ACCOUNTS****29. Dividend Income**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Dividend from Long-Term Investments	36.94	20.38
<b>Total - Dividend Income</b>	<b>36.94</b>	<b>20.38</b>

**29.1 Details of dividend recognised on equity investments designated at FVOCI :**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Dividend on:		
- Investments held at the end of the year	36.94	20.14
- Investments derecognized during the year	-	0.24
<b>Total</b>	<b>36.94</b>	<b>20.38</b>

**30. Fees and Commission Income**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Fees based Income	6.68	2.78
Prepayment Premium	12.75	139.29
Fee for Implementation of Govt. Schemes	19.52	83.02
<b>Total - Fees and Commission Income</b>	<b>38.95</b>	<b>225.09</b>

**31. Sale of services**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Consultancy Engineering Services	166.80	149.72
Execution of IT Implementation projects	7.68	19.42
Income from REC - UE Village Project	7.63	-
Documentation fees	-	0.79
<b>Total-Sale of services</b>	<b>182.11</b>	<b>169.93</b>

**32. Other Income**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Provision/ Liabilities Written Back	-	10.83
- Fees from Training Courses	6.38	8.69
- Interest from Income Tax Refund	2.85	-
- Profit on sale of long term investments	3.16	-
- Miscellaneous Income	64.88	12.79
<b>Total - Other Income</b>	<b>77.27</b>	<b>32.31</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 33. Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(i) Interest on Debt Securities</b>		
- Domestic Debt Securities	13,923.95	12,965.67
- Foreign Currency Debt Securities	698.20	441.83
- Commercial Paper	463.66	402.84
<b>Sub-Total (i)</b>	<b>15,085.81</b>	<b>13,810.34</b>
<b>(ii) Interest on Borrowings</b>		
- Loans from Govt. of India	612.97	121.84
- Loans from Banks/ Financial Institutions	1,725.10	594.30
- External Commercial Borrowings	1,073.79	914.19
- Lease Liability	0.29	-
<b>Sub-Total (ii)</b>	<b>3,412.15</b>	<b>1,630.33</b>
<b>(iii) Interest on Subordinated Liabilities</b>		
- Subordinate Bonds	395.36	203.25
<b>Sub-Total (iii)</b>	<b>395.36</b>	<b>203.25</b>
<b>(iv) Other Interest Expense</b>		
- Swap Premium	108.83	-
- Interest on Income Tax	0.21	3.70
- Interest on liability towards employee benefits	4.60	-
- Miscellaneous interest expense	0.13	2.95
<b>Sub-Total (iv)</b>	<b>113.77</b>	<b>6.65</b>
<b>Total - Finance Costs</b>	<b>19,007.09</b>	<b>15,650.57</b>
Less: Finance Costs Capitalised	(15.79)	(11.37)
<b>Total - Finance Costs (Net)</b>	<b>18,991.30</b>	<b>15,639.20</b>

### 34. Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Net translation/ transaction exchange loss/ (gain)	2,357.90	521.19
<b>Total</b>	<b>2,357.90</b>	<b>521.19</b>

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 ₹ 675.95 crores (Previous year ₹ 726.35 crores).

**34.1** 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 <sup>st</sup> March 2020	75.3859	0.6965	83.0496	52.8342
As at 31 <sup>st</sup> March 2019	69.1713	0.6252	77.7024	51.1422

### 35. Fees and commission expense

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(i) Guarantee Fee</b>	<b>13.29</b>	<b>11.06</b>
<b>(ii) Listing and Trusteeship Fee</b>	<b>1.51</b>	<b>1.67</b>
<b>(iii) Agency Fees</b>	<b>1.66</b>	<b>0.78</b>
<b>(iv) Credit Rating Expenses</b>	<b>3.05</b>	<b>2.85</b>
<b>(v) Other Finance Charges</b>	<b>5.93</b>	<b>18.02</b>
<b>Total (i to v)</b>	<b>25.44</b>	<b>34.38</b>

**CONSOLIDATED NOTES TO ACCOUNTS****36. Net Gain/ (loss) on Fair Value Changes**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>(A) Net gain/ (loss) on financial instruments at Fair Value through profit or loss</b>		
<b>(i) On trading Portfolio</b>	-	-
<b>(ii) Others</b>		
- Changes in fair value of Derivatives	(47.72)	(351.52)
- Changes in fair value of FVTPL Investments	6.40	-
- Changes in fair value of Short-term investment of surplus funds in Mutual Funds	15.47	3.00
<b>Sub-total (ii)</b>	<b>(25.85)</b>	<b>(348.52)</b>
<b>Total</b>	<b>(25.85)</b>	<b>(348.52)</b>
<b>Breakup of Fair Value Changes</b>		
- Realised	(60.07)	(619.05)
- Unrealised	34.22	270.53
<b>Total Net Gain/ (loss) on Fair Value Changes</b>	<b>(25.85)</b>	<b>(348.52)</b>

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

**37. Impairment on financial instruments**

(₹ in Crores)

Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
	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 *	-	884.91	-	222.32
(ii) - Others	-	34.58	-	21.17
<b>Total (i+ii)</b>	<b>-</b>	<b>919.49</b>	<b>-</b>	<b>243.49</b>

\* includes ₹8.38 crores (Previous year ₹-0.16 crores towards impairment allowance on Letters of Comfort).

**38. Cost of services rendered**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Project Expenses	71.61	85.15
<b>Total</b>	<b>71.61</b>	<b>85.15</b>

**39. Employee Benefits Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Salaries and Allowances	145.83	130.70
- Contribution to Provident Fund and Other Funds	15.49	14.93
- Expenses towards Post Employment Benefits	5.07	11.70
- Rent towards Residential Accommodation for Employees	1.58	0.69
- Staff Welfare Expenses	25.18	19.35
<b>Total</b>	<b>193.15</b>	<b>177.37</b>



## CONSOLIDATED NOTES TO ACCOUNTS

### 40. Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Depreciation on Property, Plant & Equipment	8.48	6.77
- Amortization on Intangible Assets	3.29	1.52
<b>Total</b>	<b>11.77</b>	<b>8.29</b>

### 41. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Direct Expenditure	254.53	99.93
- Overheads	4.76	4.56
<b>Total</b>	<b>259.29</b>	<b>104.49</b>

#### 41.1 Disclosure in respect of CSR Expenses:

(a) Amount spent during the year:

(₹ in Crores)

Particulars	Year ended 31.03.2020			Year ended 31.03.2019		
	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	55.38	-	55.38	42.25	-	42.25
Education/ Vocational/ Skill Development	41.63	-	41.63	6.66	-	6.66
Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	32.21	-	32.21	16.37	-	16.37
Sports	0.02	-	0.02	0.06	-	0.06
Contribution to PM CARES Fund	100.00	-	100.00	-	-	-
Provision of food/ration to migrant workers due to COVID- 19	1.59	-	1.59	-	-	-
Others	23.70	-	23.70	34.59	-	34.59
Administrative overheads including training, impact assessment etc.	4.76	-	4.76	4.56	-	4.56
<b>Total (ii)</b>	<b>259.29</b>	<b>-</b>	<b>259.29</b>	<b>104.49</b>	<b>-</b>	<b>104.49</b>

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 a contribution of ₹ 100 crores was made during the year 2019-20 and the balance ₹ 50 crores have been contributed subsequent to 31<sup>st</sup> March 2020. Further, the company also sanctioned an amount of ₹ 10 crores for distribution of food/ration to migrant workers, of which ₹ 7.07 crores has been incurred till date, including ₹ 1.59 crores spent till 31 March 2020. 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.

**CONSOLIDATED NOTES TO ACCOUNTS****42. Other Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Travelling and Conveyance	15.80	17.05
- Publicity & Promotion Expenses	6.03	83.22
- Repairs and Maintenance	12.38	7.81
- Rent, taxes and energy costs	15.12	17.55
- Insurance Charges	0.13	0.05
- Communication costs	3.42	2.72
- Printing & stationery	2.92	4.11
- Director's sitting fees	0.19	0.24
- Auditors' fees and expenses	1.62	1.63
- Legal & Professional Charges	12.21	10.10
- Donations	-	2.00
- Net Loss on Disposal of Property, Plant & Equipment	1.69	0.86
- Monitoring Expenses	12.49	10.85
- Miscellaneous Expenses	46.41	30.57
<b>Total</b>	<b>130.41</b>	<b>188.76</b>

**42.1 Disclosure in respect of Auditors' fees and expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Fees paid to statutory auditors :</b>		
- as auditor	0.50	0.48
- for taxation matters *	0.13	0.29
- for company law matters (includes limited review fees)	0.35	0.45
- for other services	-	-
(i) Certification of MTN Offer Document/ Comfort Letter	0.40	0.20
(ii) Other Certifications	0.06	0.08
- for reimbursement of expenses	0.04	0.03
<b>Sub-total</b>	<b>1.48</b>	<b>1.53</b>
<b>Non-recoverable tax credit in respect of fees paid to auditors</b>	0.14	0.10
<b>Total - Auditor's fees and expenses</b>	<b>1.62</b>	<b>1.63</b>

\* includes Nil (Previous year ₹0.09 crores) of fees for taxation matters pertaining to earlier years.

**43. Tax Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Current tax expense	1,579.79	1,826.51
- Current tax expense/ (benefit) pertaining to earlier years	65.27	(13.28)
<b>Sub-total - Current Tax</b>	<b>1,645.06</b>	<b>1,813.23</b>
- Deferred tax expense/ (credit)	412.65	535.83
<b>Total</b>	<b>2,057.71</b>	<b>2,349.06</b>

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### 43.1 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 31.03.2020	Year ended 31.03.2019
Profit before Tax	7,029.98	8,090.44
Statutory income tax rate	25.168%	34.944%
Expected income tax expense	1,769.31	2,827.12
<b>Tax effect of income tax adjustments:</b>		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(383.14)	(462.51)
Non-allowability of CSR expenses	20.68	19.08
Other non-deductible tax expenses	1.93	1.01
Interest on Advance Income tax disallowed	-	1.20
Exempt Income	(9.62)	(5.84)
Tax effect of income on tax free bonds	(1.65)	(1.93)
Income Tax Earlier Years	65.27	(13.28)
Impact of change in tax rates	661.54	1.95
Impact of income chargeable at different tax rates	-	(4.27)
Impact of provisional expenditure for earlier year	(1.22)	-
Impact/ (reversals) of deferred tax on undistributed profits of subsidiaries and Joint Ventures	(63.83)	-
Tax impact on undistributed profits of subsidiaries	-	(12.03)
Tax effect on JV profit accounted for using equity method	(2.30)	(1.45)
Tax effect on dividend paid by JV	0.43	-
Tax effect of intra group revenue reversals	0.31	-
<b>Tax expense</b>	<b>2,057.71</b>	<b>2,349.05</b>

**43.2** The applicable tax rate for the Company has decreased from 34.944% to 25.168% during the year as the Company exercised the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Act, 2019. The Company has recognised provision for income tax for the year ended 31<sup>st</sup> March 2020 and remeasured its deferred tax assets accordingly.

### 44. Earnings per Share

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>Numerator</b>		
Profit for the period from continuing operations as per Statement of Profit and Loss (₹ in Crores)	4,972.27	5,741.38
Profit for the period from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	4,972.27	5,741.38
<b>Denominator</b>		
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)	25.18	29.07
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	25.18	29.07

**CONSOLIDATED NOTES TO ACCOUNTS****45. Contingent Liabilities and Commitments :****45.1 Contingent Liabilities not provided for in respect of:**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>(A) Claims against the Company not acknowledged as debts</b>	0.22	0.08
<b>(B) Taxation Demands</b>		
- Demands raised by the Income Tax Department	113.99	91.03
- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	38.30	30.42
- Demands raised in respect of Service Tax	-	0.36
<b>(C) Others</b>		
- Letters of Comfort	951.29	-
- Bank Guarantees	30.78	29.86

The amount referred to in 'A' above are in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

**45.2 Commitments not provided for in respect of:**

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
<b>- Contracts remaining to be executed on capital account</b>		
- Towards Property, Plant & Equipment	315.07	362.33
- Towards Intangible Assets	-	2.82
<b>- Other Commitments</b>		
- CSR Commitments	291.44	301.46

**46. 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

**47. Implementation of Govt. Schemes****47.1 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.

**47.2 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

## CONSOLIDATED NOTES TO ACCOUNTS

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 12<sup>th</sup> and 13<sup>th</sup> plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

### 47.3 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.

### 47.4 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL and RECTPCL 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 distribution work under PMDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

### 47.5 Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both the schemes.

## 48. Capital management

The Group manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Group consists of the equity and the long-term borrowings made by the Group.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group 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 Group 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 Group has complied with all externally imposed capital requirements.

The debt-equity ratio of the Group is as below:

(₹ in Crores)		
Particulars	As at 31.03.2020	As at 31.03.2019
Total debt	280,065.46	239,216.01
Net Worth	35,396.43	34,546.34
<b>Debt-equity ratio</b>	<b>7.91</b>	<b>6.92</b>

Total debt represents principal outstanding.

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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.

### 49. 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 31.03.20	As at 31.03.19
(i) CRAR (%)	16.06%	17.77%
(ii) CRAR - Tier I Capital (%)	13.17%	14.44%
(iii) CRAR - Tier II Capital (%)	2.89%	3.33%

Details of Tier II capital and perpetual debt instruments raised during the financial year are as under:

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
Amount of subordinated debt raised as Tier-II capital	-	2,151.20
Amount raised by issue of Perpetual Debt Instruments	-	-

### 50. Financial Risk Management

The Group's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Group has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Group'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 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 Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



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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.

### 50.1 Credit Risk

Credit 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.

#### 50.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Low credit risk on financial reporting date</b>		
Cash and cash equivalents	1,717.71	381.99
Bank balances other than above	2,257.45	1,733.08
Loans *	299,697.53	256,448.62
Trade Receivables	87.92	117.03
Investments **	1,601.06	1,636.14
Other financial assets	22,099.67	18,363.99
<b>(ii) Moderate credit risk</b>		
Loans *	2,431.27	4,412.62
Trade Receivables	52.01	34.89
<b>(iii) High credit risk</b>		
Loans *	21,255.55	20,348.44
Trade Receivables	33.60	23.83
Other financial assets	30.85	26.69

\* 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.

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### 50.1.2 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 and trade receivables by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - 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 of the State Govt./ minimum investment grade rated Government Companies and Public Sector Banks, 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 31.03.2020			As at 31.03.2019		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	1,717.71	-	1,717.71	381.99	-	381.99
Bank balances other than above	2,257.45	-	2,257.45	1,733.08	-	1,733.08
Investments	1,601.06	-	1,601.06	1,636.14	-	1,636.14
Other financial assets*	22,130.52	30.85	22,099.67	18,390.68	26.69	18,363.99

\*The impairment allowance has been provided in full on other financial assets considered as credit-impaired.

### 50.1.3 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, loan restructuring details  
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. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities.. Therefore, the Company has applied this criteria only for private entities. However, In case of State sector borrowers with dues more than 60 days but less than 90 days, the external rating or risk score computed using the model will be downgraded by one notch to better capture the riskiness of the borrower.

### (E) Low credit risk exemption

Ind-AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

Credit risk is considered to be ‘low’ when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, the Company has taken low credit risk exemption for all state utilities as the Company considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/ loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

### (F) 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.

### (G) 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 rating transition matrix published by ICRA to arrive at annual transition matrix. This annual transition matrix 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 Transmission and Distribution companies the realizable value of the assets were arrived at using suitable assumptions to arrive at LGD. For State Government

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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.

### (H) 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.

### (I) 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.

### (J) 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 31.03.2020				As at 31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	37,832.86	-	-	37,832.86	-	-	-	-
AA	82,131.73	-	-	82,131.73	3,239.02	-	-	3,239.02
A	71,840.30	-	-	71,840.30	56,158.84	-	-	56,158.84
BBB	28,629.56	-	-	28,629.56	40,834.51	-	-	40,834.51
BB	60,555.15	36.22	-	60,591.37	57,967.67	519.32	-	58,486.99
B	9,876.29	23.37	-	9,899.66	47,683.74	1,030.31	-	48,714.05
C	2,215.02	29.68	-	2,244.70	46,119.65	2,862.99	-	48,982.64
D	-	2,342.00	21,255.55	23,597.55	-	-	20,348.44	20,348.44
Government Loan	6,616.62	-	-	6,616.62	4,445.19	-	-	4,445.19
<b>Gross carrying amount</b>	<b>299,697.53</b>	<b>2,431.27</b>	<b>21,255.55</b>	<b>323,384.35</b>	<b>256,448.62</b>	<b>4,412.62</b>	<b>20,348.44</b>	<b>281,209.68</b>
Loss allowance	488.46	963.83	10,552.13	12,004.42	525.26	1,273.72	9,698.95	11,497.93
<b>Carrying amount</b>	<b>299,209.07</b>	<b>1,467.44</b>	<b>10,703.42</b>	<b>311,379.93</b>	<b>255,923.36</b>	<b>3,138.90</b>	<b>10,649.49</b>	<b>269,711.75</b>

### (K) 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

### (L) 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:

(₹ in Crores)

FY 2019-20	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>Opening Balance</b>	<b>256,448.63</b>	<b>525.25</b>	<b>4,412.61</b>	<b>1,273.73</b>	<b>20,348.44</b>	<b>9,698.95</b>	<b>281,209.68</b>	<b>11,497.93</b>
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)
Change in Model risk parameters	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>299,697.53</b>	<b>488.46</b>	<b>2,431.27</b>	<b>963.83</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>323,384.35</b>	<b>12,004.42</b>

(₹ in Crores)

FY 2018-19	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
<b>Opening Balance</b>	<b>207,067.88</b>	<b>1,090.78</b>	<b>15,266.52</b>	<b>1,694.30</b>	<b>17,128.43</b>	<b>8,490.53</b>	<b>239,462.83</b>	<b>11,275.61</b>
Transfer to 12 months ECL	10,594.28	21.95	(10,594.28)	(21.95)	-	-	-	-
Transfer to life time ECL not credit impaired	(549.56)	(4.38)	1,775.34	372.11	(1,225.78)	(367.73)	-	-
Transfer to Lifetime ECL credit impaired	(2,763.00)	(625.75)	(1,865.40)	(527.07)	4,628.40	1,152.82	-	-
Additional provision due to changes in PD/LGD	-	(16.82)	-	(266.20)	-	423.75	-	140.73
New Financial assets originated or purchased	56,669.38	78.30	63.82	22.54	-	-	56,733.20	100.84
Financial Assets that have been derecognised	(14,570.35)	(18.83)	(233.39)	-	(182.61)	(0.42)	(14,986.35)	(19.25)
<b>Closing Balance</b>	<b>256,448.63</b>	<b>525.25</b>	<b>4,412.61</b>	<b>1,273.73</b>	<b>20,348.44</b>	<b>9,698.95</b>	<b>281,209.68</b>	<b>11,497.93</b>



## CONSOLIDATED NOTES TO ACCOUNTS

### (M) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Total Exposure	2,99,697.53	2,431.27	21,255.55	323,384.35	256,448.62	4,412.62	20,348.44	281,209.68
Impairment Allowance	488.46	963.83	10,552.13	12,004.42	525.26	1,273.72	9,698.95	11,497.93
ECL %	0.16%	39.64%	49.64%	3.71%	0.20%	28.87%	47.66%	4.09%

### (N) 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 31.03.2020		As at 31.03.2019	
	Gross Amount	ECL	Gross Amount	ECL
<b>Concentration by industry</b>				
Generation	147,021.68	11,122.97	131,019.56	10,730.93
Renewables	9,163.65	161.31	4,463.99	74.13
Transcos	49,658.96	503.89	51,995.18	429.47
Discoms	110,923.44	214.26	89,285.76	262.07
Government Loans	6,616.62	1.99	4,445.19	1.33
<b>Total</b>	<b>323,384.35</b>	<b>12,004.42</b>	<b>281,209.68</b>	<b>11,497.93</b>
<b>Concentration by ownership</b>				
State	284,778.15	297.60	247,719.13	445.42
Private	38,606.20	11,706.82	33,490.55	11,052.51
<b>Total</b>	<b>323,384.35</b>	<b>12,004.42</b>	<b>281,209.68</b>	<b>11,497.93</b>

### (O) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2020	As at 31.03.2019
Power Sector	6.59%	7.24%

### (P) Movement of Credit-impaired Assets

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
(i) Gross Credit-impaired Assets to Gross Advances (%)	6.59%	7.24%
(ii) Net Credit-impaired Assets to Gross Advances (%)	3.32%	3.79%
(iii) Net Credit-impaired Assets to Net Advances (%)	3.45%	3.95%
(iv) Movement of Credit-impaired Assets (Gross)		
(a) Opening balance	20,348.44	17,128.43
(b) Additions during the year	2,037.61	4,628.40
(c) Reductions during the year	(752.09)	(1408.39)
(d) Write-off during the year	(378.41)	-

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
(e) Closing balance	21,255.55	20,348.44
<b>(v) Movement of Credit-impaired Assets (Net)</b>		
(a) Opening balance	10,649.49	8,637.90
(b) Additions during the year	691.40	3,051.83
(c) Reductions during the year	(637.47)	(1040.24)
(d) Write-off during the year	-	-
(e) Closing balance	10,703.42	10,649.49
<b>(vi) Movement of provisions for Credit-impaired Assets</b>		
(a) Opening balance	9,698.95	8,490.53
(b) Provisions made during the year	1,346.21	1,576.57
(c) Write-back of excess provisions	(114.62)	(368.15)
(d) Provision on assets written off during the year	(378.41)	-
(e) Closing balance	10,552.13	9,698.95

**(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 amor tised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

## CONSOLIDATED NOTES TO ACCOUNTS

### (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/renegotiated 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:**

Particulars	FY 2019-20	FY 2018-19
No. of Accounts sold/settled as part of IBC proceedings	1	-
Aggregate Outstanding (₹ in Crores)	236.80	-
Aggregate consideration received (₹ in Crores)	124.13	-

(T) The Company has not entered into any securitisation/ assignment transactions during the year ended 31<sup>st</sup> March 2020 (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 31.03.2020	1	2,342.00	2,244.97
As at 31.03.2019	1	2,302.00	1,536.01

One of the borrowers, M/s RKM Powergen Pvt Ltd. has obtained an ad-interim order from Hon'ble High Court of Madras on 18<sup>th</sup> September 2015 not to classify the account as Non-Performing Asset. Accordingly, the loan outstanding of the borrower has not been classified as Stage III Asset, even though the overdues are more than 90 days old and the asset is credit impaired. However, the Company has created an adequate provision of ₹961.63 crore @ 41.06% of the loan outstanding of ₹2,342 crore (As at 31<sup>st</sup> March 2019 - ₹942.67 crore @ 40.95% of loan outstanding of ₹2,302 crore) as per Expected Credit Loss (ECL) Methodology as on 31<sup>st</sup> March 2020 after considering the financial and operational parameters of the project.

(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	Amount
(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
(iv) General Provisions adjusted during the periods against slippages and the residual provisions	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.

## CONSOLIDATED NOTES TO ACCOUNTS

## (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)

Asset Classification as per RBI Norms	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
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8)=(5)-(7)
<b>Performing Assets</b>							
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
<b>Sub Total (1)</b>		<b>301,169.13</b>	<b>302,823.99</b>	<b>1,443.91</b>	<b>301,380.08</b>	<b>2,481.55</b>	<b>(1037.64)</b>
<b>Non-Performing Assets</b>							
<b>Substandard Assets</b>	Stage 3	2,037.61	2,037.61	468.91	1,568.70	203.76	265.15
<b>Doubtful Assets</b>							
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		<b>19,200.72</b>	<b>19,200.72</b>	<b>10,066.00</b>	<b>9,134.72</b>	<b>10,095.18</b>	<b>(29.18)</b>
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
<b>Sub-total for NPA (2)</b>		<b>21,255.55</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>10,703.42</b>	<b>10,316.16</b>	<b>235.97</b>
<b>Total Loan Assets</b>		<b>322,424.68</b>	<b>324,079.54</b>	<b>11,996.04</b>	<b>312,083.50</b>	<b>12,797.71</b>	<b>(801.67)</b>
<b>Other items which are in scope of Ind-AS 109 but not covered under IRACP norms</b>							
- Letter of Comfort	Stage 1	959.67	959.67	8.38	951.29	-	8.38
<b>Sub-Total (3)</b>		<b>959.67</b>	<b>959.67</b>	<b>8.38</b>	<b>951.29</b>	<b>-</b>	<b>8.38</b>
<b>Total</b>	<b>Stage 1</b>	<b>299,697.53</b>	<b>301,351.83</b>	<b>488.46</b>	<b>300,863.37</b>	<b>1,779.27</b>	<b>(1290.81)</b>
	<b>Stage 2</b>	<b>2,431.27</b>	<b>2,431.83</b>	<b>963.83</b>	<b>1,468.00</b>	<b>702.28</b>	<b>261.55</b>
	<b>Stage 3</b>	<b>21,255.55</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>10,703.42</b>	<b>10,316.16</b>	<b>235.97</b>
	<b>Total</b>	<b>323,384.35</b>	<b>325,039.21</b>	<b>12,004.42</b>	<b>313,034.79</b>	<b>12,797.71</b>	<b>(793.29)</b>

The difference between the impairment allowance under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI is appropriated to "Impairment Reserve". Refer Note 27.9.

## CONSOLIDATED NOTES TO ACCOUNTS

### 50.1.4 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

(Amount ₹ in Crores)

Particulars	Less than 1 year	1 year- 2 year	2 year- 3 year	More than 3 year	Total
<b>As at 31<sup>st</sup> March 2020</b>					
Gross carrying value	70.93	42.14	9.86	33.60	156.53
Expected loss rate	14.70%	25.20%	50.00%	100.00%	38.06%
Expected credit loss (provision)	10.43	10.62	4.93	33.60	59.58
Carrying amount (net of impairment)	60.50	31.52	4.93	-	96.95
<b>As at 31<sup>st</sup> March 2019</b>					
Gross carrying value	94.13	31.52	3.37	23.83	152.85
Expected loss rate	10.36%	8.76%	50.15%	100.00%	24.88%
Expected credit loss (provision)	9.75	2.76	1.69	23.83	38.03
Carrying amount (net of impairment)	84.38	28.76	1.68	-	114.82

RECPDCL assumes significant increase in credit risk on Trade Receivables outstanding for more than 1 year.

In case of RECTPCL, there is no history of losses and expected losses, hence the Company has not prepared any general provisions in the current year. The impairment provisions as at 31 March 2020 represents impairment provision on trade receivables created over specific assets rather than a general approach, due to some delay expected from recoveries of certain projects from a debtor JKPDD. The same delay is not originated from the date of recognition, but developed during the due course of operations. The company has created impairment loss allowance against the following trade receivables during the year:

(₹ in Crores)

Particulars	As at 31.03.2020		
	Gross Trade Receivables	Impairment Loss allowance	Net Trade Receivables
JKPDD-UDAY	4.98	0.97	4.01
JKPDD-PMA	4.78	0.92	3.86
JKPDD-PIA	7.08	1.34	5.74
<b>Total</b>	<b>16.84</b>	<b>3.23</b>	<b>13.61</b>

Impairment loss allowance as at 31<sup>st</sup> March, 2019 is Nil.

As at 31<sup>st</sup> March 2020, other trade receivables included in the financial statements of RECTPCL for which there is no Expected Credit Loss amounts to ₹ 3.93 crores (₹ 22.90 crores as on 31.03.2019)

### 50.2 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.

### 50.2. 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 <sup>st</sup> March 2020	Up to 30/31 days	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
<b>Non-Derivative Financial Liabilities :</b>									
<b>Rupee Borrowings</b>									
Debt Securities									
- Principal	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	36,677.47	58,147.32	191,405.81
- Interest	622.04	937.01	2,166.66	3,488.47	7,032.41	21,092.29	14,197.97	19,934.11	69,470.96
Other Borrowings									
- Principal	505.08	600.08	500.08	2,160.09	1,567.21	11,454.18	5,820.02	10,050.02	32,656.76
- Interest	342.74	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
<b>Foreign Currency Borrowings</b>									
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	45.09	36.08	46.93	223.97	236.64	518.73	201.15	17.93	1,326.52
<b>Derivative Liabilities :</b>									
Interest rate swaps	-	-	-	0.00	58.63	190.17	337.26	0.00	586.06
Others -									
Reverse cross currency swap	-	-	-	-	-	-	75.15	664.52	739.67



(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Up to 30/31 days	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
<b>Non-Derivative Financial Liabilities :</b>									
<b>Rupee Borrowings</b>									
Debt Securities									
- Principal	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,187.62	<b>175,057.19</b>
- Interest	484.75	912.75	1,840.88	2,754.00	6,877.86	19,633.29	11,001.43	13,288.00	<b>56,792.96</b>
Other Borrowings									
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59	<b>24,750.14</b>
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00	<b>9,886.29</b>
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	<b>4,651.20</b>
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00	<b>2,899.76</b>
<b>Foreign Currency Borrowings</b>									
Debt Securities									
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85	<b>12,796.69</b>
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00	<b>3,695.39</b>
Other Borrowings									
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-	<b>21,960.79</b>
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-	<b>1,671.24</b>
<b>Derivative Liabilities :</b>									
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11	<b>130.16</b>
Currency swaps	-	-	-	-	-	0.41	-	-	<b>0.41</b>
Forward Contracts	10.26	-	-	-	-	-	-	-	<b>10.26</b>
Others -									
Seagull Option	-	-	-	0.37	18.20	-	-	-	<b>18.57</b>

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.

CONSOLIDATED 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	Up to 30/31 days	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
<b>As at 31<sup>st</sup> March 2020</b>									
Principal	590.00	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	63,572.36	<b>310,428.64</b>
Interest	613.00	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	<b>189,908.03</b>
<b>As at 31<sup>st</sup> March 2019</b>									
Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	135,620.42	<b>269,711.76</b>
Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12	<b>155,043.84</b>

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.

#### 50.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31 <sup>st</sup> March 2020	Up to 30/31 days	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
<b>Loan Assets</b>	590.00	306.00	3,638.03	8,565.24	15,889.84	63,791.10	55,014.93	164,288.36	<b>312,083.50</b>
<b>Investments</b>	-	-	-	-	1,501.45	22.93	-	602.73	<b>2,127.11</b>
<b>Rupee Borrowings</b>									
<b>Debt Securities</b>	1,120.17	712.47	7,589.45	14,788.18	21,131.97	57,816.85	36,641.24	58,053.36	<b>197,853.69</b>
Other Borrowings	507.08	600.08	826.89	2,160.09	1,567.21	11,454.18	5,820.02	10,050.02	<b>32,985.57</b>
Subordinated Liabilities	-	168.47	-	-	2.11	-	2,499.33	2,149.74	<b>4,819.65</b>
<b>Foreign Currency Borrowings</b>									
Debt Securities	-	106.20	66.41	63.61	2,994.65	-	13,849.28	4,984.41	<b>22,064.56</b>
Other Borrowings	31.38	572.29	611.79	4,032.85	8,471.94	6,567.71	7,689.56	587.57	<b>28,565.09</b>
<b>Foreign Currency Assets</b>	-	-	-	-	-	-	-	-	<b>-</b>
<b>Foreign Currency Liabilities (other than Borrowings)</b>	-	-	-	-	-	-	-	-	<b>-</b>

(₹ in Crores)

As at 31 <sup>st</sup> March 2019	Up to 30/31 days	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
<b>Loan Assets</b>	1,850.88	1,316.82	3,401.32	7,627.17	13,781.11	55,904.77	50,995.33	135,573.52	<b>270,450.92</b>
<b>Investments</b>	56.56	-	-	-	48.30	1,500.00	-	678.27	<b>2,283.13</b>
<b>Rupee Borrowings</b>									
Debt Securities	3,781.97	621.87	3,645.36	11,092.27	22,325.05	65,199.36	25,107.93	48,821.65	<b>180,595.46</b>
Other Borrowings	126.93	350.00	500.00	850.00	207.34	4,257.52	13,405.02	5,187.59	<b>24,884.40</b>
Subordinated Liabilities	-	168.38	-	-	1.59	-	2,499.15	2,149.65	<b>4,818.77</b>
<b>Foreign Currency Borrowings</b>									
Debt Securities	-	98.15	24.29	30.88	-	2,722.66	4,784.70	4,511.39	<b>12,172.07</b>
Other Borrowings	27.10	1,750.21	74.77	1,079.80	2,444.00	10,167.79	6,234.49	-	<b>21,778.16</b>
<b>Foreign Currency Assets</b>	-	-	-	-	-	-	-	-	-
<b>Foreign Currency Liabilities (other than Borrowings)</b>	-	-	-	-	-	-	-	-	-

CONSOLIDATED NOTES TO ACCOUNTS

### 50.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Expiring within one year (cash credit and other facilities)</b>		
- Floating rate	8,780.00	11,440.00
<b>Expiring beyond one year (loans/ borrowings)</b>		
- Floating rate	497.82	1,577.11

### 50.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

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.

#### (i) Funding Concentration based on significant counterparty (borrowings)

Particulars	As at 31.03.2020	As at 31.03.2019
Number of significant counterparties	14	16
Amount (₹ in Crores)	125,850.36	103,251.25
% of Total Liabilities	40.38%	39.12%

## CONSOLIDATED NOTES TO ACCOUNTS

### (ii) Top 10 borrowings

Particulars	As at 31.03.2020		As at 31.03.2019	
	Amount (₹ in Crores)	% of Total borrowings	Amount (₹ in Crores)	% of Total borrowings
1 Term Loan from National Small Savings Fund (NSSF)	10,000.00	3.57%	5,000.00	2.09%
2 54EC- Series XI (2017-18)	9,565.23	3.42%	9,565.23	4.00%
3 Term Loan from State Bank of India	7,299.92	2.61%	7,300.00	3.05%
4 54EC- Series XI (2018-19)	6,651.77	2.38%	5,929.73	2.48%
5 54EC- Series XI (2018-19)	5,759.14	2.06%	-	0.00%
6 Foreign Currency Bonds- US \$700 Mn Bonds	5,277.01	1.88%	4,841.99	2.02%
7 Institutional Bonds- 182 <sup>nd</sup> Series	5,063.00	1.81%	-	0.00%
8 Foreign Currency Bonds- US \$650 Mn Bonds	4,900.08	1.75%	-	0.00%
9 Institutional Bonds- 114 <sup>th</sup> Series	4,300.00	1.54%	4,300.00	1.80%
10 Institutional Bonds- 105 <sup>th</sup> Series	3,922.20	1.40%	3,922.20	1.64%
<b>Total</b>	<b>62,738.35</b>	<b>22.40%</b>	<b>40,859.15</b>	<b>17.08%</b>

### (iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product	As at 31.03.2020		As at 31.03.2019	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
<b>1 Debt Securities</b>				
Institutional Bonds	152,120.20	48.81%	129,273.30	48.98%
Foreign Currency Bonds	22,615.78	7.26%	12,796.69	4.85%
54EC Capital Gain Tax Exemption Bonds	22,376.33	7.18%	23,879.92	9.05%
Tax Free Bonds	12,602.97	4.04%	12,577.97	4.77%
<b>Sub-Total (1)</b>	<b>209,715.28</b>	<b>67.30%</b>	<b>178,527.88</b>	<b>67.65%</b>
<b>2 Borrowings (Other than Debt Securities)</b>				
Foreign Currency Borrowings	21,762.71	6.98%	17,637.62	6.68%
Term Loans from Banks	18,899.78	6.06%	18,550.00	7.03%
Term Loans from Govt. of India	10,000.00	3.21%	5,000.00	1.89%
FCNR (B) Loans	6,973.20	2.24%	4,323.20	1.64%
<b>Sub-Total (2)</b>	<b>57,635.69</b>	<b>18.49%</b>	<b>45,510.82</b>	<b>17.24%</b>
<b>3 Subordinated Liabilities</b>	<b>4,651.20</b>	<b>1.49%</b>	<b>4,651.20</b>	<b>1.76%</b>
<b>Total (1+2+3)</b>	<b>272,002.17</b>	<b>87.28%</b>	<b>228,689.90</b>	<b>86.66%</b>

### (iv) Stock Ratios:

Particulars	As at 31.03.2020				As at 31.03.2019			
	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%	7,975.00	3.33%	3.02%	2.67%
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	10,829.62	3.87%	3.48%	3.12%	4,776.01	2.00%	1.81%	1.60%

## CONSOLIDATED NOTES TO ACCOUNTS

### 50.3 Market Risk - Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised liabilities denominated in a currency, other than the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

The Company has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk 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.

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 31<sup>st</sup> March 2020 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2020			As at 31.03.2019		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD \$	6,591.96	4,070.00	2,521.96	4,830.00	3,370.00	1,460.00
INR Equivalent	49,694.10	30,682.06	19,012.04	33,409.72	23,310.73	10,098.99
JPY ¥	11,755.14	10,623.67	1,131.47	12,428.85	10,920.22	1,508.63
INR Equivalent	818.75	739.94	78.81	777.05	682.73	94.32
EURO €	55.15	29.70	25.45	73.45	48.00	25.45
INR Equivalent	458.04	246.69	211.35	570.74	373.00	197.74
SGD \$	72.08	72.08	-	-	-	-
INR Equivalent	380.80	380.80	-	-	-	-
<b>Total</b>	<b>51,351.69</b>	<b>32,049.49</b>	<b>19,302.20</b>	<b>34,757.51</b>	<b>24,366.46</b>	<b>10,391.05</b>

#### 50.3.1 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 31.03.2020		As at 31.03.2019	
	Favorable	Adverse	Favorable	Adverse
USD/INR	711.35	(711.35)	328.50	(328.50)
JPY/INR	2.95	(2.95)	3.07	(3.07)
EUR/INR	7.91	(7.91)	6.43	(6.43)
SGD/INR	-	-	-	-

\* Holding all other variables constant

### Hedge accounting

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. These borrowings also exposed to interest rate risk as most of the borrowings are carry interest rate linked to LIBOR, EURIBOR 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.

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.

#### (a) Effects of hedge accounting on balance sheet as at 31<sup>st</sup> March, 2020

(₹ in Crores)

Type of hedge and risks	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
		Assets	Liabilities					
<b>Cash flow hedge</b>								
<i>Foreign exchange and interest rate risk</i>								
(i) - Seagull Structure	USD 141.00	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
	JPY 1,032.71	167.37	-	Aug 2023	1:1	0.62	10.30	(10.30)
- Call Spread	USD 25.00	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)
(ii) Cross currency swaps	USD 100.00	-	(297.86)	Dec 2020 - Mar 2025	1:1	3.67%	(175.35)	175.22
	JPY 1,032.71	-	(5.28)	Aug 2023	1:1	0.42%	(1.29)	1.29
	SGD 7.21	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii) Interest rate swaps	USD 126.00	5.24	(134.45)	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91

#### (b) Effects of hedge accounting on statement of profit and loss as at 31<sup>st</sup> March, 2020

(₹ in Crores)

Type of hedge	Change in value of hedging	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>Cash flow hedge</b>				
-Foreign exchange and interest rate risk	55.3	0.13	(629.26)	Gain/ loss on foreign exchange translation
			0.03	Finance cost



## CONSOLIDATED NOTES TO ACCOUNTS

### (c) Movement in cash flow hedging reserve and cost of hedging reserve

Particulars	Amount (₹ in Crores)
<b>Effective portion of Cash Flow Hedges</b>	
<b>Opening Balance</b>	-
Add: Changes in intrinsic value of foreign currency option structures	687.21
Add: Changes in fair value of cross currency swaps	(174.20)
Add: Changes in fair value of interest rate swaps	(185.90)
Less: Amounts reclassified to profit or loss	(629.23)
Less: Deferred tax relating to above (net)	76.04
<b>Closing Balance</b>	<b>(226.08)</b>
<b>Costs of hedging reserve</b>	
<b>Opening Balance</b>	-
Add: Change in deferred time value of foreign currency option structures	(382.41)
Less: Amortisation of time value	108.80
Less: Deferred tax relating to above (net)	68.86
<b>Closing Balance</b>	<b>(204.75)</b>

### 50.4 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 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 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 31<sup>st</sup> March 2020 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2020			As at 31.03.2019		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
<b>INR Borrowings</b>	19,899.78	-	19,899.78	19,550.00	-	19,550.00
<b>USD \$</b>	3,241.96	2,830.00	411.96	2,980.00	2,005.00	975.00
<b>INR Equivalent</b>	24,439.81	21,334.21	3,105.60	20,613.05	13,868.85	6,744.20
<b>JPY ¥</b>	10,327.12	10,327.12	-	10,327.12	10,327.12	-
<b>INR Equivalent</b>	719.28	719.28	-	645.65	645.65	-
<b>SGD \$</b>	72.08	72.08	-	-	-	-
<b>INR Equivalent</b>	380.83	380.83	-	-	-	-
<b>Total INR Equivalent</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>	<b>40,808.70</b>	<b>14,514.50</b>	<b>26,294.20</b>

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.

**CONSOLIDATED NOTES TO ACCOUNTS**

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31.03.2020	As at 31.03.2019
Rupee Loans	312,065.92	279,021.68

**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 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(86.08)	86.08	(85.53)	85.53
Floating/ semi-fixed Rate Loan Assets	1,167.63	(1,167.63)	907.60	(907.60)

\* 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.

**50.5 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 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	25.68	(25.68)	32.35	(32.35)
Impact on Profit and Loss account (PL)	0.63	(0.63)	-	-

**51. Additional Disclosures in respect of derivatives****51.1 Forward Rate Agreements/ Interest Rate Swaps**

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(i) The notional principal of swap agreements	65,453.01	45,803.16
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	3,318.85	1,802.58
(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	1,993.12	1,643.18

\* includes all the currency derivatives, interest rate derivatives and reverse cross-currency derivatives entered by the Company. 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.

## CONSOLIDATED NOTES TO ACCOUNTS

51.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

### 51.3 Quantitative Disclosures

(₹ in Crores)

Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
(i) Derivatives (Notional Principal Amount)						
For hedging	32,049.49	24,366.46	29,056.52	21,436.70	4,347.00	-
(ii) Marked to Market Positions						
a) Asset (+)	3,177.14	1,642.11	141.71	160.47	-	-
b) Liability (-)	-	29.24	586.06	130.16	739.67	-
(iii) Credit Exposure	32,049.49	24,366.46	29,056.52	21,436.70	4,347.00	-
(iv) Unhedged Exposures	19,302.20	10,391.05	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

## 52. Impact of Covid-19 Pandemic on the Company

The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a significant decline and volatility in global and Indian financial markets. It has also caused a significant disruption in the Global and Indian economic activities. On 11 March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO). The situation has been under close watch by the Company to take prompt actions for continuity of business operations in an optimised manner.

### Impact on Business Operations

Amidst the tumult of this unprecedented period, the Company had allowed the employees to "Work From Home" even before the announcement of national lockdown with priority to safeguard the health and well-being of our employees. The Company extensively leveraged the digital technology for review & monitoring, information-sharing and knowledge management. The strong Information Technology capability coupled with the availability of E-Office and ERP applications through secure Virtual Private Network (VPN) allowed the Company to continue the business operations without any significant disruptions due to lockdown. During the last fortnight of the year 2019-20, the Company disbursed loans amounting to ₹ 6,476 crores, while ending the year with disbursements of ₹ 75,667 crores.

### Impact on Lending Operations

The Govt. and various regulators have also introduced a variety of measures to contain the spread of virus and to mitigate the impacts of economic disruptions.

The Reserve Bank of India (RBI), in order to mitigate the burden of debt servicing brought about by disruptions of business activities, permitted Lending Institutions for rescheduling of payments in respect of term loans and Working Capital facilities vide Notification No. RBI/ 2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27 March 2020 hereinafter refer to as "RBI Notification". In line with the RBI notification, the Company has put in place a board-approved policy framework according to which the borrowers can avail a maximum of three months moratorium on payment of principal and/or interest (including additional interest/ further interest/ charges, wherever applicable) on term loans falling due between 1 March 2020 and 31 May 2020. Such moratorium is eligible to the borrowers if the borrowers do not have any overdues as on 1 March, 2020 or if such overdues have been cleared subsequently upto 31<sup>st</sup> May 2020. The Company has already recovered more than 78% of the total recoveries of more than ₹ 9,500 crore due for March 2020. In accordance with the board approved policy, an amount of ₹ 5,172 crores has been deferred representing the amounts falling due between the moratorium period.

Further in line with RBI circular dated 17 April 2020, in case of the standard borrowers and to whom such moratorium has been granted, the period of such moratorium has been excluded from the number of 'Days Past Due' for the purpose of asset classification. However, had this relaxation benefit not been provided, only one borrower with loan outstanding of ₹ 23.37 crores would have otherwise been downgraded as Stage- 3 asset.

## CONSOLIDATED NOTES TO ACCOUNTS

### Availability of Funds from Diverse Sources

The Company has access to various sources for funding its operations including domestic institutional bonds as well as foreign currency bonds, which enhances the reach of the Company to obtain funds from various geographies including United States of America and Europe. Post 31<sup>st</sup> March 2020, the Company has been able to raise more than ₹ 14,000 crores through domestic bonds and loans from banks & financial institutions. Further, the Company has also raised bonds and term loans amounting to USD 800 Million, amounting to ₹ 6,047 crores during the same period. This includes USD 500 Million raised through USD Bonds wherein REC became the first Indian company to successfully raise USD bonds during the Covid-19 pandemic on 12 May 2020.

Additionally, the Company has available limits of more than ₹ 7,000 crores towards long term loans and ₹ 5,000 crores towards Working Capital Loans from various banks. As such, the company has been able to mitigate any negative impact on its liquidity position, allowing the Company to sustain its lending operations without any material impact.

### Covid-19 Relief Package for the Power Sector

Majority of the Power Generation Companies had their power plants operational throughout the lockdown period with limited disruptions in early times of Lockdown. As per the guidelines by Central & State Governments issued from time to time, industries, offices and other commercial places representing major electricity consumers have started resuming their operations with limited capacity. This is steadily increasing the demand for electricity which suffered temporary dips during the lockdown period.

The Govt. of India, as a part of its Covid-19 relief package, has announced liquidity injection to the State discoms in the form of State Govt. guaranteed loans through REC and PFC to clear the outstanding dues of Power Generation and Transmission Companies. Further, the State Governments have been allowed additional borrowing limits from RBI, provided they provide a roadmap for several reform measures, which inter alia includes power sector reforms. The Govt. has also announced to release a tariff policy shortly laying out several reforms for the Power sector, including but not limited to privatisation of discoms in Union Territories etc.

In conjunction with the above cited actions taken by RBI and Government of India and REC's liquidity position and access to diverse sources of funds, at present, there are no reasons to believe that the current crisis will have any significant impact on the ability of the Company to maintain its operations, including the assessment of going concern for the Company. However, 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.

## 53. Exposure Related Disclosures

RBI, vide its letter dated 17<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

### 53.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31<sup>st</sup> March 2020 (As at 31<sup>st</sup> March 2019 Nil).

## CONSOLIDATED NOTES TO ACCOUNTS

### 53.2 Exposure to Capital Market

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
(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;	778.40	820.44
(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	6.18
<b>Total Exposure to Capital Market</b>	<b>784.52</b>	<b>826.62</b>

### 53.3 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Concentration of Advances</b>		
Total Advances to twenty largest borrowers (₹ in Crores)	184,741.84	158,931.60
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	57.30%	56.52%
<b>(ii) Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	288,397.43	254,896.66
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.46%	59.46%
<b>(iii) Concentration of Credit-impaired Assets</b>		
Total Outstanding to top four Credit-impaired Assets (₹ in Crores)	8,618.52	8,502.74
Total Exposure to the above four Credit-impaired Assets (₹ in Crores)	8,618.52	8,502.74

**CONSOLIDATED NOTES TO ACCOUNTS****54. 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 31.03.2020	As at 31.03.2019
<b>Financial assets measured at fair value</b>			
Derivative financial instruments	9	3,318.85	1,802.58
Investments* measured at			
(i) Fair value through other comprehensive income	11	513.55	646.99
(ii) Fair value through profit and loss	11	1,558.53	1,556.87
<b>Financial assets measured at amortised cost</b>			
Cash and cash equivalents	6	1,717.71	381.99
Other Bank Balances	7	2,257.45	1,733.08
Trade receivables	8	110.72	137.72
Loan Assets	10	312,083.50	270,450.92
Investments	11	55.03	79.27
Other financial assets	12	22,099.67	18,363.99
<b>Total</b>		<b>343,715.01</b>	<b>295,153.41</b>
<b>Financial liabilities measured at fair value</b>			
Derivative financial instruments	9	1,325.73	159.40
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	19	46.15	67.29
Debt securities	20	219,918.25	192,767.51
Borrowings (other than debt securities)	21	61,550.66	46,662.54
Subordinated liabilities	22	4,819.65	4,818.76
Other financial liabilities	23	23,782.21	19,227.07
<b>Total</b>		<b>311,442.65</b>	<b>263,702.57</b>

**54.1 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.



## CONSOLIDATED NOTES TO ACCOUNTS

### Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2020				As at 31.03.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Investments at FVOCI</b>								
Equity investments	507.43	6.12	-	513.55	640.81	6.18	-	646.99
<b>Investments at FVTPL</b>								
Equity investments	12.50	-	-	12.50	-	-	-	-
Perpetual Bonds	-	-	1,500.62	1,500.62	-	-	1,556.87	1,556.87
Preference Shares	-	-	45.41	45.41	-	-	-	-
<b>Assets at FVTPL</b>								
Derivative financial instruments	-	3,318.85	-	3,318.85	-	1,802.58	-	1,802.58
<b>Liability at FVTPL</b>								
Derivative financial instruments	-	1,325.73	-	1,325.73	-	159.40	-	159.40

### 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) Investment in Venture Capital Fund - Level 2 - Investment in venture capital fund are measured at their fair value as per the Net Asset Value (NAV) Certificate shared by the fund.
- (C) 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.
- (D) Investment in Perpetual Bond Investments - Level 3 - The Company has made investments in perpetual bonds of Indian Bank, Bank of Baroda and Syndicate Bank which are quoted on NSE/BSE. The Company checks for active market transactions for these bonds. However, there is no history of any market activity in these bonds held by the Company, and therefore, quoted price for such bonds is not available. The Company checks for any significant changes in credit rating of the investee banks, and if no change is noted, then, coupon rate is considered for computing the fair value using discounted cash flow method.
- (E) 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.
- (F) 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 i.e. RattanIndia Power Ltd. pursuant to One Time Settlement arrangement executed on 23<sup>rd</sup> December 2019. The fair value has been derived by present value technique by discounting estimated 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. (For details refer Note: 11.1).

## CONSOLIDATED NOTES TO ACCOUNTS

### 54.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	FY 2019-20				FY 2018-19			
	FVTPL		FVOCI	Total	FVTPL		FVOCI	Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in Equity Shares		Investment in Perpetual Bonds	Investment in Preference Shares	Investment in Equity Shares	
Opening Balance	1,556.87	-	-	1,556.87	1,500.62	-	-	1,500.62
Received in Loan Settlement (Refer Note 10.3)	-	32.42	-	32.42	-	-	-	-
Settlement	(224.50)	-	-	(224.50)	(112.00)	-	-	(112.00)
Transfer from Level 3	-	-	-	-	-	-	-	-
Interest income	168.25	1.50	-	169.75	168.25	-	-	168.25
Fair value changes	-	11.49	-	11.49	-	-	-	-
Closing Balance	1,500.62	45.41	-	1,546.03	1,556.87	-	-	1,556.87
Unrealised gain/ (loss) at year-end	0.62	12.99	(16.00)	(2.39)	56.87	-	(118.00)	(61.13)

Refer Note No. 11.2 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

### 54.3 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 31.03.2020		As at 31.03.2019	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	1,717.71	1,717.71	381.99	381.99
Bank balances other than above	2,257.45	2,257.45	1,733.08	1,733.08
Trade receivables	110.72	110.72	137.72	137.72
Loans	312,083.50	311,112.33	270,450.92	267,598.29
Investments	55.03	62.13	79.27	79.27
Other financial assets	22,099.67	22,100.77	18,363.99	18,365.66
<b>Total</b>	<b>338,324.08</b>	<b>337,361.11</b>	<b>291,146.97</b>	<b>288,296.01</b>
<b>Financial liabilities</b>				
Trade payables	46.15	46.15	67.29	67.29
Debt securities	219,918.25	212,067.95	192,767.51	194,378.92
Borrowings (other than debt securities)	61,550.66	61,991.40	46,662.54	46,595.45
Subordinated liabilities	4,819.65	5,028.88	4,818.76	4,748.14
Other financial liabilities	23,782.21	23,782.21	19,227.07	19,227.07
<b>Total</b>	<b>310,116.92</b>	<b>302,916.59</b>	<b>263,543.17</b>	<b>265,016.87</b>

### 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:

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 31<sup>st</sup> March 2020 was assessed to be insignificant.

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.

## 55. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
Principal amount remaining unpaid as at year end	0.15	2.65
Interest due thereon remaining unpaid as at year end	-	0.39
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	0.14	-
Interest accrued and remaining unpaid as at year end.	0.53	0.39
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.	-	-

## 56. Related Party Disclosures :

### 56.1 List of Related Parties

#### (1) Key Managerial Personnel

Sh. Sanjeev Kumar Gupta	Chairman & Managing Director w.e.f 01 <sup>st</sup> June 2020 and Director (Technical)
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director and Director (Finance) upto 31 <sup>st</sup> May 2020
Sh. Ajay Choudhary	Director (Finance) w.e.f 1 <sup>st</sup> June 2020
Sh. Praveen Kumar Singh	PFC Nominee Director (Non-executive Director w.e.f 18 <sup>th</sup> June 2019)
Sh. Mritunjay Kumar Narayan	Govt. Nominee Director (Non-executive Director w.e.f 2 <sup>nd</sup> September 2019)
Dr. Arun Kumar Verma	Govt. Nominee Director (Non-executive Director upto 2 <sup>nd</sup> Sept 2019)
Dr. Bhagvat Kisanrao Karad	Part Time Non-Official Independent Director (upto 11 <sup>th</sup> March 2020)

**CONSOLIDATED NOTES TO ACCOUNTS**

Smt. Asha Swarup	Part Time Non-Official Independent Director (upto 7 <sup>th</sup> February 2020)
Sh. Aravamudan Krishna Kumar	Part Time Non-Official Independent Director (upto 12 <sup>th</sup> November 2019)
Prof. T.T. Ram Mohan	Part Time Non-Official Independent Director (upto 12 <sup>th</sup> November 2019)
Sh. J.S. Amitabh	Executive Director & Company Secretary

**(2) Ultimate Holding Company**

Power Finance Corporation Ltd.

**(3) Associate Companies of REC Transmission Projects Company Limited**

Dinchang Transmission Limited

Chandil Transmission Limited

Koderma Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

Khetri Transco Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 29<sup>th</sup> August, 2019.

Bhind-Guna Transmission Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 11<sup>th</sup> September, 2019.

Udupi Kasargode Transmission Limited - transferred to Sterlite Grid on 12<sup>th</sup> September, 2019.

Ajmer Phagi Transco Limited - transferred to Power Grid Corporation of India Limited (PGCIL) on 3<sup>rd</sup> October, 2019.

WRSS XXI (A) Transco Limited - transferred to Adani Transmission Limited on 14<sup>th</sup> October, 2019.

Lakadia Banaskantha Transco Limited - - transferred to Adani Transmission Limited on 13<sup>th</sup> November, 2019.

Jam Khambaliya Transco Limited - transferred to Adani Transmission Limited on 13<sup>th</sup> November, 2019.

Rampur Sambhal Transco Limited - Incorporated on 02.05.2019 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12<sup>th</sup> December, 2019.

**(4) Joint Ventures**

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

EPAL Holdings 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)

NEESL Private Limited

**(5) Post-employment Benefit Plan Trusts**

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

## CONSOLIDATED NOTES TO ACCOUNTS

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

### (6) Society registered for undertaking CSR Initiatives

REC Foundation

Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

#### (1) Key Managerial Personnel of Ultimate Holding Company

Sh. Rajeev Sharma	Chairman & Managing Director (upto 31 <sup>st</sup> May 2020)
Sh Ravinder Singh Dhillon	Director (Projects) w.e.f 12 <sup>th</sup> June 2019 upto 31 <sup>st</sup> May, 2020, Chairman & Managing Director w.e.f 1 <sup>st</sup> June, 2020
Sh. Naveen Bhushan Gupta	Director (Finance)
Sh. Praveen Kumar Singh	Director (Commercial)
Sh Chinmoy Gangopadhyay	Director (Projects)- upto 30 <sup>th</sup> April, 2019
Sh Mritunjay Kumar Narayan	Govt. Nominee Director (Non-executive Director w.e.f 28 <sup>th</sup> August 2019)
Sh Arun Kumar Verma	Govt. Nominee Director (Non-executive Director upto 27 <sup>th</sup> August 2019)
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director w.e.f 11 <sup>th</sup> July 2019)
Shri Sitaram Pareek	Part Time Non-Official Independent Director (upto 5 <sup>th</sup> February 2020)
Shri Manohar Balwani	Company Secretary

#### (2) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) (Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.)

#### (3) Associate Companies of Ultimate Holding Company

Bihar Infra Power Limited

Bihar Mega Power Limited

Cheyur Infra Limited

Chhatisgarh Surguja Power Limited

Coastal Karnataka Power Limited

Coastal Maharashtra Mega Power Limited

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

Bhuj-II Transmission Limited (through PFFCL- transferred to Power Grid Corporation of India on 16<sup>th</sup> October, 2019)

**CONSOLIDATED NOTES TO ACCOUNTS**

Bijawar-Vidhrbha Transmission Limited (through PFFCL- National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP)

Bikaner-Khetri Transmission Limited (through PFFCL- transferred to Adani Transmission Limited on 19<sup>th</sup> September, 2019.)

Fatehgarh-II Transco Limited (through PFFCL- transferred to Power Grid Corporation of India on 14<sup>th</sup> October, 2019)

Karur Transmission Limited (through PFFCL- incorporated on 20<sup>th</sup> November, 2019)

Koppal-Narendra Transmission Limited (through PFFCL- incorporated on 18<sup>th</sup> November, 2019)

Lakadia-Vadodara Transmission Project Limited (through PFFCL- transferred to Sterlite Power Transmission Limited on 26<sup>th</sup> November, 2019)

Meerut-Simbhaval Transmission Limited (through PFFCL- transferred to Power Grid Corporation of India on 19.12.2019)

Shongtong Karcham-Wangtoo Transmission Limited (through PFFCL- under process of strike off)

Tanda Transmission Company Limited (through PFFCL- under process of strike off)

VAPI-II North Lakhimpur Transmission Ltd. (through PFFCL)

**(4) 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

**56.2 Amount due from/ to the related parties :**

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Associates</b>		
Loans to associates	9.33	9.06
Payables	0.68	0.08
<b>Post-employment Benefit Plan Trusts</b>		
Debt Securities	8.70	3.00
Debt Securities- Holding Company	19.90	18.50
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Other financial liabilities- Others	0.38	31.78
Other financial assets	4.21	2.77
<b>Post-employment Benefit Plan Trusts of Ultimate Holding Company</b>		
Debt Securities	4.10	4.10
<b>Key Managerial Personnel</b>		
Debt Securities	0.10	1.00
Staff Loans & Advances	0.33	0.46
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Debt Securities	0.12	0.10



## CONSOLIDATED NOTES TO ACCOUNTS

### 56.3 Transactions with the related parties :

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
<b>Power Finance Corporation Ltd.</b>		
Dividend Paid	1,143.44	-
Directors' Sitting Fee	0.02	-
<b>Post-employment Benefits Plan Trusts</b>		
Contributions made by the Company during the year	31.78	99.58
Subscription to the bonds of Company	5.70	-
Subscription to GOI Serviced Bonds	-	29.30
Subscription to the bonds of Holding Company	1.40	-
Finance Costs - Interest Paid	1.70	0.27
<b>Post-employment Benefits Plan Trusts of Ultimate Holding Company</b>		
Subscription to the bonds of Company	-	-
Finance Costs - Interest Paid	0.33	-
<b>Key Managerial Personnel</b>		
Staff Loans & Advances	-	-
Interest Income on Staff Loans	0.01	0.09
Finance Cost	0.02	0.02
Employee Benefits Expense - Managerial Remuneration	2.45	2.65
Directors' Sitting Fee	0.17	0.24
<b>Key Managerial Personnel of Ultimate Holding Company</b>		
Finance Cost	0.01	-

### 56.4 Terms and conditions of transactions with related parties

The Company makes 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. Further, the finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the interest rate payable on such debt securities is uniformly applicable to all the bondholders.

### 56.5 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the reporting period is as below:

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
(i) Short-term employee benefits	2.25	2.44
(ii) Post employment benefits	0.20	0.21
<b>Total</b>	<b>2.45</b>	<b>2.65</b>

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****56.6 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 31.03.2020	Year ended 31.03.2019
Disbursement of Loans	1,437.18	3,583.67
Interest income recognised	2,139.65	1,935.27

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-20	As at 31-03-19
Loan Assets	21,612.09	21,034.76
Interest Accrued	248.04	15.88

Refer Note No. 12, 21.2.(i), 23 and 33 in respect of material transactions with the Central Govt.

**57. Disclosures in respect of Ind AS 116 'Leases'**

The Company had adopted Ind AS 116 - 'Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards) Second Amendment Rules, 2019 dated 30.03.2019. The Standard requires the Company to recognise each lease on the Balance Sheet as a Right-of-Use asset with corresponding lease liability in respect of the amounts payable towards such leases in future periods. However, the Company has exercised the recognition exemption in respect of short-term leases and leases of low-value underlying assets. Short term leases include leases with termination options, where there are no material economic disincentives to terminate such leases. Such agreements to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

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.

**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	FY 2019-20
Short-term leases	12.84
Leases of low value assets	0.02
Variable lease payments	-
<b>Total</b>	<b>12.86</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### B. Cash outflow for leases

(₹ in Crores)

Particulars	FY 2019-20
Short-term leases	12.89
Leases of low value assets	0.02
Payment of lease liabilities	0.88
<b>Total</b>	<b>13.79</b>

### C. Transition Impact

The following is a reconciliation of the financial statement line items from Ind AS 17 to Ind AS 116 at 1 April 2019:

(₹ in Crores)

Particulars	Carrying amount as at 31 March, 2019	Remeasurement	Ind AS 116 carrying amount as at 1 April, 2019
Right of Use asset	1.28	2.65	3.93
Lease liabilities	(0.11)	(2.65)	(2.76)
<b>Total</b>	<b>1.17</b>	<b>-</b>	<b>1.17</b>

### D. Set out below are the carrying amounts of lease liabilities and the movements during the year:

(₹ in Crores)

Particulars	FY 2019-20
<b>Opening Balance</b>	<b>2.76</b>
Finance Cost accrued during the period	0.29
Payments made during the year	(0.93)
<b>Closing Balance</b>	<b>2.12</b>

### E. The table below provides details regarding the contractual maturities of lease liabilities as at 31<sup>st</sup> March 2020:

(₹ in Crores)

Particulars	As at 31-03-20
Upto 1 year	1.00
1-5 years	1.42
<b>More than 5 years</b>	<b>-</b>

### F. 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****G. Other transition details**

- (i) Effective 1 April 2019, the Company has adopted Ind AS 116 "Leases" and applied modified retrospective approach where right of use as on the date of transition has been assumed to be equal to lease liability recognized at transition, with suitable adjustments of prepaid and accruals of rentals to all lease contracts existing as at 1 April 2019.

On transition, the adoption of new standard resulted in recognition of lease liability of ₹ 2.65 crores and corresponding right of use asset of ₹ 2.65 crores.

- (ii) For contracts in place as at 1 April 2019, Company has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- (iii) Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.
- (iv) On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straightline basis over the remaining lease term.

**58. Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':****58.1 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 & RECTPCL, 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/ separate 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 ₹ 15.42 Crores (Previous year ₹ 14.87 Crores) towards defined contribution plans.

**58.2 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 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	36.82	42.41
Fair Value of Plan Assets	35.47	44.15
Net Defined Benefit (Asset)/ Liability	1.35	(1.74)

## CONSOLIDATED NOTES TO ACCOUNTS

### Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
<b>Opening Balance</b>	<b>42.41</b>	<b>52.59</b>	<b>44.15</b>	<b>48.66</b>	<b>(1.74)</b>	<b>3.93</b>
<b>Included in profit or loss</b>						
Current service Cost	2.27	2.59	-	-	2.27	2.59
Interest cost / income	2.95	4.00	3.40	3.71	(0.45)	0.29
<b>Total amount recognised in profit or loss</b>	<b>5.22</b>	<b>6.59</b>	<b>3.4</b>	<b>3.71</b>	<b>1.82</b>	<b>2.88</b>
<b>Included in OCI</b>						
Re-measurement loss (gain)						
-Actuarial loss (gain) arising from changes in financial assumptions	1.82	(0.31)	-	-	1.82	(0.31)
-Actuarial loss (gain) arising from changes in demographic assumptions	-	(1.44)	-	-	-	(1.44)
-Actuarial loss (gain) arising from Experience adjustments	(0.89)	(3.69)	-	-	(0.89)	(3.69)
Return on plan assets excluding interest income	-	-	(0.41)	0.22	0.41	(0.22)
<b>Total amount recognised in OCI</b>	<b>0.93</b>	<b>(5.44)</b>	<b>(0.41)</b>	<b>0.22</b>	<b>1.34</b>	<b>(5.66)</b>
Contribution by participants	-	-	-	2.84	-	(2.84)
Contribution by employers	-	-	0.06	0.05	(0.06)	(0.05)
Benefits paid	(11.74)	(11.33)	(11.73)	(11.33)	(0.01)	-
<b>Closing Balance</b>	<b>36.82</b>	<b>42.41</b>	<b>35.47</b>	<b>44.15</b>	<b>1.35</b>	<b>(1.74)</b>

### 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 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	136.42	129.77
Fair Value of Plan Assets	140.64	97.99
Net Defined Benefit (Asset)/ Liability	(4.22)	31.78

### Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
<b>Opening Balance</b>	<b>129.77</b>	<b>105.19</b>	<b>97.99</b>	<b>-</b>	<b>31.78</b>	<b>105.19</b>
<b>Included in profit or loss</b>						
Current service Cost	2.80	2.06	-	-	2.80	2.06
Interest cost / income	9.73	7.99	7.55	1.25	2.18	6.74
<b>Total amount recognised in profit or loss</b>	<b>12.53</b>	<b>10.05</b>	<b>7.55</b>	<b>1.25</b>	<b>4.98</b>	<b>8.80</b>

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
<b>Included in OCI</b>						
Re-measurement loss (gain)						
-Actuarial loss (gain) arising from changes in financial assumptions	18.85	(6.34)	-	-	18.85	(6.34)
-Actuarial loss (gain) arising from changes in demographic assumptions	-	1.20	-	-	-	1.20
-Actuarial loss (gain) arising from Experience adjustments	(15.32)	29.44	-	-	-15.32	29.44
Return on plan assets excluding interest income	-	-	3.32	-	-3.32	-
<b>Total amount recognised in OCI</b>	<b>3.53</b>	<b>24.30</b>	<b>3.32</b>	<b>-</b>	<b>0.21</b>	<b>24.30</b>
Contribution by participants	-	-	31.78	96.74	(31.78)	(96.74)
Benefits paid	(9.41)	(9.77)	-	-	(9.41)	(9.77)
<b>Closing Balance</b>	<b>136.42</b>	<b>129.77</b>	<b>140.64</b>	<b>97.99</b>	<b>(4.22)</b>	<b>31.78</b>

**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 31.03.2020	As at 31.03.2019
<b>Present value of Defined benefit obligation</b>		
- ERS	4.25	3.69

**Movement in net defined benefit (asset)/ liability for ERS**

(₹ in Crores)

Particulars	FY 2019-20	FY 2018-19
<b>Opening Balance</b>	<b>3.69</b>	<b>3.34</b>
<b>Included in profit or loss</b>		
Current service Cost	0.16	0.18
Interest cost / income	0.26	0.25
<b>Total amount recognised in profit or loss</b>	<b>0.42</b>	<b>0.43</b>
<b>Included in OCI</b>		
<b>Re-measurement loss (gain)</b>		
- Actuarial loss (gain) arising from changes in financial assumptions	0.34	(0.02)
-Actuarial loss (gain) arising from Experience adjustments	0.99	0.75
<b>Total amount recognised in OCI</b>	<b>1.33</b>	<b>0.73</b>
Benefits paid	(1.19)	(0.81)
<b>Closing Balance</b>	<b>4.25</b>	<b>3.69</b>



## CONSOLIDATED NOTES TO ACCOUNTS

### 58.2.1 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.

### 58.2.2 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 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Cash & Cash Equivalents	0.93	0.61	3.40	0.65
Unquoted Plan Assets				
Corporate Bonds/ Debentures	-	-	137.24	97.34
Others - Insurer managed funds & T-bills	34.54	43.54	-	-
<b>Sub-total - Unquoted Plan Assets</b>	<b>34.54</b>	<b>43.54</b>	<b>137.24</b>	<b>97.34</b>
<b>Total</b>	<b>35.47</b>	<b>44.15</b>	<b>140.64</b>	<b>97.99</b>

Actual return on plan assets is ₹ 13.86 crores (previous year ₹ 5.16 crores).

### 58.2.3 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, 2020 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	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	6.72%	7.71%	6.72%	7.71%	6.72%	7.71%
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)	15.41	13.12	15.41	13.12	15.41	13.12

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.

## CONSOLIDATED NOTES TO ACCOUNTS

### 58.2.4 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 31.03.2020		As at 31.03.2019	
	Increase	Decrease	Increase	Decrease
<b>Discount rate (0.50% movement)</b>				
- Gratuity	(0.77)	0.94	(0.89)	1.10
- PRMS	(10.02)	10.48	(0.77)	0.84
- ERS	(0.15)	0.17	(0.13)	0.15
<b>Salary Escalation Rate (0.50% movement)</b>				
- Gratuity	0.14	(0.11)	0.15	(0.12)
- PRMS	-	-	-	-
- ERS	0.16	(0.14)	0.14	(0.12)
<b>Medical inflation Rate (0.50% movement)</b>				
- PRMS	9.74	(9.39)	6.31	(5.92)
<b>Medical Cost (10% movement)</b>				
- PRMS	13.99	(13.42)	12.98	(12.98)

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.

### 58.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19	As at 31.03.20	As at 31.03.19
Less than 1 year	11.95	13.10	9.89	10.38	1.26	0.88
From 1 to 5 years	21.20	31.68	58.86	64.73	3.89	3.35
Beyond 5 years	32.68	31.98	231.09	254.11	5.35	3.12
<b>Total</b>	<b>65.83</b>	<b>76.76</b>	<b>299.84</b>	<b>329.22</b>	<b>10.50</b>	<b>7.35</b>

### 58.2.6 Expected contribution for the next year.

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Expected contribution	3.29	1.72	-	34.74	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.57 years (as at 31.03.2019 - 12.76 years).

## CONSOLIDATED NOTES TO ACCOUNTS

### 58.3 Other Long-term Employee Benefits

#### 58.3.1 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 ₹ 8.00 crore (Previous year ₹ 7.41 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

#### 58.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.93 crore (Previous year ₹ 1.43 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

In case of RECPDCL and RECTPCL, 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 ₹ 0.15 crore (Previous year ₹ 0.18 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

### 59. 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 23<sup>rd</sup> 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.

**CONSOLIDATED NOTES TO ACCOUNTS**

**60.** 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.

**60.1 Information about Revenue from major products and services.**

(₹ in Crores)

Particulars	FY 2019 20	FY 2018-19
(A) Income from Loan Assets	29,441.76	24,869.97
(B) Fee for Implementation of Govt. Schemes	19.52	83.02
(C) Income from Management of Short-term Surplus Funds	81.95	55.48
(D) Revenue from sale of services	182.11	169.93
<b>Total</b>	<b>29,725.34</b>	<b>25,178.40</b>

**60.2** The Group does not have any reportable geographical segment as the primary operations of the Group are carried out within the country.

**60.3** No single borrower has contributed 10% or more to the Company's revenue during the financial year 2019-20 and 2018-19.

**61. 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 31-03-20	As at 31-03-19
REC Transmission Projects Company Limited (RECTPCL)	India	100%	100%
REC Power Distribution Company Limited (RECPDCL)	India	100%	100%

**B. Joint venture**

Name of entity	Place of business/ country of incorporation	Ownership interest/ Carrying Amount held by the Group*	
		As at 31-03-20	As at 31-03-19
Energy Efficiency Services Limited (EESL)*	India		
Ownership interest		22.18%	21.70%
Carrying Amount**		258.47	179.63

\*The financial statements for FY 2019 20 and FY 2018-19 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. The impact in figures post completion of audit for FY 2018-19 has been adjusted in current year.

\*\* 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 31-03-20	As at 31-03-19
Dinchang Transmission Limited	India	100.00%	100.00%
Chandil Transmission Limited	India	100.00%	100.00%
Dumka Transmission Limited	India	100.00%	100.00%

## CONSOLIDATED NOTES TO ACCOUNTS

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31-03-20	As at 31-03-19
Mandar Transmission Limited	India	100.00%	100.00%
Koderma Transmission Limited	India	100.00%	100.00%
Ajmer Phagi Transco Limited	India	-	100.00%
Bhindguna Transmission Limited	India	-	100.00%
Jam Khambaliya Transco Limited	India	-	100.00%
Khetri Transco Limited	India	-	100.00%
Lakadia Banaskantha Transco Limited	India	-	100.00%
Udupi Kasargode Trans. Ltd.	India	-	100.00%
WRSS XXI (A) Transco Limited**	India	-	100.00%
Rampur Sambhal Transco Limited**	India	-	-
Osmanabad Maharashtra Line*	India	-	-
Bidar Karnataka Line*	India	-	-
Gadag Karnataka Part A Line*	India	-	-
Solar Energy Rajasthan Part A Line*	India	-	-
Solar Energy Rajasthan Part B Line*	India	-	-
Solar Energy Rajasthan Part C Line*	India	-	-
Rajgarh Madhya Pradesh Line*	India	-	-

\* these SPVs are in process of Incorporation. However as RfP have been issued by March 2020 therefore as per allocation policy, expense have been allocated.

\*\* these SPVs have 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.

### D Joint venture accounted for using equity method

#### Summarised financial position of EESL

(₹ in Crores)

Particulars	As at March 31, 2020*	As at March 31, 2019 *
<b>Financial assets</b>		
Cash and cash equivalents	177.73	424.96
Bank balances other than above	409.41	335.76
Other financial assets	3,564.63	2,270.02
<b>Sub-Total</b>	<b>4,151.77</b>	<b>3,030.74</b>
Non Financial assets	4,957.51	3,833.63
<b>Total assets</b>	<b>9,109.28</b>	<b>6,864.37</b>
Financial Liabilities	7,554.35	5,686.62
Non Financial Liabilities	373.84	348.67
<b>Total liabilities</b>	<b>7,928.19</b>	<b>6,035.29</b>
<b>Net assets</b>	<b>1,181.09</b>	<b>829.08</b>

\* Based on unaudited standalone financial position of the joint venture

**CONSOLIDATED NOTES TO ACCOUNTS****Summarised financial performance of EESL**

(₹ in Crores)

Particulars	For the year ended March 31, 2020*	For the year ended March 31, 2019 *
<b>A. Income</b>		
Revenue from operations	2,487.72	1,829.27
Other income	87.80	93.82
<b>Total (A)</b>	<b>2,575.52</b>	<b>1,923.09</b>
<b>B. Expenses</b>		
Finance costs	354.85	187.84
Depreciation, amortization and impairment	511.17	331.49
Purchases of stock-in-trade	1,051.86	939.48
Change in inventories	59.39	25.41
Other expenses	519.23	296.03
<b>Total (B)</b>	<b>2,496.50</b>	<b>1,780.25</b>
<b>C. Share of net profits/(losses) of joint ventures accounted for using equity method</b>	-	-
<b>D. Profit before tax (A-B+C)</b>	<b>79.02</b>	<b>142.84</b>
E. Tax Expense	(3.32)	59.01
<b>F. Profit for the period (C-D)</b>	<b>82.34</b>	<b>83.83</b>
<b>G. Other comprehensive income/ (Loss)</b>	(21.60)	(0.22)
<b>H.Total comprehensive income (F+G)</b>	<b>60.74</b>	<b>83.61</b>
Dividends received from EESL	2.10	2.39

\* Based on unaudited standalone financial performance of the joint venture after adjusting the impact of change in current period due to audit of previous financial year

**Reconciliation to carrying amount of Energy Efficient Services Limited:**

(₹ in Crores)

Particulars	For the year ended March 31, 2020 *	For the year ended March 31, 2019 *
<b>Opening net assets</b>	<b>874.58</b>	<b>690.07</b>
Impact of cumulative opening adjustments due to subsequent audit	(4.65)	
Share application money - adjusted		(99.00)
Increase in Share capital	308.12	213.20
Profit for the year	44.92	83.83
Other comprehensive income(net of taxes)*	(0.48)	(0.22)
Add: Share application pending allotment		0.00
Less: Transaction cost arising on issue of equity shares, net of tax		
Less: Dividend distributed	(9.49)	(11.03)
Less: Dividend distribution tax	(1.95)	(2.27)
<b>Closing net assets</b>	<b>1,211.05</b>	<b>874.58</b>
Less: Non- Controlling interest in the consolidated financial statements of ESL	(45.76)	(46.68)
<b>Equity attributable to owners</b>	<b>1,165.29</b>	<b>827.90</b>

\*Movement has been made considering the unaudited standalone financial statements.



## CONSOLIDATED NOTES TO ACCOUNTS

### Change in carrying amount of investments in EESL

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019
Group share %	22.18%	21.70%
Group's share in Networth	258.47	179.63
Carrying amount of investment in financial statements	258.47	179.63

### Contingent liabilities of EESL

(₹ in Crores)

Particulars	As at March 31, 2020	As at March 31, 2019**
(A) Claims against the Company not acknowledged as debts	Refer Note below*	92.91
(B) Taxation Demands		
(C) Others		
- Letters of Credit		49.76
- Bank Guarantees		174.09
<b>Total Contingent Liabilities</b>		<b>316.76</b>
<b>Share of joint venture's contingent liabilities incurred jointly with other investors</b>		<b>68.73</b>

\*Details of Contingent Liability of EESL as on 31.03.2020 is not available and hence not presented in the table above

\*\*Details of Contingent Liability of EESL as on 31.03.2019 have been updated based on audited consolidated financial statements for that year.

## 62. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

### 62.1 Share in Net Assets i.e. Total Assets minus Total Liabilities

(₹ in Crores)

Name of the Entity	As at 31.03.2020		As at 31.03.2019	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
<b>Parent</b>				
REC Limited	99.10%	35,076.56	99.30%	34,302.94
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.48%	168.20	0.45%	155.73
REC Transmission Projects Company Limited	0.32%	112.61	0.34%	118.45
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.73%	258.47	0.52%	179.63
<b>Associates - Indian</b>				
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
Ajmer Phagi Transco Limited	-		-	0.05
Bhindguna Transmission Limited	-		-	0.05

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Name of the Entity	As at 31.03.2020		As at 31.03.2019	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Jam Khambaliya Transco Limited			-	0.05
Khetri Transco Limited			-	0.05
Lakadia Banaskantha Transco Limited			-	0.05
Udupi Kasargode Trans. Ltd.			-	0.05
<b>Adjustments or eliminations effect</b>	-0.62%	(219.61)	-0.61%	(210.91)
<b>Total</b>	<b>100.00%</b>	<b>35,396.43</b>	<b>100.00%</b>	<b>34,546.34</b>

## Share in profit and loss

(₹ in Crores)

Name of the Entity	Year ended 31.03.2020		Year ended 31.03.2019	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
<b>Parent</b>				
REC Limited	98.27%	4,886.16	100.39%	5,763.72
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.25%	12.47	0.46%	26.34
REC Transmission Projects Company Limited	1.09%	54.44	0.43%	24.60
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.18%	9.14	0.17%	9.95
<b>Adjustments or eliminations effect</b>	0.20%	10.06	-1.45%	(83.23)
<b>Total</b>	<b>100.00%</b>	<b>4,972.27</b>	<b>100.00%</b>	<b>5,741.38</b>

## Share in Other Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2020		Year ended 31.03.2019	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
<b>Parent</b>				
REC Limited	99.27%	(549.79)	99.92%	(60.54)
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	-	-	-	-
REC Transmission Projects Company Limited	-	-	-	-
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.73%	(4.06)	0.08%	(0.05)
<b>Adjustments or eliminations effect</b>	0.00%	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>(553.85)</b>	<b>100.00%</b>	<b>(60.59)</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### Share in Total Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2020		Year ended 31.03.2019	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
<b>Parent</b>				
REC Limited	98.14%	4,336.37	99.33%	5,703.18
<b>Subsidiaries - Indian</b>				
REC Power Distribution Company Limited	0.28%	12.47	0.46%	26.34
REC Transmission Projects Company Limited	1.23%	54.44	0.43%	24.60
<b>Joint Venture - Indian</b>				
Energy Efficiency Services Limited	0.11%	5.08	0.17%	9.90
<b>Adjustments or eliminations effect</b>	0.23%	10.06	(1.45%)	(83.23)
<b>Total</b>	<b>100.00%</b>	<b>4,418.42</b>	<b>100.00%</b>	<b>5,680.79</b>

### 63. Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>(1) Financial Assets</b>				
(a) Cash and cash equivalents	1,717.71	-	381.99	-
(b) Other Bank Balances	2,257.45	-	1,733.08	-
(c) Trade receivables	110.72	-	137.72	-
(d) Derivative financial instruments	1,180.60	2,138.25	325.46	1,477.12
(e) Loans	28,989.11	2,83,094.39	27,977.30	2,42,473.62
(f) Investments	1,501.45	625.66	102.19	2,180.94
(g) Other financial assets	4,247.24	17,852.43	535.61	17,828.38
<b>Total - Financial Assets (1)</b>	<b>40,004.28</b>	<b>3,03,710.73</b>	<b>31,193.35</b>	<b>2,63,960.06</b>
<b>(2) Non-Financial Assets</b>				
(a) Current tax assets (net)	2.02	407.92	1.45	291.72
(b) Deferred tax assets (net)	-	2,050.57	-	2,305.93
(c) Investment Property	-	0.01	-	0.01
(d) Property, Plant & Equipment	-	156.97	-	156.63
(e) Capital Work-in-Progress	-	287.62	-	196.94
(f) Intangible Assets Under Development	-	0.77	-	1.59
(g) Other Intangible Assets	-	8.82	-	8.55
(h) Other non-financial assets	81.96	50.41	112.64	35.77
(i) Investments accounted for using equity method	7.24	251.23	-	179.63
<b>Total - Non-Financial Assets (2)</b>	<b>91.22</b>	<b>3,214.32</b>	<b>114.09</b>	<b>3,176.77</b>
<b>(3) Assets classified as held for sale</b>	<b>9.53</b>	<b>-</b>	<b>9.56</b>	<b>-</b>
<b>Total ASSETS (1+2+3)</b>	<b>40,105.03</b>	<b>3,06,925.05</b>	<b>31,317.00</b>	<b>2,67,136.83</b>

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>LIABILITIES</b>				
<b>(1) Financial Liabilities</b>				
(a) Derivative financial instruments	58.63	1,267.10	35.68	123.72
(b) Trade Payables				
(i) total outstanding dues of MSMEs	0.15	-	2.65	-
(ii) total outstanding dues of creditors other than MSMEs	46.00	-	64.64	-
(c) Debt Securities	48,573.11	1,71,345.14	41,345.10	1,51,422.41
(d) Borrowings (other than debt securities)	19,381.60	42,169.06	7,202.91	39,459.63
(e) Subordinated Liabilities	170.58	4,649.07	169.96	4,648.80
(f) Other financial liabilities	2,171.72	21,610.49	1,399.83	17,827.24
<b>Total - Financial Liabilities (1)</b>	<b>70,401.79</b>	<b>2,41,040.86</b>	<b>50,220.77</b>	<b>2,13,481.80</b>
<b>(2) Non-Financial Liabilities</b>				
(a) Current tax liabilities (net)	-	-	-	-
(b) Provisions	67.96	39.13	60.15	40.09
(c) Other non-financial liabilities	77.94	5.29	104.60	-
<b>Total-Non-Financial Liabilities (2)</b>	<b>145.90</b>	<b>44.42</b>	<b>164.75</b>	<b>40.09</b>
<b>(3) Liabilities directly associated with assets classified as held for sale</b>	<b>0.68</b>	<b>-</b>	<b>0.08</b>	<b>-</b>
<b>Total LIABILITIES (1+2+3)</b>	<b>70,548.37</b>	<b>2,41,085.28</b>	<b>50,385.60</b>	<b>2,13,521.89</b>

Previous year figures have been reclassified/ regrouped to conform to the current classification.

64. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
65. The Board of Directors of RECTPCL and RECPDCL, wholly owned subsidiaries of the Company, have approved the scheme of amalgamation of RECTPCL ("Transferor Company") with RECPDCL ("Transferee Company"), which has also been approved by the Board of Directors of the Company, subject to requisite approvals.
66. 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, 27.1, 46, 49, 50.1.3 (P), 50.1.3 (S), 50.1.3 (T), 50.2.2, 50.3, 51, 53, 56, 64, 67, 68
67. No penalties have been levied on the Company by any regulator during the year ended 31<sup>st</sup> March 2020 (Previous year Nil).
68. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31<sup>st</sup> March 2020 (Previous year Nil).
69. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 69 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

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S. Murthy  
Partner  
M.No. : 072290

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place: New Delhi  
Date: 17<sup>th</sup> June 2020

**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 31<sup>st</sup> March 2020

(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 31.03.2020		As at 31.03.2019	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>				
<b>(1) Loans and advances availed by the NBFC</b>				
inclusive of interest accrued thereon but not paid:				
(a) Debentures/ Bonds :				
- Secured	39,957.71	-	49,398.19	-
- Unsecured	1,82,833.33	-	1,41,361.86	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans				
- Secured Loans from Financial Institutions	-	-	207.33	-
- Unsecured Loans from Govt. of India	10,326.81	-	5,121.84	-
- Unsecured Loans from Banks	18,900.72	-	18,555.08	-
- Unsecured Loans from Financial Institutions	1,000.00	-	1,000.00	-
(d) Inter-corporate Loans and Borrowing	-	-	-	-
(e) Commercial Paper	2,925.00	-	7,975.00	-
(f) Other Loans	-	-	-	-
- Foreign Currency Borrowings	21,813.83	-	17,705.96	-
- FCNR(B) Loans	6,985.80	-	4,327.72	-
- Short Term Loans/ Loans Repayable on Demand	2,755.92	-	-	-
- Finance Lease Obligations	2.12	-	0.11	-

(₹ in Crores)

Particulars	As at 31.03.2020		As at 31.03.2019	
<b>ASSETS SIDE :</b>				
<b>(2) Break-up of Loans and Advances including bills receivables</b>				
(a) Secured	2,35,477.68		2,05,679.19	
(b) Unsecured	75,042.00		64,128.22	
<b>(3) INVESTMENTS :</b>				
<b>Current Investments:</b>				
<b>Unquoted:</b>				
(i) Shares : Equity	12.50		-	
<b>Unquoted:</b>				
(i) Shares : (a) Preference	68.34			
<b>Long Term Investments:</b>				
<b>Quoted:</b>				
(i) Shares : Equity	507.43		640.81	
(ii) Debentures and Bonds	1,532.72		1,588.98	
<b>Unquoted:</b>				
(i) Shares : (a) Equity	258.47		179.63	
(ii) Debentures and Bonds	-		-	
(iii) Units of mutual funds	6.12		6.18	
(iv) Government Securities	-		47.16	

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(4) Borrower Group-wise classification of assets financed in (2) above :</b>		
	<b>AMOUNT NET OF PROVISIONS</b>	
<b>Particulars</b>	<b>Secured</b>	<b>Unsecured</b>
<b>As at 31<sup>st</sup> March 2020</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	0.33
<b>2. Other than Related Parties</b>	<b>2,35,477.68</b>	<b>75,041.67</b>
<b>Total</b>	<b>2,35,477.68</b>	<b>75,042.00</b>
<b>As at 31<sup>st</sup> March 2019</b>		
<b>1. Related Parties</b>		
(a) Subsidiaries	-	-
(b) Companies in the same Group	-	-
(c) Other related Parties	-	0.46
<b>2. Other than Related Parties</b>	<b>2,05,679.19</b>	<b>2,35,477.22</b>
<b>Total</b>	<b>2,05,679.19</b>	<b>2,35,477.68</b>

**(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :**

(₹ in Crores)

Category	As at 31.03.2020		As at 31.03.2019	
	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)
<b>1. Related Parties</b>				
(a) Companies in the same Group	258.47	258.47	179.63	179.63
<b>2. Other than Related Parties</b>	<b>2,127.11</b>	<b>2,127.11</b>	<b>2,283.13</b>	<b>2,283.13</b>
<b>Total</b>	<b>2,385.58</b>	<b>2,385.58</b>	<b>2,462.76</b>	<b>2,462.76</b>

**(6) Other Information**

(₹ in Crores)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(i) Gross Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	21,255.55	20,348.44
<b>(ii) Net Credit-impaired Assets</b>		
(a) Related Parties	-	-
(b) Other than related Parties	10,703.42	10,649.49
<b>(iii) Asset acquired in satisfaction of debts</b>	-	-

For and on behalf of the Board

J.S. Amitabh  
ED & Company SecretaryAjoy Choudhury  
Director (Finance)  
DIN - 06629871Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135NS. Murthy  
Partner  
M.No. : 072290For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091Atul Aggarwal  
Partner  
M.No. : 092656Place: New Delhi  
Date: 17<sup>th</sup> June 2020



**FORM AOC-1**

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2019-20

**Part A: Subsidiaries**

(₹ in Crores)

1 Particulars	I	II
2 Name of the Subsidiary	REC Power Distribution Company Limited	REC Transmission Projects Company Limited
3 Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
5 Share capital	0.05	0.05
6 Reserves & Surplus	168.15	112.56
7 Total assets	310.30	259.89
8 Total Liabilities	142.10	146.60
9 Investments	15.81	75.26
10 Turnover	143.01	79.16
11 Profit/ (Loss) Before Taxation	20.34	70.55
12 Provision for Taxation	7.87	16.11
13 Profit/ (Loss) After Taxation	12.47	54.44
14 Proposed Dividend	-	-
15 % Shareholding	100.00%	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

**Part B: Associates and Joint Ventures**

**Details of Associates**

(₹ in Crores)

Name of Associates	Dinchang Transmission Limited #	Chandil Transmission Limited	Koderma Transmission Limited	Dumka Transmission Limited	Mandar Transmission Limited
1 Latest audited Balance Sheet Date	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
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
Amount of Investment in Associates/ Joint Venture	0.05	0.05	0.05	0.05	0.05
Extent of Holding (%)	100.00%	100.00%	100.00%	100.00%	100.00%
3 Description of how there is significant influence	Refer Note below **				
4 Reason why the associate/joint venture is not consolidated	N.A.	N.A.	N.A.	N.A.	N.A.
5 Networth attributable to Shareholding as per latest audited Balance Sheet	-	(2.14)	(1.91)	(2.08)	(1.86)

(₹ in Crores)

Name of Associates	Dinchang Transmission Limited #	Chandil Transmission Limited	Koderma Transmission Limited	Dumka Transmission Limited	Mandar Transmission Limited
6 Profit / (Loss) for the year	-	(0.44)	(0.41)	(0.43)	(0.40)
i. Considered in Consolidation *	-	-	-	-	-
ii. Not Considered in Consolidation	-	(0.44)	(0.41)	(0.43)	(0.40)

# Dinchang Transmission Ltd was denotified vide MoP letter dated 25 March 2019 and subsequently investment was written off. MOP permission for striking off company with MCA has been obtained during the year.

\* Associates have been classified as 'held for sale' and valued at cost or fair market value (less cost to sales) whichever is less, hence profit not considered.

\*\* The Group is holding 100% of share capital but these investments 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 companies unilaterally. As such, these companies have been treated as associate companies.

### Details of Joint Venture

(₹ in Crores)

Name of Joint Venture	Energy Efficiency Services Limited
1 Latest audited Balance Sheet Date	31-Mar-19
2 Shares of Associate/Joint Ventures held by the company on the year end	
Number	21,81,00,000
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	178.82
6 Profit / Loss for the year *	
i. Considered in Consolidation	9.14
ii. Not Considered in Consolidation	Nil

@ Under the Right Issue Offer of Energy Efficiency Services Limited (EESL), the Company has been allotted 7,16,00,000 shares of Energy Efficiency Services Limited (EESL) for a consideration of ₹71.60 crores on 8<sup>th</sup> June 2019. As at 31<sup>st</sup> March, 2020, the shareholding of the company in EESL stands at 22.18% as against 21.70% as at 31<sup>st</sup> March, 2019.

\* The figures are based on the unaudited standalone financial statements of the Joint Venture

#### (1) Names of associates or joint ventures which are yet to commence operations.

Seven SPVs namely Bidar Karnataka Line, Gadag Karnataka Part A Line, Solar Energy Rajasthan Part A Line, Solar Energy Rajasthan Part B Line, Solar Energy Rajasthan Part C Line, Rajgarh Madhya Pradesh Line and Osmanabad Maharashtra Line are in the process of incorporation and yet to commence operations as at 31<sup>st</sup> March 2020.

**(2) Names of associates or joint ventures which have been liquidated or sold during the year.**

The following associates have been sold during the year, as a part of business process:

Name of subsidiary	Date of Sale
Khetri Transco Limited	29-08-2019
Bhind Guna Transmission Limited	11-09-2019
Udupi Kasargode Transmission Limited	12-09-2019
Ajmer Phagi Transco Limited	03-10-2019
WRSS XXI (A) Transco Limited	14-10-2019
Jam khambaliya Transco Limited	13-10-2019
Lakadia Banaskantha Transco Limited	13-10-2019
Rampur Sambhal Transco Limited	12-12-2019

For and on behalf of the Board

J.S. Amitabh  
ED & Company Secretary

Ajoy Choudhury  
Director (Finance)  
DIN - 06629871

Sanjeev Kumar Gupta  
CMD and Director (Technical)  
DIN - 03464342

In terms of our Audit Report of even date

For S.K. Mittal & Co.  
Chartered Accountants  
Firm Reg. No.: 001135N

S. Murthy  
Partner  
M.No. : 072290

For O.P. Bagla & Co. LLP.  
Chartered Accountants  
Firm Reg. No.: 000018N/N500091

Atul Aggarwal  
Partner  
M.No. : 092656

Place: New Delhi  
Date: 17<sup>th</sup> June 2020

## INDEPENDENT AUDITORS' REPORT

To the Members of  
REC Limited (Formerly Rural Electrification Corporation 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 (formerly Rural Electrification Corporation Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entity, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020, 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

- We draw attention to Note No. 50.1.3 of the consolidated Ind AS financial statements regarding, the provision of impairment allowance in respect of its loan assets and undisbursed Letters of Comfort based on the report provided by the credit rating agency appointed by the company in this regard. The basis of determination of impairment allowance, which we have relied upon, is arrived at by the agency, considering the parameters which involve certain technicalities and professional expertise.
- We draw attention to Note No. 52 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 evolvement 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.	<b>Impairment allowance of Loan Assets –</b> (Refer Note No. 50.1.3 to the consolidated 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.	<b>We have applied following audit procedures in this regard</b> 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.

S. No.	Key Audit Matter	Auditor's Response
	<p>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.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management.</p> <p>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.</p> <p>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.</p> <p>In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements i.e. 90.07% of total assets, the impairment of loan assets thereon has been considered as Key Audit Matter in our audit.</p>	<p>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 etc, information on public domain etc, 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.</p> <p>We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases.</p> <p>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.</p> <p>Further 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.</p> <p>Verification of Impairment reserve in terms of Income Recognition, Assets classification and provisioning norms (IRACP) of Reserve Bank of India created in pursuance of RBI Notification No. DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020.</p>
2.	<p><b>Fair valuation of Derivative Financial Instruments</b></p> <p>(Refer Note No. 9 to the consolidated Ind AS Financial Statements read with accounting policy No. 3.9)</p> <p>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.</p> <p>The derivatives are measured at fair value as per Ind AS 109.</p>	<p><b>We have applied following audit procedure in this regard</b></p> <p>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.</p> <p>Verification of fair value of derivative in terms of Ind AS 109</p> <p>Testing the accuracy and completeness of derivative transactions.</p> <p>Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments.</p> <p>Obtained details of various financial derivative contracts as outstanding/ pending for settlement as on 31<sup>st</sup> March 2020 from the Company.</p> <p>Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts</p>

S. No.	Key Audit Matter	Auditor's Response
	<p>The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' prospectively from 1st January 2020, 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.</p> <p>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.</p> <p>In view of facts of the matter we have identified it as a key audit matter.</p>	<p>Reliance on reports evaluating the appropriateness of the valuation methodologies applied and testing the same on sample basis for the derivative instruments.</p> <p>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.</p> <p>Additionally, we verified the accounting of gain/loss on mark to market basis in the other comprehensive income.</p> <p>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.</p>
3.	<p><b>Modified audit procedures carried out in light of COVID-19 outbreak</b></p> <p>(Refer Note No. 52 to the consolidated Ind AS Financial Statements)</p> <p>The SARS-COV-2 virus responsible for Covid-19 continues to spread across the Globe including India, which has resulted in a significant decline and volatility in global and Indian financial markets. It has also caused a significant disruption in the Global and Indian economic activities. On 11<sup>th</sup> March 2020, the Covid-19 outbreak was declared a global pandemic by the World Health Organisation (WHO).</p> <p>Due to COVID-19 pandemic, nation-wide lockdown and travel restrictions imposed by Central/ State Government/ local authorities. The lockdown period has been over the period of closing activities of the financial year 2019-2020 and thereafter. It has also effected the period of our 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.</p> <p>We have identified such modified audit procedures as a key audit matter.</p>	<p><b>We have applied following audit procedures in this regard</b></p> <p>Due to COVID-19 pandemic, nation-wide lockdown and travel restrictions imposed by Central/ State Government/ local authorities during the period of closing of the financial year and period of our audit, the company facilitated carrying out audit remotely as physical access was restricted.</p> <p>Wherever 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.</p> <p>We modified our audit procedures as follows :</p> <ol style="list-style-type: none"> <li>Carried out the verification of scanned copies of the documents, certificates and the related records made available to us through emails.</li> <li>Making inquiries and gathering necessary audit evidence through video conferencing, dialogues and discussions over phone calls/ conference calls, emails and other similar communication channels.</li> <li>Resolution of our audit observations telephonically/ through emails instead of a face to face interaction with the designated officials except during the finalisation of annual accounts.</li> <li>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.</li> <li>Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company.</li> <li>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.</li> </ol>



### 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

- We did not audit the financial statements of two subsidiaries and whose financial statements reflect total assets of ₹ 570.19 Crores (₹ 841.33 Crores as at 31<sup>st</sup> March 2019) as at 31<sup>st</sup> March 2020, total revenues of ₹ 222.17 Crores (Previous year ₹ 200.22 Crores) and net cash flows amounting to ₹ 0.63 Crores (Previous year ₹ 2.62 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 ₹ 66.91 crores (Previous Year ₹ 50.94 crores) and total comprehensive income of ₹ 66.91 crores (Previous Year ₹ 50.94 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 these subsidiaries, 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 subsidiaries, is based solely on the reports of the other auditors.
- The Consolidated Ind AS Financial Statements also include the jointly controlled entity's share of net profit after tax of ₹ 9.14 crores (Previous Year ₹ 9.95 crores) and total comprehensive income of ₹ 5.08 crores (previous year ₹ 9.90 crores) using equity method for the year ended 31<sup>st</sup> March 2020 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.
- The audited consolidated Ind AS financial statements for the year ended 31<sup>st</sup> March 2019 were audited by the then Statutory Auditors of the Company, both of whom were predecessor audit firms, and they had expressed an unmodified opinion vide their reports dated 24<sup>th</sup> May 2019 on such financial statements.

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 5<sup>th</sup> 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 5<sup>th</sup> 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 subsidiaries and joint venture:
  - i) 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 45.1 to the Consolidated Ind AS Financial Statements;
  - ii) The Group and its jointly controlled entity do not have any material foreseeable losses on long term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its jointly controlled entity incorporated in India.

**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 : 20072290AAAABE5939

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADT3669

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF REC LIMITED (FORMERLY RURAL ELECTRIFICATION CORPORATION LIMITED)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting of REC Limited (Formerly Rural Electrification Corporation Limited) (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled entity, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies 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 subsidiaries, 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 subsidiaries 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 31 March 2020, 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 31<sup>st</sup> March 2020 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 two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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 : S. Murthy**  
Designation : Partner  
Membership Number : 072290  
UDIN : 20072290AAAABE5939

**Name : Atul Aggarwal**  
Designation : Partner  
Membership Number : 092656  
UDIN : 20092656AAAADT3669

**Place : New Delhi**  
**Date : 17<sup>th</sup> June 2020**

**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 2020.**

The preparation of consolidated financial statements of REC Limited for the year ended 31 March 2020 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 17 June 2020.

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 2020, under Section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of REC Transmission Projects Company Limited but did not conduct supplementary audit of the financial statements of REC Power Distribution Company Limited and Energy Efficiency Services Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my 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: 6<sup>th</sup> August 2020**



S.K. Mittal & Co.  
Chartered Accountants  
E-29 South Extension Part-II  
New Delhi-110049.

O P Bagla & Co. LLP  
Chartered Accountants  
B-225, 5<sup>th</sup> Floor,  
Okhla Industrial Area Phase-I  
New Delhi- 110020.

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**Independent Auditor's Review Report on the Standalone Unaudited Financial Results for the Quarter/Half Year ended 30<sup>th</sup> September 2022 of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**The Board of Directors,  
REC Limited  
Core-IV, SCOPE Complex,  
7, Lodi Road,  
New Delhi – 110003**

We have reviewed the accompanying standalone unaudited quarter/half year results (including annexed Standalone Balance Sheet as on 30<sup>th</sup> September 2022, Statement of Profit & Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the period ended as on that date and summarised Notes to Accounts, including Significant Accounting Policies) of **REC Limited** (the company) for the quarter/half year ended 30<sup>th</sup> September 2022, being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013, as amended ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

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



Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Emphasis of matter**

Refer Note No. 3 to the financial results 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, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.

Our opinion on the Statement is not modified in respect of above matter.

M/s S.K. Mittal & Co.  
Chartered Accountants,  
ICAI Firm Registration: 001135N



Name - S. Murthy  
Designation: Partner  
Membership Number: 072290  
UDIN: 22072290BAXXRP4321

M/s O.P. Bagla & Co. LLP.  
Chartered Accountants,  
ICAI Firm Registration: 000018N/N500091



Name - Atul Aggarwal  
Designation: Partner  
Membership Number: 092656  
UDIN: 22092656BAXYZT3267

Place : New Delhi

Date : 27<sup>th</sup> October 2022



S.K. Mittal & Co.  
Chartered Accountants  
E-29 South Extension Part-II  
New Delhi-110049.

O P Bagla & Co. LLP  
Chartered Accountants  
B-225, 5<sup>th</sup> Floor,  
Okhla Industrial Area Phase-I  
New Delhi- 110020.

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**Independent Auditor's Review Report on Consolidated Unaudited Financial Results for the Quarter/Half year ended 30<sup>th</sup> September 2022 of REC Limited Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Board of Directors,  
REC Limited  
Core-IV, SCOPE Complex,  
7, Lodi Road,  
New Delhi – 110003

We have reviewed the accompanying consolidated unaudited quarter/half year Results (including annexed Consolidated Balance Sheet as on 30<sup>th</sup> September 2022, Consolidated Statement of Profit & Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the period ended as on that date and summarised Notes to Accounts, including Significant Accounting Policies) of **REC Limited** ("the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), and its share of the net profit after tax for the quarter/half year ended 30<sup>th</sup> September 2022, being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

This statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013, as amended ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

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

Based on our review conducted as above, nothing has come to our attention that causes us





to believe that the accompanying statement of unaudited financial results, prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### **Emphasis of matter**

Refer Note No. 3 to the financial results 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, in so far as it relates to technical aspects/parameters considered by independent agency appointed by the company and management judgement for ascertaining impairment allowance as management overlay.

Our opinion on the Statement is not modified in respect of above matter.

#### **Other Matter**

We did not review the interim financial results of the subsidiary included in the consolidated unaudited financial results, whose interim financial results reflect total revenue of ₹ 29.10 crores and ₹ 68.94 crores, total net profit after tax of ₹ 12.6 Crore and ₹ 19.55 crores and total comprehensive income of ₹ 12.6 crore and ₹ 19.55 crores for the quarter and half year ended 30<sup>th</sup> September 2022 respectively, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditor whose Report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the Report of the other auditor and the procedures performed by us.

Our opinion is not modified in respect of above matter.

M/s S.K. Mittal & Co.  
Chartered Accountants,  
ICAI Firm Registration: 001135N



Name - S. Murthy  
Designation: Partner  
Membership Number: 072290  
UDIN: 22072290BAXXWY9391

M/s O.P. Bagla & Co. LLP.  
Chartered Accountants  
ICAI Firm Registration: 000018N/N500091



Name - Atul Aggarwal  
Designation: Partner  
Membership Number: 092656  
UDIN: 22092656BAXZEQ3688

Place : New Delhi

Date : 27<sup>th</sup> October 2022

**REC Limited**  
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095  
**Statement of Unaudited Standalone Financial Results for the period ended 30-09-2022**

(₹ in Crores)

S. No.	Particulars	Quarter Ended			Period Ended		Year Ended 31-03-2022 (Audited)
		30-09-2022 (Unaudited)	30-06-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	
1	<b>Income</b>						
A	<b>Interest income</b>						
(i)	Interest income on loan assets	9,533.88	9,262.36	9,627.63	18,796.24	19,001.89	37,810.84
(ii)	Other interest income	154.41	111.42	96.38	265.83	159.35	375.62
	<b>Sub-total (A) - Interest Income</b>	<b>9,688.29</b>	<b>9,373.78</b>	<b>9,724.01</b>	<b>19,062.07</b>	<b>19,161.24</b>	<b>38,186.46</b>
B	<b>Other Operating Income</b>						
(i)	Dividend income	9.90	-	16.62	9.90	16.62	26.64
(ii)	Fees and commission income	34.40	55.67	173.45	90.07	323.57	572.82
(iii)	Net gain/ (loss) on fair value changes	207.41	30.45	125.06	237.86	44.07	346.57
	<b>Sub-total (B) - Other Operating Income</b>	<b>251.71</b>	<b>86.12</b>	<b>315.13</b>	<b>337.83</b>	<b>384.26</b>	<b>946.03</b>
C	<b>Total Revenue from Operations (A+B)</b>	<b>9,940.00</b>	<b>9,459.90</b>	<b>10,039.14</b>	<b>19,399.90</b>	<b>19,545.50</b>	<b>39,132.49</b>
D	<b>Other Income</b>	<b>8.55</b>	<b>8.61</b>	<b>39.68</b>	<b>17.16</b>	<b>44.44</b>	<b>97.96</b>
	<b>Total income (C+D)</b>	<b>9,948.55</b>	<b>9,468.51</b>	<b>10,078.82</b>	<b>19,417.06</b>	<b>19,589.94</b>	<b>39,230.45</b>
2	<b>Expenses</b>						
A	Finance costs	5,728.67	5,376.69	5,562.55	11,105.36	11,151.11	22,052.91
B	Net translation/ transaction exchange loss/ (gain)	456.79	479.55	(78.20)	936.34	213.08	799.05
C	Fees and commission expense	1.43	5.49	0.95	6.92	9.04	16.73
D	Impairment on financial instruments	223.88	504.50	1,118.51	728.38	1,899.95	3,473.31
E	Employee benefits expenses	29.99	75.41	43.02	105.40	82.38	159.61
F	Depreciation and amortization	5.85	5.89	4.65	11.74	7.46	17.96
G	Corporate social responsibility expenses	37.55	56.90	16.36	94.45	37.29	170.67
H	Other expenses	35.36	24.53	28.96	59.89	49.55	115.31
	<b>Total expenses (A to H)</b>	<b>6,519.52</b>	<b>6,528.96</b>	<b>6,696.80</b>	<b>13,048.48</b>	<b>13,449.86</b>	<b>26,805.55</b>
3	<b>Profit before tax (1-2)</b>	<b>3,429.03</b>	<b>2,939.55</b>	<b>3,382.02</b>	<b>6,368.58</b>	<b>6,140.08</b>	<b>12,424.90</b>
4	<b>Tax expense</b>						
A	<b>Current tax</b>						
-	Current year	652.93	664.55	832.61	1,317.48	1,593.37	3,051.33
-	Earlier years	-	(90.36)	-	(90.36)	-	(3.96)
B	<b>Deferred tax</b>	<b>47.72</b>	<b>(81.90)</b>	<b>(189.38)</b>	<b>(34.18)</b>	<b>(438.68)</b>	<b>(668.39)</b>
	<b>Total tax expense (A+B)</b>	<b>700.65</b>	<b>492.29</b>	<b>643.23</b>	<b>1,192.94</b>	<b>1,154.69</b>	<b>2,378.98</b>
5	<b>Net profit for the period (3-4)</b>	<b>2,728.38</b>	<b>2,447.26</b>	<b>2,738.79</b>	<b>5,175.64</b>	<b>4,985.39</b>	<b>10,045.92</b>
6	<b>Other comprehensive Income/(Loss)</b>						
(i)	<b>Items that will not be reclassified to profit or loss</b>						
(a)	Re-measurement gains/(losses) on defined benefit plans	(2.36)	-	(1.59)	(2.36)	(1.65)	(8.33)
(b)	Changes in fair value of FVOCI equity instruments	(3.38)	(33.33)	21.45	(36.71)	57.77	22.19
(c)	Income tax relating to these items						
-	Re-measurement gains/(losses) on defined benefit plans	0.59	-	0.41	0.59	0.42	2.10
-	Changes in fair value of FVOCI equity instruments	(0.04)	(0.07)	(0.03)	(0.11)	-	2.55
	<b>Sub-total (i)</b>	<b>(5.19)</b>	<b>(33.40)</b>	<b>20.24</b>	<b>(38.59)</b>	<b>56.54</b>	<b>18.51</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>						
(a)	Effective Portion of Cash Flow Hedges	510.94	207.46	(3.21)	718.40	(5.31)	480.84
(b)	Cost of hedging reserve	(1,591.57)	(1,060.78)	(39.73)	(2,652.35)	(6.91)	(584.51)
(c)	Income tax relating to these items						
-	Effective Portion of Cash Flow Hedges	(128.60)	(52.21)	0.81	(180.81)	1.34	(121.02)
-	Cost of hedging reserve	400.56	266.98	10.00	667.54	1.74	147.11
	<b>Sub-total (ii)</b>	<b>(808.67)</b>	<b>(638.55)</b>	<b>(32.13)</b>	<b>(1,447.22)</b>	<b>(9.14)</b>	<b>(77.58)</b>
	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>	<b>(813.86)</b>	<b>(671.95)</b>	<b>(11.89)</b>	<b>(1,485.81)</b>	<b>47.40</b>	<b>(59.07)</b>
7	<b>Total comprehensive income for the period (5+6)</b>	<b>1,914.52</b>	<b>1,775.31</b>	<b>2,726.90</b>	<b>3,689.83</b>	<b>5,032.79</b>	<b>9,986.85</b>
8	<b>Paid up equity share capital (Face Value ₹10 per share)</b>	<b>2,633.22</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>2,633.22</b>	<b>1,974.92</b>	<b>1,974.92</b>
9	<b>Other equity (as per audited balance sheet as at 31st March)</b>						<b>49,010.68</b>
10	<b>Basic &amp; Diluted earnings per equity share of ₹ 10 each (in ₹)</b>						
(not annualised)							
A	For continuing operations	10.36	9.29	10.40	19.66	18.93	38.02
B	For continuing and discontinued operations	10.36	9.29	10.40	19.66	18.93	38.02

See accompanying notes to the financial results.





**Statement of Unaudited Consolidated Financial Results for the period ended 30-09-2022**

(₹ in Crores) (₹ in Crores)

S. No.	Particulars	Quarter Ended			Period Ended		Year Ended 31-03-2022 (Audited)
		30-09-2022 (Unaudited)	30-06-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	
1	<b>Income</b>						
A	<b>Interest Income</b>						
(i)	Interest income on loan assets	9,533.88	9,262.36	9,671.18	18,796.24	19,001.89	37,810.84
(ii)	Other interest income	156.40	113.54	55.10	269.94	163.69	383.65
	<b>Sub-total (A) - Interest Income</b>	<b>9,690.28</b>	<b>9,375.90</b>	<b>9,726.28</b>	<b>19,066.18</b>	<b>19,165.58</b>	<b>38,194.49</b>
B	<b>Other Operating Income</b>						
(i)	Dividend income	0.99	-	1.72	0.99	1.72	4.21
(ii)	Fees and commission income	34.40	55.67	173.45	90.07	323.57	572.82
(iii)	Net gain/ (loss) on fair value changes	207.41	30.45	125.06	237.86	44.07	346.57
(iv)	Sale of services	22.91	35.43	21.51	58.34	63.70	150.96
	<b>Sub-total (B) - Other Operating Income</b>	<b>265.71</b>	<b>121.55</b>	<b>321.74</b>	<b>387.26</b>	<b>433.06</b>	<b>1,074.56</b>
C	<b>Total Revenue from Operations (A+B)</b>	<b>9,955.99</b>	<b>9,497.45</b>	<b>10,048.02</b>	<b>19,453.44</b>	<b>19,598.64</b>	<b>39,269.05</b>
D	<b>Other Income</b>	<b>8.01</b>	<b>8.61</b>	<b>8.51</b>	<b>16.62</b>	<b>15.46</b>	<b>70.15</b>
	<b>Total income (C+D)</b>	<b>9,964.00</b>	<b>9,506.06</b>	<b>10,056.53</b>	<b>19,470.06</b>	<b>19,614.10</b>	<b>39,339.20</b>
2	<b>Expenses</b>						
A	Finance costs	5,727.58	5,375.59	5,562.05	11,103.17	11,150.01	22,050.96
B	Net translation/ transaction exchange loss/ (gain)	456.79	479.55	(78.20)	936.34	213.08	799.05
C	Fees and commission expense	1.43	5.49	0.95	6.92	9.04	16.73
D	Impairment on financial instruments	219.13	508.00	1,111.70	727.13	1,893.14	3,470.02
E	Cost of services rendered	7.86	15.97	15.40	23.83	29.80	65.11
F	Employee benefits expenses	36.70	81.16	47.20	117.86	91.59	180.83
G	Depreciation and amortization	5.91	5.95	4.72	11.86	7.61	18.24
H	Corporate social responsibility expenses	37.69	57.53	16.46	95.22	37.81	172.35
I	Other expenses	34.68	26.85	28.65	61.53	48.59	123.57
	<b>Total Expenses (A to I)</b>	<b>6,527.76</b>	<b>6,556.09</b>	<b>6,708.93</b>	<b>13,083.85</b>	<b>13,480.67</b>	<b>26,896.86</b>
3	<b>Share of Profit/ (loss) of Joint Venture accounted for using equity method</b>	<b>-</b>	<b>-</b>	<b>(12.86)</b>	<b>-</b>	<b>(11.81)</b>	<b>(11.81)</b>
4	<b>Profit before Tax (1-2+3)</b>	<b>3,436.24</b>	<b>2,949.97</b>	<b>3,334.74</b>	<b>6,386.21</b>	<b>6,121.62</b>	<b>12,430.53</b>
5	<b>Tax Expense</b>						
A	<b>Current Tax</b>						
-	Current Year	654.66	669.06	832.29	1,323.72	1,601.56	3,069.23
-	Earlier Years	-	(90.36)	-	(90.36)	-	(3.96)
B	<b>Deferred Tax</b>	<b>49.46</b>	<b>(82.89)</b>	<b>(189.82)</b>	<b>(33.43)</b>	<b>(440.87)</b>	<b>(670.44)</b>
	<b>Total Tax Expense (A+B)</b>	<b>704.12</b>	<b>495.81</b>	<b>642.47</b>	<b>1,199.93</b>	<b>1,160.69</b>	<b>2,394.83</b>
6	<b>Net profit for the period (4-5)</b>	<b>2,732.12</b>	<b>2,454.16</b>	<b>2,692.27</b>	<b>5,186.28</b>	<b>4,960.93</b>	<b>10,035.70</b>
7	<b>Other comprehensive Income/(Loss)</b>						
(i)	<b>Items that will not be reclassified to profit or loss</b>						
(a)	Re-measurement gains/(losses) on defined benefit plans	(2.36)	-	(1.59)	(2.36)	(1.65)	(8.33)
(b)	Changes in fair value of FVOCI equity instruments	(3.38)	(33.33)	21.45	(36.71)	57.77	22.19
(c)	Share of Profit of Joint Venture accounted for using equity method	-	-	-	-	(0.02)	(0.02)
(d)	Income tax relating to these items	-	-	-	-	-	-
-	Re-measurement gains/(losses) on defined benefit plans	0.59	-	0.41	0.59	0.42	2.10
-	Changes in fair value of FVOCI equity instruments	(0.04)	(0.07)	(0.03)	(0.11)	-	2.55
	<b>Sub-total (i)</b>	<b>(5.19)</b>	<b>(33.40)</b>	<b>20.24</b>	<b>(38.59)</b>	<b>56.52</b>	<b>18.49</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>						
(a)	Effective Portion of Cash Flow Hedges	510.94	207.46	(3.21)	718.40	(5.31)	480.84
(b)	Cost of hedging reserve	(1,591.57)	(1,060.78)	(39.73)	(2,652.35)	(6.91)	(584.51)
(c)	Share of other comprehensive income/ (loss) of joint venture accounted for using equity method	-	-	1.19	-	1.19	1.19
(d)	Income tax relating to these items	-	-	-	-	-	-
-	Effective Portion of Cash Flow Hedges	(128.60)	(52.21)	0.81	(180.81)	1.34	(121.02)
-	Cost of hedging reserve	400.56	266.98	10.00	667.54	1.74	147.11
	<b>Sub-total (ii)</b>	<b>(808.67)</b>	<b>(638.55)</b>	<b>(30.94)</b>	<b>(1,447.22)</b>	<b>(7.95)</b>	<b>(76.39)</b>
	<b>Other comprehensive income/(loss) for the period (i + ii)</b>	<b>(813.86)</b>	<b>(671.95)</b>	<b>(10.70)</b>	<b>(1,485.81)</b>	<b>48.57</b>	<b>(57.90)</b>
8	<b>Total comprehensive Income for the period (6+7)</b>	<b>1,918.26</b>	<b>1,782.21</b>	<b>2,681.57</b>	<b>3,700.47</b>	<b>5,009.50</b>	<b>9,977.80</b>
9	<b>Paid up Equity Share Capital (Face Value ₹10 per share)</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>	<b>1,974.92</b>
10	<b>Other Equity (as per audited balance sheet as at 31st March)</b>				<b>51,162.86</b>	<b>49,339.18</b>	<b>49,339.18</b>
11	<b>Basic &amp; Diluted earnings per equity share of ₹ 10 each (in ₹) (not annualised)</b>						
A	For continuing operations	10.38	9.19	10.22	19.70	18.84	37.98
B	For continuing and discontinued operations	10.38	9.19	10.22	19.70	18.84	37.98

See accompanying notes to the financial results.





**Statement of Assets and Liabilities**

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		As at	As at	As at	As at
		30-09-2022	31-03-2022	30-09-2022	31-03-2022
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	<b>ASSETS</b>				
(1)	<b>Financial Assets</b>				
(a)	Cash and cash equivalents	2,375.28	126.40	2,397.53	140.99
(b)	Bank balances other than (a) above	2,135.62	2,295.30	2,561.21	2,518.96
(c)	Trade receivables	-	-	85.68	94.55
(d)	Derivative financial instruments	7,436.88	5,510.17	7,436.88	5,510.17
(e)	Loans	3,80,964.43	3,71,930.54	3,80,964.43	3,71,930.54
(f)	Investments	2,540.54	2,157.97	2,573.45	2,190.44
(g)	Other financial assets	24,393.57	24,396.94	24,407.88	24,415.31
	<b>Total - Financial Assets (1)</b>	<b>4,19,846.32</b>	<b>4,06,417.32</b>	<b>4,20,427.06</b>	<b>4,06,800.96</b>
(2)	<b>Non-Financial Assets</b>				
(a)	Current tax assets (net)	259.76	179.64	274.33	191.56
(b)	Deferred tax assets (net)	3,655.54	3,134.74	3,680.16	3,160.12
(c)	Investment Property	-	-	-	-
(d)	Property, Plant & Equipment	616.98	623.67	617.25	624.04
(e)	Capital Work-in-Progress	6.79	6.07	6.79	6.07
(f)	Intangible Assets Under Development	-	-	-	-
(g)	Other Intangible Assets	2.80	4.25	2.82	4.28
(h)	Other non-financial assets	55.48	46.06	76.40	68.68
(i)	Investments accounted for using equity method	-	-	-	-
	<b>Total - Non-Financial Assets (2)</b>	<b>4,597.35</b>	<b>3,994.43</b>	<b>4,657.75</b>	<b>4,054.75</b>
(3)	<b>Assets classified as held for sale</b>	<b>0.72</b>	<b>0.86</b>	<b>13.06</b>	<b>4.38</b>
	<b>Total ASSETS (1+2+3)</b>	<b>4,24,444.39</b>	<b>4,10,412.61</b>	<b>4,25,097.87</b>	<b>4,10,860.09</b>
	<b>LIABILITIES AND EQUITY</b>				
	<b>LIABILITIES</b>				
(1)	<b>Financial liabilities</b>				
(a)	Derivative financial instruments	1,244.87	553.14	1,244.87	553.14
(b)	Trade payables	-	-	-	-
	(i) total outstanding dues of MSMEs	-	-	29.41	36.48
	(ii) total outstanding dues of creditors other than MSMEs	-	-	-	-
(c)	Debt securities	2,20,797.87	2,19,633.57	2,20,738.80	2,19,574.61
(d)	Borrowings (other than debt securities)	1,16,441.94	1,06,651.59	1,16,441.94	1,06,651.59
(e)	Subordinated liabilities	6,554.04	6,816.47	6,554.04	6,816.47
(f)	Other financial liabilities	25,597.21	25,575.84	25,936.94	25,708.64
	<b>Total - Financial Liabilities (1)</b>	<b>3,70,635.93</b>	<b>3,59,230.61</b>	<b>3,70,946.00</b>	<b>3,59,340.93</b>
(2)	<b>Non-Financial Liabilities</b>				
(a)	Current tax liabilities (net)	73.91	10.25	73.91	10.25
(b)	Provisions	214.85	104.51	215.22	105.67
(c)	Other non-financial liabilities	62.76	81.64	66.65	89.13
	<b>Total - Non-Financial Liabilities (2)</b>	<b>351.52</b>	<b>196.40</b>	<b>355.78</b>	<b>205.05</b>
(3)	<b>Liabilities directly associated with assets classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>0.01</b>
(4)	<b>EQUITY</b>				
(a)	Equity Share Capital	2,633.22	1,974.92	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	558.40	558.40	558.40	558.40
(c)	Other equity	50,265.32	48,452.28	50,604.46	48,780.78
	<b>Total - Equity (4)</b>	<b>53,456.94</b>	<b>50,985.60</b>	<b>53,796.08</b>	<b>51,314.10</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3+4)</b>	<b>4,24,444.39</b>	<b>4,10,412.61</b>	<b>4,25,097.87</b>	<b>4,10,860.09</b>



## Statement of Cash Flows for the period ended 30th September 2022

(₹ in Crores)

S. No.	Particulars	Standalone		Consolidated	
		Year ended		Year ended	
		30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)
A.	<b>Cash Flow from Operating Activities :</b>				
	Net Profit before tax	6,368.58	6,140.08	6,386.21	6,121.62
	Adjustments for:				
1.	Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	1.39	0.46	1.39	0.46
2.	Loss/ (Gain) on derecognition of Assets held for sale (net)	(1.46)	(1.71)	(1.46)	(1.71)
3.	Loss/ (Gain) on cessation of significant influence in Joint Venture (EESL)	-	(29.01)	-	-
4.	Depreciation & Amortization	11.74	7.46	11.86	7.60
5.	Impairment losses on Financial Instruments	728.38	1,899.95	727.13	1,893.14
6.	Effective Interest Rate in respect of Loan Assets and Borrowings	32.98	6.41	32.98	6.41
7.	Loss/ (Gain) on Fair Value Changes (net)	(237.57)	(43.50)	(237.57)	(43.50)
8.	Unrealised Foreign Exchange Translation Loss/ (Gain)	(1,137.06)	735.75	(1,137.06)	735.75
9.	Interest on Investments	(11.76)	(26.96)	(11.76)	(26.96)
10.	Liabilities no longer required written back	-	-	1.30	-
11.	Share of Profit/Loss of Joint Venture accounted for using equity method	-	-	-	11.81
	<b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>	<b>5,755.22</b>	<b>8,688.93</b>	<b>5,773.02</b>	<b>8,704.62</b>
	Inflow / (Outflow) on account of :				
1.	Loan Assets	(9,304.45)	(9,898.77)	(9,304.45)	(9,898.77)
2.	Derivatives	442.46	(795.09)	442.46	(795.09)
3.	Other Financial and Non- Financial Assets	(485.77)	486.25	(675.39)	566.91
4.	Other Financial and Non- Financial Liabilities & Provisions	(1,053.68)	(1,293.91)	(859.49)	(1,353.44)
	<b>Cash flow from Operations</b>	<b>(4,646.22)</b>	<b>(2,812.59)</b>	<b>(4,623.85)</b>	<b>(2,775.77)</b>
1.	Income Tax Paid (including TDS)	(1,242.96)	(1,203.94)	(1,251.84)	(1,212.57)
	<b>Net Cash Flow from Operating Activities</b>	<b>(5,889.17)</b>	<b>(4,016.53)</b>	<b>(5,875.69)</b>	<b>(3,988.34)</b>
B.	<b>Cash Flow from Investing Activities</b>				
1.	Sale of Property, Plant & Equipment	0.05	0.03	0.05	0.03
2.	Sale of assets held for sale	1.60	1.73	1.60	1.73
3.	Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(5.19)	(37.21)	(5.20)	(37.24)
4.	Investment in Intangible Assets (including intangible assets under development & Capital Advances)	-	(0.24)	-	(0.24)
5.	Finance Costs Capitalised	-	(5.39)	-	(5.39)
6.	Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76	405.59	4.76	405.59
7.	Sale/(Investment) of/in shares of associate companies (Net)	-	-	(8.80)	-
8.	Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(190.54)	9.45	(190.54)	9.45
9.	Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	-	(465.82)	-	(465.82)
10.	Maturity/(Investment) of Corporate and Term deposits	-	-	2.98	(6.40)
	<b>Net Cash Flow from Investing Activities</b>	<b>(189.32)</b>	<b>(91.86)</b>	<b>(195.15)</b>	<b>(98.29)</b>
C.	<b>Cash Flow from Financing Activities</b>				
1.	Issue/ (Redemption) of Rupee Debt Securities (Net)	(489.76)	(4,267.83)	(489.76)	(4,267.83)
2.	Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net)	5,747.94	1,854.58	5,747.94	1,854.58
3.	Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3,070.02	11,524.89	3,070.02	11,524.89
4.	Issue Expenses on Bonus Issue of Equity Shares	(0.82)	-	(0.82)	-
5.	Payment of Dividend on Equity Shares	-	(394.98)	-	(394.98)
6.	Repayment towards Lease Liability	-	(0.01)	-	(0.01)
	<b>Net Cash flow from Financing Activities</b>	<b>8,327.38</b>	<b>8,716.65</b>	<b>8,327.38</b>	<b>8,716.65</b>
	<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>2,248.88</b>	<b>4,608.26</b>	<b>2,256.54</b>	<b>4,630.02</b>
	Cash & Cash Equivalents as at the beginning of the year	126.40	1,140.49	140.99	1,179.24
	<b>Cash &amp; Cash Equivalents as at the end of the year</b>	<b>2,375.28</b>	<b>5,748.75</b>	<b>2,397.53</b>	<b>5,809.26</b>



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**Notes to the financial results:**

- The above financial results of the Company were reviewed by the Audit Committee and approved and taken on record by the Board of Directors at the meeting held on 27th October, 2022. These results have been subjected to limited review by the Statutory Auditors of the Company.
- The limited reviewed consolidated accounts of the subsidiary company REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited) has been consolidated in accordance with the Indian Accounting Standard 110 'Consolidated Financial Statements'.
- (a) Provisioning on loan assets is based on "ECL (Expected Credit Loss) methodology" approved by the Board of Directors of the Company in line with the report provided by an independent agency appointed by the Company. ECL during the quarter is enhanced by ₹ 993.39 crores on account of integrated ratings published by Ministry of Power for Distribution Companies (DISCOMs) in August 2022 without any change in policy regarding classification of assets as credit impaired. The ECL is further impacted by management overlays in certain accounts wherever necessary considering the risk involved in the account and also on account of aligning the provisions with the lead lender.

Details are as follows:

S. No.	Particulars	As at 30.09.2022			As at 31.03.2022		
		Stage 1 & 2	Stage 3	Total	Stage 1 & 2	Stage 3	Total
1.	Loan assets	3,78,553.62	15,878.46	3,94,432.08	3,68,211.37	17,159.89	3,85,371.26
2.	Impairment loss allowance (net of movements)	4,333.05	11,000.29	15,333.34	3,138.93	11,565.73	14,704.66
	<b>Provisioning Coverage (%) (2/1)</b>	1.14%	69.28%	3.89%	0.85%	67.40%	3.82%

- During the quarter, following resolution plans have been implemented under Insolvency and Bankruptcy Code (IBC):
  - South East U.P. Power Transmission Company Limited - The Company has received entire outstanding of ₹ 922.09 crores and has accordingly reversed ECL of ₹ 461.05 crores;
  - Jhabua Power Limited- A sum of ₹ 10.41 crores has been written off with reversal of ECL of ₹ 197.09 crores thereon [net of cash recoveries/ securities(s)].
- Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of such assets.
- The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Indian Accounting Standard (Ind AS) 108 'Operating Segments'.
- During the quarter, the Company has declared an interim dividend of ₹ 5/- per equity share (on face value of ₹ 10/- each) and 9th November, 2022 has been fixed as Record Date for payment of Interim Dividend.
- The additional information as required under Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed as **Annexure -A**.
- Pursuant to Regulation 54 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the secured listed non-convertible debt securities issued by the Company and outstanding as at 30th September, 2022 are fully secured (1.22 times), sufficient to discharge the principal amount and the interest thereon at all times, by way of mortgage on certain immovable properties and/or charge on the receivables of the Company, in terms of respective offer document/ information memorandum and/ or Debenture Trust Deed. Further, security cover for non-convertible debt securities issued by the Company is 1.13 times as at 30th September, 2022. The Security Cover in the prescribed format has been annexed as **Annexure-B**.
- Pursuant to the approval of the shareholders, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. As a result, the revised paid up share capital post issue of bonus shares is ₹ 2,633.22 crores. The Earning Per Share (basic and diluted) have been restated as required by Ind AS-33, for all the periods presented.
- 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 period have been utilized for the stated objects in the offer document/ information memorandum, pursuant to Regulation 52(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, there has been no default as on 30th September, 2022 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 period.
- In respect of Central/State Government entities, the company had requested RBI to continue its existing exemption related to credit/ investment concentration norms beyond 31st March 2022. RBI vide its letter dated 24th August 2022 has allowed the existing exposure of the company as on the date of letter and to run off till maturity and thereafter to adhere to the norms with regard to new sanctions.
- There are no reportable cases of loans transferred/ acquired during the period ended 30th September 2022 (previous period Nil) under Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021. Further, there are no cases during the period ended 30th September 2022 (previous period Nil) where resolution plan implemented under the Resolution Framework for Covid-19 related stress as per RBI circular dated 6th August 2020.
- The disclosure in respect of related party transactions for the half year ended 30th September 2022 has been annexed as **Annexure-C**.
- The Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity (SOCIE), Statement of Cash Flows and summarized Notes to Accounts, including Significant Accounting Policies on Standalone basis and Consolidated basis for the period ended 30th September, 2022 have been annexed herewith this statement at **Annexure-D** and **Annexure-E** respectively.
- The figures for the quarter ended 30th September 2022 and 30th September 2021 have been derived by deducting the year to date unaudited figures for the period ended 30th June 2022 and 30th June 2021 from the unaudited figures for the period ended 30th September 2022 and 30th September 2021 respectively.
- Previous period/ years' figures have been regrouped/ reclassified, wherever necessary, in order to make them comparable.

Place: New Delhi  
Date: 27th October 2022

For REC Limited  
  
(Vivek Kumar Dwangan)  
Chairman & Managing Director  
DIN - 01377212



Disclosure in compliance with Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and period ended 30th September, 2022						
S. No.	Particulars	Unit	Standalone		Consolidated	
			As at/ For the quarter ended 30.09.2022	As at/ For the period ended 30.09.2022	As at/ For the quarter ended 30.09.2022	As at/ For the period ended 30.09.2022
1	Debt Equity Ratio <sup>1</sup>	times		6.28		6.24
2	Outstanding Redeemable preference shares	₹ in Crores		Nil		Nil
3	Debenture Redemption Reserve	₹ in Crores		Nil		Nil
4	Net Worth <sup>2</sup>	₹ in Crores		53,456.94		53,796.08
5	Total debts to total assets <sup>3</sup>	times		0.80		0.80
6	Operating Margin <sup>4</sup>	%	34.41	32.74	34.43	32.74
7	Net profit Margin <sup>5</sup>	%	27.42	26.66	27.42	26.64
8	Sector specific equivalent ratios					
(a)	CRAR <sup>6</sup>	%		25.15		
(b)	Gross Credit Impaired Assets Ratio <sup>7</sup>	%		4.03		
(c)	Net Credit Impaired Assets Ratio <sup>8</sup>	%		1.24		
<p>Notes:</p> <p>1 Debt/Equity Ratio = Net Debt / Net Worth (Net debt represents principal outstanding less cash and cash equivalents available.)</p> <p>2 Net Worth is calculated as defined in section 2(57) of Companies Act, 2013.</p> <p>3 Total debts to total assets = Total Debt / Total Assets.</p> <p>4 Operating Margin = Net Operating Profit Before Tax / Total Revenue from Operation.</p> <p>5 Net profit Margin = Net Profit after Tax / Total Income.</p> <p>6 CRAR = Adjusted Net worth/ Risk weighted assets, calculated as per applicable RBI guidelines.</p> <p>7 Gross Credit Impaired Asset Ratio = Gross Credit Impaired Assets / Gross Loan Assets.</p> <p>8 Net Credit Impaired Asset Ratio = Net Credit Impaired Assets / Gross Loan Assets.</p> <p>9 Debt Service Coverage Ratio, Interest Service Coverage Ratio, Current Ratio, Current Liability Ratio, Long Term Debt to Working Capital, Debtors Turnover, Inventory Turnover and Bad Debts to Accounts Receivable Ratio is not applicable to the company.</p>						





Security Cover certificate as per Regulation 54(B) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O	Column P
Particulars	Description of asset for which this certificate relate	Exclusive Charge	Debt for which this certificate being issued	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)	Assets not offered as Security	Elimination (amount in negative)	Debits not backed by any assets offered as security (applicable only for liability side)	(Total C to J)	Market Value for Assets charged on Exclusive basis	Carrying / Book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSR, market value is not applicable)	Market Value for charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable	Total Value (L+M+N+O)
		Book Value	Yes/No	Book Value	Book Value	Book Value						Relating to Column F			
<b>Assets</b>															
Property Plant and Equipment	Land and Building		Yes	2.38			614.60			616.98			13.54		13.54
Capital work in progress							6.79			6.79					-
Right of Use Assets										-					-
Goodwill										-					-
Intangible Assets							2.80			2.80					-
Development										-					-
Investments							2,540.54			2,540.54					-
Loans (book debts)	Book debts		Yes	55,601.03			3,25,363.40			3,80,964.43					55,601.03
Inventories										-					-
Trade Receivables										-					-
Cash and Cash Equivalents							2,375.28			2,375.28					-
Bank balances other than Cash and Cash Equivalents							2,135.62			2,135.62					-
Others							35,801.95			35,801.95					-
<b>Total</b>							3,68,840.98			4,24,444.39			13.54		55,614.57
<b>Liabilities</b>															
<b>Secured debt securities</b>															
a. Debt securities to which this certificate pertains			Yes	45,739.58						45,739.58					
b. Other debt sharing pari-passu															
<b>Unsecured debt securities</b>															
a. Other Debt															
b. Subordinated debt															
<b>Other Borrowings</b>															
Bank										1,42,695.69					
Others borrowing										6,554.04					
Trade payables										51,470.76					
Liabilities										97,333.78					
Provisions															
Others							214.85			214.85					
<b>Total</b>			0				80,435.69			80,435.69					
<b>Cover on Book Value</b>							80,650.54			2,98,054.27					
<b>Cover on Market Value</b>										4,24,444.39					
<b>Cover Ratio</b>															
															1.22
															1.22

1. We confirm that the Company has complied with the covenants mentioned in the disclosure documents of the Secured / redeemable Non convertible debentures for the period ended September 30, 2022.  
2. The market value of Rs. 13.54 crore of the immovable property is on the basis of certified valuation done on 20 April, 2022 (saddam) and 25 April 2022 (chema)





Disclosure of related party transactions for the half-year ended September 30, 2022

S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		Additional disclosure of related party transactions - applicable only in case the related party transaction relates to bank, inter-corporate deposits, advances or investments					Purpose for which the funds will be utilised by the ultimate recipient of funds (end-usage)
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of the transaction (loan/ advance/ deposit/ investment)	Cost	Tenure	Interest Rate (%)	Secured/ unsecured	
1	REC Limited		Dr. Manoj Manohar Pandey, Independent Director		Key Managerial Personnel	Sitting Fees		0.07	-	-						
2	REC Limited		Dr. Gansheer Singh, Independent Director		Key Managerial Personnel	Sitting Fees		0.07	-	-						
3	REC Limited		Dr. Durgesh Nardini, Independent Director		Key Managerial Personnel	Sitting Fees		0.05	-	-						
4	REC Limited		REC PDCL		Holding Company	Dividend Paid		498.96	-	-						
5	REC Limited		REC PDCL		Subsidiary Company	Appropriation of Employee Benefit and Other Expenses		9.12	-	-						
6	REC Limited		REC PDCL		Subsidiary Company	Finance Costs - Interest Paid		8.91	-	-						
7	REC Limited		REC PDCL		Subsidiary Company	Other Expenses		2.28	-	-						
8	REC Limited		REC PDCL		Subsidiary Company	Rental Income		3.90	-	-						
9	REC Limited		REC PDCL		Subsidiary Company	Redemption of the bonds of Company		1.84	-	-						
10	REC Limited		REC PDCL		Subsidiary Company	Payment towards Corporate Social Responsibility (CSR) Expenses		2.00	-	-						
11	REC Limited		REC Foundation		Entities over which control is exercised	Contributions made by the Company		45.00	-	-						
12	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Contributions made by the Company		6.72	-	-						
13	REC Limited		REC LTD Gratuity Fund		Post employment benefit plans of the Company	Finance Costs - Interest Paid		1.82	-	-						
14	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		0.19	-	-						
15	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Finance Costs - Interest Paid		1.54	-	-						
16	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES PROVIDENT FUND		Post employment benefit plans of the Company	Finance Costs - Interest Paid		0.11	-	-						
17	REC Limited		REC Retired Employees Medical Trust		Subsidiary Company	Redemption of the bonds of Company		3.00	-	-						
18	REC Limited		Shri VIVEK KUMAR DEWANGAN		Key Management Personnel	Remuneration		0.15	-	-						
19	REC Limited		Mr. V. K. Singh		Key Management Personnel	Remuneration		0.26	-	-						
20	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Remuneration		0.61	-	-						
21	REC Limited		J.S. Amitabh		Key Management Personnel	Remuneration		0.52	-	-						
22	REC Limited		REC PDCL		Subsidiary Company	Debt Securities Issued		57.44	55.43	-						
23	REC Limited		REC PDCL		Subsidiary Company	Other Financial Assets/Receivable		5.26	5.89	-						
24	REC Limited		REC PDCL		Subsidiary Company	Other Financial Liabilities/Payable		6.10	2.30	-						
25	REC Limited		REC Foundation		Entities over which control is exercised	Advance Given/Other Non Financial Assets		1.20	-	-						
26	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plans of the Company	Debt Securities Issued		4.00	2.00	-						
27	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities Issued		4.70	1.70	-						
28	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Other financial liabilities- GQT Serviced Bonds Issued		29.30	29.30	-						
29	REC Limited		POWER FINANCE CORPORATION LTD. EMPLOYEES PROVIDENT FUND		Post employment benefit plans of the Company	Debt Securities Issued		1.80	1.80	-						
30	REC Limited		J.S. Amitabh		Key Management Personnel	Unsecured Staff Loans & Advances Given		0.11	0.09	-						
31	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Unsecured Staff Loans & Advances Given		0.07	0.06	-						
32	REC Limited		Mr. V. K. Singh		Key Management Personnel	Unsecured Staff Loans & Advances Given		0.18	0.16	-						
33	REC Limited		J.S. Amitabh		Key Management Personnel	Interest Income on Staff Loans		0.01	-	-						
34	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Interest Income on Staff Loans		0*	-	-						
35	REC Limited		Mr. V. K. Singh		Key Management Personnel	Interest Income on Staff Loans		0.01	-	-						
36	REC Limited		Shri Ajay Choudhary		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.02	-	-						
37	REC Limited		Mr. V. K. Singh		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.01	-	-						
38	REC Limited		J.S. Amitabh		Key Management Personnel	Repayment of Unsecured Staff Loans & Advances		0.02	-	-						
39	REC Limited		J.S. Amitabh		Key Management Personnel	Debt Securities Issued		0.10	0.10	-						
40	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Liabilities/Asset		0.71	-7.62	-						
41	REC Limited		REC LTD Gratuity Fund		Post employment benefit plans of the Company	Provision/Liabilities		0.34	1.30	-						
42	REC Limited		REC Retired Employees Medical Trust		Post employment benefit plans of the Company	Debt Securities of the Holding Company		18.40	18.40	-						

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S. No	Details of the party (listed entity/ subsidiary) entering into the transaction			Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transactions during the reporting period	In case monies are due to either party as a result of the transaction		Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, interest on the loans, inter-corporate deposits, advances or investments					
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary	Opening balance				Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured
43	REC Limited		REC LTD Contributory Provident Fund Trust		Post employment benefit plan of the Company		Debt Securities of the Holding Company			1.50	1.50						
44	REC Limited		SMT. PARAMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company		Finance Costs - Interest Paid	0**									
45	REC Limited		SH. VISHAL KAPOOR		Key Management Personnel of Ultimate Holding Company		Debt Securities Issued			0.01	0.01						
46	REC Limited		SMT. PARAMINDER CHOPRA		Key Management Personnel of Ultimate Holding Company		Debt Securities Issued			0.14	0.14						
47	REC Limited		MR. RAVINDER SINGH DHILLON		Key Management Personnel of Ultimate Holding Company		Debt Securities Issued			0.02	0.02						
48	REC Limited		MR. MANISH KUMAR		Key Management Personnel of Ultimate Holding Company		Debt Securities Issued			0**	0**						
49							Professional Charges		5.00								
50	REC PDC		Rajgarh Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.20								
51							Interest Income		0.01								
52							Investment Realised		0.05								
53	RECTOCL		MP Power Transmission Package I Limited		Associates of Subsidiary Company		Reimbursement Income		0.30								
54							Interest Income		0.11								
55	RECTOCL		ER NER Transmission Limited		Associates of Subsidiary Company		Professional Charges		5.90								
56							Reimbursement Income		0.75								
57							Interest Income		0.03								
58	RECTOCL		Kharida II-C Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.20								
59							Interest Income		0.01								
60							Investment Made		0.05								
61	RECTOCL		Kharida II-D Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.20								
62							Interest Income		0.01								
63							Investment Made		0.05								
64							Professional Charges		16.64								
65	RECTOCL		Normach Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.53								
66							Interest Income		0.01								
67							Investment Made		0.05								
68							Investment Realised		-0.05								
69	RECTOCL		Kharida Pooling Station-3 (KPS3)		Associates of Subsidiary Company		Reimbursement Income		0.29								
70							Interest Income		0.01								
71							Investment Made		0.05								
72							Reimbursement Income		0.20								
73	RECTOCL		Kharida RE Transmission Limited		Associates of Subsidiary Company		Interest Income		0.01								
74							Investment Made		0.05								
75	RECTOCL		GADAG II-A Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.29								
76							Interest Income		0.01								
77							Investment Made		0.05								
78	RECTOCL		Rangach II Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.30								
79							Interest Income		0.00								
80							Investment Made		0.05								
81	RECTOCL		Kharida II-A Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.20								
82							Interest Income		0.00								
83	RECTOCL		Kharida II-B Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.05								
84							Investment Made		0.20								
85	RECTOCL		Kharida II-B Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.00								
86							Interest Income		0.00								
87	RECTOCL		Beawar Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.31								
88							Investment Made		0.05								
89							Reimbursement Income		0.00								
90	RECTOCL		KPS1 Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.16								
91							Interest Income		0.00								
92							Investment Made		0.05								
93	RECTOCL		Shar Khedi Transmission Limited		Associates of Subsidiary Company		Reimbursement Income		0.29								
94							Interest Income		0.00								
95							Investment Made		0.05								
96	RECTOCL		Chandil Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		0.05	0.05	0.05						
97	RECTOCL		Dumka Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		0.05	0.05	0.05						
98	RECTOCL		Soderma Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		0.05	0.05	0.05						
99	RECTOCL		Mandla Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		0.05	0.05	0.05						
100	RECTOCL		Bihar Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		0.05	0.05	0.05						
101	RECTOCL		MP Power Transmission Package I Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
102	RECTOCL		ER NER Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
103	RECTOCL		Berwar Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
104	RECTOCL		Sherida II-A Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
105	RECTOCL		Sherida II-B Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
106	RECTOCL		Sherida II-C Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
107	RECTOCL		Sherida II-D Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
108	RECTOCL		Sherida RE Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
109	RECTOCL		KPS1 Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
110	RECTOCL		KPS2 Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						
111	RECTOCL		KPS3 Transmission Limited		Associates of Subsidiary Company		Investment Outstanding		-	0.05	0.05						

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S. No	Details of the party (listed entity/ subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction	Value of the related party transaction as approved by the audit committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments	Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments				
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance		Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)
112	RECPOCL		Rangdih II Transmission Limited		Associates of Subsidiary Company	Investment Outstanding		-	0.05							
113	RECPOCL		Sikar Khori Transmission Limited		Associates of Subsidiary Company	Investment Outstanding		-	0.05							
114	RECPOCL		Gadag-II A Transmission Limited		Associates of Subsidiary Company	Investment Outstanding		-	0.05							

\*\*Denotes amount less than Rs. Fifty thousand.





## REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

## Balance Sheet as at 30th September 2022

(₹ in Crores)

S. No.	Particulars	Note No.	As at 30-09-2022	As at 31-03-2022
	<b>ASSETS</b>			
(1)	<b>Financial Assets</b>			
(a)	Cash and cash equivalents	6	2,375.28	126.40
(b)	Bank balances other than (a) above	7	2,135.62	2,295.30
(c)	Derivative financial instruments	8	7,436.88	5,510.17
(d)	Loans	9	3,80,964.43	3,71,930.54
(e)	Investments	10	2,540.54	2,157.97
(f)	Other financial assets	11	24,393.57	24,396.94
	<b>Total - Financial Assets (1)</b>		<b>4,19,846.32</b>	<b>4,06,417.32</b>
(2)	<b>Non-Financial Assets</b>			
(a)	Current tax assets (net)	12	259.76	179.64
(b)	Deferred tax assets (net)	13	3,655.54	3,134.74
(c)	Property, Plant & Equipment	14	616.98	623.67
(d)	Capital Work-in-Progress	14	6.79	6.07
(e)	Other Intangible Assets	14	2.80	4.25
(f)	Other non-financial assets	15	55.48	46.06
	<b>Total - Non-Financial Assets (2)</b>		<b>4,597.35</b>	<b>3,994.43</b>
(3)	<b>Assets classified as held for sale</b>	16	0.72	0.86
	<b>Total ASSETS (1+2+3)</b>		<b>4,24,444.39</b>	<b>4,10,412.61</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
(1)	<b>Financial Liabilities</b>			
(a)	Derivative financial instruments	8	1,244.87	553.14
(b)	Debt Securities	17	2,20,797.87	2,19,633.57
(c)	Borrowings (other than debt securities)	18	1,16,441.94	1,06,651.59
(d)	Subordinated Liabilities	19	6,554.04	6,816.47
(e)	Other financial liabilities	20	25,597.21	25,575.84
	<b>Total - Financial Liabilities (1)</b>		<b>3,70,635.93</b>	<b>3,59,230.61</b>
(2)	<b>Non-Financial Liabilities</b>			
(a)	Current tax liabilities (net)	21	73.91	10.25
(b)	Provisions	22	214.85	104.51
(c)	Other non-financial liabilities	23	62.76	81.64
	<b>Total - Non-Financial Liabilities (2)</b>		<b>351.52</b>	<b>196.40</b>
(3)	<b>EQUITY</b>			
(a)	Equity Share Capital	24	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	25	558.40	558.40
(c)	Other equity	26	50,265.32	48,452.28
	<b>Total - Equity (3)</b>		<b>53,456.94</b>	<b>50,985.60</b>
	<b>Total - LIABILITIES AND EQUITY (1+2+3)</b>		<b>4,24,444.39</b>	<b>4,10,412.61</b>
	<b>Company Overview and Significant Accounting Policies</b>	1 to 5		



# REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

## Statement of Profit and Loss for the period ended 30th September 2022

(₹ in Crores)

S. No.	Particulars	Note No.	Period ended 30-09-2022	Period ended 30-09-2021
	<b>Revenue from Operations</b>			
(i)	Interest Income	27	19,062.07	19,161.24
(ii)	Dividend Income	28	9.90	16.62
(ii)	Fees and Commission Income	29	90.07	323.57
(iv)	Net gain/ (loss) on fair value changes	34	237.86	44.07
I.	<b>Total Revenue from Operations (i to iii)</b>		<b>19,399.90</b>	<b>19,545.50</b>
II.	Other Income	30	17.16	44.44
III.	<b>Total Income (I+II)</b>		<b>19,417.06</b>	<b>19,589.94</b>
	<b>Expenses</b>			
(i)	Finance Costs	31	11,105.36	11,151.11
(ii)	Net translation/ transaction exchange loss	32	936.34	213.08
(iii)	Fees and commission Expense	33	6.92	9.04
(iv)	Impairment on financial instruments	35	728.38	1,899.95
(v)	Employee Benefits Expenses	36	105.40	82.38
(vi)	Depreciation and amortization	37	11.74	7.46
(vii)	Corporate Social Responsibility Expenses	38	94.45	37.29
(viii)	Other Expenses	39	59.89	49.55
IV.	<b>Total Expenses (i to viii)</b>		<b>13,048.48</b>	<b>13,449.86</b>
V.	<b>Profit before Tax (III-IV)</b>		<b>6,368.58</b>	<b>6,140.08</b>
VI.	<b>Tax Expense</b>	40		
(i)	Current tax		1,227.12	1,593.37
(ii)	Deferred Tax		(34.18)	(438.68)
	<b>Total Tax Expense (i+ii)</b>		<b>1,192.94</b>	<b>1,154.69</b>
VII.	<b>Profit for the period</b>		<b>5,175.64</b>	<b>4,985.39</b>
	<b>Other comprehensive Income/(Loss)</b>			
(i)	<b>Items that will not be reclassified to profit or loss</b>			
(a)	Re-measurement gains/(losses) on defined benefit plans		(2.36)	(1.65)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(36.71)	57.77
(c)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		0.59	0.42
	- Changes in Fair Value of FVOCI Equity Instruments		(0.11)	-
	<b>Sub-Total (i)</b>		<b>(38.59)</b>	<b>56.54</b>
(ii)	<b>Items that will be reclassified to profit or loss</b>			
(a)	Effective Portion of Cash Flow Hedges		718.40	(5.31)
(b)	Cost of hedging reserve		(2,652.35)	(6.91)
(c)	Income tax relating to these items			
	- Effective Portion of Cash Flow Hedges		(180.81)	1.34
	- Cost of hedging reserve		667.54	1.74
	<b>Sub-Total (ii)</b>		<b>(1,447.22)</b>	<b>(9.14)</b>
VIII.	<b>Other comprehensive Income/(Loss) for the period (i+ii)</b>		<b>(1,485.81)</b>	<b>47.40</b>
IX.	<b>Total comprehensive Income for the period (VII+VIII)</b>		<b>3,689.83</b>	<b>5,032.79</b>
X.	<b>Basic &amp; Diluted Earnings per Equity Share of ₹ 10 each (in ₹)</b>	41		
(1)	For continuing operations		19.66	18.93
(2)	For continuing and discontinued operations		19.66	18.93
	<b>Company Overview and Significant Accounting Policies</b>	1 to 5		





# REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

## Statement of Cash Flows for the period ended 30th September 2022

(₹ in Crores)

Particulars	Period ended 30-09-2022	Period ended 30-09-2021
<b>A. Cash Flow from Operating Activities :</b>		
Net Profit before Tax	6,368.58	6,140.08
<b>Adjustments for:</b>		
1. Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	1.39	0.46
2. Loss/ (Gain) on derecognition of Assets held for sale (net)	(1.46)	(1.71)
3. Loss/ (Gain) on cessation of significant influence in Joint Venture (EESL)	-	(29.01)
4. Depreciation & Amortization	11.74	7.46
5. Impairment losses on Financial Instruments	728.38	1,899.95
6. Loss/ (Gain) on Fair Value Changes (net)	(237.57)	(43.50)
7. Effective Interest Rate in respect of Loan Assets and Borrowings	32.98	6.41
8. Unrealised Foreign Exchange Translation Loss/ (Gain)	(1,137.06)	735.75
9. Interest on Investments	(11.76)	(26.96)
<b>Operating Profit/ (Loss) before Changes in Operating Assets &amp; Liabilities</b>	<b>5,755.22</b>	<b>8,688.93</b>
<b>Inflow / (Outflow) on account of :</b>		
1. Loan Assets	(9,304.45)	(9,898.77)
2. Derivatives	442.46	(795.09)
3. Other Financial and Non- Financial Assets	(485.77)	486.25
4. Other Financial and Non- Financial Liabilities & Provisions	(1,053.68)	(1,293.91)
<b>Cash flow from Operations</b>	<b>(4,646.22)</b>	<b>(2,812.59)</b>
1. Income Tax Paid (including TDS)	(1,242.96)	(1,203.94)
<b>Net Cash Flow from Operating Activities</b>	<b>(5,889.17)</b>	<b>(4,016.53)</b>
<b>B. Cash Flow from Investing Activities</b>		
1. Sale of Property, Plant & Equipment	0.05	0.03
2. Sale of assets held for sale	1.60	1.73
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(5.19)	(37.21)
4. Investment in Intangible Assets (including intangible assets under development) development & Capital Advances)	-	(0.24)
5. Finance Costs Capitalised	-	(5.39)
6. Sale/ (Investment) in Equity Shares and Venture Capital Fund	4.76	405.59
7. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	-	(465.82)
8. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(190.54)	9.45
<b>Net Cash Flow from Investing Activities</b>	<b>(189.32)</b>	<b>(91.86)</b>
<b>C. Cash Flow from Financing Activities</b>		
1. Issue/ (Redemption) of Rupee Debt Securities (Net)	(489.76)	(4,267.83)
2. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net )	5,747.94	1,854.58
3. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	3,070.02	11,524.89
4. Issue Expenses on Bonus Issue of Equity Shares	(0.82)	-
5. Payment of Dividend on Equity Shares	-	(394.98)
6. Repayment towards Lease Liability	-	(0.01)
<b>Net Cash flow from Financing Activities</b>	<b>8,327.38</b>	<b>8,716.65</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,248.88</b>	<b>4,608.26</b>
Cash & Cash Equivalents as at the beginning of the period	126.40	1,140.49
Cash & Cash Equivalents as at the end of the period	2,375.28	5,748.75



# REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

## Statement of Changes in Equity for the period ended 30th September 2022

### A Equity share capital

Particulars	As at 30-09-2022	As at 31-03-2022	(₹ in Crores)
Balance at the beginning of the period			
Changes in equity share capital during the period*	1,974.92		1,974.92
Balance at the end of the period	658.30		-
	2,633.22		1,974.92

\* During the period, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. Accordingly, as required by Ind AS-33, Earnings per share, the EPS of current and previous period have been restated.

### B Instruments entirely equity in nature

Particulars	As at 30-09-2022	As at 31-03-2022	(₹ in Crores)
Balance at the beginning of the period			
Changes in instruments entirely equity in nature during the period	558.40		558.40
Balance at the end of the period	-		-
	558.40		558.40

### C Other Equity

Particulars	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 45-1C of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings	FVOCI-Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
Balance as at 31st 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
Profit for the period	-	-	-	-	-	-	4,985.39	-	-	-	4,985.39
Remeasurement of Defined Benefit Plans (net of taxes)	-	-	-	-	-	-	(1.23)	-	-	-	(1.23)
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-	-	-	57.77	(3.97)	(5.17)	48.63
Total Comprehensive Income	-	-	-	-	-	-	4,984.16	57.77	(3.97)	(5.17)	5,032.79
Other adjustments	1,553.84	(39.05)	997.09	-	-	39.05	(2,550.93)	-	-	-	-
Transferred to/ (from) Retained Earnings	-	-	-	-	-	-	-	-	-	-	-
Transferred to General Reserve	-	-	-	-	-	-	-	-	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	(107.53)	-	82.60	(82.60)	-	-	(107.53)
Foreign Currency Translation gain/ (loss) on long term monetary items during the period	-	-	-	-	-	-	-	-	-	-	-
Amortisation during the period	-	-	-	-	-	-	-	-	-	-	-
Total- Other adjustments	1,553.84	(39.05)	997.09	-	-	39.05	(2,468.33)	(82.60)	-	-	147.68
Dividends	-	-	-	-	-	-	(732.69)	-	-	-	40.15
Total- Transaction with owners	-	-	-	-	-	-	(732.69)	-	-	-	(732.69)
Balance as at 30th September 2021	20,776.07	2,089.36	4,801.09	2,236.54	(533.01)	9,889.08	6,108.23	(0.76)	(169.58)	36.28	45,233.30





(₹ in Crores)

Particulars	Reserves & Surplus						FVOCI- Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viii) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings			
Balance as at 31st March 2022	22,302.93	196.82	5,814.00	2,236.54	(555.29)	11,781.62	6,915.38	194.21	(395.95)	48,452.28
Profit for the period							5,175.64			5,175.64
Remeasurement of Defined Benefit Plans (net of taxes)							(1.77)			(1.77)
Recognition through Other Comprehensive Income (net of taxes)							-	537.59	(1,984.81)	(1,484.04)
<b>Total Comprehensive Income</b>							5,173.87	537.59	(1,984.81)	3,689.83
<b>Other adjustments</b>										
Transferred to/ (from) Retained Earnings	1,350.31	-	-	-	-	-	(2,385.46)			-
Reclassification of gain/ (loss) on sale/ extinguishment of		(0.05)	1,035.15			0.05	-			-
FVOCI equity instrument (net of taxes)							2.54			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the period					(290.34)					(290.34)
Amortisation during the period										
<b>Total- Other adjustments</b>	1,350.31	(0.05)	1,035.15	-	20.63	0.05	(2,382.92)	-	-	20.63
Bonus Issue of Equity Shares				(658.30)	(269.71)		-			(269.71)
Expenses incurred on Bonus Issue of Equity Shares				(0.82)			-			(658.30)
Dividends							(947.96)			(0.82)
<b>Total- Transaction with owners</b>				(659.12)			(947.96)			(947.96)
Balance as at 30th September 2022	23,653.24	196.77	6,849.15	1,577.42	(825.00)	11,781.67	8,758.37	731.80	(2,380.76)	50,265.32



## REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003

CIN: L40101DL1969GOI005095

### 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 the Corporate Office situated 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 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 30<sup>th</sup> September 2022 were authorized and approved for issue by the Board of Directors on 27<sup>th</sup> October 2022.

#### 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 going concern basis following accrual system of accounting 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.



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### 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 recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For 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.

Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

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 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 qualifying asset becomes ready for its intended use, 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 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. 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.'

### **3.7 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.

*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.

## **3.8 Assets held for sale**

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 assets are measured at lower of carrying amount or fair value less selling costs.

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.

## **3.9 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.





### 3.10 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.

