

SEC-1/187(2)/2020/293

Dated: September 2, 2020

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

**Sub: 51<sup>st</sup> Annual Report of REC Limited for the Financial Year 2019-20.**

Dear Sir(s),

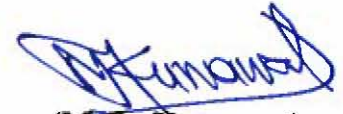
In pursuance of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and continuation of our letter dated August 26, 2020 regarding convening of 51<sup>st</sup> Annual General Meeting of the Company, please find attached a copy of Annual Report of REC Limited for the Financial Year 2019-20, *inter-alia* containing the Notice of 51<sup>st</sup> AGM of the Company.

The Annual Report is also hosted on Company's website at [www.recindia.nic.in](http://www.recindia.nic.in).

This is for your kind information and records.

Thanking you,

Yours faithfully,

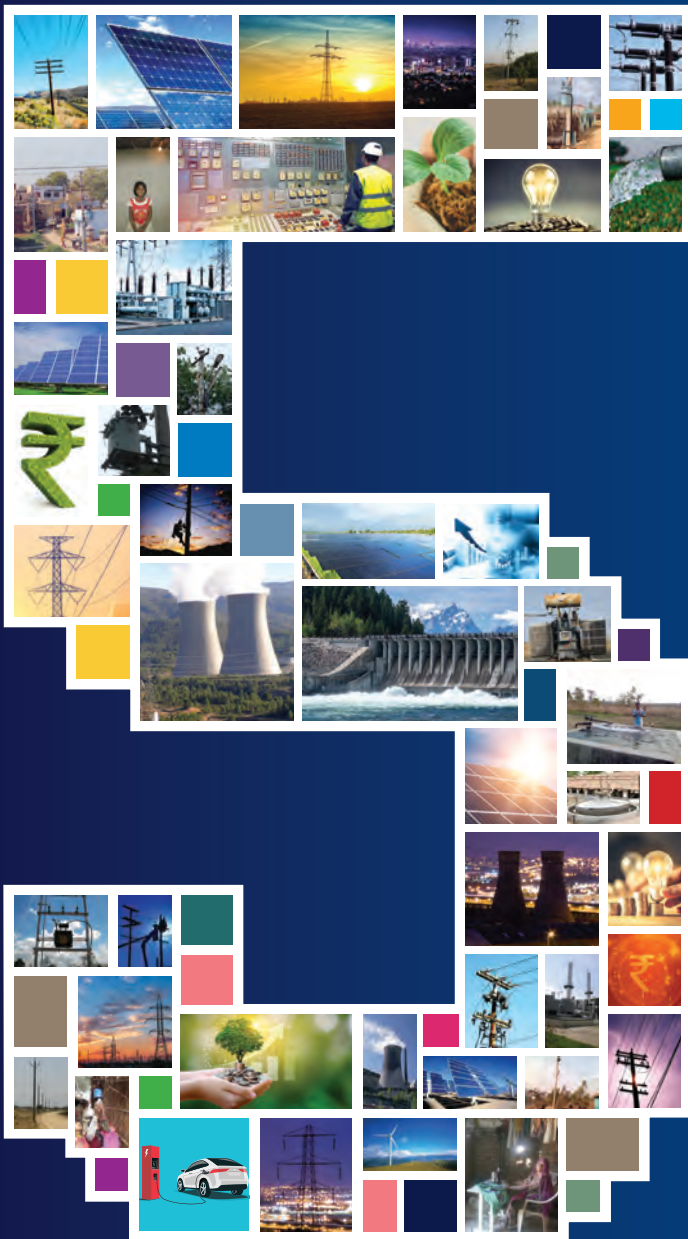


(M. L. Kumawat)  
Sr. GM (Fin.) - CS

Encl: As above

# LIGHTING LIVES

## FUNDING A POWERFUL FUTURE FOR NEW INDIA



## Mission / Vision & Objectives

### Mission / Vision

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

### Objectives

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

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

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## COMPANY INFORMATION

### Board of Directors

**Shri Sanjeev Kumar Gupta**  
Chairman & Managing Director  
and Director (Technical)

**Shri Ajoy Choudhury**  
Director (Finance)

**Shri Mritunjay Kumar Narayan**  
Government Nominee Director

**Shri Praveen Kumar Singh**  
Nominee Director of  
Power Finance Corporation Limited

### Chief Vigilance Officer

Dr. Sunita Singh

### Company Secretary

Shri J.S. Amitabh

### Registered & Corporate Office

Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.  
Tel: +91-11-4309 1500 / 1501, Fax: +91-11-2436 0644  
E-mail: [contactus@recl.in](mailto:contactus@recl.in) Website: [www.recindia.nic.in](http://www.recindia.nic.in)

### Corporate Identification Number

L40101DL1969GOI005095

### Equity Shares listed on

National Stock Exchange of India Limited  
BSE Limited

### Depositories

National Securities Depository Limited  
Central Depository Services (India) Limited

### Statutory Auditors

S.K. Mittal & Co., Chartered Accountants  
O.P. Bagla & Co. LLP, Chartered Accountants

### Secretarial Auditors

Chandrasekaran Associates, Company Secretaries

### Wholly Owned Subsidiaries of REC

REC Transmission Projects Company Limited (RECTPCL)  
REC Power Distribution Company Limited (RECPDCL)

### Wholly Owned Subsidiaries of RECTPCL

Dinchang Transmission Limited  
Chandil Transmission Limited  
Koderma Transmission Limited  
Dumka Transmission Limited  
Mandar Transmission Limited

Kallam Transmission Limited  
Gadag Transmission Limited  
Fatehgarh Bhadla Transco Limited  
Rajgarh Transmission Limited  
Bidar Transmission Limited

Sikar New Transmission Limited  
Ramgarh New Transmission Limited  
MP Power Transmission Package-I Limited  
MP Power Transmission Package-II Limited

### Bankers

Axis Bank  
Bank of Baroda  
HDFC Bank  
ICICI Bank

IDBI Bank  
IndusInd Bank  
Reserve Bank of India  
State Bank of India

Union Bank  
Yes Bank

### Registrar & Transfer Agents (For Equity Shares / Listed Bonds)

Name: **KFin Technologies Private Limited**  
(formerly Kary Fintech Private Limited)

Address: Selenium Tower B, Plot Nos. 31 & 32, Gachibowli Financial District,  
Nanakramguda, Hyderabad-500032

**Equity Shares**  
Phone: +91-40-6716 2222  
Fax: +91-40-2300 1153  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

**Listed Bonds**  
+91-40-6716 1659  
+91-40-2300 1153  
[gopalakrishna.kvs@kfintech.com](mailto:gopalakrishna.kvs@kfintech.com)

**Beetal Financial & Computer Services (P) Limited**

Beetal House, 3<sup>rd</sup> floor, 99 Madangir, Behind LSC Opp. Dada  
Harsukhdas Mandir, New Delhi-110062

**Listed Bonds**  
+91-11-2996 1281-83  
+91-11-2996 1284  
[recbonds1@gmail.com](mailto:recbonds1@gmail.com)  
[www.beetalfinancial.com](http://www.beetalfinancial.com)

### Social Media presence of REC

   @reclindia   REC Limited

# BOARD OF DIRECTORS



**SHRI SANJEEV KUMAR GUPTA**  
Chairman & Managing Director  
and Director (Technical)



**SHRI AJAY CHOUDHURY**  
Director (Finance)



**SHRI MRITUNJAY KUMAR NARAYAN**  
Government Nominee Director



**SHRI PRAVEEN KUMAR SINGH**  
Nominee Director of  
Power Finance Corporation Limited

# SENIOR MANAGEMENT TEAM



**Dr. Sunita Singh**  
Chief Vigilance Officer



**Smt. Kalpana Kaul**  
Executive Director - HR & CC



**Shri T.S.C. Bosh**  
Executive Director - State  
Operations and CEO, RECTPCL



**Shri G.S. Bhati**  
Executive Director - Programme  
Management I



**Smt. Debjani Chakrabarti**  
Executive Director



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



**Shri R. Lakshmanan**  
Executive Director - Programme  
Management (Coordination)  
and CEO, RECPDCL



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



**Shri Fuzail Ahmed**  
Executive Director - Programme  
Management II



**Shri Sanjay Kumar**  
Executive Director - Finance  
(Resources & Treasury)



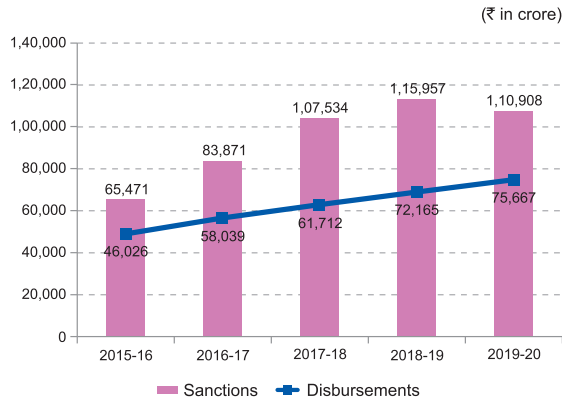
**Shri S.L. Batta**  
Executive Director - Law



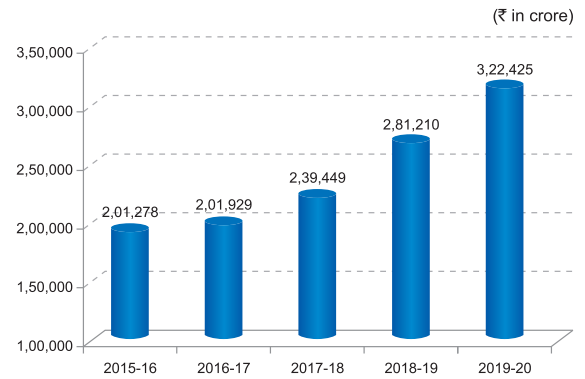
**Shri R.P. Vaishnav**  
Executive Director - Finance  
(Loans & Establishment)

# PERFORMANCE HIGHLIGHTS

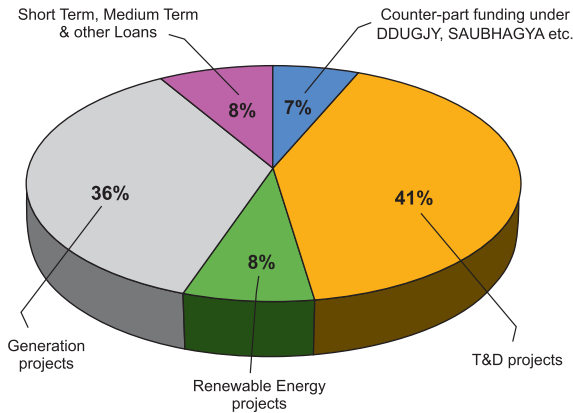
## SANCTIONS & DISBURSEMENTS



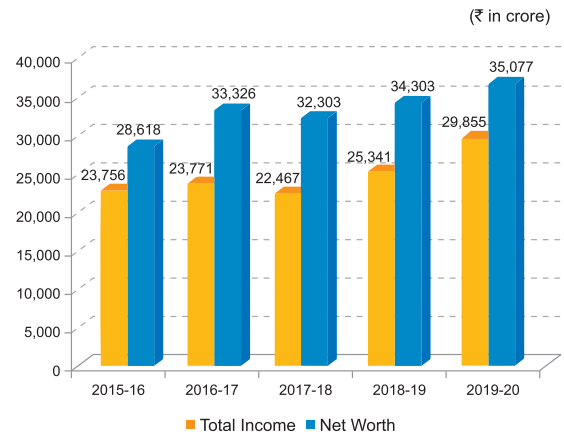
## LOAN BOOK



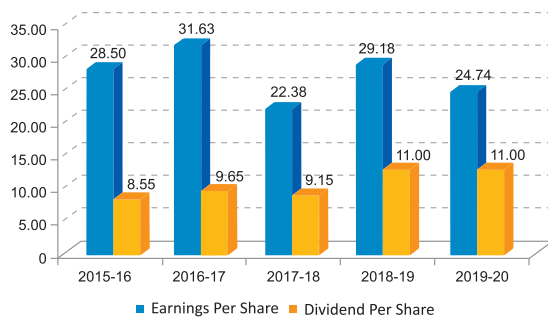
## SECTOR-WISE % OF DISBURSEMENT FY 2019-20



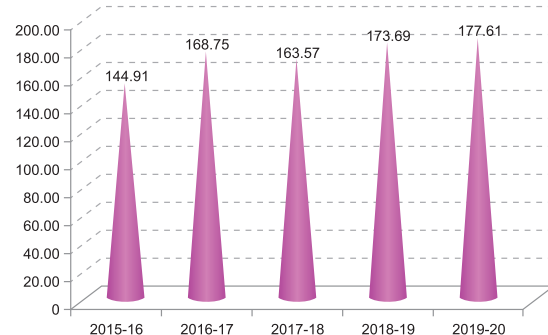
## TOTAL INCOME & NET WORTH



## EPS vs. DIVIDEND (₹)



## BOOK VALUE PER SHARE (₹)



## PERFORMANCE HIGHLIGHTS

### CONSISTENT GROWTH OVER 10 YEARS

| Particulars   | 2019-20<br>(as per Ind AS) | 2018-19<br>(as per Ind AS) | 2017-18<br>(as per Ind AS) | 2016-17            | 2015-16            | 2014-15            | 2013-14            | 2012-13            | 2011-12          | 2010-11          |
|---|----------------------------|----------------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| <b>SHAREHOLDERS' FUND</b>   |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| (at the end of the year) (₹ in crore)   |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| Equity Share Capital  | 1,974.92                   | 1,974.92                   | 1,974.92                   | 1,974.92           | 987.46             | 987.46             | 987.46             | 987.46             | 987.46           | 987.46           |
| Other Equity/Reserves & Surplus   | 33,101.64                  | 32,328.02                  | 30,328.23                  | 31,350.67          | 27,630.30          | 23,869.57          | 19,682.00          | 16,466.92          | 13,575.58        | 11,801.16        |
| <b>Net Worth</b>  | <b>35,076.56</b>           | <b>34,302.94</b>           | <b>32,303.15</b>           | <b>33,325.59</b>   | <b>28,617.76</b>   | <b>24,857.03</b>   | <b>20,669.46</b>   | <b>17,454.38</b>   | <b>14,563.04</b> | <b>12,788.62</b> |
| <b>BORROWINGS (₹ in crore)</b>  |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| From Government of India/NSSF   | 10,000.00                  | 5,000.00                   | -                          | -                  | -                  | 3.07               | 7.93               | 15.14              | 24.64            | 36.13            |
| Bonds/Debentures  | 1,88,538.25                | 1,71,803.83                | 1,65,334.89                | 1,45,686.84        | 1,39,732.73        | 1,24,683.85        | 1,02,806.71        | 85,249.04          | 71,372.20        | 51,208.53        |
| From Financial Institutions   | 1,000.00                   | 1,200.00                   | 400.00                     | 750.00             | 1,100.00           | 1,450.00           | 2,995.00           | 4,020.00           | 4,370.00         | 4,720.00         |
| Foreign Currency Borrowings   | 44,378.49                  | 31,368.12                  | 27,530.08                  | 21,080.55          | 21,923.72          | 24,028.20          | 17,621.15          | 15,238.19          | 10,698.09        | 7,605.90         |
| Term Loans from Banks   | 18,899.78                  | 18,550.00                  | -                          | -                  | -                  | 125.00             | 269.40             | 788.80             | 1,091.54         | 6,469.14         |
| Commercial Papers   | 2,925.00                   | 7,975.00                   | 3,250.00                   | -                  | 5,600.00           | -                  | 2,540.00           | 980.00             | -                | -                |
| Short-Term/Demand Loans/Others  | 14,374.33                  | 3,389.50                   | 2,276.54                   | -                  | 749.93             | 734.00             | -                  | 1,500.00           | 2,500.00         | -                |
| <b>Total</b>  | <b>2,80,115.85</b>         | <b>2,39,286.45</b>         | <b>1,98,791.51</b>         | <b>1,67,517.39</b> | <b>1,69,106.38</b> | <b>1,51,024.12</b> | <b>1,26,240.19</b> | <b>1,07,791.17</b> | <b>90,056.47</b> | <b>70,039.70</b> |
| Fund Mobilization   | 84,358.12                  | 69,383.22                  | 51,164.89                  | 28,495.18          | 31,254.92          | 41,189.82          | 36,934.37          | 30,759.16          | 29,709.36        | 25,855.35        |
| <b>FINANCING OPERATIONS</b><br>(During the year) (₹ in crore)                       |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| Number of projects approved   | 727                        | 914                        | 895                        | 997                | 625                | 609                | 1,035              | 1,031              | 1,091            | 658              |
| Financial assistance sanctioned   | 1,10,907.99                | 1,15,957.35                | 1,07,534.05                | 83,870.82          | 65,471.10          | 61,421.37          | 70,739.48          | 79,470.49          | 51,296.77        | 66,419.98        |
| Disbursements*  | 82,140.83                  | 91,827.56                  | 72,281.19                  | 66,076.15          | 50,630.81          | 46,446.82          | 37,969.99          | 40,183.06          | 30,593.30        | 28,517.11        |
| Repayments by borrowers   | 34,454.15                  | 30,405.09                  | 24,191.82                  | 57,388.24          | 24,394.48          | 11,812.63          | 14,260.45          | 13,345.92          | 8,119.69         | 8,772.58         |
| Outstanding at the end of the year  | 3,22,424.68                | 2,81,209.68                | 2,39,449.34                | 2,01,928.68        | 2,01,278.29        | 1,79,646.94        | 1,48,641.10        | 1,27,355.52        | 1,01,426.26      | 81,725.45        |
| <b>ACHIEVEMENTS (in Nos.)</b>   |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| <b>Electrification of un-electrified villages</b>                                   |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| During the year   | -                          | 1,515                      | 3,736                      | 6,015              | 7,108              | 1,405              | 1,197              | 2,587              | 7,934            | 18,306           |
| Upto end of the year  | 1,27,410                   | 1,27,410                   | 1,25,895                   | 1,22,159           | 1,16,144           | 1,09,524           | 1,08,280           | 1,07,083           | 1,04,496         | 96,562           |
| <b>Release of free Electricity Connections to BPL Households and other than BPL</b> |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| During the year   | -                          | 2,22,39,037                | 50,41,996                  | 22,42,763          | 14,39,144          | 7,59,377           | 9,61,730           | 12,96,541          | 34,44,902        | 58,83,355        |
| Upto end of the year  | 5,27,49,233                | 5,27,49,233                | 3,05,10,196                | 2,54,68,200        | 2,32,25,437        | 2,18,33,995        | 2,16,83,554        | 2,07,21,824        | 1,94,25,283      | 1,59,80,381      |
| <b>WORKING RESULTS (₹ in crore)</b>   |                            |                            |                            |                    |                    |                    |                    |                    |                  |                  |
| Total Income  | 29,854.98                  | 25,341.16                  | 22,467.35                  | 23,770.58          | 23,756.28          | 20,388.05          | 17,120.80          | 13,598.67          | 10,509.07        | 8,495.26         |
| Finance Costs including Net Exchange Loss, Fees & Commission Expenses               | 21,380.39                  | 16,197.11                  | 13,381.06                  | 13,450.35          | 14,283.12          | 11,844.61          | 10,038.46          | 8,083.76           | 6,431.35         | 4,851.01         |
| Provisions and Contingencies / Impairment on financial instruments                  | 889.56                     | 240.33                     | 2,297.12                   | 1,109.47           | 1,089.85           | 802.96             | 312.02             | 130.68             | 52.27            | 0.22             |
| Net loss on fair value changes  | 25.85                      | 348.52                     | 573.37                     | -                  | -                  | -                  | -                  | -                  | -                | -                |
| Other Expenses  | 565.89                     | 447.53                     | 326.00                     | 345.02             | 332.65             | 306.68             | 234.99             | 216.53             | 229.32           | 164.72           |
| Depreciation  | 10.00                      | 7.17                       | 5.65                       | 5.04               | 5.45               | 6.76               | 4.21               | 3.75               | 3.27             | 3.03             |
| <b>Profit Before Tax</b>  | <b>6,983.29</b>            | <b>8,100.50</b>            | <b>5,884.15</b>            | <b>8,860.70</b>    | <b>8,045.21</b>    | <b>7,427.04</b>    | <b>6,531.12</b>    | <b>5,163.95</b>    | <b>3,792.86</b>  | <b>3,476.28</b>  |
| Provision for Taxation/Tax Expenses   | 2,097.13                   | 2,336.78                   | 1,464.26                   | 2,614.94           | 2,417.55           | 2,167.17           | 1,847.42           | 1,346.33           | 975.83           | 906.35           |
| <b>Profit After Tax</b>   | <b>4,886.16</b>            | <b>5,763.72</b>            | <b>4,419.89</b>            | <b>6,245.76</b>    | <b>5,627.66</b>    | <b>5,259.87</b>    | <b>4,683.70</b>    | <b>3,817.62</b>    | <b>2,817.03</b>  | <b>2,569.93</b>  |
| Other Comprehensive Income for the Period   | (549.79)                   | (60.54)                    | 4.24                       | -                  | -                  | -                  | -                  | -                  | -                | -                |
| <b>Total Comprehensive Income</b>   | <b>4,336.37</b>            | <b>5,703.18</b>            | <b>4,424.13</b>            | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>         | <b>-</b>         |
| Dividend on Equity  | 2,172.41                   | 2,172.41                   | 1,807.05                   | 1,905.80           | 1,688.55           | 1,056.58           | 938.09             | 814.65             | 740.59           | 740.59           |

\* includes disbursement of loans as well as grant/subsidy under Government Schemes



## CHAIRMAN'S MESSAGE



Dear Shareholders,

It is my privilege to present to you the 51<sup>st</sup> Annual Report of your Company. With the COVID-19 pandemic still impacting our lives, these are turbulent times for our businesses and economies. However, adversity caused by the pandemic has also revealed to us new ways of survival and doing business. Despite the challenging times, REC stands tall as a leading financial & development institution of the country, delivering strong performance on all counts while cautiously managing its risks. The Company has also made its humble contribution towards managing the pandemic, by arranging food & shelter for migrant workers, distribution of essentials for communities and medical gear for frontline workers, besides contribution to the PM CARES Fund.

Global economic conditions had been witnessing a gradual decline since the last two years. The world economy, which grew at 4% in 2017, continued to soften to a growth of 3.6% in 2018 and 2.9% in 2019. With the outbreak of COVID-19 in early 2020, one country after the other was hit with high human costs and a resultant public health crisis. At the same time, economic activity was adversely impacted at an unprecedented level. China, which happened to be the epicentre of the pandemic, saw a sharp decline in its production activities. This had a cascading effect on global supply chains, prolonging the halt in manufacturing activities & cross border trade. Simultaneously, asset prices, commodity prices and equity markets also plummeted. Softening oil prices provided some relief, but uncertainty in the economic outlook continues.

Governments of advanced economies as well as developing economies were swift in providing fiscal response to market disruptions, alongwith support to heavily-impacted sectors and workers. Broad-based fiscal stimulus has prevented a further decline in the business sentiment and a bigger downturn.

India was also impacted by the pandemic, but the adverse effects have been contained well by swift and strong measures taken by the Government. The Indian economy, which had a strong performance in the recent decades, grew at 4.2% in fiscal 2019-20 as the last quarter was hit by COVID-19 and nationwide lockdown. The IMF has projected a contraction in the Indian economy in 2020, due to continuing challenges posed by the pandemic. However, the economy is expected to bounce back in the next year.

The Hon'ble Prime Minister has given us the vision of *Atmanirbhar Bharat*, of making India a self-reliant nation. A huge fiscal package has been provided alongwith policy push, in order to minimize the adverse economic impact of the pandemic. RBI has cut down the repo rate to a 15-year-low of 4% and reverse repo rate to 3.35%, besides allowing banks, NBFCs and housing finance companies to stall EMLs and extend moratorium up to six months.

The new norms of 'social distancing' and 'work-from-home' brought into fore by COVID-19, have put an increased focus on the centrality of electricity in powering our current and future societies. Having said that, power sector is not immune to the adverse effects of the pandemic and decreased economic activity. The long-term impact would become apparent only with passage of time. On the whole, sustained economic growth is necessary to maintain the demand for power and better energy systems. In the coming years, we would see enhanced power generation through renewable sources, as also new technologies like smart grids, geospatial data systems and widespread e-Mobility, which should form basis of our energy planning to be done today.

### POWER SECTOR SCENARIO

The power sector in the country witnessed limited disruption due to COVID-19, as power comes under essential services category. However, demand for power fell steeply on account of drop in the commercial and industrial activity. Power distribution was impacted the most, with fall in revenue collections affecting the financial and liquidity position of players. As the lockdown eased out, power demand started to recover. Further, the Government announced liquidity infusion to the power sector, granting relief from the sudden cash crunch.

India is the third largest producer and third largest consumer of electricity in the world, with total installed power capacity of 370 GW as on March 31, 2020. The Indian power sector is highly diversified with conventional sources such as coal, lignite, natural gas, oil, hydropower and nuclear power on one hand; and renewable sources such as solar power, wind power and agricultural & domestic waste on the other. The share of renewable energy in the generation mix is consistently increasing. Further, the Government is pursuing various energy efficiency measures through innovative programmes such as UJALA, SLNP, National E-mobility Programme and Super-Efficient Air Conditioning Programme etc., which serve the dual purposes of power saving and environmental sustainability.

The Government's focus on attaining '24x7 Power For All' has accelerated the capacity addition in the country. Around 750 million people in the country gained access to electricity between years 2000 to 2019, reflecting strong and effective policy implementation. There is keen focus on becoming a low carbon economy. India has a huge potential to become the world leader in renewable energy space. Furthermore, development of smart cities and introduction of energy saving & storage devices might become the new sources of investment traction.

### OPERATIONAL PERFORMANCE

REC is engaged in financing projects / schemes of power generation (both conventional and renewable energy), transmission, distribution, rural electrification and activities having forward / backward linkage with power projects, in both public and private sectors. Its key products include Long Term, Medium Term and Short Terms Loans etc. for the entire power sector value chain.

In addition to that, REC also acts as nodal agency or project management / implementing agency for various schemes and programmes of national importance of the Ministry of Power, Government of India, such as DDUGJY, SAUBHAGYA and NEF, to name a few.

During the financial year 2019-20, the Company sanctioned total loan assistance of ₹1,10,907.99 crore towards various power sector projects/schemes. The same included ₹55,811.89 crore sanctioned towards generation projects, ₹7,026.33 crore towards renewable energy projects, ₹41,604.77 crore towards T&D projects and ₹6,465.00 crore towards short term, medium term & other loans.

Further, the Company disbursed a total loan amount of ₹75,666.95 crore in the financial year 2019-20. The same included ₹27,490.87 crore towards generation projects, ₹5,699.09 crore towards renewable energy projects, ₹30,856.19 crore towards T&D projects, ₹6,390.00 crore towards short term, medium term & other loans and ₹5,230.80 crore of counter-part funding under DDUGJY including DDG (Decentralized Distributed Generation) and SAUBHAGYA schemes. Further, grant/subsidy of ₹6,473.88 crore provided by the Government of India was also disbursed to various states/implementing agencies during the financial year 2019-20 under the DDUGJY, DDUGJY-DDG and SAUBHAGYA schemes.

### FINANCIAL PERFORMANCE

REC's Total Operating Income for the financial year 2019-20 was ₹29,791.06 crore, as against ₹25,309.72 crore during the last financial year. Further, the Profit After Tax and Total Comprehensive Income for the financial year 2019-20 were ₹4,886.16 crore and ₹4,336.37 crore, as compared to ₹5,763.72 crore and ₹5,703.18 crore in the last financial year.

The Gross Loan Asset Book of REC as on March 31, 2020 was ₹3,22,424.68 crore, as compared to ₹2,81,209.68 crore in the last financial year. The Net Worth of the Company as on March 31, 2020 stood at ₹35,076.56 crore, i.e., 2.26% higher as compared to Net Worth of ₹34,302.94 crore as on March 31, 2019.

The overall weighted average annualized interest rate of borrowing raised during the financial year 2019-20 and for the borrowings outstanding as on March 31, 2020, excluding other finance charges, was 6.70% and 7.32% respectively. As a result, your Company was able to deliver debt financing at competitive rates. The domestic debt instruments of REC continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA. REC also enjoys international credit rating of "Baa3" and "BBB-", at par with sovereign ratings, from international credit rating agencies viz. Moody's and FITCH respectively.

REC's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2020, the Gross Credit Impaired Assets (Stage III) were ₹21,255.55 crore, which was 6.59% of the gross loan assets; and the Net Credit Impaired Assets (Stage III) were ₹10,703.42 crore, i.e., 3.32% of the loan assets.

### DIVIDEND

The Board of Directors of your Company has declared an Interim Dividend of ₹11/- per equity share of ₹10/- each for the financial year 2019-20, which was paid in February, 2020. The Board has not recommended any final dividend for the year. Thus, the total dividend for financial year 2019-20 works out to ₹11/- per equity share of ₹10/- each, representing 110% of the paid-up share capital of the Company, consistent with the dividend of ₹11/- per equity share of ₹10/- each paid for the last financial year.

### CAPITAL STRUCTURE

As on March 31, 2020, the Authorized Share Capital of the Company was ₹5,000 crore comprising of 500,00,00,000 Equity Shares of ₹10/- each; and the Issued & Paid up Share Capital of the Company was ₹1,974.92 crore comprising of 197,49,18,000 Equity Shares of ₹10/- each. Power Finance Corporation Limited (PFC), a Government Company, holds 52.63% equity stake in REC, in

line with the Share Purchase Agreement dated March 20, 2019 entered between the President of India, acting through the Ministry of Power, Government of India and PFC.

### FLAGSHIP GOVERNMENT PROGRAMMES

REC is proud to be associated with various flagship programmes of the Ministry of Power, Government of India, which are contributing immensely towards development of power sector in the country, besides improving socio-economic conditions and quality of life.

REC is the Nodal Agency for Deendayal Upadhyaya Gram Jyoti Yojana i.e., DDUGJY, a flagship scheme of the Ministry of Power, Government of India launched in December 2014, covering all aspects of rural power distribution, facilitating towards achievement of '24x7 Power For All' in rural areas of the country through defined project components. In a landmark achievement, all remaining census inhabited villages in India stand electrified as on April 28, 2018.

The Ministry of Power has also designated REC as the Nodal agency for operationalization of SAUBHAGYA scheme, i.e., Pradhan Mantri Sahaj Bijli Har Ghar Yojana launched in financial year 2017-18. With the concerted efforts of States and DISCOMs, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019. Further, on request of seven States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power had accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of these, States/DISCOMs have released connections to 13.92 lakh households during financial year 2019-20.

Under the 'Atmanirbhar Bharat' package of the Government of India, REC has disbursed Special Long-Term Transition Loans to DISCOMs for making payment to generators, as they were facing severe cash crunch owing to the pandemic. These loans provided much needed relief to the power sector by injecting liquidity.

REC is also supporting the Ministry of Power for implementation of Ujwal DISCOM Assurance Yojana i.e., UDAY scheme launched in financial year 2015-16 for financial turnaround and revival of Power DISCOMs in the country. REC has developed a state-of-the-art web portal and an online App for monitoring the performance of DISCOMs, which has resulted in transparency and accountability.

### POLICY INITIATIVES

REC regularly reviews and amends its policy framework to meet the demands of dynamic business environment and changing statutory requirements. During the financial year 2019-20, REC amended its 'Code for Regulating, Monitoring and Reporting of Trading by Designated Persons & their Immediate Relatives and for Fair Disclosure', 'Policy for determining Material Subsidiaries', 'Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions' and 'Policy for Prevention of Frauds'. The Company also adopted a policy for resolution of stressed assets; and additional guidelines for working capital loan to state power utilities. Regular review of policies has helped REC in achieving its corporate objectives effectively.

### HUMAN RESOURCES MANAGEMENT

Human resources continue to play a significant role in the journey of REC. During the year under review, the Company appointed 37 Executives in various disciplines from reputed institutes, thus infusing fresh talent. Training and capacity-building programmes are regularly conducted, to upgrade the skill sets and performance of the employees. REC believes in effective deployment of human resources for meeting the organizational goals. At the same time, employee well-being and work-life balance is also promoted. This is reflected in a motivated workforce continuously striving towards organizational excellence.

### INFORMATION TECHNOLOGY INITIATIVES

Information Technology is a key focus area of REC for enhancing automation of its business processes. Your Company was the first CPSE in the power sector to go paperless, with organization wide implementation of 'E-office' for automated workflow and electronic document management. The Company has revamped its e-Business ERP to the latest version and also migrated the ERP hardware to private cloud environment. Video conferencing is used extensively in REC, to conduct meetings of the Board, Committees, senior management, review meetings, meetings with Government agencies, imparting training to employees and for meetings with business associates.

REC has also implemented the IT Security framework prescribed by RBI, as per its Master Direction to NBFCs. The Primary Data Centre and Disaster Recovery Center of REC are ISO/IEC 27001:2013 certified and also comply with the Government's National Cyber Security Policy. Further, REC has a secured VPN network, enabling users to work remotely and ensure business continuity.

### REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

The Company has a training institute at Hyderabad, namely, REC Institute of Power Management and Training (RECIPMT), which conducts specialized training programmes relevant to the power sector. The trainings are imparted to engineers, managers and other employees of various organizations from India and abroad, besides in-house training sessions for employees of REC. During the financial year 2019-20, RECIPMT conducted a total of 132 programmes and workshops on various topics ranging from energy conservation relating to power generation, transmission & distribution, management, finance, information technology and renewable energy. In all, 3,109 personnel were trained and an aggregate of 11,993 training man-days were achieved during the year.

## CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

REC's Corporate Social Responsibility and Sustainable Development initiatives are pursued with a focus on socially beneficial projects, giving priority to issues of foremost concern in the national development agenda and to reach a wide spectrum of beneficiaries. The Company's CSR funds are channelized through 'REC Foundation', a society registered under the Societies Registration Act, 1860.

For the financial year 2019-20, REC had allocated a CSR budget of ₹156.68 crore. Further, REC disbursed an amount of ₹258.40 crore in financial year 2019-20 towards various CSR projects (including amounts carried forward from previous years) in the fields of sanitation and hygiene, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, besides contribution to the PM CARES Fund. The implementation of CSR projects is done in project-mode with baseline survey, specified time-frame, identified milestones, periodic monitoring and impact assessment studies. The disbursements are linked with achievement of pre-defined milestones and deliverables of each project.

During the year under review, the Company also observed *Swachhta Pakhwada* and *Swachhta Hi Seva* initiatives, to undertake cleanliness drive and to raise awareness about harmful effects of single use plastic. Close to 500 kgs. of single use plastic waste was segregated, collected and sent for recycling under REC's *Swachhta Shramdaan* activity on October 2, 2019. REC was also presented the "Swachh Bharat Puraskar" by the Ministry of Jal Shakti, Government of India.

## CORPORATE GOVERNANCE

REC is committed to the highest standards of Corporate Governance. We strive to conduct our business operations in an ethical and responsible manner within the prevalent regulatory framework, for sustainable value creation for all our stakeholders. As a listed Public-Sector Enterprise, REC complies with all applicable provisions relating to Corporate Governance stipulated under the Companies Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations, DPE Guidelines and other laws. Further, the matter pertaining to appointment of requisite number of Independent Directors, including Woman Independent Director on the Board of REC is under consideration of the Ministry of Power, Government of India, i.e. the appointing authority.

The Company believes in adopting best practices in the field of Corporate Governance. During the financial year 2019-20, REC was conferred the 'PSE Excellence Award, 2018' for excellence in Corporate Governance by the Indian Chamber of Commerce, as runner-up in the Navratna and Maharatna category.

## MoU RATING AND AWARDS

The performance of the Company in terms of the Memorandum of Understanding signed with the Ministry of Power, Government of India for the financial year 2018-19 has been rated as "Excellent". During the financial year 2019-20, REC was conferred the "ICAI Award for Excellence in Financial Reporting for FY 2018-19" by the Institute of Chartered Accountants of India in the 'Public Sector Entities' category, in recognition of its disclosure practices followed in the first Ind-AS (Indian Accounting Standards) Financial Statements and Annual Report. REC also received three awards for corporate communications, namely first prize for "Best House Journal (English)", second prize for "Best Corporate Communications-Internal" and third prize for "Effective use of Digital Media", under the SCOPE Corporate Communication Excellence Awards, 2019.

## SUBSIDIARY COMPANIES AND JOINT VENTURES

REC has two wholly-owned subsidiary companies, namely REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL), which provide project consultancy and implementation services in the areas concerned with the power sector.

RECPDCL is engaged in the businesses of project implementation and consultancy services in power sector viz. implementation of distribution system strengthening works, implementation of grid/off-grid solar (PV) projects, implementation of smart meters, preparation of detailed project reports, third party inspections, pre-dispatch material inspections and acting as project management consultant / project management agency under some projects of State-funded schemes such as DDUGJY, IPDS etc. As on March 31, 2020, RECPDCL was working on about 100 on-going projects spread across 57 DISCOMs / power departments / co-operative societies in 26 States and 4 Union Territories. During the financial year 2019-20, RECPDCL's Total Revenue and Profit After Tax were ₹143.01 crore and ₹12.47 crore respectively, and its Net Worth as on March 31, 2020 was ₹168.20 crore.

RECTPCL acts as the "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECTPCL incorporates a project-specific Special Purpose Vehicle (SPV), as its wholly owned subsidiary. After selection of the successful bidder in accordance with the TBCB Guidelines, such subsidiary is transferred by RECTPCL to the successful bidder along with all assets & liabilities. RECTPCL is also handling other assignments such as 11 kV Rural Feeder Monitoring Scheme, online web platforms namely Urja Mitra and TARANG (Transmission App for Real Time Monitoring & Growth) etc., under the guidance of the Ministry of Power. During the financial year 2019-20, RECTPCL's Total Revenue and Profit After Tax were ₹70.55 crore and ₹54.44 crore respectively, and its Net Worth as on March 31, 2020 was ₹112.60 crore.



REC's joint venture company viz. Energy Efficiency Services Limited (EESL) with three other power sector PSUs, is a market leader in the field of energy efficiency. REC's equity stake in EESL was 22.18%, as on March 31, 2020. EESL is implementing various flagship schemes of the Government, such as UJALA (world's largest non-subsidy based LED lighting programme), SLNP (world's largest programme to replace existing street lights with smart & energy efficient LED street lights), National E-Mobility Programme (providing e-Vehicles to Government entities for replacing existing petrol & diesel vehicles) and Super-Efficient Air Conditioning Programme (for providing Super-Efficient ACs to customers at affordable prices), to name a few. Based on the standalone provisional financials of EESL for financial year 2019-20, its Turnover was ₹1,934.07 crore and Profit After Tax was ₹44.92 crore.

### THE PATH AHEAD

The Indian power sector is experiencing a considerable reformation, transitioning from fossil-fuel centric to renewable-centric systems and increased energy efficiency. The Government has already affirmed its commitment to implementation of the covenants of Paris Agreement and has set a target of 175 GW of renewable energy by 2022. The sector is also looking forward to increase in the share of green energy to 40% of the total installed capacity by 2030, push for e-Mobility, promotion of energy saving devices and adoption of new & emerging technologies. Economic growth of coming years would also lead to significant investments in the power sector. With implementation of programmes like '24x7 Power For All' and electrification of all villages & households in the country, it is expected that there will be huge latent demand for power in the near future.

The increase in power demand would also require robustness in the Transmission & Distribution infrastructure, to cater to 24x7 power demand, thereby attracting more investment in underground cabling, smart meters & equipment, AMI / AMR infrastructure and Smart Grid etc. Further, the investment needs for creation of dedicated Green Corridors and new network under Tariff Based Competitive Bidding route are enormous. REC offers a wide range of products to finance the diverse needs of the power sector, across the value-chain and throughout the country.

### FUTURE STRATEGY

With a strong foothold in its existing area of operations, REC is poised to enter into new areas of business. This will include extending assistance for activities having a forward or backward linkage with energy related projects, financing electro-mechanical and hydro-mechanical components and associated civil works in large lift irrigation projects, pollution control equipment in thermal power plants and other emerging technologies. Renewable Energy would continue to be a key focus area for REC over the next few years, in keeping with the Government of India's strong policy support to develop this segment. E-Vehicles, agriculture pumpsets, energy efficient equipment, smart transmission and distribution systems, TBCB projects etc. would continue to create new business opportunities.

In the wake of the economic repercussions of the COVID-19 pandemic, many companies across the world are now considering diversifying their supply chain and relocate to India. Persistent economic and agricultural growth is also likely to drive the electricity demand further in the coming years. Power sector is going to witness a paradigm shift due to these changes. The Government is already taking several measures to support the power sector in this evolving scenario. To meet these challenges and harness emerging opportunities, REC is well placed in the short-term as well as long-term.

### ACKNOWLEDGEMENTS

I express my sincere gratitude to the Hon'ble Minister of State (Independent Charge) for Power and New & Renewable Energy, Secretary (Power), Additional Secretaries, Joint Secretaries and other Officials of the Ministry of Power, for their continued support and guidance to the Company. I also thank the officials of NITI Aayog, Ministry of Finance, Ministry of Corporate Affairs, DIPAM, DPE, RBI, SEBI, Stock Exchanges and Depositories, for their goodwill and cooperation. I am grateful to the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company for their support.

My special thanks to all investors, lenders, borrowers and clients including the State Governments, power utilities and private power sector entrepreneurs, for placing their trust in the Company. I record deep appreciation for my esteemed colleagues on the Board, who have contributed immensely in the growth of the Company. I also convey my heartfelt thanks to all employees and staff of REC, for their untiring efforts. I am confident that with the cooperation of all stakeholders, Team REC will strive to achieve greater heights in the future.

With warm wishes,



**Sanjeev Kumar Gupta**  
 Chairman & Managing Director  
 and Director (Technical)

August 31, 2020



## NOTICE

Notice is hereby given that the Fifty First (51<sup>st</sup>) Annual General Meeting (AGM) of REC Limited ("REC" or "the Company") (CIN: L40101DL1969GOI005095) will be held on **Friday, September 25, 2020 at 11.00 A.M.**, Indian Standard Time (IST) through **Video Conferencing/Other Audio Visual Means (VC/OAVM)** to transact the following businesses:

### ORDINARY BUSINESS

- Item No. 1:** To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2020 along with the Reports of the Board of Directors and Auditors thereon.
- Item No. 2:** To confirm the payment of Interim Dividend for the financial year 2019-20.
- Item No. 3:** To appoint a Director in place of Shri Sanjeev Kumar Gupta (DIN: 03464342), who retires by rotation and being eligible, offers himself for re-appointment.
- Item No. 4:** To fix the remuneration of Statutory Auditors for the financial year 2020-21.

### SPECIAL BUSINESS

**Item No. 5:** To increase the overall Borrowing Limit of the Company.

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

**"RESOLVED THAT** in supersession of earlier resolution passed by the Company in the 49<sup>th</sup> Annual General Meeting held on September 25, 2018 and pursuant to Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) & any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to borrow such moneys or sum of moneys, from time to time, at its discretion, with or without security and upon such terms and conditions as the Board may think fit, for the purpose of business of the Company, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed aggregate of the paid up capital of the Company and its free reserves, provided that the total amount borrowed and outstanding at any point of time shall not exceed a sum of ₹4,50,000 crore (Rupees Four Lakh Fifty Thousand Crore only) in Indian Rupees and in any foreign currency equivalent to USD 12 billion (USD Twelve Billion only)."

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

**Item No. 6:** To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.

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

**"RESOLVED THAT** in supersession of earlier resolution passed by the Company in the 49<sup>th</sup> Annual General Meeting held on September 25, 2018 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws and provisions of Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board") to create charge, hypothecation, mortgage on any movable and/or immovable properties of the Company wheresoever situated, both present and future and on the whole or substantially the whole of the undertaking or the undertakings of the Company in favour of any banks, financial institutions, hire purchase/lease companies, body corporate or any other persons on such terms and conditions as the Board may think fit, for the benefit of the Company and as agreed between Board and lender(s) towards security for borrowing of funds from time to time, not exceeding ₹4,50,000 crore (Rupees Four Lakh Fifty Thousand Crore only) in Indian Rupees and in any foreign currency equivalent to USD 12 billion (USD Twelve Billion only) for the purpose of business of the Company or otherwise as per the requirements of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and any other statutory and procedural formalities to be complied with in this regard."

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

**Item No. 7:** Approval for Private Placement of Securities.

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

**“RESOLVED THAT** in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Notification, 2012 and other applicable SEBI regulations and guidelines, the Circulars / Directions / Guidelines issued by Reserve Bank of India, from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Company be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹85,000 crore during a period of one year from the date of passing of this resolution in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, as the Board (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/ incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-Resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, companies, private or public or other entities, authorities and to such other persons in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within the overall limit of ₹85,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board.”

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

**Item No. 8:** Approval for Related Party Transactions proposed to be entered by the Company.

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to the approval/consent of such appropriate authorities, consent of the Company be and is hereby accorded for entering into contract(s) or arrangement(s) or transaction(s) to be entered by REC Limited (REC) with Energy Efficiency Services Limited (EESL) or any other associate company(ies) (present or future) of REC, during a period of one year from the date of passing of this Resolution, in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year i.e. financial year 2019-20.”

**“RESOLVED FURTHER THAT** 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 approve the individual contract(s) or arrangement(s) or transaction(s) with EESL or any other associate company(ies) (present or future) of REC within the overall limit of two percent (2%) of the turnover of REC for the financial year 2019-20, including therein the name of the related party and nature of relationship, nature, duration and particulars of the contract or arrangement to be entered with EESL or any other associate company(ies) of REC, material terms of such contract or arrangement *inter-alia* including the value of the contract, advance payment to be made/received, if any, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract and/or any other matter to be decided in this regard.”

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

By Order of the Board of Directors  
For REC Limited



J.S. Amitabh

Executive Director & Company Secretary

Place : Core-4, SCOPE Complex, 7, Lodhi Road  
New Delhi-110003.

Date : August 31, 2020

**NOTES:-**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) setting out material facts concerning the business under Item Nos. 5 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company in its meeting held on August 7, 2020 considered that the items of Special Business at Sl. Nos. 5 to 8 of the Notice, being unavoidable in nature, shall be transacted at the 51<sup>st</sup> AGM of the Company.
2. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and SEBI Circular dated May 12, 2020, and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations”], the 51<sup>st</sup> AGM of the Company is being conducted through VC/OAVM Facility, without physical presence of members at a common venue. The deemed venue for the 51<sup>st</sup> AGM shall be the Registered Office of the Company.
3. In terms of the MCA Circulars, physical attendance of Members at the AGM and appointment of proxies has been dispensed with. Accordingly, the Attendance Slip, Proxy Form and Route Map are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of casting vote through remote e-Voting prior to the AGM, participation in the 51<sup>st</sup> AGM through VC/OAVM Facility and for electronic voting during the AGM.
4. Attendance of the Members participating in the 51<sup>st</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In line with the MCA Circulars and SEBI Circular referred above, the Notice of the 51<sup>st</sup> AGM along with Annual Report is being sent by e-mail to all members, whose e-mail IDs are registered with the Company. The said documents are available on the website of the Company at [www.recindia.nic.in](http://www.recindia.nic.in) and on the website of National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of National Securities Depository Limited (“NSDL”) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

The Company had published advertisements in newspapers to encourage shareholders, holding shares in physical and electronic form, to register/update their email IDs for receiving the Annual Report for the financial year 2019-20. Further, the Company had also sent SMSes on mobile numbers of shareholders, which were registered with the concerned Depository, for updation of e-mail IDs.

Those shareholders who have still not been able to update their e-mail IDs, may follow the process below for registration of e-mail IDs and procuring User IDs & Password for e-voting, on the resolutions set out in this Notice:-

- In case shares are held in Demat mode, please send an e-mail to [complianceofficer@recl.in](mailto:complianceofficer@recl.in) quoting DP ID Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID), Name of holder(s), scanned copy of client master list/demat account statement, PAN Card and Aadhaar Card.
  - In case shares are held in physical mode, please send an e-mail to [complianceofficer@recl.in](mailto:complianceofficer@recl.in) quoting Folio No., Name, scanned copy of Share certificate (front & back), PAN Card and Aadhaar Card.
6. All Members of the Company including Institutional Investors are encouraged to attend the AGM and vote on items to be transacted at the AGM. Corporate Members are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer through e-mail at [scrutinizer.recl@gmail.com](mailto:scrutinizer.recl@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  7. The Company has fixed **Friday, September 18, 2020** as the Cut-off date for determining the eligibility to vote in respect of items of business to be transacted at the 51<sup>st</sup> AGM.

Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and is holding shares as on the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he / she is already registered with NSDL for remote e-voting, then he / she can use his / her existing user ID and password for casting the vote. Any shareholder who disposes off his shareholding such that he/she is not a member as on the cut-off date should treat this Notice for information purposes only.

Further, the Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, September 19, 2020 to Friday, September 25, 2020 (both days inclusive)**.

8. Dr. S. Chandrasekaran, Senior Partner or failing him, Shri Rupesh Agarwal, Managing Partner of Chandrasekaran Associates, Company Secretaries, New Delhi has been appointed as the Scrutinizer to scrutinize the votes cast by the shareholders in respect of items of business to be transacted at the 51<sup>st</sup> AGM, in a fair and transparent manner.
9. In compliance with provisions of MCA Circulars and SEBI Circular referred above, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI, the Company is offering e-voting facility to the shareholders to enable them to cast their votes electronically on the items mentioned in the Notice. Those Shareholders who do not opt to cast their vote through remote e-voting, may cast their vote through electronic voting system during the AGM.

NSDL will be providing facility for remote e-voting, participation in the 51<sup>st</sup> AGM through VC/OAVM and voting during the 51<sup>st</sup> AGM through electronic voting system. The remote e-voting period begins on **Tuesday, September 22, 2020 (1000 hours)** and ends on **Thursday, September 24, 2020 (1700 hours)**. The remote e-voting module shall be disabled by NSDL for voting thereafter.

Members may join the 51<sup>st</sup> AGM through VC/OAVM, which shall be kept open for the Members from 10.45 A.M. IST on Friday, September 25, 2020 i.e. 15 minutes before the scheduled start time and the Company may close the window for joining the VC/OAVM Facility 30 minutes after the scheduled start time i.e. by 11.30 A.M. on date of AGM.

Please refer to detailed instructions for remote e-voting, attending the 51<sup>st</sup> AGM through VC/OAVM and electronic voting during the AGM, annexed to this Notice.

10. In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time, the Company had paid an Interim Dividend for the financial year 2019-20 @ ₹11/- per equity share (on the face value of ₹10/- each) on February 24, 2020. Further, the Board of Directors of the Company has not recommended any Final Dividend for the financial year 2019-20. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of the shareholders w.e.f. April 1, 2020 and the Company will be required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In order to enable compliance with TDS requirements in respect of dividends declared by the Company in future, members are requested to submit Form 15G/15H on annual basis and update details about their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case of shares held in physical form, with the Company / R&TA, so that tax at source, if any as per applicable rates and residential status, may be deducted in respect of dividend payments made by the Company in future.
11. Brief Resume of the Director seeking re-appointment as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} is annexed hereto and forms part of Notice.
12. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the Company in a General Meeting or in such manner as the Company in a General Meeting may determine.

In the 50<sup>th</sup> AGM of the Company held on August 29, 2019, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2019-20, on the recommendation of the Audit Committee. Accordingly, the Board of Directors approved the payment of remuneration of ₹44,00,000/- (Rupees Forty Four Lakh only) plus taxes as applicable to be shared equally by the Statutory Auditors i.e. M/s O.P Bagla & Co. LLP, Chartered Accountants and M/s S.K. Mittal & Co., Chartered Accountants, for the financial year 2019-20. The Board also approved that in addition to the above remuneration, the Statutory Auditors may be paid such actual reasonable traveling allowance and out-of-pocket expenses for outstation audit work, as may be decided by the CMD/Director (Finance).

Further, M/s O.P Bagla & Co. LLP [Firm Regn. No. 000018N/N500091], Chartered Accountants and M/s S.K. Mittal & Co. [Firm Regn. No. 001135N], Chartered Accountants, have been appointed as Statutory Auditors of the Company for the financial year 2020-21 by the C&AG of India. Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as may be deemed fit, for the financial year 2020-21.

13. SEBI encourages all shareholders to hold their shares in dematerialized form as this eliminates the possibility of damage/loss of physical share certificate(s) & cases of forgery and facilitates the ease and convenience of paperless trading of shares.



Further, no stamp duty is payable on transfer of shares held in Demat form. It is also pertinent to mention that with effect from April 1, 2019, SEBI has prescribed that requests for effecting transfer of securities (except transmission or transposition cases) shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, we request you to convert your shareholdings from physical form to demat form at the earliest, in existing demat account or new demat account to be opened with any Depository Participant (DP).

14. Members who hold shares in physical form are requested to send all correspondence concerning transmission, transposition, sub-division, consolidation of shares or any other related matter and/or change in address or bank account, to R&TA of the Company and in case of shares held in electronic mode, to their respective Depository Participants.
15. As SEBI has made usage of electronic payment modes for making cash payments to the investors mandatory, therefore members are advised to submit their National Electronic Clearing System (NECS)/National Electronic Fund Transfer (NEFT)/ Direct Credit mandates or changes therein, to enable the Company to make payment of dividend by means of NECS/ NEFT/ Direct Credit/Warrants. Shareholders holding shares in physical form may send the NECS/NEFT/ Direct Credit mandate form, available on the Company's website, to R&TA at the address i.e. **Kfin Technologies Private Limited, Unit : REC Limited, Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India**. Shareholders holding shares in electronic form may send the NECS/NEFT/Direct Credit Mandate Form directly to their Depository Participant (DP). Those who have already furnished the NECS/NEFT/Direct Credit Mandate Form to the Company / R&TA / DP with complete details need not send it again.
16. Members who have not received/encashed their dividend warrants within its validity period may write to the Company at its Registered Office or to the R&TA of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.
17. Pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the requisite details of unpaid and unclaimed amounts lying with the Company has been uploaded on Company's website ([www.recindia.nic.in](http://www.recindia.nic.in)) and website of Ministry of Corporate Affairs. Further, the investor-wise details of amounts and shares, which have already been transferred by the Company to IEPF, are available on the website of the Company i.e. [www.recindia.nic.in](http://www.recindia.nic.in).  
Further, the unclaimed final dividend for the financial year 2012-13 and unclaimed interim dividend for the financial year 2013-14 will be due for transfer to IEPF in October, 2020 and March, 2021 respectively, in terms of the provisions of the Companies Act, 2013.
18. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to the R&TA of the Company in Form SH-13 as prescribed in the Companies (Share Capital and Debentures) Rules, 2014. Blank Nomination form is available on Company's website i.e. [www.recindia.nic.in](http://www.recindia.nic.in). In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective DP.
19. The Register of Directors and Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice, will be available for inspection through electronic mode, without any fee, by the members from the date of circulation of this Notice, up to the date of AGM i.e. September 25, 2020. Members desiring for inspection of said documents are requested to send an e-mail to the Company at [complianceofficer@recl.in](mailto:complianceofficer@recl.in).
20. Members desirous of getting any information on any item(s) of business of this meeting are requested to send an e-mail mentioning their name, demat account number/folio number, email id, mobile number to [complianceofficer@recl.in](mailto:complianceofficer@recl.in), at least seven days prior to the date of the AGM and the same will be replied by the Company suitably.
21. The Scrutinizer shall, after the conclusion of the electronic voting during the AGM, assess the votes cast at the meeting through electronic voting system, thereafter unblock the votes cast through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Meeting.
22. The results of the voting indicating the number of votes cast in favour or against each of the Resolution(s), invalid votes and whether the Resolution(s) have been carried out or not, together with the Scrutinizer's Report, will be uploaded on the website of the Company ([www.recindia.nic.in](http://www.recindia.nic.in)) and on NSDL website ([www.evoting.nsdl.com](http://www.evoting.nsdl.com)) and will also be submitted to BSE Limited and National Stock Exchange of India Limited within the prescribed time. Further, the Resolution(s), if passed by requisite majority, shall be deemed to be passed on the date of 51<sup>st</sup> AGM.



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

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

**Item No. 5**

As per Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Board of Directors of the Company shall, with the consent of the Company by passing a Special Resolution, borrow moneys, which together with the moneys already borrowed by the Company, is in excess of the paid-up capital and free reserves of the Company.

In this regard, the Members of the Company, by passing Special Resolution in the 49<sup>th</sup> Annual General Meeting held on September 25, 2018, had granted powers to the Board of Directors of the Company to borrow moneys upto a total amount of ₹3,50,000 crore in Indian Rupees and in any foreign currency equivalent to USD 8 billion.

The net amount of borrowings of the Company as on March 31, 2020 was ₹2,80,116 crore and a sum of ₹1,10,000 crore is likely to be borrowed during the Financial Year 2020-21 for lending activities, from the market by way of issue of bonds to investors and availing long term loans from banks and financial institutions, foreign currency borrowings etc.

The current outstanding borrowings together with projected borrowings during the Financial Year 2020-21 is likely to exceed the overall borrowing limit approved by the members. Therefore, the consent of the Members is sought under Section 180(1)(c) of the Companies Act, 2013, for increasing the borrowing limit from ₹3,50,000 crore to ₹4,50,000 crore in Indian Rupees and in any foreign currency equivalent from USD 8 billion to USD 12 billion, to cover the further requirement of borrowings.

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

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 7, 2020 approved the above proposal and recommended the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

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

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

**Item No. 6**

In terms of the provisions of Section 180(1)(a) read with Section 110 of the Companies Act, 2013 and Rules made thereunder, a company cannot sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or undertakings of the company without the consent of the Shareholders of the Company by way of a Special Resolution through Postal Ballot. However, in terms of MCA Notification dated February 9, 2018, any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means.

In terms of the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, REC is providing the facility to its members to enable them to vote on resolutions at the general meeting, by electronic means. Accordingly, the Special Resolution for creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company, is proposed to be passed in this AGM.

The operations of the Company have increased substantially and in order to meet the growing fund requirements of the Company, additional funds are required to be raised by creation of security on the immovable/movable properties of the Company. Since the creation of charge / mortgage tantamount to otherwise disposing of the undertakings of the Company, it is necessary to pass a Special Resolution under Section 180(1)(a) of the Companies Act, 2013.

Therefore, it is proposed to authorize the Board of Directors of the Company to mortgage/create charge on immovable and/or movable properties of the Company, both present and future, for securing loan up to ₹4,50,000 crore in Indian Rupees and in any foreign currency equivalent to USD 12 billion or otherwise as per the requirements of Section 180(1)(a) of the Companies Act, 2013, Rules made there under and any other statutory and procedural formalities to be complied with in this regard.

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

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 7, 2020 approved the above proposal and recommended the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

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

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

#### Item No. 7

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

Therefore, it is proposed to pass a Special Resolution to enable the Company to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹85,000 crore, during a period of one year from the date of passing of this resolution, i.e. upto September 24, 2021, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, within the overall market borrowing programme, as may be approved by the Board of Directors of the Company, from time to time. Further, the said limit of ₹85,000 crore shall be within the overall revised borrowing limit, being proposed for approval by the shareholders of the Company at this AGM.

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

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

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 7, 2020 approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by the Members of the Company.

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No. 7 of this Notice.

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

#### Item No. 8

As per provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company shall not enter into contract or arrangement with a ‘Related party’ in excess of the limits prescribed under the said Act & Rules, except with the prior consent of the Shareholders. The term ‘Related Party’ *inter-alia* includes Energy Efficiency Services Limited (EESL) which is an associate company of REC.

REC may be required to enter into contracts/arrangements/transactions with EESL or any other associate company(ies) (present or future) of REC, from time to time, in excess of the limits prescribed under the Companies Act, 2013 and Rules made thereunder. Therefore, it is proposed to seek approval of the shareholders for any contract(s) or arrangement(s) or transaction(s) to be entered by REC during a period of one year from the date of passing of this Resolution, with EESL or any other associate company(ies) (present or future) of REC in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year i.e. financial year 2019-20.

The provisions of Section 188(1) of the Companies Act, 2013 are not applicable in case of any transaction(s) entered into by the company in ordinary course of business other than transactions which are not on an arm’s length basis. Accordingly, the approval proposed to be sought is only for those transactions entered with EESL or any other associate company(ies) (present or future) of REC, which are not on arm’s length basis.

Further, 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 shall be authorized to finalize and approve the nature, duration, material terms, monetary value

and particulars of the contract(s) or arrangement(s) or transaction(s) to be entered with EESL or any other associate company(ies) (present or future) of REC, within the overall limit of two percent (2%) of the turnover of REC for the financial year 2019-20.

Considering the unavoidable nature of business, the Board of Directors of the Company in its Meeting held on August 7, 2020 approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at Item No. 8 of this Notice.

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

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



**J.S. Amitabh**

**Executive Director & Company Secretary**

**Place : Core-4, SCOPE Complex, 7, Lodhi Road  
New Delhi-110003.**

**Date : August 31, 2020**

**Instructions for remote e-voting, attending the 51<sup>st</sup> AGM through VC/OAVM and electronic voting during the AGM**

**A. Instructions for remote e-voting system prior to the 51<sup>st</sup> AGM**

The remote e-voting period begins on Tuesday, September 22, 2020 (1000 hours) and ends on Thursday, September 24, 2020 (1700 hours). The remote e-voting module shall be disabled by NSDL for voting thereafter.

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

**Step 1:**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

**Step 2:**

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

**Details of User ID and Password for logging on to NSDL e-voting Portal**

Your User ID details are given below:-

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

Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will prompt you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the PDF file. The password to open the PDF file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The PDF file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned at Note no. 6 of the Notice.
- II. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
- If you are holding shares in your demat account with NSDL or CDSL, click on “Forgot User Details/Password” option on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are holding shares in physical mode, click on “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, PAN, Name and registered address.
  - Members can also use OTP (One-Time Password) based login for casting the votes on the e-Voting system of NSDL.
- III. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
- IV. Now, you will have to click on “Login” button.
- V. After you click on the “Login” button, Home page of e-Voting will open.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Shri Amit Vishal, Senior Manager or Ms. Pallavi Mhatre Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at Telephone Nos. : +91-22-2499 4360 or +91-99202 64780 or +91-22-2499 4545, who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company’s email address at [complianceofficer@recl.in](mailto:complianceofficer@recl.in).

**B. Instructions for members for attending the 51<sup>st</sup> AGM through VC/OAVM:**

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

**C. Instructions for members for voting through electronic voting system during the 51<sup>st</sup> AGM:**

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



**BRIEF RESUME OF THE DIRECTOR(S) SEEKING RE-APPOINTMENT AT THE 51<sup>ST</sup> ANNUAL GENERAL MEETING**

|   |  |
|---|--|
| <b>Name</b>   | <b>Shri Sanjeev Kumar Gupta</b>  |
| <b>DIN</b>  | 03464342   |
| <b>Date of Birth</b>  | October 4, 1961  |
| <b>Date of Appointment</b>  | October 16, 2015   |
| <b>Qualifications</b>   | Bachelor's Degree in Electrical Engineering  |
| <b>Expertise in specific Functional areas</b>   | <p>Shri Sanjeev Kumar Gupta is Chairman &amp; Managing Director (additional charge w.e.f. June 1, 2020) and Director (Technical) on the Board of REC since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture &amp; Technology, Pant Nagar, Uttarakhand. He has served in prestigious CPSUs NHPC, Powergrid and REC and has 38 years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&amp;M, Procurement &amp; Contracts, Quality Assurance, Project Management of large Transmission Projects including international consultancy assignments, Monitoring of Government Programs and Financing of Power Projects etc. He was core team member and responsible for framing technical specifications for India's first 765 kV AC &amp; ± 800 kV HVDC transmission line and was instrumental in induction of new technologies, ROW optimization, uprating of transmission lines with special conductors etc. in Indian transmission grid.</p> <p>In his present role, he is responsible for all technical functions including appraisal and financing of power and infra projects, Business Development, diversification and overall effective functioning of the Company in pursuit of its mission, goals &amp; objectives. He has been instrumental in monitoring the successful implementation of village and household electrification under DDUGJY and SAUBHAGYA programs of Government of India. He is also the Ex-officio Chairperson on the Board of two wholly owned subsidiary companies of REC i.e. REC Transmission Projects Company Limited and REC Power Distribution Company Limited and has earlier served as Chief Executive Officer in these companies.</p> <p>He has been working in REC since March 16, 2010 at Senior Management positions and has earlier served as Nominee Director on the Board of several companies including UP Power Transmission Corporation Limited, Bihar Grid Company Limited, Teesta Valley Power Transmission Limited etc.</p> |
| <b>Directorship held in other Companies</b>   | <ul style="list-style-type: none"> <li>• REC Power Distribution Company Limited</li> <li>• REC Transmission Projects Company Limited</li> </ul>  |
| <b>Membership/Chairmanship of Committees across all Public Companies other than REC</b> | -  |
| <b>Relationships between Directors <i>inter-se</i></b>                                  | There is no <i>inter-se</i> relationship with any other Director of the Company.   |
| <b>Number of equity shares held in the Company</b>                                      | Nil  |

## DIRECTORS' PROFILE

**Shri Sanjeev Kumar Gupta (DIN: 03464342)**

**Chairman & Managing Director and Director (Technical)**



Shri Sanjeev Kumar Gupta is Chairman & Managing Director (additional charge w.e.f. June 1, 2020) and Director (Technical) on the Board of REC since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand. He has served in prestigious CPSUs NHPC, Powergrid and REC and has 38 years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Procurement & Contracts, Quality Assurance, Project Management of large Transmission Projects including international consultancy assignments, Monitoring of Government Programs and Financing of Power Projects etc. He was core team member and responsible for framing technical specifications for India's first 765 kV AC & ± 800 kV HVDC transmission line and was instrumental in induction of new technologies, ROW optimization, uprating of transmission lines with special conductors etc. in Indian transmission grid.

In his present role, he is responsible for all technical functions including appraisal and financing of power and infra projects, Business Development, diversification and overall effective functioning of the Company in pursuit of its mission, goals & objectives. He has been instrumental in monitoring the successful implementation of village and household electrification under DDUGJY and SAUBHAGYA programs of Government of India. He is also the Ex-officio Chairperson on the Board of two wholly owned subsidiary companies of REC i.e. REC Transmission Projects Company Limited and REC Power Distribution Company Limited and has earlier served as Chief Executive Officer in these companies.

He has been working in REC since March 16, 2010 at Senior Management positions and has earlier served as Nominee Director on the Board of several companies including UP Power Transmission Corporation Limited, Bihar Grid Company Limited, Teesta Valley Power Transmission Limited etc.

As on March 31, 2020, Shri Sanjeev Kumar Gupta was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

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

**Director (Finance)**

Shri Ajoy Choudhury is Director (Finance) of REC Limited since June 1, 2020. He is an Associate Member of the Institute of Cost & Management Accountants of India. He has over 31 years of experience in Indian Power Sector across diverse functions such as International Finance, Contracts Management, Loans & Recovery, Corporate Accounts, Resource Mobilization & Treasury etc. He has been working in REC since April 16, 2007 at Senior Management positions and has been instrumental in implementation of various systemic improvements including formulation of Loan Recovery guidelines, improving communication and services to customers and managing overall Resources and Treasury in REC in an efficient manner. He has also been a member of Core Team for implementation of 'Ujwal DISCOM Assurance Yojana' (UDAY), flagship programme of Government of India, aimed at turnaround of Distribution Companies in the Indian Power Sector. Prior to joining REC, he has worked at various levels with Powergrid Corporation of India Limited and NHPC Limited, over 19 years.



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

He is also a Nominee Director on the Board of two wholly owned subsidiaries of REC i.e., REC Power Distribution Company Limited since March 25, 2019 and REC Transmission Projects Company Limited since June 12, 2020. He also served as a Nominee Director on the Board of TRN Energy Private Limited.

At the date of becoming Director (Finance), Shri Ajoy Choudhury was holding 200 Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



**Shri Mritunjay Kumar Narayan (DIN: 03426753)**

**Government Nominee Director**

Shri Mritunjay Kumar Narayan is Government Nominee Director on the Board of REC Limited since September 2, 2019. He is an Indian Administrative Service (IAS) officer of 1995 batch, Uttar Pradesh Cadre. Currently, he is Joint Secretary in Ministry of Power. He has done B.Tech and M.Tech in Electrical Engineering, both from Indian Institute of Technology (IIT), Kanpur. He has done M.Sc. in Public Policy and Management from King's College London and also LL.B from Lucknow University.

In a career spanning of about 25 years, he has had experience of working in various positions in the State of Uttar Pradesh. Prior to joining Ministry of Power as Joint Secretary, he had been Secretary to the Hon'ble Chief Minister, Uttar Pradesh for two years and a quarter. This position gave him over-arching experience of the entire gamut of governance in the State. He has wide experience of policy formulation and implementation as well. He had held position as Commissioner, Commercial Tax and Entertainment Tax for more than two years; these departments contribute

more than 60% of tax revenue of the State. At the cutting age of administration, he has held nearly every field position in the State of Uttar Pradesh from Sub-Divisional Magistrate to Chief Development Officer to Collector to Divisional Commissioner. He also served as Director on the Board of Lucknow City Transport Services Limited and Meerut City Transport Services Limited. He is also on the Board of Power Finance Corporation Limited and PTC India Limited as Government Nominee Director since August 28, 2019 and October 1, 2019 respectively.

As on March 31, 2020, Shri Mritunjay Kumar Narayan was holding "Nil" Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.

**Shri Praveen Kumar Singh (DIN: 03548218)**

**Nominee Director - Power Finance Corporation Limited**

Shri Praveen Kumar Singh is Nominee Director of Power Finance Corporation Limited (PFC) on the Board of REC since June 18, 2019. He is Director (Commercial) on the Board of PFC since August 10, 2018. Shri Singh has also been given additional charge of Director (Projects) in PFC, in addition to his current portfolio w.e.f. June 1, 2020. Prior to that, Shri Singh was Executive Director (Projects) in PFC and worked in various units of Projects Division in PFC for over 24 years. Earlier he had also worked for the country's largest power equipment manufacturer Bharat Heavy Electricals Limited (BHEL) and industry body Confederation of Indian Industries (CII) for over 9 years.

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

As on March 31, 2020, Shri Praveen Kumar Singh was holding 40 Equity Shares in the Company and has no *inter-se* relation with any other Director of the Company.



## BOARD'S REPORT

To  
The Shareholders,

Your Directors have pleasure in presenting the Fifty First Annual Report together with the Audited Financial Statements of your Company for the financial year ended on March 31, 2020.

### 1. PERFORMANCE HIGHLIGHTS

#### 1.1 Summary of Performance

The highlights of performance of the Company for the financial year 2019-20 were as under, with comparative position of previous year's performance:

(₹ in crore)

| Parameter  | FY 2019-20  | FY 2018-19  |
|--|-------------|-------------|
| Loans Sanctioned                                   | 1,10,907.99 | 1,15,957.35 |
| Disbursements                                      | 75,666.95   | 72,165.43   |
| Subsidy under DDUGJY (including DDG) and SAUBHAGYA | 6,473.88    | 19,662.13   |
| Recoveries (including interest)                    | 62,559.74   | 55,093.20   |
| Total Operating Income                             | 29,791.06   | 25,309.72   |
| Profit Before Tax                                  | 6,983.29    | 8,100.50    |
| Profit After Tax                                   | 4,886.16    | 5,763.72    |
| Total Comprehensive Income                         | 4,336.37    | 5,703.18    |

#### 1.2 Financial Performance

The Total Operating Income of your Company for the financial year 2019-20 was ₹29,791.06 crore, as compared to ₹25,309.72 crore during the financial year 2018-19. The Profit After Tax and Total Comprehensive Income for financial year 2019-20 was ₹4,886.16 crore and ₹4,336.37 crore respectively, as compared to ₹5,763.72 crore and ₹5,703.18 crore for the financial year 2018-19.

Gross Loan Asset Book of your Company as on March 31, 2020 was ₹3,22,424.68 crore, as compared to ₹2,81,209.68 crore in the previous year. The outstanding borrowings as on March 31, 2020 were ₹2,80,115.85 crore.

Earnings Per Share (EPS) for the financial year ended March 31, 2020 was ₹24.74 per share of ₹10/- each. Net Worth of the Company as on March 31, 2020 has increased to ₹35,076.56 crore, i.e., an increase of 2.26% above the Net Worth of ₹34,302.94 crore as on March 31, 2019.



During the financial year 2019-20, REC was conferred the ICAI Award for Excellence in Financial Reporting for FY 2018-19

#### 1.3 Dividend

The Board of Directors of your Company declared an Interim Dividend of ₹11.00 per equity share (representing 110% of the paid-up share capital of the Company) of ₹10/- each for the financial year 2019-20 and the same was paid on February 24, 2020. Further, no final dividend for the financial year 2019-20 has been recommended by the Board.

Despite challenging business scenario, the Company has consistently rewarded its shareholders by way of dividend @ ₹11.00 per equity share, which is equivalent to the amount that was paid during the previous year. The total dividend pay-out for the financial year 2019-20 amounted to ₹2,172.41 crore (excluding dividend distribution tax).

The dividend is paid in accordance with the Company's Dividend Distribution Policy, which is available on the Company's website at [https://www.recindia.nic.in/uploads/files/Dividend\\_Distribution\\_Policy.pdf](https://www.recindia.nic.in/uploads/files/Dividend_Distribution_Policy.pdf).



## 1.4 Share Capital

As on March 31, 2020, the Authorized Share Capital of the Company was ₹5,000 crore, consisting of 500 crore Equity Shares of ₹10/- each; and the Issued & Paid Up Share Capital of the Company was ₹1,974.92 crore, consisting of 197,49,18,000 Equity Shares of ₹10/- each. Further, as on March 31, 2020, 52.63% of the paid-up equity share capital of the Company comprising of 103,94,95,247 Equity Shares of ₹10/- each was held by Power Finance Corporation Limited, a Government of India Undertaking; and the balance 47.37% of the paid-up equity share capital was held by public.

## 2. LOANS SANCTIONED

The Company sanctioned loans worth ₹1,10,907.99 crore during the financial year 2019-20, as against ₹1,15,957.35 crore in the previous financial year. The sanctions for financial year 2019-20 included ₹55,811.89 crore towards Generation projects, ₹7,026.33 crore towards Renewable Energy projects, ₹41,604.77 crore towards T&D projects and ₹6,465.00 crore towards Short Term, Medium Term & Other Loans. The cumulative sanctions upto March 31, 2020 made by your Company since its inception were ₹10,99,749.45 crore.

## 3. DISBURSEMENTS

A total sum of ₹75,666.95 crore was disbursed during the financial year 2019-20, as against ₹72,165.43 crore disbursed in the previous financial year. The disbursements for financial year 2019-20 included ₹27,490.87 crore towards Generation projects, ₹5,699.09 crore towards Renewable Energy projects, ₹30,856.19 crore towards T&D projects, ₹6,390.00 crore towards Short Term, Medium Term & Other Loans and ₹5,230.80 crore of counter-part funding under DDUGJY including DDG (Decentralized Distributed Generation) and SAUBHAGYA schemes. Further, an amount of ₹6,473.88 crore from the Government of India (i.e. subsidy of ₹5,733.62 crore under DDUGJY, subsidy of ₹44.13 crore under DDUGJY-DDG and subsidy of ₹696.13 crore under SAUBHAGYA) was also disbursed. The cumulative amount disbursed since inception till March 31, 2020 was ₹5,97,121.87 crore, excluding subsidy under DDUGJY-RE and DDG.

## 4. RECOVERIES

- 4.1 The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for Standard Assets (Stage I & II) during the financial year 2019-20 was ₹62,340.60 crore (excluding ₹1,496.20 crore deferred as per the COVID-19 moratorium policy), as compared to ₹55,155.10 crore during the previous financial year. The Company recovered a total sum of ₹61,945.04 crore towards Standard Assets (Stage I & II) during the financial year 2019-20, as against ₹54,502.06 crore during the previous financial year. The Company achieved recovery rate of 99.37% for the financial year 2019-20. The overdues from defaulting borrowers pertaining to Standard Assets (Stage I & II) as on March 31, 2020 was ₹2,887.29 crore (excluding ₹1,496.20 crore deferred as per the COVID-19 moratorium policy). Further an amount of ₹614.69 crore has been recovered during financial year 2019-20 from Credit Impaired Assets (Stage III), as compared to ₹591.14 crore recovered during financial year 2018-19.
- 4.2 Your Company's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2020, the Gross Credit Impaired Assets (Stage III) were ₹21,255.55 crore, which was 6.59% of the Gross Loan Assets; and the Net Credit Impaired Assets (Stage III) were ₹10,703.42 crore, i.e., 3.32% of the Loan Assets.

## 5. FINANCIAL REVIEW

### 5.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year 2019-20, vis-à-vis the previous financial year 2018-19, is given as under:

(₹ in crore)

| Particulars                               | Standalone       |                  | Consolidated     |                  |
|---|------------------|------------------|------------------|------------------|
|   | FY 2019-20       | FY 2018-19       | FY 2019-20       | FY 2018-19       |
| Revenue from Operations                   | 29,791.06        | 25,309.72        | 29,929.78        | 25,399.02        |
| Other Income                              | 63.92            | 31.44            | 77.27            | 32.31            |
| <b>Total Income</b>                       | <b>29,854.98</b> | <b>25,341.16</b> | <b>30,007.05</b> | <b>25,431.33</b> |
| Finance Costs                             | 18,997.05        | 15,641.54        | 18,991.30        | 15,639.20        |
| Net translation/transaction exchange loss | 2,357.90         | 521.19           | 2,357.90         | 521.19           |
| Fees and Commission Expense               | 25.44            | 34.38            | 25.44            | 34.38            |
| Net loss on fair value changes            | 25.85            | 348.52           | 25.85            | 348.52           |



(₹ in crore)

| Particulars   | Standalone        |                   | Consolidated      |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | FY 2019-20        | FY 2018-19        | FY 2019-20        | FY 2018-19        |
| Impairment on financial instruments   | 889.56            | 240.33            | 919.49            | 243.49            |
| Other Expenses  | 575.89            | 454.70            | 666.23            | 564.06            |
| <b>Total Expenses</b>   | <b>22,871.69</b>  | <b>17,240.66</b>  | <b>22,986.21</b>  | <b>17,350.84</b>  |
| Share of Profit/Loss of Joint Venture accounted for using equity method         | 0                 | 0                 | 9.14              | 9.95              |
| <b>Profit Before Tax</b>  | <b>6,983.29</b>   | <b>8,100.50</b>   | <b>7,029.98</b>   | <b>8,090.44</b>   |
| Tax Expenses  | 2,097.13          | 2,336.78          | 2,057.71          | 2,349.06          |
| <b>Profit After Tax</b>   | <b>4,886.16</b>   | <b>5,763.72</b>   | <b>4,972.27</b>   | <b>5,741.38</b>   |
| Other Comprehensive Income for the period                                       | (549.79)          | (60.54)           | (553.85)          | (60.59)           |
| <b>Total Comprehensive Income</b>   | <b>4,336.37</b>   | <b>5,703.18</b>   | <b>4,418.42</b>   | <b>5,680.79</b>   |
| Add: Opening Balance of Retained Earnings and Other Comprehensive Income        | 5,036.27          | 5,304.75          | 5,226.53          | 5,536.07          |
| <b>Amount available for appropriation</b>                                       | <b>9,372.64</b>   | <b>11,007.93</b>  | <b>9,644.95</b>   | <b>11,216.86</b>  |
| <b>Less: Appropriations</b>   |                   |                   |                   |                   |
| Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961             | (1,522.32)        | (1,323.59)        | (1,522.32)        | (1,323.59)        |
| Reserve for bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961 | (336.52)          | (273.62)          | (336.52)          | (273.62)          |
| Reserve Fund u/s 45-IC of the Reserve Bank of India Act, 1934                   | (978.00)          | (1,153.00)        | (978.00)          | (1,153.00)        |
| Debenture Redemption Reserve  | (49.15)           | (196.59)          | (49.15)           | (196.59)          |
| Impairment Reserve  | (793.29)          | -                 | (793.29)          | -                 |
| <b>Sub-total - Appropriations</b>   | <b>(3,679.28)</b> | <b>(2,946.80)</b> | <b>(3,679.28)</b> | <b>(2,946.80)</b> |
| <b>Less: Dividend Payments to Owners (including related taxes)</b>              |                   |                   |                   |                   |
| Dividend  | (2,172.41)        | (2,518.02)        | (2,172.41)        | (2,518.02)        |
| Dividend Distribution Tax   | (435.78)          | (506.84)          | (446.06)          | (525.51)          |
| <b>Sub-total - Dividend Payments to Owners (including related taxes)</b>        | <b>(2,608.19)</b> | <b>(3,024.86)</b> | <b>(2,618.47)</b> | <b>(3,043.53)</b> |
| <b>Closing Balance of Retained Earnings and Other Comprehensive Income</b>      | <b>3,085.17</b>   | <b>5,036.27</b>   | <b>3,347.20</b>   | <b>5,226.53</b>   |

**Notes:** Drawdown/Transfer from Reserves - Pursuant to statutory changes and utilization of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve during FY 2019-20:

- ₹1,367.27 crore from Debenture Redemption Reserve (DRR) pursuant to the Notification No. G.S.R. 574(E) dated August 16, 2019 issued by the Ministry of Corporate Affairs (MCA). Refer Note 24.5 of Standalone Financial Statements.
- ₹378.41 crore 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 asset.

## 5.2 Contribution to National Exchequer

During the financial year 2019-20, your Company contributed an amount of ₹2,214.12 crore to the National Exchequer, as compared to ₹2,624.44 crore in the previous year (excluding Dividend paid to the Government of India). Details are as under:-

(₹ in crore)

| Particulars                              | FY 2019-20      | FY 2018-19      |
|--|-----------------|-----------------|
| Dividend paid to the Government of India | -               | 1,343.75        |
| Dividend Distribution Tax                | 435.78          | 506.84          |
| Direct Taxes                             | 1,748.74        | 2,043.13        |
| IGST and CGST                            | 29.60           | 74.47           |
| <b>Total</b>                             | <b>2,214.12</b> | <b>3,968.19</b> |

### 5.3 Ratio Analysis

A comparative statement of significant ratios of the Company for the financial year 2019-20 vis-à-vis the previous financial year 2018-19, is as below:

| Particulars                     | FY 2019-20 | FY 2018-19 |
|---------------------------------|------------|------------|
| Earnings Per Share (₹)          | 24.74      | 29.18      |
| Return on Average Net Worth (%) | 14.09      | 17.31      |
| Book Value per Share (₹)        | 177.61     | 173.69     |
| Debt Equity Ratio (times)       | 7.99       | 6.98       |
| Price Earnings Ratio (times)*   | 3.59       | 5.24       |
| Interest Coverage Ratio (times) | 1.37       | 1.52       |

\*PE Ratio is calculated based on the Closing Price of REC's Equity Share at NSE, as on March 31, 2020 and March 29, 2019 (as March 30-31, 2019 were holidays), respectively.

### 5.4 Resource Mobilization

During the financial year 2019-20, the Company mobilized ₹84,358.12 crore from the market. This included ₹9,725.00 crore by way of Term Loans from Banks, ₹2,750.00 crore by way of Short-Term Loans from Banks, ₹5,000.00 crore by way of Term Loan from National Small Saving Fund, ₹6,159.32 crore by way of Capital Gains Tax Exemption Bonds and ₹42,713.10 crore by way of Institutional Bonds. The Company also mobilized ₹18,010.70 crore from External Commercial Borrowings during the year under review, equivalent to USD 2,551.95 million [USD 1,600.00 million from External Commercial Borrowings, USD 790.00 million from FCNR(B) and USD 161.95 million from Official Development Assistance (ODA) loans]. In addition to above, an amount of ₹6,249.64 crore was also raised through Commercial Paper in the financial year 2019-20.

Further, for meeting the Government of India's funding requirement of DDUGJY and SAUBHAGYA schemes, the Company also raised an aggregate amount of ₹3,782.30 crore during the financial year 2019-20, through Institutional Bonds issued on private placement basis. The repayment of principal and service of interest of these bonds shall be made by the Government of India through the Ministry of Power.

#### Disclosure of Green Bonds issued by REC

Towards realizing the Government of India's vision of harnessing green energy's enormous potential in the country and to achieve the targeted capacity of 175 GW by 2022, REC raised Green Bonds of USD 450 million in July 2017 for a tenor of ten years, which are listed on the International Securities Market (ISM) segment of the London Stock Exchange and also on the Singapore Stock Exchange.

**Use of Proceeds:** The proceeds have been utilized to finance Solar, Wind and Renewable Purchase Obligations, including refinancing of eligible projects as defined in the Green Bond framework of REC, contributing to positive environmental impact and also strengthening India's energy security by reducing fossil fuel dependency.

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

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

**Managements of Proceeds:** The net proceeds from the Bonds amounting to ₹2,894 crore were allocated against the following projects as on March 31, 2020:-

(Amount ₹ in crore)

| Sl. No.      | Location               | Capacity (in MW) | Loan sanction date | Loan sanction amount | Outstanding amount on March 31, 2020 |
|--------------|------------------------|------------------|--------------------|----------------------|--------------------------------------|
| <b>Solar</b> |                        |                  |                    |                      |                                      |
| 1            | Telangana              | 45               | 21.09.2016         | 269.50               | 245.09                               |
| 2            | Telangana              | 30               | 21.09.2016         | 179.62               | 162.73                               |
| 3            | Karimnagar, Telangana  | 15               | 11.11.2016         | 89.84                | 78.44                                |
| 4            | Chitradurga, Karnataka | 10               | 27.01.2016         | 53.81                | 43.05                                |
| 5            | Warangal, Telangana    | 15               | 11.11.2016         | 89.84                | 78.66                                |
| 6            | Andhra Pradesh         | 500              | 24.02.2016         | 2,480.00             | 1,894.01                             |
| 7            | Karimnagar, Telangana  | 15               | 11.11.2016         | 89.84                | 78.41                                |

(Amount ₹ in crore)

| Sl. No.                                    | Location                  | Capacity (in MW) | Loan sanction date | Loan sanction amount | Outstanding amount on March 31, 2020 |
|--|---------------------------|------------------|--------------------|----------------------|--------------------------------------|
| 8  | Anantpur, Andhra Pradesh  | 5                | 09.02.2015         | 24.45                | 19.44                                |
| 9  | Telangana                 | 30               | 21.09.2016         | 179.62               | 162.37                               |
| 10   | Kadapa, Andhra Pradesh    | 50               | 12.04.2017         | 277.50               | 253.84                               |
| 11   | Randa Reddy, Telangana    | 5                | 27.01.2016         | 26.90                | 23.37                                |
| 12   | Mansa, Punjab             | 50               | 22.09.2016         | 242.84               | -                                    |
| 13   | Medak, Telangana          | 7                | 26.11.2015         | 39.90                | 33.91                                |
| 14   | Nizamabad, Telangana      | 15               | 11.11.2016         | 89.84                | 78.11                                |
| 15   | Andhra Pradesh            | 23               | 24.02.2016         | 140.00               | -                                    |
| 16   | Karimnagar, Telangana     | 15               | 11.11.2016         | 89.84                | 78.43                                |
| 17   | Nirudanagar, Tamil Nadu   | 5                | 14.07.2015         | 26.13                | 20.14                                |
| 18   | Chitradurga, Karnataka    | 30               | 17.04.2017         | 150.39               | 134.55                               |
| 19   | Mansa and Sangrur, Punjab | 50               | 21.05.2016         | 169.69               | 148.88                               |
| <b>Sub-total (A)</b>                       |                           |                  |                    | <b>4,709.55</b>      | <b>3,533.43</b>                      |
| <b>Wind</b>                                |                           |                  |                    |                      |                                      |
| 1  | Sangli, Maharashtra       | 10               | 24.02.2015         | 47.09                | 36.22                                |
| 2  | Mandasaur, Madhya Pradesh | 20               | 28.01.2016         | 86.63                | 64.66                                |
| 3  | Tirpur, Tamil Nadu        | 6.8              | 06.06.2012         | 26.16                | 18.66                                |
| <b>Sub-total (B)</b>                       |                           |                  |                    | <b>159.88</b>        | <b>119.54</b>                        |
| <b>Renewable Purchase Obligation (RPO)</b> |                           |                  |                    |                      |                                      |
| 1  | Maharashtra               | RPO              | 24.07.2017         | 500.00               | 312.50                               |
| 2  | Maharashtra               | RPO              | 21.09.2017         | 1,000.00             | 200.00                               |
| <b>Sub-total (C)</b>                       |                           |                  |                    | <b>1,500.00</b>      | <b>512.50</b>                        |
| <b>Grand Total (A+B+C)</b>                 |                           |                  |                    | <b>6,369.43</b>      | <b>4,165.47</b>                      |



150 MW Solar Power Project of Avaada Group financed by REC in Pavagada Solar Park

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

#### Cash Credit Facilities

The Company has an approved Cash Credit/WCDL/OD limit of ₹10,020.00 crore for avilment from various banks for its day-to-day operations.

### 5.5 Domestic and International Credit Rating

#### Domestic

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

#### International

REC enjoys international credit rating at par with sovereign ratings of “Baa3” and “BBB-” from international credit rating agencies viz. Moody’s and FITCH respectively.

### 5.6 Cost of Borrowing

The overall weighted average annualized interest rate of borrowing raised during the financial year 2019-20 and for the borrowings outstanding as on March 31, 2020 excluding other finance charges is 6.70% and 7.32% respectively. As a result, your Company was able to deliver debt financing at competitive rates.

### 5.7 Redemption and Pre-Payment

During the year, the Company repaid a sum of ₹42,605.58 crore. This includes repayment amounting to ₹19,854.20 crore to Institutional Bond-holders, ₹7,662.91 crore worth of Capital Gain Tax Exemption Bonds, ₹74.97 crore towards Infrastructure Bonds, ₹1,740.59 crore of External Commercial Borrowings, ₹3,507.72 crore of FCNR loans and ₹190.19 crore of Official Development Assistance (ODA) loan. The Company also redeemed long term loans from Banks of ₹9,575.00 crore and Commercial Paper with face value of ₹11,300.00 crore during the year.

### 5.8 Financial status at the close of the year

At the close of the financial year 2019-20, the total resources of your Company stood at ₹3,46,487.59 crore. Out of this, Equity Share Capital contributed ₹1,974.92 crore, other Equity including Reserves & Surplus stood at ₹33,101.64 crore, Financial Liabilities including Borrowings and other Financial Liabilities accounted for ₹3,11,228.91 crore, Non-Financial Liabilities including Provisions and other Non-Financial Liabilities stood at ₹182.12 crore. These funds were deployed as Financial Assets including Long / Short Term Loans, Investments etc. of ₹3,43,497.14 crore and Non-Financial Assets including Property, Plant & Equipment, Tax Assets etc. of ₹2,990.45 crore.

### 5.9 Policy Initiatives

The Company constantly reviews its policies & procedures from time to time, to align with market requirements and changing statutory requirements and for the furtherance of its corporate objectives. During the year under review, your Company has adopted/amended various policies and guidelines including ‘Code for Regulating, Monitoring and Reporting of Trading by Designated Persons & their Immediate Relatives and for Fair Disclosure’, ‘Policy for determining Material Subsidiaries’, ‘Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions’ and ‘Policy for Prevention of Frauds’. The Company has also adopted a policy for resolution of stressed assets; and additional guidelines for working capital loan to state power utilities.

## 6. PRESENT TRANSMISSION & DISTRIBUTION SCENARIO

Transmission and Distribution (T&D) industry is poised to witness a large-scale capacity addition and system augmentation, on account of the country’s installed generation capacity being at a high of 370 GW (as on March 31, 2020) and enormous capacities planned in the renewable energy space. There is also a need to strengthen the technically old and aging distribution infrastructure. Establishment of Solar Parks poses the requirement to create infrastructure to ensure system availability with relatively shorter gestation period. The need of the hour is to install a state-of-the-art robust and reliable evacuation and distribution system, capable of handling higher loads. With the accomplishment of targeted household connections under the Government of India’s flagship programme SAUBHAGYA and expected kickstart in rural economy, the demand is set to rise in the coming years. Therefore, to make the sector reliable, affordable and capable of absorbing envisaged future growth and to reach the last mile across the country, T&D segment shall be a prime focus area.



The policy framework has further supported the resolve of the State Governments to provide reliable power supply to consumers and integration of upcoming renewable energy sources with the electricity grid. To revitalize the distribution sector, the Government of India has undertaken several initiatives like Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), Ujwal DISCOM Assurance Yojana (UDAY), Integrated Power Development Scheme (IPDS), National Electricity Fund (NEF), Smart Grid Task Force etc., with the intent to improve and turn around the power distribution sector in the country.

Your Company, as the Nodal Agency to various schemes of the Ministry of Power, Government of India, plays a pivotal role in improving the state of the sector. Your Company has been playing an active role in creation of new infrastructure and augmentation/strengthening of the existing network. Your Company encourages DISCOMs to expedite various reform measures and to adopt best practices, including modernization and automation of systems/smart grid, IT-enabled systems for metering and consumer services, other technology interventions in the distribution sector, which helps them in improving their operational and financial performance.

Distribution has a crucial role to play in the development and sustainability of the power sector and overall socio-economic development of the country. Keeping in tune with the times where utilities are facing difficulty to keep themselves afloat and meet the consumer expectations at the same time, your Company finances entire gamut of distribution projects broadly with the objectives of system improvement and augmentation, loss reduction measures, IT based system implementation, consumer satisfaction etc.

## 6.1 Major reforms in Distribution Sector

The Government of India has taken various reform initiatives from time to time, to ensure the overall development of the Sector. The process of un-bundling, corporatization, instituting regulatory commission, etc., has already been completed in most of the States, thus increasing their accountability and also providing more autonomy to the DISCOMs.

In the past, various schemes / programmes were implemented to extend benefits to ailing DISCOMs, with an objective to strengthen infrastructure, reduce losses in urban pockets, introduce IT enablement and to provide last mile connectivity. Progressive interventions such as DDUGJY, IPDS and UDAY implemented by the Government of India has come as an enabler for operational and financial turnaround of DISCOMs. Further, NEF, an interest subsidy scheme, is also under implementation with the objective to promote capital investment and expedite reforms in distribution sector. REC is the Nodal Agency for implementation of DDUGJY, operationalization of SAUBHAGYA and NEF schemes; and is also playing a key role in supporting the efforts of the Government of India in implementation of UDAY.

"24x7 Power For All" document signed by all States reflects the commitment to work towards achieving the very objective for providing electricity across the country. Your Company has been instrumental in development of Power For All web-portal and is engaged in assisting the Ministry of Power in this endeavour. Your Company is also partnering and working along with respective State Utilities, by making available the requisite financing, as well as working with the Central and State Governments to resolve issues in achievement of the objective.

An Integrated Rating System for all the State DISCOMs in the country has been put in place by the Ministry of Power, which provides realistic performance assessment based on key defining parameters. The rating methodology enables the DISCOMs to analyze their strengths and weaknesses and facilitates a focused approach for improving upon their operational and financial performance. It has also helped Banks/FIs in maintaining a consistent approach, while considering funding proposals of distribution companies.

Upgradation of technology and adoption of best practices by the distribution sector, to cater to the requirement of upcoming 100+ Smart Cities, would present new financing opportunities. The Government of India's facilitating power to all and improving operational & financial performance of the utilities has already started showing results in terms of timely notification of tariffs by Regulators in many States, filing of MYT petitions, claiming of return on equity in the ARR, release of revenue subsidy by State Government etc.

## 6.2 National Electricity Fund

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

The Scheme is reform linked and interest subsidy of 3% to 7% is payable to the DISCOMs on achievement of reform-based parameters outlined in NEF Guidelines. Initially, NEF Steering Committee approved projects of ₹25,000 crore which have now reduced to ₹23,973 crore due to delisting of some non-starter projects, as per the decision of NEF Steering Committee. The utilities from the states of Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Karnataka, Maharashtra,



Madhya Pradesh, Punjab, Rajasthan, Telangana, Uttarakhand and West Bengal have already benefitted from the interest subsidy of ₹249.70 crore, released under the scheme till March 31, 2020.

### 6.3 Deendayal Upadhyaya Gram Jyoti Yojana

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

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

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

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

The scheme has approved outlay of ₹43,033 crore, including budgetary support of ₹33,453 crore from Government of India. An amount of ₹44,414 crore (including grant of ₹27,750 crore) has been sanctioned by the Ministry of Power for DDUGJY in 33 States and Union Territories, against which ₹27,606 crore (including grant of ₹20,440 crore) has been released till March 31, 2020.

### 6.4 Prime Minister Development Package for Jammu & Kashmir 2015

The Prime Minister Development Package ("PMDP-2015") for the erstwhile Jammu & Kashmir State (now J&K and Ladakh Union Territories) was announced by the Hon'ble Prime Minister on November 27, 2015, with approved project cost of ₹2,570.14 crore (90% grant from Government of India i.e., ₹2,301.62 crore) for distribution strengthening works in rural and urban areas. The major works covered under the scheme are system strengthening, connecting unconnected households, replacing of barbed wire & worn-out poles, underground cables at tourist places, consumer metering, construction of 33/11 kV sub-stations at industrial areas and electrical infrastructure at religious shrines.

Out of above, ₹1,157.73 crore (Gol grant ₹1,041.96 crore) has been sanctioned for distribution strengthening works in rural areas. The fund shall be channelized through REC; and an amount of ₹570.94 crore has been released so far.

### 6.5 SAUBHAGYA - Pradhan Mantri Sahaj Bijli Har Ghar Yojana

The Hon'ble Prime Minister launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) on September 25, 2017, to achieve universal household electrification in every village and district of the country. The scheme outlay is ₹16,320 crore, including Gross Budgetary Support of ₹12,320 crore. REC is the Nodal Agency for operationalization of the scheme.

Universal Household Electrification requires creation of electricity access through last mile connectivity. Wherever grid connectivity is technically not feasible and financially unviable, electrification is resorted through Solar-based Off-Grid systems. The SAUBHAGYA scheme aims at providing:

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

Under the scheme, ₹14,109 crore (including grant of ₹9,093 crore) has been sanctioned by the Ministry of Power to 26 States/Union Territories, against which ₹8,007 crore (including grant of ₹4,946 crore) has been released till March 31, 2020. Under the scheme, 2.76 crore households have been electrified till March 31, 2020.

## 6.6 Ujwal DISCOM Assurance Yojana

Financially stressed DISCOMs were not able to supply adequate power at affordable rates, which has for long hampered the quality of life, overall economic growth and development in the country. Efforts towards 100% village electrification and then 100% household electrification, 24x7 power supply and clean energy cannot be achieved without undertaking adequate capacity building of DISCOMs. Moreover, the issues of frequent power outages needed earnest resolution for meeting national priorities like “Make in India” and “Digital India”. The unresolved legacy issues with DISCOMs had kept them trapped in a vicious cycle, with operational losses being funded by debt.

To ensure permanent resolution of these long standing as well as potential issues, the Ministry of Power, Government of India, launched the ‘Ujwal DISCOM Assurance Yojana’ (UDAY) in November 2015, a reform for realizing the Hon’ble Prime Minister’s vision of affordable and accessible 24x7 Power For All. The UDAY scheme empowers DISCOMs with the opportunity to break even at the end of their respective MoU periods through following initiatives:

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

Your Company is assisting Government of India to liaise with respective State Governments/Utilities to enable achievement of objectives envisaged. The programme has already witnessed significant traction from various State Governments/DISCOMs and 32 State / Union Territories are now part of the UDAY fold. UDAY scheme is showing encouraging results as liabilities of DISCOMs of ₹2.09 lakh crore are being taken over by the State Governments, and additionally ₹0.24 lakh crore have been restructured / repriced through issuance of bonds; thus cleaning the balance sheets of DISCOMs and enabling them to restart the capital expenditure cycle while also enabling financially viable operations of all power sector stakeholders i.e., DISCOMs, TRANSCOs, GENCOs, IPPs, Banks / FIs, etc.

## 6.7 Urja Mitra

Urja Mitra is a distribution sector initiative and a first of its kind application being implemented by your Company’s wholly owned subsidiary (*REC Transmission Projects Company Limited*), under the guidance of the Ministry of Power. Urja Mitra provides a Central Outage Management and Notification Platform for State Power Distribution utilities, to disseminate Power Outage information to urban / rural power consumers across India through SMS/email/push notifications. Power consumers across the nation get outage update through integrated Mobile Application for Android and iOS platforms. It also provides a platform to view real time power outages in any part of the country, and lodge complaints on power outages. As on June 2020, data of around 22.06 crore consumers of 52 DISCOMs of 29 States is uploaded into the application and 279.37 crore SMSes have been sent to the consumers.

## 6.8 11 kV Rural Feeder Monitoring Scheme

To get a complete picture of the entire distribution network in country and to ensure achievement of “24x7 Power For All” vision of the Government of India, it was felt essential to capture real time supply parameters of rural India and this could be achieved by monitoring the availability/quality of power supply in rural areas of the country recording actual distribution parameters i.e., power supply, outages and by conducting feeder wise energy audit and AT&C losses calculation. Towards this objective, the Ministry of Power had introduced “11 kV Rural Feeder Monitoring Scheme” under the Distribution Sector Reforms and has appointed your Company’s wholly owned subsidiary (*REC Transmission Projects Company Limited*) as implementing agency for the same. Under the scheme, meter data of rural feeders is sent to central Meter Data Acquisition System (MDAS) for analysis and the same is then integrated with National Power Portal (NPP) to make it available for use of all stakeholders.

This scheme targets to develop a self-sustained, independent, web based automated system for almost 1.1 lakh rural and agricultural feeders across country by acquiring various essential parameters of all the outgoing 11kV rural feeders and such 66/33 kV incoming feeders from where 11kV rural feeders are emanating and making the information available online for all stakeholders. As on June 2020, 79,000 modems have been installed and integrated with National Power Portal.

## 6.9 Tarang

Tarang (*Transmission App for Real-Time Monitoring and Growth*) is a transmission sector initiative, being run under the guidance of the Ministry of Power through your Company’s wholly owned subsidiary (*REC Transmission Projects Company Limited*). It provides an informative medium regarding the Pan-India progress of Transmission System, which can be drilled down for analysis to month wise, agency wise, state wise information etc. The reasons of delay in case of stalled/ delayed projects is separately provided so that all concerned stakeholders can take timely corrective decision for project completion. Tarang monitors the progress of both Inter-State and Intra-State Transmission Projects being implemented through

Tariff Based Competitive Bidding (TBCB) as well as Regulated Tariff Mechanism. Tarang provides advance information of upcoming transmission projects approved by Empowered Committee on Transmission, aiding bidders to gear up for future transmission projects. In other words, it is a real time repository of Transmission System across the country.

## 7. FINANCING ACTIVITIES

Your Company has been providing funding assistance for power generation (including conventional & renewable energy), transmission & distribution projects including for the electrification of villages. Details of major financing activities during the financial year 2019-20 are as under:

### 7.1 Generation

During the financial year 2019-20, your Company sanctioned 84 nos. of Generation / R&M / other loans including 9 nos. of additional loans with total loan assistance of ₹55,811.89 crore, including consortium financing with other financial institutions, as per details given below:-

| (₹ in crore)          |              |                  |
|-----------------------|--------------|------------------|
| Particulars           | No. of Loans | Loan amount      |
| <b>State Sector</b>   | <b>82</b>    | <b>50,734.18</b> |
| Fresh Loan            | 74           | 42,208.04        |
| Additional Loan       | 8            | 8,526.14         |
| <b>Private Sector</b> | <b>2</b>     | <b>5,077.71</b>  |
| Fresh Loan            | 1            | 5,037.71         |
| Additional Loan       | 1            | 40.00            |
| <b>Total</b>          | <b>84</b>    | <b>55,811.89</b> |

### 7.2 Renewable Energy

During the financial year 2019-20, your Company sanctioned 17 nos. of Renewable Energy projects with installed generation capacity aggregating to 1,754 MW, with total loan assistance of ₹7,026.33 crore. Out of the same, 7 were solar photo-voltaic projects aggregating 917 MW, another 7 were wind energy projects aggregating 837 MW, 1 was procurement and installation of Turbine & Generator unit for a small hydro project, 1 was for DDG component of DDUGJY works and 1 loan was to a State DISCOM for meeting its renewable purchase obligations.



50 MW Wind Power Project of Renew Group in Karnataka, financed by REC

The total cost of all the Renewable Energy projects sanctioned during financial year 2019-20 aggregates to ₹10,383.80 crore, as detailed below:-

| Particulars                     | Unit      | FY 2019-20 | FY 2018-19 |
|---------------------------------|-----------|------------|------------|
| Projects Sanctioned             | Nos.      | 17         | 36         |
| Capacity of Sanctioned Projects | MW        | 1,754      | 2,198      |
| Cost of Projects                | ₹ / crore | 10,383.80  | 17,273.54  |
| Loan Sanctioned by REC          | ₹ / crore | 7,026.33   | 11,875.20  |

### 7.3 Transmission & Distribution

During the financial year 2019-20, your Company sanctioned a total of 592 nos. of Transmission & Distribution schemes/projects involving a total loan assistance of ₹41,604.77 crore. This included 590 projects of the State Sector with total loan aggregating to ₹40,324.15 crore, towards primary power evacuation schemes associated with generating plants, system improvement schemes, schemes for procurement & installation of equipment/material like meters, transformers, conductors, tower material, cables, etc. Further, it also included loan components under Government-approved schemes like DDUGJY, IPDS and SAUBHAGYA and infrastructure schemes for providing electricity access to various categories of consumers, including agricultural consumers. Further, there were 2 inter-state / intra-state transmission projects in Private Sector, with total loan amount of ₹1,280.62 crore. Details of the same are given below:-

(₹ in crore)

| Particulars                              | No. of Loans | Loan amount      |
|--|--------------|------------------|
| <b>State Sector</b>                      | <b>590</b>   | <b>40,324.15</b> |
| Transmission Loans                       | 252          | 17,285.12        |
| Distribution Loans                       | 337          | 21,539.03        |
| Short Term / Medium Term & Special Loans | 1            | 1,500.00         |
| <b>Private Sector</b>                    | <b>2</b>     | <b>1,280.62</b>  |
| Intra-state Transmission Projects        | 1            | 639.20           |
| Inter-state Transmission Projects        | 1            | 641.42           |
| <b>Total</b>                             | <b>592</b>   | <b>41,604.77</b> |

REC has sanctioned a few Green Energy Corridor transmission projects and more such projects are in the process of appraisal/approval. Further, in line with prevailing market conditions, REC has framed and modified its policies for project financing to attract more transmission projects.

### 7.4 Short Term / Medium Term Loans and other Loan assistance

In addition to the above, your Company has also sanctioned 34 nos. of Short Term, Medium Term and Other Loans aggregating to ₹6,465 crore to various power utilities during the financial year 2019-20, towards their fund requirement for short term / medium term or for working capital etc.

### 7.5 Financing Activities in North Eastern States

During the financial year 2019-20, a total sum of ₹5,855.49 crore was sanctioned towards various State sector and Private sector projects in North Eastern States. This included refinancing of a term loan of ₹4,948.10 crore of consortium lenders in respect of 6x200 MW hydro power project of Teesta Urja Limited, ₹492.24 crore sanctioned towards Renewable Energy projects and ₹415.15 crore sanctioned towards Transmission & Distribution projects in the North Eastern States.

### 7.6 Appraisal System for Financing Private Sector Projects

REC has its own Guidelines for appraisal of private sector projects. The Promoter/Entity appraisal is carried out on the basis of the financial performance, credit-worthiness, management proficiency and sectoral experience of the promoter entities. The project appraisal is carried out on the basis of various technical parameters like statutory clearances, PPA, infrastructure etc. Thus, Integrated Rating of the project is arrived on the basis of combined ratings of the entity and the project. REC's interest rates and security structure are linked to the grades/integrated ratings assigned to private sector projects.

During the year, REC has initiated the process of limited review of the existing appraisal guidelines for private sector projects, in view of the changing market practices, regulatory environment, RBI policies etc. through a consultant, so as to strengthen the appraisal process.

## 7.7 Grading of State Power Utilities

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

For the purpose of funding, your Company has classified State Power Generation, Transmission and Trading Utilities etc. into 'A++', 'A+', 'A', 'B' & 'C' categories. During the year, your Company has completed grading in respect of 131 utilities, out of which 31 utilities were graded as A++, 37 as A+, 42 as A, 18 as B and 3 utilities as C category. Your Company has also developed a model for State Grading on ERP platform.

## 7.8 Investments made during the financial year 2019-20

During the financial year 2019-20, the Company has subscribed to 7,16,10,000 Equity Shares of ₹10/- each of its joint venture company viz. Energy Efficiency Services Limited (EESL), for a consideration of ₹71.61 crore under the Rights Issue Offer of EESL. Subsequent to this, the shareholding of the Company in EESL has increased to 22.18% from 21.70%.

Further, pursuant to One Time Settlement arrangement executed on December 23, 2019 in respect of RattanIndia Power Limited, the Company has been allotted 9,25,68,105 Equity Shares of ₹10/- each, 2,87,20,978 Redeemable Preference Shares of ₹10/- each and 4,33,03,616 Optionally Convertible Cumulative Redeemable Preference Shares of ₹10/- each, of the said company.

Pursuant to a Resolution Plan approved by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench vide Order dated July 26, 2019 in respect of Lanco Teesta Hydro Power Limited, the Company has written off equity investment of ₹102 crore in the said company (comprising of 10.20 crore Equity Shares of ₹10/- each), due to extinguishment of such equity shares as per the said Order. Further, REC has sold 2,28,789 Equity Shares of ₹1/- each of Indian Energy Exchange Limited (IEX) in the buyback offer of the said company.

## 8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has four lines of ODA (Official Development Assistance) credit with KfW, Germany, three of them have been fully drawn as on March 31, 2020. KfW-I and KfW-II ODA loans are of EUR 70 million each (approx. ₹454.02 crore and ₹480.97 crore respectively), KfW-III is of EUR 100 million (approx. ₹753.73 crore). Out of the fourth line of credit from KfW of USD 228 million, USD 161.95 million (approx. ₹1,157.38 crore) have been drawn as at March 31, 2020.

Apart from above, REC has two lines of ODA credit with JICA, Japan. Both of them have also been fully drawn. Under JICA-I & II ODA loans, cumulative amounts of JPY 16,949.38 million (approx. ₹820.12 crore) and JPY 11,809.48 million (approx. ₹640.64 crore) respectively have been drawn as on March 31, 2020.

## 9. PERFORMANCE & ACHIEVEMENTS OF GOVERNMENT PROGRAMMES DURING FINANCIAL YEAR 2019-20

### 9.1 Performance and achievement under all 3 Gol schemes i.e., DDUGJY, PMDP-2015 for J&K and SAUBHAGYA during financial year 2019-20.

- a. **Sanction:** During the financial year 2019-20, an amount of ₹143.97 crore has been sanctioned under DDUGJY to the States of Manipur, Mizoram and Nagaland.
- b. **Fund release:** The subsidy of Government of India is channelized through REC and the matching contribution is infused by the respective State Government/Implementing Agencies through loan at their own. Government of India subsidy of ₹6,475 crore has been released to States during financial year 2019-20.
- c. **Physical progress of creation of Infrastructure:** During the financial year 2019-20, the following works have been completed:
  - i) Commissioning of sub-stations including augmentation: 1,729 nos.
  - ii) HT Lines feeder segregation (including new 11 kV lines): 1,97,019 cKm
  - iii) LT Lines: 4,61,875 cKm
  - iv) Commissioning of Distribution Transformers: 4,96,181 nos.
  - v) Installation of consumer meters: 45,53,651 nos.
  - vi) Metering of Distribution Transformer & Feeders: 14,589 nos.
- d. **Progress of electrification of households:** During the financial year 2019-20, electrification of 13.92 lakh households was achieved under SAUBHAGYA.



## 9.2 Cumulative Performance upto March 31, 2020

- a. Sanction and Release:** An amount of ₹1,40,309 crore has been sanctioned and Government of India Grant of ₹81,855.56 crore has been disbursed to the implementing agencies cumulatively upto March 31, 2020 under the above-mentioned Government programmes.
- b. Physical progress of creation of Infrastructure:** The following works have been completed cumulatively upto March 31, 2020 under the above-mentioned Government programmes since inception:
- Commissioning of sub-stations including augmentation: 6,574 nos.
  - HT Lines feeder segregation (including new 11 kV lines) : 8,01,764 cKm
  - LT Lines: 12,59,560 cKm
  - Commissioning of Distribution Transformers: 15,74,215 nos.
  - Installation of consumer meters: 1,40,04,143 nos.
  - Metering of Distribution Transformer & Feeders: 1,85,438 nos.
- c. Progress of electrification of households:** With the efforts of States/project implementing agencies, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019.
- Further, on the request of 7 States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of the same, 13.92 lakh households were electrified during financial year 2019-20.

## 10. STANDARDIZATION, QUALITY CONTROL & MONITORING

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

In line with the Quality Control Mechanism of Government Programmes, REC Quality Monitors (RQM) have been appointed for carrying out field and material inspections for ensuring proper quality of materials and works during implementation of such schemes. During the financial year 2019-20, RQMs have undertaken field inspection of 33,609 villages and material inspection of 1,208 nos. at manufacturer premises, for ensuring quality of works.

REC has developed an online quality portal for digitization of quality inspections of National & REC Quality Monitors. The portal was launched on May 27, 2019.

REC has also developed mobile app "SAKSHYA" for uploading observations of RQM agencies and compliances by DISCOMs/PIAs. The mobile App became live on May 27, 2019.

## 11. RISK MANAGEMENT

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

### 11.1 Risk Management Committee

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

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

#### (i) Credit Risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. To mitigate the same, the Company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risks are reviewed and categorized as High/Moderate/Low on the basis of different risk parameters and exposure of the project as per Project Risk Categorization Frameworks.

**(ii) Operational Risk**

The operational risk arises from inadequate or failed internal processes, people and systems or external events. The Company has an organization-wide risk categorization framework through which all the operational risks are measured and categorised as High/Moderate/Low. Further, the operational risks of the Company are studied in eight functional areas such as Business, Compliance, Finance, Human Resource, Information Technology, Legal, Operational and Strategic. The Company has implemented an organisation-wide Risk Register to identify, measure, monitor & mitigate operational risks across functions.

**(iii) Liquidity Risk**

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

**(iv) Market Risk**

Market risk of the Company is defined as the risk to the Company's earnings and capital due to changes in the market interest rate or prices of securities, foreign exchange, as well as volatilities of changes. Market Risk comprises of Interest Rate Risk, Liquidity Risk and Foreign Currency Risk.

**11.2 ALCO Committee**

The Company has constituted an Asset Liability Management Committee (ALCO) of its Directors & Senior Officials from the finance and operating divisions, to manage its market risk. The ALCO meets on regular intervals for monitoring risks related to interest rates, liquidity and currency rates.

Interest rate risk is the potential loss arising from fluctuations in market interest rates. In order to mitigate the interest rate risk, the Company periodically reviews its lending rates and the weighted average cost of borrowing, based on prevailing market rates.

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

Foreign currency risk involves exchange rate movements that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. The Company manages foreign currency risk through various derivative instruments.

**12. PREFERRED CUSTOMER POLICY**

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

**13. INFORMATION TECHNOLOGY INITIATIVES**

- (i) **Implementation of latest version of ERP running in REC:** REC has revamped the existing e-Business ERP (Oracle e-Biz suite 11i) in operation since 2009, to the latest version R12.2.7; and migrated the ERP hardware to private cloud environment at REC Datacenter. The new ERP supports GST and latest Accounting Standards (Ind-AS) and has advanced features, which has facilitated further automation of business operations of the Company. The ERP system is continuously improved with new features to further automate business processes.
- (ii) **The Electronic Office System (E-office):** The E-office solution with automated workflow and electronic document management features has brought in major transformation in the working of the organization, improved efficiency & transparency and has served as a green initiative towards lesser paper consumption. The system is being improved continuously by adding new features.
- (iii) **Augmentation of the Network infrastructure of the Company:** Organization-wide MPLS VPN network infrastructure facility has been completely revamped with latest network and security devices, enhanced bandwidth and high availability features to meet the demanding requirement of operations. The secured VPN network has facilitated users to connect to REC Network from remote locations, and access business applications for seamless operations without disruptions.
- (iv) **Revamping of Video Conferencing infrastructure:** The Video Conferencing infrastructure of REC has been revamped to facilitate meetings/discussions across all offices of the Company for faster decision making and to save cost and

time on travelling. The VC facility is also used for meetings with the Ministry of Power and with other Ministries, Board & Committee Meetings and other business & review meetings.

- (v) **Primary Data Centre (PDC) and Disaster Recovery Center (DRC):** Both PDC and DRC of REC are ISO/IEC 27001:2013 certified and also comply to National Cyber Security Policy of the Government of India. REC has also implemented Data Leakage & Prevention (DLP) system at DC & DRC for preventing sharing of confidential and critical information outside the corporate network.
- (vi) **Implementation of IT Framework as per RBI Master Direction:** REC has implemented the IT Security Directives of RBI as per its Master Direction regarding IT Framework issued for NBFC sector.
- (vii) **On-Line Performance Management System:** An online Performance Management System has been developed to digitize the appraisal process and to facilitate employees to submit their performance appraisal on-line. REC has also deployed a number of in-house developed systems as part of its IT initiatives, towards achieving better e-governance.
- (viii) **Towards transparency in procurement:** All procurement of goods and services of value above ₹2 lakh is being done on-line through an E-procurement system. The system complies with e-Reverse Auction norms prescribed as per CVC Guidelines and REC Procurement Guidelines. Procurement of goods and services is also done from Government e-Marketplace (GeM) portal. The existing Bill Tracking System has been revamped and integrated with ERP system to track movement and timely processing of bills and payment to vendors.
- (ix) **Implementation of Centralized Printing Solution:** Towards greener initiative and lesser paper consumption, Centralized Printing Solution has been implemented in Corporate office at desks where bulk printing is done.
- (x) **Promoting Government of India initiatives:** REC facilitates and promotes the IT initiatives of the Government of India like MyGov, e-Governance, DPE Guidelines on digital mode of payments etc., within the organization.
- (xi) **Providing training and computing facility to Employees:** Computer to Employee population ratio in REC is 100%. IT Division also organizes and imparts various training programmes to upgrade computer skills of the employees.

#### 14. REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

REC Institute of Power Management and Training (RECIPMT) (*formerly Central Institute for Rural Electrification*) was established at Hyderabad in 1979 under the aegis of REC, to cater to the training and development needs of engineers and managers of Power Sector organizations. RECIPMT, which is accredited by the Central Electricity Authority (CEA), is dedicatedly working for human resource development of the Power Sector for more than four decades.

##### 14.1 Training Activities during FY 2019-20

During the financial year 2019-20, RECIPMT has organized 132 programmes and workshops on various themes & subjects, with topics ranging from Technical, Management, Finance & Accounts, HR, Information Technology to Energy Conservation relating to Power Generation, Transmission, Distribution and Renewable Energy sector. In all, RECIPMT has trained 3,109 personnel in total, thereby achieving an aggregate of 11,993 man-days of training in the year under review.

##### 14.2 Workshop on SAKSHYA Portal and Orientation

RECIPMT has been entrusted with the training of Power DISCOM Engineers, Turnkey Contractors, Programme Implementing Agencies and Quality Monitors on Online Quality Portal “SAKSHYA” developed under DDUGJY / SAUBHAGYA schemes, to bring awareness about online reporting of information of the quality aspects, standards, construction practices etc. related to implementation of household electrification and power distribution in rural areas.

During the year, RECIPMT organized a workshop on “SAKSHYA” portal for Senior Executives; and also orientation trainings regarding the “SAKSHYA” portal at DISCOM headquarters across the country, for a total of 1,341 participants.

##### 14.3 Training Programmes on “Behavioral Skills”

RECIPMT has been entrusted with the capacity building of executives of A&B cadre of various Power Utilities by conducting training programmes on “Behavioral Skills”. The programmes were sponsored by REC for improvement of the power sector. Total 50 batches were conducted during the year as on-site programmes across the country, with participation of 1,191 executives.

##### 14.4 International Training Programmes under ITEC Scheme of MEA

RECIPMT is empanelled by the Ministry of External Affairs, Government of India (MEA) to organize training programmes in the area of power sector under Indian Technical and Economic Cooperation (ITEC). During the year, RECIPMT organized 7 International programmes with 144 participants in total, on the topics of Certificate Course in Power Distribution Management (6 weeks); Concept to Commissioning of Solar Power Plants (6 weeks); Design, Erection, Operation, Maintenance and



Protection of EHV Sub-stations (6 weeks); Planning and Management of Power Transmission and Distribution System (6 weeks); Emerging Trends in Rural Electrification and Power Management (6 weeks); Certificate Course in Electric Power Management (5 Weeks); and Planning, Operation and Maintenance of Power Generation Plants (6 Weeks). Participants from various countries viz. Afghanistan, Azerbaijan, Angola, Algeria, Bangladesh, Bhutan, Brunei, Botswana, Cambodia, Ethiopia, Ecuador, Democratic Republic of the Congo, Gambia, Guinea, Ghana, Honduras, Kenya, Lebanon, Myanmar, Mozambique, Mongolia, Mauritius, Nigeria, Samoa, South Sudan, Seychelles, Sudan, Swaziland, Sierra Leone, Tanzania, Tajikistan, Uzbekistan, Vietnam, Zimbabwe, etc. attended these programmes.



Participants of an International Training Programme at RECIPMT, Hyderabad

During the COVID-19 pandemic, RECIPMT extended the facilities of boarding, lodging, security and sanitization in its campus, to take care of the stranded international participants till their evacuation.

#### 14.5 Regular Training Programmes

RECIPMT organised 8 Regular Training Programmes for the personnel of various Power Utilities on different topics, such as Pilferage of Electricity - Issues, Challenges and Remedial Measures, Concept to Commissioning of Solar Power Plants and Grid Enabling, Power System Protection and Distribution Loss Reduction - Issues, Challenges and Remedial Measures, Distribution Transformers Operation, Maintenance and Failure Minimizations, Power Transformer - Testing, Commissioning, Protection & Maintenance, GST - Recent Changes, Developments & Challenges and Labour Laws - Employees Compensation and Contract Labour Act - Procedures in dealing with Court Cases. A total number of 71 participants attended the above programmes.

#### 14.6 Customized Programmes

RECIPMT organized 9 customized programmes during the year, designed specifically to suit the requirements of the utility. The programmes included Maintenance of Sub-station, Testing, Predictive Maintenance, Earthing, Safety, Rules and Regulations, IS (3 batches), Condition Monitoring and Life Cycle Management Practices for EHV Sub-stations (1 batch), Protection of Transmission System (Lines & Sub-station) including Relay Coordination and Bus-Bar Protection (2 batches) and Network Congestion Management and Regulatory Issues (1 batch) for MSETCL at RECIPMT campus; and 2 batches of on-site training to MPPKVVCL, Indore on Efficiency Improvement Measures in Power Distribution and Best Practices in Power Distribution Management. In total, 221 participants were trained under these customized programmes.

#### 14.7 In-house Training Programmes

RECIPMT also organized 3 in-house training programmes for employees of REC and 67 employees took part in this programme. The topics covered were Concept to Commissioning of Solar Power Plants including O&M; Managing Change in Power Sector; and Procurement Guidelines & Use of GeM Portal.

#### 14.8 Special Programmes

RECIPMT also organized 2 special programmes for power sector personnel including employees of REC, on Project Management of Power Distribution System and Capability Development for Senior Management of REC - Managing Change in Power Sector, which were attended by 54 executives.

#### 14.9 Collaboration Programme with RENAC, Germany

RECIPMT also organized a two-day sponsored programme on Sustainable Power System Planning with Co-Benefits Renewable Energy for India, in collaboration with RENAC - The Renewable Academy AG, Germany. A total of 20 participants attended the said programme.

#### 15. ISO 9001:2015 QUALITY ASSURANCE CERTIFICATION

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

#### 16. HUMAN RESOURCE MANAGEMENT

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 37 executives were appointed during the financial year 2019-20 through Campus Recruitment. The total manpower of the Company as on March 31, 2020 was 468 employees, which included 385 Executives and 83 Non-Executives.

#### 16.1 Reservation in Employment

The Directives issued by the Government of India regarding reservations for SC/ST etc. in appointment and promotion to various posts were complied with. The group wise details of SC and ST employees out of the total strength as on March 31, 2020 are given below:

| Group        | Number of Employees |            |            |            |            |            |
|--------------|---------------------|------------|------------|------------|------------|------------|
|              | Total               |            | SC         |            | ST         |            |
|              | FY 2019-20          | FY 2018-19 | FY 2019-20 | FY 2018-19 | FY 2019-20 | FY 2018-19 |
| A            | 385                 | 346        | 43         | 34         | 17         | 13         |
| B            | 36                  | 75         | 05         | 12         | 0          | 2          |
| C            | 47                  | 66         | 16         | 18         | 1          | 1          |
| <b>Total</b> | <b>468</b>          | <b>487</b> | <b>64</b>  | <b>64</b>  | <b>18</b>  | <b>16</b>  |

**Note:** Group C includes employees under erstwhile D category, now merged in terms of DoPT OMs.

#### 16.2 Training & Human Resource Development

As a measure of capacity building including up-gradation of employees' skill sets and to ensure high delivery of performance, Training and HRD continued to receive priority during the financial year under review. Training and Human Resource Policy of the Company aims at sharpening business skills and competencies required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training was also provided to promote better understanding of professional requirements, as well as to sensitize the employees about the socio-economic environment in which the Company operates. Training was also imparted on spiritual, health and attitudinal change process benefitting the employees.

During the year under review, the Company sponsored 342 employees to various training programmes, workshops etc. within the country and abroad. Taken together, these initiatives enabled the Company to achieve 2,402 training man-days. Further, 19 Executives were deputed for programmes abroad.

#### 16.3 Employee Welfare

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

##### Sports Activities

During the financial year 2019-20, REC hosted the Inter-CPSU Badminton Tournament at New Delhi and also sponsored its employees for various Inter-CPSU Sports Tournaments such as Table Tennis, Cricket, Volley Ball, Chess etc., organized by various power sector CPSUs under the aegis of Power Sports Control Board (PSCB). Further, employees were encouraged to participate in various quizzes, paper presentations and simulation competitions conducted by reputed institutions.



#### 16.4 Representation of Women Employees

As on March 31, 2020, the Company had 80 permanent women employees, representing 17.09% of the total work force. There is no discrimination of employees on the basis of gender. A Women's Cell has been in operation in the Company to look after welfare and all-round development of women employees. International Women's Day was celebrated by REC Women's Cell.



REC Women Employees celebrating International Women's Day 2020

#### 16.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2019-20. There was no loss of man days on account of industrial unrest. Regular interactions were held with REC Employees Union and REC Officers Association on issues of employee welfare. This has helped to build an atmosphere of trust and cooperation resulting in a motivated workforce and continued improvement in business performance. Wage revision of non-executives has been implemented effective from January 1, 2017.

#### 16.6 Public Grievance Redressal

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

### 17. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

The Company has its Corporate Social Responsibility & Sustainability Policy aligned with the provisions of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by the Department of Public Enterprises. The said policy is available on the website of the Company at <https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf>.

During the financial year 2019-20, the Company pursued Corporate Social Responsibility and Sustainable Development initiatives to fund and support socially beneficial projects as a guiding principle, giving priority to issues of foremost concern in the national development agenda, and to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities. CSR initiatives have been carried out by REC in the fields of sanitation and hygiene, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, to facilitate inclusive social development.





REC provided bus running as mobile school in construction camps to educate migrant children in Delhi NCR.

DPE has issued guidelines to CPSEs to spend 60% of their CSR budget on thematic areas of Healthcare, Nutrition and School Education for the year 2019-20, preferably in aspirational districts. The Company increased its efforts in a big way to support welfare work across aspirational districts given to the Company, in the above thematic areas. The Company committed to projects aimed at transforming school education and improving health services in the aspirational districts of Gajapati in Odisha, Mamit in Mizoram, Kiphire in Nagaland, Muzzafarpur in Bihar, Udham Singh Nagar in Uttarakhand, Chandel in Manipur and West Sikkim in Sikkim.

For the financial year 2019-20, the Board had approved CSR budget of ₹156.68 crore, in line with the provisions of the Companies Act, 2013. Further, as per DPE Guidelines, the CSR Budget is non-lapsable and any unspent amount is carried forward to the next year, for utilization towards the purpose for which it was allocated. Accordingly, the total amount to be spent in the financial year amounted to ₹399.85 crore (i.e. ₹156.68 crore for financial year 2019-20 and ₹243.17 crore carried forward from previous years). Out of the same, a total amount of ₹258.40 crore was spent and the Company sanctioned financial assistance aggregating to ₹281.62 crore for various CSR projects during the financial year 2019-20.



Pan-India distribution of food / ration packets during COVID-19 lockdown

Further, the Company has contributed CSR assistance of ₹150 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund to deal with the situation caused due to COVID-19 pandemic during the financial years 2019-20 and 2020-21. The Company also allotted ₹10 crore for providing food/ration, utility packets etc. to laborers/needful persons and also for providing medical equipment to health care workers in various locations of India affected by the COVID-19 pandemic.

## 18. VIGILANCE ACTIVITIES

REC constantly endeavors to optimize probity and integrity among employees and to promote transparency, fairness and accountability in all operational areas. REC Vigilance Division mainly aims at "Preventive Vigilance" by reviewing policies, rotation/transfers of employees holding sensitive posts, review of Audit Reports, review of projects/tenders/contracts awarded, inspections of Regional Offices, review of Annual Property Returns (APRs) etc.

In compliance with the instructions of Central Vigilance Commission (CVC)/Ministry of Power (MoP), the matter of rotational transfers from the identified sensitive posts is constantly being pursued. Further, prescribed periodical statistical returns were also sent to CVC and MoP on time. Regular review of Audit Reports, i.e., Internal, Statutory and C&AG Audit Reports, were done. Review of projects/tenders/contracts awarded was carried out and wherever deviations were observed, the matter was taken up with concerned divisions, which led to strengthening of appraisal system/guidelines. Field inspections of Regional Offices and scrutiny of APRs were done.

The thrust on leveraging of technology continued, with the result that information relating to loans, schemes, tenders, third party bills etc. are available online. During the year, HR policies like recruitment process, lien policy and promotions within REC were examined and subjective & non-transparent clauses were brought to the notice of the management. Revised Recruitment Policy has been notified on September 19, 2019. Further, REC's Conduct Rules were brought in line with the conduct rules recommended by the DPE.

A Vigilance Monitoring System has been developed for timely detection and reducing the occurrence of lapses, which covers various functionalities of the organization like Procurement and Contracts, Bill Tracking, Loans, Assets and employee payments (medical and travel). Issues related to Loans to Independent Power Producers (IPPs) were examined in light of C&AG observations and it was observed that certain issues related to evaluation of EPC contractor and its experience, adequacy of Performance Guarantee, monitoring of LE/LFA reports and diversion of funds, etc. need to be addressed in revised guidelines. Accordingly, an advisory was issued. It was ensured that information/policies like tenders, requisite forms, status of loan applications/third party payments, Fair Practices Code, Policy for Prevention of Frauds, CSR Guidelines, Whistle Blower Policy etc. are available on REC's website.

Almost all tenders above ₹2 lakh were processed through E-Procurement mode. E-Reverse Auction is also done, in cases where estimated value of procurement and quoted prices exceed certain parameters.

During the financial year 2019-20, there was only one vigilance case pending, which was minor in nature; and the same was disposed off during the year.

### Observance of Vigilance Awareness Week

This year, your Company observed 'Vigilance Awareness Month' instead of just a week. As a part of the vigilance awareness programme, intra-school crayon painting and paragraph writing competitions were organized in schools and inter-college *Nukkad Natak* competitions were organized at colleges of Delhi. Various activities like quiz, story-telling, painting, selfie and collage-making were also organized for REC's employees and their family members. Further, Seminars on Consumer Awareness & RTI were also organized at various Regional Offices of REC. To strengthen integrity within the corporate culture, young executives were exposed to a session on self-evaluation & team building through outbound experiential learning session. REC continued its endeavour to groom young school children into vigilant citizens through "Integrity Clubs", which are now in 32 schools all over India. Apart from this, activities were also organized at various Regional Offices and subsidiaries of REC.

## 19. IMPLEMENTATION OF OFFICIAL LANGUAGE

To uphold the Official Language Policy of the Government, REC consistently strived to meet the mandate given in the Annual Programme 2019-20 issued by the Department of Official Language, Ministry of Home Affairs, Government of India. Official Language Implementation Committees are constituted in our Company to ensure implementation of the Official Language effectively; and in order to ensure compliance of the Official Language Act, 1963 and Official Language Rules, 1976, continuous efforts are being taken.

The Committee of Parliament on Official Language successfully conducted inspection of REC State Office Vadodara on February 28, 2020. A team of officials of Ministry of Power also reviewed the status of Official Language implementation in



REC Corporate Office on January 14, 2020. These inspections have inculcated a spirit of awareness among the employees to increase use of Hindi in their official work.

Hindi Pakhwara was organized at Corporate Office and also at Regional and State Offices of the Company from September 14, 2019 to September 28, 2019. During this period, various competitions were organized at Corporate Office. The employees actively participated in all events and competitions. Prizes were also awarded to winners in different categories to encourage larger participation and motivate employees to increase use of Hindi in their day-to-day working.

Hindi Workshops were organized in all REC Offices to impart the participants a hands-on exposure in various facets of use of Hindi. REC State Office Shimla bagged 1<sup>st</sup> prize from concerned Town Official Language Implementation Committee (TOLIC) for excellent work in Hindi.

Two-days All India Conference on Rajbhasha was organized at Thiruvananthapuram during April 25-26, 2019 for the Nodal Hindi Officers. This year, an Inter-PSU Hindi debate competition was also organized by Regional Office Jaipur under the aegis of TOLIC (PSUs) at Jaipur.

Your Company has been publishing Hindi Journal 'Urjayan' containing interesting and useful articles as well as literary writings of employees. In order to motivate employees to write articles, poems etc. in Hindi for the magazine, the Company has adopted a policy to award cash incentives to the contributors.



REC's in-house Hindi magazine 'Urjayan'

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

### 20.1 Conservation of Energy

Since your Company does not own any manufacturing facility, there are no significant particulars relating to conservation of energy and technology absorption. The Registered Office of the Company is located in 'SCOPE Complex' at New Delhi, where all civil, electrical installation and maintenance is carried out by SCOPE (Standing Conference of Public Enterprises). With effective monitoring, controlling and scheduling of the operation of AC chilling units / elevators, by putting other energy efficient equipments, making provision of additional 100 KW Solar Power Plant at terrace and also by putting movement/occupancy sensor as well as maintaining power factor nearest to unity, SCOPE has saved around 2.06 lakh units of power consumption during the financial year 2019-20 over the previous year, resulting in saving of around ₹26.94 lakh.

### 20.2 Foreign Exchange Earnings & Outgo

During the financial year 2019-20, the Company had no foreign exchange earnings. Further, foreign exchange outflow aggregating ₹7,078.40 crore was made during the financial year, on account of interest, principal repayment, finance charges, foreign travelling, training expenses, architectural services and other expenses.

## 21. SUBSIDIARY COMPANIES

Your Company has two wholly owned subsidiaries, namely, REC Power Distribution Company Limited (RECPDCL) [CIN: U40101DL2007GOI165779] and REC Transmission Projects Company Limited (RECTPCL) [CIN:U40101DL2007GOI157558] to focus on additional business of consultancy in the areas of distribution, transmission etc.

### 21.1 REC Power Distribution Company Limited

RECPDCL is engaged in the businesses of project implementation and consultancy services in power sector viz. implementation of distribution system strengthening works, implementation of grid/off-grid solar (PV) projects, implementation of smart meters, preparation of detailed project reports, third party inspections, pre-dispatch material inspections and acting as project management consultant / project management agency under some projects of State-funded schemes such as DDUGJY, IPDS etc. As on March 31, 2020, RECPDCL was working on about 100 on-going projects spread over 57 DISCOMs/power departments/co-operative societies in 26 States and 4 Union Territories, with total estimated consultancy fee of ₹993.82 crore.

During the financial year 2019-20, RECPDCL achieved total revenue of ₹143.01 crore, against the previous year's revenue of ₹159.77 crore; and Profit After Tax of ₹12.47 crore against the previous year's Profit After Tax of ₹26.34 crore. As on March 31, 2020, the Net Worth of RECPDCL was ₹168.20 crore, as compared to ₹155.73 crore as on March 31, 2019. Earnings Per Share (EPS) for the financial year ended on March 31, 2020 was ₹2,495/-, as against ₹5,268/- in the previous year. The Board of Directors of RECPDCL has recommended a dividend of ₹1,685/- per equity share of face value of ₹10/-each for financial year 2019-20, aggregating to ₹8.43 crore, which is subject to approval of its shareholders in their forthcoming Annual General Meeting.

## 21.2 REC Transmission Projects Company Limited

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

During the financial year 2019-20, RECTPCL transferred 8 (eight) project specific SPV companies (comprising of 6 inter-state projects and 2 intra-state projects) to the selected bidder(s), as per details given below:

| Sl. No. | Name of the project specific SPV (as transferred) and the associated transmission project   | Name of Selected Bidder                 | Date of transfer of the SPV |
|---------|---|---|-----------------------------|
| 1       | Khetri Transco Limited<br>[CIN: U40100DL2019GOI347127]<br><i>Transmission system associated with LTA application from Rajasthan SEZ (Part-C).</i>   | Power Grid Corporation of India Limited | August 29, 2019             |
| 2       | Bhind Guna Transmission Limited<br>[CIN: U40300DL2018GOI338734]<br><i>Intra-State Transmission work associated with construction 400 kV sub-station near Guna (District Guna) construction of 220 kV S/s near Bhind (District Bhind).</i>   | Power Grid Corporation of India Limited | September 11, 2019          |
| 3       | Udupi Kasargode Transmission Limited<br>[CIN: U40100DL2018GOI342365]<br><i>Transmission system for 400 kV Udupi (UPCL)-Kasargode D/C line.</i>  | Sterlite Grid 14 Limited                | September 12, 2019          |
| 4       | Ajmer Phagi Transco Limited<br>[CIN: U40101DL2019GOI347423]<br><i>Construction of Ajmer (PG)-Phagi 765 kV D/C line along with associated bays for Rajasthan SEZ.</i>  | Power Grid Corporation of India Limited | October 3, 2019             |
| 5       | WRSS XXI (A) Transco Limited<br>[CIN: U40107DL2019GOI347713]<br><i>Western Region Strengthening Scheme-21 (WRSS-21) Part-A -Transmission System Strengthening for relieving overloadings observed in Gujarat Intra-State System due to RE Injections in Bhuj PS.</i>  | Adani Transmission Limited              | October 14, 2019            |
| 6       | Lakadia Banaskantha Transco Limited<br>[CIN: U40107DL2019GOI347428]<br><i>Transmission System associated with RE generations at Bhuj-II, Dwarka &amp; Lakadia.</i>  | Adani Transmission Limited              | November 13, 2019           |
| 7       | Jam Khambaliya Transco Limited<br>[CIN: U40105DL2019GOI347089]<br><i>Jam Khambaliya Pooling Station and Interconnection of Jam Khambaliya Pooling Station for providing connectivity to RE Projects (1500 MW) in Dwarka (Gujarat) and Installation of 400/220 Kv ICT along with associated bays at M/s CGPL Switchyard.</i> | Adani Transmission Limited              | November 13, 2019           |
| 8       | Rampur Sambhal Transco Limited<br>[CIN: U40101DL2019GOI349484]<br><i>Construction of 765/400/220kV GIS Sub-station, Rampur and 400/220/132kV GIS Sub-station, Sambhal with associated Transmission Lines.</i>   | Power Grid Corporation of India Limited | December 12, 2019           |

RECTPCL is also acting as Bid Process Coordinator for Intra-State transmission projects viz. Transmission System Strengthening in Jharkhand State (Package-1 to 4), for which it had incorporated 4 SPV companies viz. Chandil Transmission Limited [CIN: U40108DL2018GOI330905], Koderma Transmission Limited [CIN: U40300DL2018GOI331192], Dumka Transmission Limited [CIN: U40300DL2018GOI331490] and Mandar Transmission Limited [CIN: U40101DL2018GOI331526]. The bidding process of these projects is expected to conclude during the financial year 2020-21.



Further, after March 31, 2020, RECTPCL has incorporated the following project specific SPVs as its wholly owned subsidiaries, for the inter-state / intra-state transmission projects indicated below, in which it is acting as Bid Process Coordinator:-

| Sl. No. | Name of the transmission project   | Name of the SPV company  | Date of incorporation |
|---------|--|--|-----------------------|
| 1       | Transmission system for evacuation of power from RE projects in Osmanabad area (1 GW) in Maharashtra                                 | Kallam Transmission Limited<br>[CIN: U40106DL2020GOI364104]              | May 28, 2020          |
| 2       | Transmission scheme for Solar Energy Zone in Gadag (2500 MW) in Karnataka-Part A   | Gadag Transmission Limited<br>[CIN: U40100DL2020GOI364213]               | June 2, 2020          |
| 3       | Transmission system strengthening for evacuation of power from solar energy zones in Rajasthan (8.1 GW) under Phase II -Part B       | Fatehgarh Bhadla Transco Limited<br>[CIN: U40108DL2020GOI364227]         | June 2, 2020          |
| 4       | Transmission system for evacuation of power from RE projects in Rajgarh (2500 MW) SEZ in Madhya Pradesh                              | Rajgarh Transmission Limited<br>[CIN: U40106DL2020GOI364436]             | June 6, 2020          |
| 5       | Transmission scheme for Solar Energy Zone in Bidar (2500 MW), Karnataka  | Bidar Transmission Limited<br>[CIN: U40106DL2020GOI364498]               | June 8, 2020          |
| 6       | Transmission system strengthening scheme for evacuation of power from solar energy zones in Rajasthan (8.1 GW) under Phase-II-Part C | Sikar New Transmission Limited<br>[CIN: U40106DL2020GOI364672]           | June 11, 2020         |
| 7       | Transmission system strengthening scheme for evacuation of power from Solar Energy Zones in Rajasthan (8.1 GW) under Phase II-Part A | Ramgarh New Transmission Limited<br>[CIN: U40300DL2020GOI365214]         | June 26, 2020         |
| 8       | Development of intra-state transmission work in M.P. through tariff based competitive bidding: Package-I                             | MP Power Transmission Package-I Limited<br>[CIN: U40108DL2020GOI367417]  | August 4, 2020        |
| 9       | Development of intra-state transmission work in M.P. through tariff based competitive bidding: Package-II                            | MP Power Transmission Package-II Limited<br>[CIN: U40100DL2020GOI368275] | August 20, 2020       |

Further, Dinchang Transmission Limited (CIN U40300DL2015GOI288066), a project specific SPV and wholly owned subsidiary of RECTPCL incorporated on December 2, 2015, for the project viz. *Transmission System for Phase-1 Generation Projects in Arunachal Pradesh*, has filed an application for strike off of its name with the Registrar of Companies under Section 248 of the Companies Act, 2013, since the said project has been de-notified pursuant to gazette dated February 1, 2019 and consent of the Ministry of Power dated March 31, 2020.

RECTPCL has also developed online web platform and mobile apps for better transparency & accountability under the guidance of the Ministry of Power, such as Urja Mitra, TARANG (Transmission App for Real Time Monitoring and Growth), 11 kV Rural Feeder Monitoring Scheme etc., and handled various other assignments on behalf of its clients.

During the financial year 2019-20, RECTPCL recorded income of ₹79.16 crore, as compared to ₹40.45 crore in the previous financial year. The Profit Before Tax and Profit After Tax for the financial year 2019-20 was ₹70.55 crore and ₹54.44 crore, respectively. The Net Worth of RECTPCL as on March 31, 2020 was ₹112.60 crore, as against the Net Worth of ₹118.44 crore as on March 31, 2019. RECTPCL had declared an Interim Dividend of ₹10,000/- per equity share on its paid-up equity shares of ₹10/- each for the financial year 2019-20, aggregating to ₹50 crore, which was paid in the month of March 2020.

### 21.3 Amalgamation of RECTPCL with RECPDCL

In order to have a strong & focused base, better synergies in operations, greater ability to access different market segments and to reap the benefits of higher capital base & pooled resources, it is proposed to merge two unlisted wholly owned subsidiary companies of REC viz. RECPDCL and RECTPCL, into one single entity.

Accordingly, as per the provisions of the Companies Act, 2013 and Rules made thereunder and after obtaining requisite approvals of the Ministry of Power, the Board of Directors, shareholders & creditors of the respective companies and approval of REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on August 14, 2020 for sanction of Scheme of Arrangement for Amalgamation of RECTPCL (transferor company) with RECPDCL (transferee company); and approval of the same is awaited.

## 22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited and Power Finance Corporation Limited, has formed a Joint Venture Company i.e., Energy Efficiency Services Limited (EESL) [CIN: U40200DL2009PLC196789] on December 10, 2009. EESL is a Super Energy Service Company (ESCO) and acts as a

resource center for capacity building for State DISCOMs, Energy Regulatory Commissions, State Development Authorities, upcoming ESCOs, financial institutions, etc. Upto March 31, 2020, REC has contributed ₹218.10 crore (22.18%) towards the paid up equity share capital of EESL.

EESL is formed to create & sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry, etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, MNRE, Government of India. EESL is also leading the market-related activities of the National Mission for Enhanced Energy Efficiency (NMEEE), one of the 8 national missions under National Action Plan on Climate Change. EESL is implementing world's largest energy efficiency portfolio; and its energy efficient appliances and technologies have saved India over 40 billion kWh of estimated energy annually.

Currently, EESL is implementing the world's largest non-subsidy based LED lighting programme viz. Unnat Jyoti by Affordable LED for ALL (UJALA) for distribution of LED bulbs, LED tube lights and energy efficient fans to domestic consumers, world's largest street light replacement programme viz. Street Lighting National Programme (SLNP) to replace conventional street lights with smart and energy efficient LED street lights in municipalities, National E-Mobility Programme to provide electric vehicles for Government entities/organisations on lease/outright purchase basis to replace the existing petrol and diesel vehicles, world's largest Agricultural Demand Side Management (AgDSM) programme for replacement of inefficient agricultural pump sets in agriculture sector, Building Energy Efficiency Programme (BEEP) to retrofit energy efficient appliances in buildings to make them energy efficient, Smart Meter National Programme (SMNP) to replace conventional meters with smart meters, Municipal Energy Efficiency Programme (MEEP) under AMRUT for implementation of energy efficient pump sets in public water works and sewage systems after approval of the ULB/State Government, Solar Programme for implementing solar roof-top and decentralized small solar power plant, Atal Jyoti Yojana (AJAY) for installation of solar LED street lights in rural, semi-urban areas which don't enjoy adequate coverage of power, Solar Study Lamps (SoUL) for distribution of solar study lamps to school going children and also has developed Super-Efficient Air Conditioning Programme for providing super-efficient air conditioners to customers at affordable prices. EESL has been awarded as "Best Company (Public Sector) Award" by the Forbes India Leadership Awards (FILA), 2018. The performance of EESL during the year has improved and its financial performance is on the growth path. Based on provisional financials of EESL for financial year 2019-20, its turnover for the year was ₹1,934.07 crore (standalone). Further, the Profit Before Tax and Profit After Tax for the financial year 2019-20 were ₹27.22 crore and ₹44.92 crore respectively.

### 23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 & Rules made thereunder and Indian Accounting Standards, the Company has prepared the Consolidated Ind-AS Financial Statements for the financial year 2019-20, that include its subsidiary companies i.e., RECPDCL and RECTPCL (Audited) and Joint Venture Company i.e. EESL (Un-audited), which shall also be laid before the ensuing 51<sup>st</sup> Annual General Meeting, along with the Standalone Financial Statements of the Company.

Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of Subsidiaries/Associates and Joint Ventures in Form AOC-1 forms part of this Annual Report. The financial statements of Special Purpose Vehicle (SPV) companies incorporated by the wholly owned subsidiary viz. REC Transmission Projects Company Limited (RECTPCL), as its wholly owned subsidiaries, are not consolidated with the financial statements of REC.

The Audited Ind-AS Financial Statements including the Consolidated Ind-AS Financial Statements and Audited Accounts of Subsidiaries of the Company are available on the website of the Company i.e., [www.recindia.nic.in](http://www.recindia.nic.in). Further, these documents will be kept for inspection through electronic mode by any member or trustee of the holder of any debentures. The Company will also make available copy thereof through e-mail upon specific request by any member of the Company interested in obtaining the same.

### 24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

In terms of Clause 5.1 of the Share Purchase Agreement entered by the President of India, acting through the Ministry of Power, Government of India with Power Finance Corporation Limited (PFC), and in terms of the Ministry of Power's letter no. 27-46/1/2018-RE dated June 6, 2019, Shri Praveen Kumar Singh (DIN 03548218) was appointed as Nominee Director of PFC on the Board of the Company, with effect from June 18, 2019.

Further, the Ministry of Power, vide Office Order No. 46/8/2015-RE (E-227696) dated September 2, 2019 had appointed Shri Mritunjay Kumar Narayan (DIN 03426753), Joint Secretary, Ministry of Power, as Government Nominee Director on the Board of the Company, with immediate effect and until further orders, vice Dr. Arun Kumar Verma, Joint Secretary, who was earlier nominated on the Board of REC vide the Ministry's Office Order No. 46/8/2015-RE dated October 6, 2015. Accordingly, Dr. Arun Kumar Verma (DIN 02190047) has ceased to be Director of REC w.e.f. September 2, 2019.

The Ministry of Power, vide its Order No. 20/6/2017 Coord. dated November 22, 2018, had re-appointed Shri A. Krishna Kumar (DIN 00871792) and Prof. T. T. Ram Mohan (DIN 00008651) as Part-time Non-official Independent Directors on the Board of the Company for a period of one year from the date of completion of their earlier tenure (i.e., November 13, 2018). The said extended tenure got completed on November 12, 2019 and accordingly, Shri A. Krishna Kumar and Prof. T. T. Ram Mohan ceased to be Directors of REC w.e.f. November 13, 2019.

The Ministry of Power, vide its Order No. 46/2/2010-RE (Vol.-II) (Part IV) dated February 8, 2017, had appointed Smt. Asha Swarup (DIN 00090902) as Part-time Non-official Independent Director on the Board of the Company, for a period of three years. The said tenure of three years got completed on February 7, 2020 and accordingly, Smt. Asha Swarup ceased to be a Director of REC w.e.f. February 8, 2020.

Further, the Ministry of Power, vide its Order No. 20/6/2017-Coord. dated July 17, 2018, had appointed Dr. B.K. Karad (DIN 00998839) as Part-time Non-official Independent Director on the Board of the Company, for a period of three years. However, Dr. Karad resigned from the Board of REC on March 11, 2020 owing to personal reasons. Further, in term of Clause 7B of Schedule III (Part-A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Karad confirmed that there are no material reasons for tendering his resignation before the conclusion of tenure, other than the reasons mentioned in resignation letter.

Due to the cessation of office of Independent Directors of the Company, including Woman Independent Director, as stated above, the composition of the Board was not in conformity with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs, 2010 for part of the year. The Company has already requested the Ministry of Power, Government of India, i.e., the appointing authority, to expedite the appointment of the requisite number of Independent Directors, including Woman Independent Director on the Board of the Company, to enable compliance with the applicable statutory provisions.

During the year under review, the tenure of Shri Ajeet Kumar Agarwal (DIN 02231613), Director (Finance) and Chairman & Managing Director (in additional charge), was extended upto May 31, 2020, i.e., the date of his superannuation. Subsequently, Shri Agarwal superannuated from the services of the Company on May 31, 2020 and ceased to be a Director of REC w.e.f. June 1, 2020.

Further, the Ministry of Power vide Order no. 46/9/2011-RE [228164] dated April 21, 2020, has appointed Shri Ajoy Choudhury (DIN 06629871) as Director (Finance) of the Company w.e.f. June 1, 2020, till the date of his superannuation i.e. January 31, 2024 or until further orders. Shri Ajoy Choudhury was formerly Executive Director (Finance) in the Company.

Further, the Ministry of Power vide Order No. 46/2/2019-RE (247264) dated June 12, 2020 read with Order of even no. dated July 21, 2020, has assigned the additional charge of Chairman & Managing Director of the Company to Shri Sanjeev Kumar Gupta (DIN 03464342), Director (Technical), for a period of three months with effect from June 1, 2020 or till the appointment of a regular incumbent or until further orders, whichever is the earliest. Pursuant to the same, Shri Sanjeev Kumar Gupta has taken over the additional charge of Chairman & Managing Director of the Company.

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

In line with the statutory requirements, all the Independent Directors had given their requisite declaration during their tenure, that they meet the prescribed criteria of independence and none of the Directors are related *inter-se*.

The Board places on record its deep appreciation for the valuable services rendered by Shri Ajeet Kumar Agarwal, Dr. Arun Kumar Verma, Shri A. Krishna Kumar, Prof. T.T. Ram Mohan, Smt. Asha Swarup and Dr. B.K. Karad, during their tenure in the Company.

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Sanjeev Kumar Gupta, Director (Technical) shall retire by rotation at the ensuing 51<sup>st</sup> Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment till the completion of his tenure as Director in REC. His brief resume is annexed to the Notice of the AGM.

## 25. EVALUATION OF BOARD OF DIRECTORS / INDEPENDENT DIRECTORS

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

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

Accordingly, being a Government company, REC is exempted in terms of the above notifications, as the evaluation of performance of all members of the Board of the Company is being done by the Administrative Ministry i.e., the Ministry of Power and the Department of Public Enterprises (DPE).

During the financial year 2019-20, the performance evaluation of the Non-Executive / Independent Directors of the Company was carried out by the Department of Public Enterprises (DPE) / Administrative Ministry, as per their internal guidelines.

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

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- (ii) such accounting policies have been selected and applied consistently (except for the adoption of newly effective Indian Accounting Standards as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) internal financial controls have been laid to be followed by the Company and such internal financial controls were adequate and operating effectively; and
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 27. MoU RATING AND AWARDS

The performance of the Company in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for the financial year 2018-19 has been rated as **"Excellent"**. During the financial year 2019-20, REC received various prestigious awards and recognitions, including *"ICAI Award for Excellence in Financial Reporting for FY 2018-19"* from the Institute of Chartered Accountants of India in the 'Public Sector Entities' category; and *"PSE Excellence Award, 2018"* for excellence in Corporate Governance by the Indian Chamber of Commerce (ICC), as runner up in the Navratna & Maharatna category. Further, REC received three awards in the SCOPE Corporate Communication Excellence Awards 2019, namely, first prize for *"Best House Journal (English)"*, second prize for *"Best Corporate Communications-Internal"* and third prize for *"Effective use of Digital Media"*. REC was also presented the *"Swachh Bharat Puraskar"* by the Ministry of Jal Shakti, Government of India.

## 28. 'THINK GREEN, GO GREEN' INITIATIVE

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



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

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

## 29. SWACHH BHARAT ABHIYAN

REC conducted various programmes under the “*Swachhta Pakhwada - 2019*” organized during May 16, 2019 to May 31, 2019. Banners and posters were fixed in and around office premises to spread awareness among employees and general public. All officers of the Company took the *Swachhta* pledge and special cleanliness drive was undertaken in all office locations. REC also organized drawing competitions at its Chennai, Kolkata and Thiruvanthapuram offices; and a *Swachhta Talk* and debate on “*Kya Swachhta Abhiyan Ne Jan Aandolan Ka Roop Le Liya Hai*” at its Corporate Office. *Nukkad Nataks* were also organized to create awareness in slum areas of Delhi & NCR. All employees of REC participated with great enthusiasm and zeal in these programmes. Further, REC also completed construction of a 5-seated Toilet Complex during the year, at Baraichcha Bir Dham, District Jaunpur (Uttar Pradesh), adopted by REC under the *Swachh Tirthsthal Abhiyan*.

### **Swachhta hi Seva**

During September 11, 2019 to October 2, 2019, REC also observed a three week programme *Swachhta Hi Seva*, to create awareness about harmful effect of single use plastic in daily life. Drawing competitions and lectures were organized in 30 schools, for creating awareness among students and staff about harmful effects of plastic waste and single use plastic. Around 10,000 jute bags were also distributed among students and officials to encourage them to stop using single use plastic.

On October 2, 2019, a *Shramdaan* activity was carried out by the employees of REC led by the senior management, under which public area was cleaned and around 500 kg of plastic waste was collected, segregated and sent for recycling.



‘Swachhata Shramdaan’ by REC employees to collect, segregate and recycle plastic waste

### 30. RIGHT TO INFORMATION ACT, 2005

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

The status of RTI applications and appeals received during the financial year 2019-20 was as under:

| Sl. No. | Particulars   | Nos. |
|---------|---|------|
| 1       | Applications received   | 372  |
| 2       | Applications disposed-off                                     | 370  |
| 3       | Applications disposed-off subsequently                        | 02   |
| 4       | First Appeals received by Appellate Authority, REC            | 14   |
| 5       | First Appeals disposed-off by Appellate Authority, REC        | 14   |
| 6       | Second Appeals received from Central Information Commission   | 01   |
| 7       | Second Appeals disposed-off by Central Information Commission | 01   |

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

The Guidelines for MSMEs, as defined in the purchase procedure, are being followed in the Company. As an endeavor to foster the Government's ambitious initiatives for the promotion of MSME sector and in order to surpass the prescribed public procurement norms, revised with effect from November 2018, REC has already made it mandatory to procure 100% of certain common use goods/services valuing upto ₹10 lakh from MSME Vendors and also to allow price preference upto 50% to MSEs, out of which 20% is reserved for SC/ST and women entrepreneurs. Thus, REC encourages participation of Micro, Small and Medium Enterprises (MSMEs), including enterprises owned by SC/ST and women entrepreneurs.

Further, REC is already registered at GeM (Government e-Marketplace), Sambandh and Samadhan portals; and all Regional Offices / Sub-offices / Subsidiaries / Training Centre (RECIPMT) of the Company are effectively using the same. During the financial year, there has not been any non-payment complaint and/or any grievance by MSME vendors/suppliers against REC on the Government of India's MSME *Samadhan* portal. REC got itself registered on TReDS and is poised to let its presence felt on this ambitious forum for Bill Discounting by MSME Vendors. Moreover, REC has recently made it compulsory for all its Pan-India offices to have 100% procurement of common goods & services through GeM portal. Further, in order to make this endeavor successful, REC also conducted a comprehensive GeM procurement training program having specially featured sessions from faculty from GeM, with hands on training. The same was overwhelmingly attended and well appreciated by all the participants.

Being a non-banking financial institution, REC is not into execution of projects. The Company's procurement needs are mainly office equipment like computers, printers, consumable stationery and other miscellaneous items and services etc., which are mostly bought from MSME vendors. During the financial year 2019-20, procurement amounting to ₹3.14 crore were made from MSEs. During the financial year 2019-20, REC not only achieved but exceeded the achievement of its MoU targets set by the Government of India for procurement from MSMEs, including from women entrepreneurs. REC's Public Procurement Policy for MSMEs is included in all the tenders hosted on the website of the Company and on the CPPP portal. The same is also being critically examined and monitored regularly, on quarterly and annual basis, by the Independent External Monitor (IEM) appointed by CVC. The IEM has appreciated the efforts and achievements of REC for various compliances and found that all procurement activities are in order.

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

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

During the financial year 2019-20, the Company did not receive any complaint of sexual harassment.

### 33. ANNUAL RETURN

The Annual Return of REC for FY 2018-19 is available on the link <https://www.recindia.nic.in/annual-returns> and the Extract of Annual Return of REC for FY 2019-20 is available on the link <https://www.recindia.nic.in/uploads/files/14-extract-of-annual-return-fy-19-20.pdf>.

### 34. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of Related Party Transactions required to be disclosed in Form AOC-2 for the financial year 2019-20 were 'Nil'.

**35. AUDITORS****Statutory Auditors**

M/s S.K. Mittal & Co., Chartered Accountants, New Delhi (Firm Registration No.: 001135N) and M/s O.P. Bagla & Co. LLP, Chartered Accountants, New Delhi (Firm Registration No.: 000018N/N500091) were appointed as Statutory Auditors of your Company for the financial year 2019-20 by the Comptroller & Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2020.

Further, the C&AG, in exercise of powers conferred under Section 139 of the Companies Act, 2013, has appointed M/s S.K. Mittal & Co., Chartered Accountants, New Delhi (Firm Registration No. : 001135N) and M/s O.P. Bagla & Co. LLP, Chartered Accountants, New Delhi (Firm Registration No. :000018N/N500091) as the Statutory Auditors of the Company for the financial year 2020-21 and the Statutory Auditors have accepted their appointment. Approval of the Members of the Company will be obtained in the ensuing Annual General Meeting, to authorize the Board of Directors of the Company to fix remuneration of the Auditors for the financial year 2020-21.

**Secretarial Auditors**

M/s Chandrasekaran Associates, Practicing Company Secretaries (Certificate of Practice No.715), New Delhi, were appointed as Secretarial Auditors for carrying out Secretarial Audit of the Company for the financial year 2019-20. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2019-20 and the same is annexed to this Report.

**35.1 Management's Comments on the Auditors' Report**

The Statutory Auditors have audited the standalone and consolidated financial statements of the Company for financial year 2019-20 and have given their report without any qualification, reservation, adverse remark or disclaimer. The Auditors' Report(s) are annexed with this Annual Report.

The Secretarial Auditors of the Company have given an unqualified report for the financial year 2019-20. However, they have certain observations relating to composition of the Board and its Committees. The Management's Reply to the observations of the Secretarial Auditors are submitted, as under:

| Observation of Secretarial Auditors   | Management's Reply   |
|---|--|
| 1 The Company was not in compliance with provisions of Section 149 of the Companies Act, read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect to the appointment of requisite number of Independent Directors (from November 13, 2019 to March 31, 2020) including a Woman Director since February 8, 2020. | REC is a Government Company and as per provisions of Article 91 of Articles of Association of the Company, the power of appointment of Directors on the Board of the Company is vested with the President of India, acting through the Ministry of Power, Government of India.<br><br>During the financial year 2019-20, the composition of Board of Directors and Committees thereof were in compliance with all the applicable provisions, except for the period from November 13, 2019 to March 31, 2020, due to vacancy of Independent Directors including a Woman Director since February 8, 2020, on the Board of the Company. |
| 2 The Company has not complied with provision of Section 177 and 178 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Composition of the Audit Committee and Nomination and Remuneration Committee since February 8, 2020 and November 13, 2019, respectively.          | The Company has requested the Administrative Ministry i.e. Ministry of Power for appointing requisite number of Independent & Woman Directors on the Board of the Company and the request of REC is under active consideration at the Ministry of Power.   |
| 3 The Company has not complied with provision of Section 135 of the Companies Act, 2013 with respect to Composition of Corporate Social Responsibility Committee since February 8, 2020, as no Independent Director was member of the Committee.  | Once, the requisite number of Independent & Woman Directors are appointed by the Ministry of Power, the Company will be in compliance with all the applicable statutory provisions.  |

**36. COMMENTS OF C&AG OF INDIA**

The Comptroller & Auditor General (C&AG) of India, vide letter dated August 6, 2020 has given 'Nil' Comments on the Audited Financial Statements of the Company for the year ended March 31, 2020 under Section 143(6)(a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2019-20 have been placed along with the report of Statutory Auditors of the Company in this Annual Report.



### 37. DEBENTURE TRUSTEES

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

### 38. STATUTORY DISCLOSURES

- a) There was no change in the nature of business of the Company during the financial year 2019-20.
- b) The Company has not accepted any public deposits during the financial year 2019-20 and the Board of Directors of the Company has passed requisite resolution in this regard, in compliance of RBI Guidelines.
- c) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.
- d) The Company maintains an adequate system of Internal Control, including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For details, please refer to the 'Management Discussion and Analysis Report' annexed to this Report.
- e) Information on composition, terms of reference and number of meetings of the Board & its Committees held during the year, establishment of Vigil Mechanism/Whistle Blower Policy and web-links for familiarization/training policy of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, Policy for determining Material Subsidiaries, Compensation to Key Managerial Personnel, Sitting fees to Independent Directors and IEPF etc. have been provided in the 'Report on Corporate Governance', prepared in compliance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time, which forms part of this Annual Report.
- f) Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided by a company engaged in the business of financing of companies or of providing infrastructural facilities in the ordinary course of its business are not applicable to the Company, hence no disclosure is required to be made. Further, the details of investments are given at Note No. 10 of the Notes to Accounts of the Standalone Financial Statements.
- g) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder related to Managerial Remuneration are not applicable to Government Companies, therefore no disclosure is required to be made.
- h) There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year i.e. March 31, 2020 and the date of this Report.
- i) The Company has not issued any stock options to the Directors or any employee of the Company.
- j) The details related to vigilance cases, replies to audit objections and RTI matters, etc. are duly incorporated in this Report, as required vide OM dated January 24, 2018 of the Ministry of Parliamentary Affairs, Government of India.
- k) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under the Companies (Cost Records and Audit) Rules, 2014 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, Cost Accounts and Records are not required to be maintained by the Company.
- l) During the year under review, the statutory auditors / secretarial auditors have not reported to the Audit Committee, any instances of fraud committed against the Company by its officers or employees.
- m) The Company is compliant with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.
- n) No new Independent Directors were appointed on the Board of Directors of the Company during the financial year 2019-20, requiring disclosure to be made under Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014.
- o) The Company has adequate internal financial controls with reference to the Financial Statements.

### 39. IMPACT OF COVID-19 ON THE COMPANY'S BUSINESS

In March 2020, the outbreak of COVID-19 was declared as a pandemic by the World Health Organization. The pandemic has caused a significant decline and volatility in the global financial markets and also in economic activities in India. Your Company is closely watching the situation and taking prompt actions for continuity of business operations in an optimized manner.

Pursuant to the notifications issued by the RBI, REC has put in place a policy framework for its borrowers, to avail maximum six months of moratorium w.e.f. March 1, 2020 in respect of payment of principal and/or interest (including additional interest/ further interest/ charges, wherever applicable). Further, under the 'Atmanirbhar Bharat' package of the Government of India, REC has disbursed Special Long-Term Transition Loans to DISCOMs for making payment to generators, as they were facing severe cash crunch owing to the pandemic. These loans provided much needed relief to the power sector by injecting liquidity.



#### 40. STATUS OF CONSTRUCTION OF REC CORPORATE OFFICE BUILDING AT GURUGRAM, HARYANA

The construction of REC's state-of-the-art office building at City Centre, Sector-29, Gurugram is being executed in full swing. The design of the proposed building is conceived by architect M/s CWA (selected through Global Design Architectural Competition), to achieve GRIHA 5 Star rated Net Positive building having special features like fair finish white concrete surfaces, raised flooring, radiant cooling for slabs to reduce power consumption of air conditioning, IBMS, automated sensor controlled lighting, bio-climatic glass façade with motorized blinds, Solar PV plant at rooftop pergola structure, auditorium and other latest technological features.



REC's state-of-the-art office building coming up at Gurugram

The Project Management Consultant of the project is Telecommunications Consultants India Limited (a Government of India enterprise). Further, the contractors on board for execution of the project are JMC Project (India) Limited, Artizen Interiors, Hi-Tech Audio System Private Limited, Hannu Marketing Private Limited and Wohn Parking Systems Private Limited, besides 6 consultants/sub consultants working on the project. Giving utmost importance to the project, REC has appointed Indian Institute of Technology, Delhi for vetting of the structural design of the building.

Till March 2020, RCC structure, glass façade envelop (except auditorium) and external peripheral road within the premises was completed; and interior finishes, balance exterior development works etc. were progressing in full swing. The project is at an advanced stage of completion, which has been delayed due to the outbreak of the COVID-19 pandemic.

REC 'World Headquarter Building' project was awarded with three prestigious awards by GRIHA Council, Green Rating for Integrated Habitat Assessment for (i) Passive Architecture Design, during 8<sup>th</sup> GRIHA Summit (ii) Integrated Water Management and (iii) Energy Management, during the 9<sup>th</sup> GRIHA Summit, which will further help REC's project in achieving GRIHA 5 Star rating.

#### 41. INTEGRATED REPORT

An 'Integrated Report' of the Company as per SEBI Circular dated February 6, 2017 for the financial year 2019-20 is prepared and annexed to this Report.

#### 42. STATUTORY AND OTHER INFORMATION REQUIREMENTS

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

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

#### 43. ACKNOWLEDGEMENTS

The Directors are grateful to the Government of India, particularly the Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, NITI Aayog, DIPAM, Department of Public Enterprises and the Reserve Bank of India, for their co-operation, support and guidance in effective management of the Company's affairs and resources.

The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers, for their continued trust in the Company.

The Directors also place on record their sincere appreciation for the support and goodwill of the esteemed shareholders, investors in REC Bonds, domestic and overseas Banks, Life Insurance Corporation of India, KfW of Germany and JICA of Japan in the fund raising programmes of the Company.

The Directors also thank M/s S.K. Mittal & Co. and M/s O.P. Bagla & Co. LLP, Statutory Auditors, M/s Chandrasekaran Associates, Secretarial Auditors, Comptroller & Auditor General of India and other professionals associated with the Company, for their valued contribution.

Lastly, the Directors sincerely appreciate and thank all employees of the Company, for their continued and dedicated efforts towards progress of the Company into yet another year of excellent performance.

**For and on behalf of the Board of Directors**



**Sanjeev Kumar Gupta**  
Chairman & Managing Director  
and Director (Technical)  
(DIN: 03464342)

Place : New Delhi  
Date : August 31, 2020

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company is pleased to present its report on the Industry Scenario including on the Company's performance during the financial year 2019-20.

### BUSINESS ENVIRONMENT

#### Global Business Environment

Global growth continues to soften, ever since it peaked close to 4% in the year 2017. In year 2018, it softened to 3.6% and further declined to 2.9% in the year 2019. The outbreak of COVID-19 pandemic in the beginning of year 2020 and resultant health crisis inflicted severe human costs worldwide; and impacted the economic activity at an unprecedented level. As a result, the global economy is projected to contract sharply by 3% in the year 2020. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.4% in year 2021 as economic activity normalizes, backed by policy support. As countries respond to the pandemic, many of them face a multi-layered crisis comprising of health shock, domestic economic disruptions, plummeting external demand, capital flow reversals and fluctuating commodity prices. In order to mitigate the market disruptions, fiscal response has been very swift and sizable in many advanced economies. Many emerging and developing economies have also begun providing or announcing significant fiscal and monetary support to heavily impacted sectors and workers. Such broad-based fiscal stimulus can pre-empt a steeper decline in business sentiments, uplift demand and avert an even deeper downturn.

A prolonged delay in restoring full production in the affected regions adds to the weakness of manufacturing sectors in many countries. The epicentre of the pandemic, China, also saw a sharp decline in its production activities. Moreover, geopolitical developments have also given strong reasons to revisit the existing demand & supply patterns of cross border trade. These developments are likely to impact the manufacturing sectors of various economies in a significant way, in the coming times.

Today, 840 million people across the world live without electricity, and hundreds of millions more live without adequate & reliable supply of electricity. Nearly 3 billion people use polluting fuels like wood or other biomass, resulting in indoor and outdoor air pollution and health risks. While the gaps are daunting, significant progress is being made in the global energy landscape. Renewable energy is playing an increasingly vital role in helping countries develop modern and secure energy systems. Lower costs for clean energy are helping with this transition, while new technologies like smart grids, smart meters and geospatial data systems are redefining the process of energy planning.

New large-scale approaches that combine grid and off-grid electrification have also enhanced the energy access in many countries. In others, mini-grids are showing promise in closing the energy access gap. At the same time, solar home systems are increasingly becoming more affordable in various regions, particularly South Asia and Sub-Saharan Africa. The e-Vehicle market is also growing rapidly. The number of e-Vehicles is expected to reach around 350 million by 2040, of which around 300 million would be passenger cars alone.

#### Indian Business Environment

With a population of 1.3 billion, India is the second most populous country in the world and the third-largest economy measured by purchasing power parity. India has seen strong economic performance in recent decades, enabling a significant decrease in the poverty levels, better energy access for its citizens and growing penetration of cleaner energy across the country. India has set a target growth rate of 9%, which would place it on a trajectory towards becoming a USD 5 trillion economy by 2024-25, making it the fastest-growing large economy in the world. The country's sustained economic growth is placing an enormous demand on its energy resources, energy systems and infrastructure.

The Indian economy grew at 4.2% in fiscal 2019-20, with the year ending on the outbreak of COVID-19 pandemic and a nationwide lockdown. In view of the continuing challenges posed by the pandemic, global financial institutions and rating agencies have projected further decline in economic production in fiscal 2020-21. The IMF has projected a contraction of 4.5% for the Indian economy in year 2020. However, it is also projected that the country would bounce back to a robust growth of 6% in year 2021.

In order to tackle the adverse economic impact of the COVID-19 lockdown, RBI has acted swiftly and introduced a slew of measures. RBI has cut down repo rate to a 15-year-low of 4%, reverse repo rate to 3.35%, allowed banks, non-banking financial companies and housing finance companies to stall EMIs / extend moratorium for term loans for up to six months and increased the liquidity by cutting down Cash Reserve Ratio. On April 9, 2020 RBI released its half-year Monetary Policy Report, in which it has projected that India's real GDP would grow at 5.5% in fiscal 2020-21. However, the report also mentions that a prolonged lockdown may hit the economy hard. The World Bank has also cut short its expectations from India owing to lingering credit weakness, while projecting a 5% growth rate for 2020-21.

The power sector in the country witnessed limited disruption due to COVID-19, as power-related services come under essential services category. The sector, however, witnessed a significant impact. The demand for power fell steeply on account of the drop in commercial and industrial activity. The supply followed suit, with marginal generators shutting down. Renewables came into a bright spot with increase in the relative share in generation mix. Compared to the previous year, spot prices of power declined upto 25%, mainly reflecting surplus power availability in the system. Power distribution was impacted the most with fall in revenue collections, affecting the financial and liquidity position of players in the sector. As the lockdown is being eased out, power demand has started to recover. In addition, the liquidity infusion announced by the Government has also eased out the immediate cash stress.

## INDUSTRY STRUCTURE AND DEVELOPMENT

### Industry Overview

India is the third largest producer and third largest consumer of electricity in the world, with total installed power capacity of over 370 GW as on March 31, 2020. Indian power sector is highly diversified with conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power on one hand; and renewable energy sources such as solar power, wind power and agricultural & domestic waste, on the other hand. The share of renewable energy in the generation mix of the country is consistently increasing. India is pursuing an ambitious target of having 175 GW of installed renewable energy capacity by year 2022, which includes 100 GW of solar power alone. The Government of India's focus on attaining '24x7 Power For All' has accelerated the capacity addition in the country. Further, the Government is pursuing energy efficiency measures through innovative programmes such as UJALA, SLNP, National E-mobility Programme and Super-Efficient Air Conditioning Programme etc., which serve the dual purposes of reduction in power bills and enhancement of environmental sustainability.

The Government has launched many policy-oriented and consumer-centric initiatives in the last few years, including targeted efforts to turnaround debt-ridden DISCOMs. Around 750 million people in the country have gained access to electricity between years 2000 to 2019, reflecting strong and effective policy implementation. Furthermore, there is a keen focus on becoming a low carbon economy and lowering the operational costs of conventional power plants.

### Industry Structure

#### Generation

The accelerated pace of generation capacity addition over the past few years has led to a situation where the electricity supply potential is greater than the economic demand. The past few years have seen several policy initiatives to enhance the generation scenario, including steps to improve the working & performance of thermal power plants, streamlining of coal block allocation, improvement in coal availability & supply, quality checks of coal at mine-end and plant-end, beneficiation of coal at coal washeries, redefining of coal linkages and swapping of coal mines, and so on.

As on March 31, 2020, the installed power generating capacity in the country stood over 370 GW, which included 93,477 MW (25%) in the Central Sector; 1,03,322 MW (28%) in the State Sector and 173,308 MW (47%) in the Private Sector. In terms of generation capacity by type as on March 31, 2020, the installed thermal capacity was 2,30,600 MW (62%), installed hydro capacity (renewable) was 45,699 MW (12%), installed capacity in renewable energy (RES-MNRE) was 87,028 MW (24%) (which includes solar, wind, small hydro project, biomass gasifier, biomass power and urban & industrial waste power); and nuclear capacity was 6,780 MW (2%). The electric energy generation during financial year 2019-20 was 1,252.61 Billion Units (BUs), as against 1,249.34 BUs in the preceding year.

#### Renewable Energy Sources

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world. With the increased support of the Government and improved economics, the sector has become attractive from investors' perspective. In a recent move, the Government has approved a new Hydro Policy aimed at boosting the sector, by according large hydro projects the status of renewable energy projects. Earlier, only smaller projects of less than 25 MW in capacity were categorized as renewable energy. With the removal of this distinction, large hydro projects will get included as a separate category under the non-solar renewable purchase obligation policy, thus mandating power purchasers to source a portion of electricity from large hydro projects.

The Government of India has set ambitious targets for renewable energy for the short to medium term. By year 2022, the country aims to have 175 GW of installed renewable energy capacity, including 100 GW of solar, 60 GW of wind, 10 GW of biomass and 5 GW of small hydropower. In addition, the MNRE is targeting 1 GW of geothermal capacity by 2022. The National Electricity Plan 2018 further raises the ambition to achieve 275 GW of renewables by year 2027, which would increase the share of renewable energy to 44% of the installed capacity and 24% in electricity generation.

Solar PV has been on a rapid rise in the recent years. To increase investment in renewables in a cost-effective way, India has introduced national competitive auctions for wind and solar PV. To ensure continuous progress in the growth of renewables, it is critical to focus on auction design, grid connections and financial health of DISCOMs. Modern renewable energy is not only used



in electricity generation, it also has potential for heating, cooling and transport solutions. The Government is working on a holistic strategy to tap into this potential for a sustainable impact on environment and the air & water quality as well. Potential also exists in scaling up the use of bio-energy, including Energy-from-Waste, which requires robust sustainability governance.

## Transmission and Distribution

### Transmission

The natural resources in the country for electricity generation are unevenly dispersed and concentrated in just few pockets. Transmission is therefore an important element in the power delivery value chain, facilitating evacuation of power from generating stations and its delivery to load centres. For efficient dispersal of power to deficit regions, it is necessary to strengthen the transmission system network, enhance the Inter-State power transmission system and augment the National Grid. An extensive network of transmission lines has been developed over the years for evacuating power produced by different generating stations and distribution of the same to the consumers.

During financial year 2019-20, a total of 11,664 cKm (circuit kilometres) transmission lines were added, as compared to about 22,437 cKm during the previous fiscal. Further, transformation capacity of 68,230 MVA (megavolt amp) was added during financial year 2019-20 at 765 kV, 400 kV and 220 kV levels taken together. The country's power transmission sector has witnessed unprecedented growth in the past five years, with line length and transformation capacity growing at an average annual growth rate of 6.5% and 9.6%, respectively. The nominal Extra High Voltage lines in vogue are  $\pm 800$  kV HVDC & 765 kV, 400 kV, 230/220 kV, 110 kV and 66 kV AC lines. Further, both operational and financial performances of the transmission utilities have witnessed an improvement. Going forward, an estimated ₹2.6 trillion of investment is required in the transmission sector to meet future peak load, which is expected to reach 234 GW by 2021-22.

The Government has taken several policy measures for improvement of the power transmission sector of the country. One such initiative is Green Energy Corridor, which aims to facilitate grid integration for evacuation of power from renewable energy projects across the country. Several grid expansion programmes and cross-border links are underway to expand the grid infrastructure. The private sector is expected to play an important role in achieving the country's grid expansion target, as competitive bidding gains momentum at both inter-state and intra-state levels. REC has also sanctioned financial assistance to a few Green Energy Corridor Transmission projects, and more projects are in the process of appraisal/approval.

Transmission utilities, both at the Central and State level, are expected to invest significantly in new technologies to make grids more reliable, resilient, secure and smart. Further, 'One Nation One Grid' has proven to be pivotal in bringing down energy deficit across various regions and bringing uniformity in power prices. The transmission sector is also expected to immensely benefit from major policy reforms such as amendments to the Electricity Act and Tariff Policy. The sector works as a foundation stone, strongly holding the development of power generation and distribution segments. It goes unsaid that the growth of power sector is contingent to the development of a robust and reliable transmission network.

### Distribution

Distribution is the most important link in the entire power sector value chain, as it interfaces between utilities and consumers. Despite being the cash register of the power sector, distribution is the weakest link of the country's power value chain. Historically, power distribution has been in the realm of State Governments, with private sector players only having a limited part. For many years, DISCOMs have been reeling under huge accumulated losses and outstanding debts at high interest rates, thus causing a vicious cycle of operational losses being funded by debt. The abysmal financial health of the DISCOMs is a major roadblock towards improving evacuation efficiency. The dismal performance of the sector has made it crucial for the policy makers, to devise various measures to make the State DISCOMs & Utilities viable.

In year 2015, the Government of India introduced the Ujwal DISCOM Assurance Yojana (UDAY), a scheme for operational & financial turnaround of DISCOMs. Under this scheme, the respective State Government would take over the debts of DISCOMs/Utilities, so that the DISCOMs/Utilities could take up their future capex programmes. The Government of India also unveiled the ambitious ₹16,320 crore Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) in financial year 2017-18 for universal household electrification. The Government has also introduced smart prepaid meters to reduce "non-technical losses" and prevent electricity theft, meter tampering and non-payment by customers. With strong reforms for support, DISCOMs have started to show positive results. REC, in coordination with the Ministry of Power, has contributed towards turnaround of the power distribution sector by partnering in programmes like DDUGJY, SAUBHAGYA and NEF, to name a few.

Besides the reforms to make the sector more efficient, the distribution sector has also witnessed unprecedented increase in the reach and penetration of electricity in the far corners of the country. With successful village electrification of all inhabited villages in the country, followed by the ambitious SAUBHAGYA scheme for household electrification, distribution sector has indeed come ahead a long way.

## Power Sector Policy Environment

The Government of India has taken significant policy measures in the past years to restructure the power sector, increase capacity and improve transmission, sub-transmission & distribution network. The Electricity Act of 2003 brought sweeping changes to the legal framework governing the sector, which was followed by notification of National Electricity Policy, National Tariff Policy, Renewable Energy Policy, National Hydro Policy and Mega Power Policy, reflecting the measures taken by the Government to bring competitiveness and efficiency in the sector.

The country is in the process of introducing important energy pricing reforms in coal, oil, gas and electricity sectors, which are fundamental to further opening up of the energy market and improving its financial health. Significant steps are being taken to enhance energy security in the country by fostering domestic production, through the most significant upstream reform of India's Hydrocarbon Exploration and Licensing Policy (HELP) and building up dedicated oil emergency stocks in the form of a strategic petroleum reserve.

Energy Research, Development & Deployment (RD&D) can be a strong enabler of India's energy policy goals, while also contributing to broader national priorities such as "Make in India". Through RD&D, the Government is working to attract global companies to produce solar PV, lithium batteries, solar charging infrastructure and other advanced technologies in India. As part of its climate policy agenda, the Government has pursued a mission-based approach in various policy areas, including solar power and hydropower. The Government is strengthening its innovation efforts in a broad range of energy technology areas, including cooling solutions, e-Mobility, smart grids and advanced biofuels.

For the coming years too, the Government has identified power as a key focus sector to promote sustained industrial growth. Various initiatives are being taken to boost the future outlook of the power sector. This includes Draft Electricity Amendment Bill to pave the road for expeditious grid decarbonization through renewable energy, strengthening of electricity market and delivering the strongest legal framework on electricity to date. The Cabinet Committee on Economic Affairs has approved commercial coal mining for private sector and the methodology of allocating coal mines via auction and allotment, thereby prioritising transparency, ease of doing business and ensuring the use of natural resources for national development. Further, for promoting residential and commercial solar PV applications, the Government has set a target of 40 GW of rooftop solar power by year 2022, within the overall solar target of 100 GW.

## Rural Electrification Policy

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

## National Solar Mission

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

The objective of NSM is to establish India as a global leader in solar energy, by creating the policy conditions for its large-scale diffusion across the country, abatement of carbon emissions and creation of direct & indirect employment opportunities for both skilled and unskilled persons. The Mission had set a target, amongst others, for deployment of grid connected solar capacity of 20,000 MW by year 2022, to be achieved in three phases. India has achieved the said target four years ahead of the milestone set in NSM.

## National Wind-Solar Hybrid Policy

The Ministry of New and Renewable Energy (MNRE) has issued the National Wind-Solar Hybrid Policy on May 14, 2018. The main objective of the policy is to provide a framework for promotion of large grid connected wind-solar PV hybrid system for optimal and efficient utilization of wind and solar resources, transmission infrastructure and land. A wind-solar plant is recognized as a hybrid plant, if the rated power capacity of one resource is at least 25% of the rated power capacity of the other resource. Wind-solar PV hybrid systems would help in reducing the variability in renewable power generation and achieving better grid stability. The policy also aims to encourage new technologies and methods involving combined operation of wind and solar PV plants.

## Deendayal Upadhyaya Gram Jyoti Yojana

REC is the Nodal agency for implementation of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship programme of Government of India launched in December 2014, supplementing overall rural development and facilitating towards 24x7 power in the country. The scheme covers all aspects of rural power distribution, with an outlay of ₹75,893 crore, including subsumed RE components.

Under the DDUGJY scheme, 60% of the project cost (85% for special category States) is provided as grant by the Government of India; and additional grant up to 15% (5% for special category States) is provided by the Government of India upon achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e., RGGVY) have been subsumed in DDUGJY. The main defined project components of the scheme are:-

- (i) Segregation of agriculture and non-agriculture feeders;
- (ii) Strengthening and augmentation of sub-transmission & distribution infrastructure;
- (iii) Micro-grid and off-grid distribution network;
- (iv) Metering of distribution transformers/feeders/consumers; and
- (v) Rural electrification component.

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

Further, major achievements upto March 31, 2020 included creation of 8.02 lakh cKm HT line (including feeder segregation), completion of 6,574 new sub-stations (including augmentation of 4,037 sub-stations), erection of 15.74 lakh distribution transformers, creation of 12.60 lakh cKm LT Lines and installation of energy meters for 140 lakh consumers and 1.85 lakh distribution transformer & feeders.

#### SAUBHAGYA - Pradhan Mantri Sahaj Bijli Har Ghar Yojana

REC is also designated as the Nodal Agency for operationalization of the Pradhan Mantri Sahaj Bijli Har Ghar Yojana, i.e., SAUBHAGYA scheme of the Government of India. With the success of village electrification, emphasis was further given to household electrification. The Government of India launched SAUBHAGYA in year 2017 with a total cost of ₹16,320 crore (including a Gross Budgetary support of ₹12,320 crore), with the objective of achieving universal household electrification in the country by providing last mile connectivity and electricity connections to all households in rural and urban areas, with free electricity connections to all SECC households in rural areas and poor households in urban areas.

Under the SAUBHAGYA scheme, all DISCOMs, including private sector DISCOMs, state power departments and rural electric co-operative societies, shall be eligible for financial assistance, comprising grant of 60% from Government of India (85% for special category states), loan from FIs/Banks comprising 30% (10% for special category states) and utility contribution of 10%/5%. Further, 50% of the loan component would be converted as additional grant from the Government of India on achievement of prescribed milestones, subject to a maximum grant of 75% (90% for special category states).

With the concerted efforts of States and DISCOMs, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019. Further, on request of seven States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of these, States/DISCOMs have released connections to 13.92 lakh households during the financial year 2019-20.

#### Ujwal DISCOM Assurance Yojana

REC is assisting the Government of India to liaise with respective State Governments/Utilities, to enable the achievement of objectives envisaged under "Ujwal DISCOM Assurance Yojana", i.e., the UDAY scheme of the Government of India launched in November 2015. The UDAY scheme is for financial turnaround and revival of DISCOMs and to ensure a permanent solution for their long-standing problems, i.e., huge debts and operational losses. UDAY empowers DISCOMs with the opportunity to break-even at the end of their respective MoU periods, through the following initiatives:-

- a. Improving operational efficiencies of DISCOMs;
- b. Reduction of cost of power;
- c. Reduction in interest cost of DISCOMs; and
- d. Enforcing financial discipline on DISCOMs through alignment with State finances.

The programme witnessed a significant traction from various State Governments and DISCOMs, with 16 States joining the UDAY fold for comprehensive improvement; and the remaining States and Union Territories joining for operational turnaround. UDAY has shown encouraging results, with DISCOM liabilities of ₹2.09 lakh crore being taken over by the State Governments; and ₹0.24 lakh crore being restructured / repriced through issuance of bonds. UDAY has helped in cleaning of the balance sheets of DISCOMs and enabling them to restart their capital expenditure cycle, while also enabling viable operations of all power sector stakeholders (DISCOMs, TRANSCOs, GENCOs, IPPs, Banks & FIs, etc.).

### National Electricity Fund

REC is the Nodal agency for operationalization of the National Electricity Fund (NEF), an interest subsidy scheme launched in financial year 2012-13 with an outlay of ₹8,466 crore, to promote capital investment in distribution infrastructure for reducing distribution losses in the country. Under this scheme, interest subsidy is provided to DISCOMs over a period of 14 years, on the loans availed from banks & FIs for distribution projects sanctioned during years 2012-13 and 2013-14. Under the Scheme, utilities / DISCOMs in both public and private sectors are eligible for subsidy on interest rates, based on the progress achievement in reforms-linked parameters. Total interest subsidy of ₹249.70 crore has been released under NEF to various utilities / DISCOMs upto March 31, 2020.

### Prime Minister Development Package for Jammu & Kashmir

REC is also the agency for channelizing of funds under the “Prime Minister Development Package for Jammu & Kashmir” (PMDP-2015) scheme, announced on November 27, 2015. The scheme has a project cost of ₹2,570.14 crore (90% grant by the Government of India) for distribution strengthening works in rural and urban areas of the now J&K and Ladakh Union Territories. Out of the above, ₹1,151.99 crore has been assigned for strengthening of rural areas. Works covered under the scheme include system strengthening, connecting un-connected households, replacement of barbed wire and worn-out poles, underground cabling at tourist places, consumer metering, construction of 33/11 kV Sub-stations at industrial areas and electrical infrastructure at shrines. So far, ₹570.94 crore has been released under this scheme.

### Integrated Power Development Scheme

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

### Unnat Jyoti by Affordable LEDs for All

Unnat Jyoti by Affordable LEDs for All (UJALA) is a scheme launched by the Hon'ble Prime Minister on January 5, 2015 for distribution of energy efficient LED bulbs. Target was set to replace 77 crore incandescent lamps (ICL) with light-emitting diode (LED) bulbs, in order to promote energy efficiency in the country. Under the said scheme, Energy Efficiency Services Limited (EESL), a joint venture of REC and other power sector PSUs, provides LED bulbs to the domestic consumers at a low cost. LEDs have a relatively longer life and are highly energy efficient as compared to ICL and compact fluorescent lamps (CFLs), thus saving both energy and costs in the medium term. Over 36 crore LEDs have been distributed so far under the scheme, resulting in cost saving of over ₹18,900 crore, besides enormous reduction in CO<sub>2</sub> emissions. Because of the intervention of UJALA scheme, the market has transformed and at present, the sale of LED bulbs is much higher as compared to ICL and CFL bulbs. EESL alongwith manufacturers has distributed more than 150 crore LED bulbs in the country, surpassing the initial target of 77 crore bulbs.

### Transparency and Online Apps

Transparency has become a key focus of all major power-sector reforms in the recent times. The Ministry of Power has launched various Mobile Apps and Websites to empower the stakeholders to track real time working and performance under various reform initiatives. These include GARVApp for updates on electrification works in un-electrified villages and households, UDAY dashboard, UJALA dashboard, Vidyut Pravah for real-time information on electricity price and availability, URJA App for enhancing consumer connect by showing DISCOM performance in cities and data of IPDS, TARANG App to monitor the progress of transmission system in India, PRAAPTI App to bring transparency in power purchase transactions between Generators and DISCOMS, Urja Mitra App to enable the citizens to access real-time and historic outage information of DISCOMs; and ASH TRACK, to enable better management of the ash produced by thermal power plants.

In addition to the above policies and initiatives, the Government of India has taken various other steps for improving the power sector scenario, such as National Mission for Enhanced Energy Efficiency (NMEEE); Perform, Achieve and Trade (PAT) scheme, Energy Conservation Building Code (ECBC), National E-Mobility Programme, the Chiller Star Labelling Programme etc. These initiatives, coupled with the Government's efforts towards promoting transparency, would redefine the power sector by making it an attractive investment destination of the future.

### OPPORTUNITIES AND STRENGTHS

Starting its journey in year 1969, REC contributed successfully to the green revolution in the country by energizing pump-set irrigation systems in its initial years. Since then, REC has come a long way to become a major financier and accelerator of power sector development in the country. REC closely works with the Central and State Governments, power utilities and private sector.



Further, the Company is a nodal agency, project management / implementing agency for various schemes and programmes of the Government of India such as DDUGJY, SAUBHAGYA and NEF. The Company has a consistent growth record on the business front, as well as an important role to play on the social front by contributing to development of power sector.

The Ministry of New and Renewable Energy (MNRE), Government of India, has formulated an action plan to achieve a total capacity of 60 GW from hydro power and 175 GW from other renewable sources like solar, wind, biomass and small hydropower, by March 2022. Besides, the Ministry is also implementing a Scheme for Development of Solar Parks and Ultra Mega Solar Power Projects, with a proposal to set up at least 50 solar parks targeting 40,000 MW of solar power projects by 2021-22. This has proven to be a major thrust for the power sector in India, as market players have been incentivized to move to cleaner energy sources.

The New National Biogas and Organic Manure Programme (NNBOMP) is being implemented for providing clean gaseous fuel, mainly for cooking, lighting and organic manure to rural and semi-urban households in the North Eastern Region States, through State Government Nodal Departments / State Nodal Agencies. MNRE has allocated targets to the State Rural Development Departments for implementing the NNBOMP in the States of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, during the year.

According to the Society of Manufacturers of Electric Vehicles (SMEV), e-Vehicle sales in the country increased by 20% in financial year 2019-20 (156,000 units). The acceptability of electric cars in the premium segment in the second half of the year was a positive signal of a quantum jump. The e-Vehicle industry is taking shape and financial year 2020-21 and beyond will see a defining time for all e-Vehicle segments. Despite the COVID-19 challenge, consumers going for vehicle purchase are likely to think about breathing easy and remaining healthy, considering the clearer skies and cleaner air brought in with growing use of e-Mobility.

### THREATS, RISKS AND CONCERNS

A slowdown in the economic growth in India, coupled with the continuing impact of COVID-19 pandemic, is likely to impact the business of the Company adversely. REC's performance and growth of its business are dependent on the performance of the overall Indian economy. The loss caused to GDP due to nationwide lockdown, followed by local lockdowns in various States, resulted in a shortfall in demand. The global economy has been hit hard by the unexpected and widespread outbreak of COVID-19, which has now posed fresh challenges across all geographies and sectors. The power sector faced new problems like disruption of project execution schedules, migrant workers' movement, pressure on finances and liquidity crunch.

The implementation of new solar projects is likely to get delayed, which could cause developers to miss the completion deadlines. Further, the prices of modules are also expected to rise in short term due to depreciation in the Indian currency. On the wind power front, wind turbines are manufactured in India and hence, executions were not greatly impacted till lockdown. However, the turbine manufacturers had to temporarily suspend production due to nationwide and local lockdowns. Supply and labour disruptions from the current lockdown could delay the project execution in financial year 2020-21.

Barriers to entry are high, especially in the transmission & distribution segments. Entering the power generation business requires heavy investment initially. Other barriers are fuel linkages, payment guarantees from State Governments that buy power and retail distribution license. Despite there being enough room for new players, shortage of inputs and other regulatory hurdles has dissuaded new entrants. Trading of solar power is one segment that has not picked up yet due to aggressive tariffs. However, this may be an opportunity in future from the perspective of stronger payment security mechanism. Efficiency improvement measures in the sector such as IT enablement, promotion of environment-friendly renewable technologies and energy efficiency solutions are expected to provide wider business opportunities to various stakeholders in the near future.

Equity constraint of private sector promoters is another major factor, leading to delays in project implementation and cost & time overruns. The failure of borrowers in meeting their debt obligations may adversely impact the Company's profits, thereby creating stressed assets and impacting the ability to mobilize low cost funds. The Indian capital market is developing and maturing at a good pace and the same may cause a shift in power sector financing. In case borrowers start directly accessing the market, the same may affect REC's business.

Mounting stressed assets in the power sector still remain. RBI has issued a comprehensive framework for resolution of Stressed Assets, vide its circular dated June 7, 2019. REC has adopted the said RBI circular and since then, all resolutions/restructuring of stressed assets are being undertaken in compliance with the new framework. Stressed Assets which have been referred to the Hon'ble NCLT under the IBC framework are being dealt with as per statutory provisions.

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

of power projects, which may affect the capacity of the borrowers to service their loans. Adding to that, disruptions caused due to COVID-19 may affect the Company directly or indirectly.

### SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

During the financial year 2019-20, the Company sanctioned total loan assistance of ₹1,10,907.99 crore towards various power sector projects/schemes. The same included ₹55,811.89 crore sanctioned towards generation projects, ₹7,026.33 crore towards renewable energy projects, ₹41,604.77 crore towards T&D projects and ₹6,465.00 crore towards short term, medium term & other loans.

Further, the Company disbursed a total loan amount of ₹75,666.95 crore in the financial year 2019-20. The same included ₹27,490.87 crore towards generation projects, ₹5,699.09 crore towards renewable energy projects, ₹30,856.19 crore towards T&D projects, ₹6,390.00 crore towards short term, medium term & other loans and ₹5,230.80 crore of counter-part funding under DDUGJY including DDG (Decentralized Distributed Generation) and SAUBHAGYA schemes. Further, grant/subsidy of ₹6,473.88 crore provided by the Government of India was also disbursed to various states/implementing agencies during the financial year 2019-20 under the DDUGJY, DDUGJY-DDG and SAUBHAGYA schemes.

### OUTLOOK

India is expected to remain as one of the fastest growing emerging market economies in the world, despite challenging business environment. With key reforms on the block, India is seen as an engine of global growth. Factors like structural reforms, GST, IBC, inflation targeting measures, financial inclusion, changes to FDI policy, measures to curb black money and more digitization through alignment of information aggregating platforms, are all expected to help India in improving its productivity dynamics and achieving sustainable growth.

In the power sector, enhanced spending, faster implementation and continuation of reforms are expected to provide further impetus to growth. India has a huge potential to become the leader in renewable energy space, which is already a key focus area of the Government. This sector is bound to play a major role in the coming years, as the country looks to meet its energy needs. Furthermore, development of Smart Cities and introduction of energy saving and storing devices like battery banks and ancillary services might become new paradigms of investment traction.

As per CEA estimates, the electrical energy requirement in the country is expected to grow to 1,566 BUs by financial year 2021-22. Government's thrust on providing 24x7 quality power supply will further drive the demand and also give a push to the economy. Result-oriented Government reforms like SAUBHAGYA, DDUGJY, IPDS and UDAY are also expected to attract and accelerate investments in the distribution infrastructure, thus resulting in faster accomplishment of loss reduction and better realization of revenue and automation goals. The enormous capital expenditure and development of equally huge operational infrastructure create a promising business outlook for the Company.

The new norms of 'social distancing' and 'work from home', brought into the picture by COVID-19, have put an increased focus like never before on the centrality of electricity in powering our current and future societies. Having said that, the power sector is not immune to the adverse effects of the pandemic and its impact on decreased economic activity. The long-term impact would become apparent only with passage of time. Nevertheless, early impacts on the Indian power sector are already becoming evident, such as reduction in electricity demand from industrial and commercial customers, increase in residential demand, suppression of plant load factor, payment delays by DISCOMs and squeezed liquidity in general.

The Government is taking various steps to tackle this unprecedented situation, notably on the front of liquidity support. The Reserve Bank of India had allowed a moratorium on loan repayments for a period of six months, during March to August 2020. Further, the Ministry of Power has supported the injection of liquidity in cash-strapped DISCOMs through REC and PFC, by grant of Special Long-Term Transition Loans for making payments to generators. These steps are likely to safeguard the sectoral dynamics.

### MoU RATING & AWARDS

The performance of the Company in terms of the Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for the financial year 2018-19 has been rated as **"Excellent"**. During the financial year 2019-20, REC received various prestigious awards and recognitions, including *ICAI Award for Excellence in Financial Reporting* for FY 2018-19 from the Institute of Chartered Accountants of India in the 'Public Sector Entities' category and *PSE Excellence Award, 2018* for excellence in Corporate Governance by the Indian Chamber of Commerce (ICC), as runner up in the Navratna & Maharatna category. Further, REC received three awards in the SCOPE Corporate Communication Excellence Awards 2019, namely, first prize for *Best House Journal (English)*, second prize for *Best Corporate Communications-Internal* and third prize for *Effective use of Digital Media*. REC was also presented the *Swachh Bharat Puraskar* by the Ministry of Jal Shakti, Government of India.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

## FINANCIAL & OPERATIONAL PERFORMANCE

The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for Standard Assets (Stage I & II) during the financial year 2019-20 was ₹62,340.60 crore (excluding ₹1,496.20 crore deferred as per the COVID-19 moratorium policy), as compared to ₹55,155.10 crore during the previous financial year. The Company recovered a total sum of ₹61,945.04 crore towards Standard Assets (Stage I & II) during the financial year 2019-20, as against ₹54,502.06 crore during the previous financial year. The Company achieved recovery rate of 99.37% for the financial year 2019-20. The overdues from defaulting borrowers pertaining to Standard Assets (Stage I & II) as on March 31, 2020 was ₹2,887.29 crore (excluding ₹1,496.20 crore deferred as per the COVID-19 moratorium policy). Further, an amount of ₹614.69 crore has been recovered during financial year 2019-20 from Credit Impaired Assets (Stage III), as compared to ₹591.14 crore recovered during financial year 2018-19.

REC's Credit Impaired Assets (Stage III) continue to be at low levels. As on March 31, 2020, the gross Credit Impaired Assets (Stage III) were ₹21,255.55 crore, which was 6.59% of the Gross Loan Assets; and the Net Credit Impaired Assets (Stage III) were ₹10,703.42 crore, i.e., 3.32% of the Loan Assets.

The operating income of REC on a standalone basis was ₹29,791.06 crore during the financial year 2019-20, as against ₹25,309.72 crore in the last financial year. The Profit Before Tax for the financial year 2019-20 was ₹6,983.29 crore, as against ₹8,100.50 crore in the last financial year. Net Profit and Total Comprehensive Income for the financial year 2019-20 were ₹4,886.16 crore and ₹4,336.37 crore respectively, as compared to ₹5,763.72 crore and ₹5,703.18 crore in the last financial year. Further, REC's Net Worth as on March 31, 2020 stood at ₹35,076.56 crore, which was 2.26% higher than its Net Worth of ₹34,302.94 crore as on March 31, 2019.

## KEY FINANCIAL RATIOS

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

| Particulars                                  | FY 2019-20 | FY 2018-19 |
|--|------------|------------|
| Interest Coverage ratio (times)              | 1.37       | 1.52       |
| Debt Equity ratio (times)                    | 7.99       | 6.98       |
| Operating Profit Margin (%)                  | 23.23      | 31.88      |
| Net Profit Margin (%)                        | 16.37      | 22.74      |
| Gross Credit Impaired Assets (Stage-III) (%) | 6.59       | 7.24       |
| Net Credit Impaired Assets (Stage-III) (%)   | 3.32       | 3.79       |

Further, the Company's operating profit for the year 2019-20 reduced to ₹6,919.37 crore, as against ₹8,069.06 crore in the financial year 2018-19. The reduction in operating profit was primarily due to exceptional volatility in the global and financial markets due to COVID-19 pandemic, leading to higher foreign exchange differences charged to the Statement of Profit & Loss during the year. Reasons for reduction in net profit margin are also the same as that for reduction in operating profit margin. Further, the Return on Net Worth declined from 17.31% in 2018-19 to 14.09% in 2019-20, primarily due to the decrease in profits of the Company, as brought out above.

## HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on March 31, 2020, the Company's total manpower stood at 468 employees, including 385 employees in the executive cadre and 83 employees in the non-executive cadre. In order to infuse fresh talent in the organization, 37 executives from various disciplines were appointed during the year through Campus Recruitment.

Employee training and development is an essential element of the Company's strategy. During the year under review, the Company sponsored 342 of its employees to various training programmes and workshops etc., including 19 employees deputed for training programmes abroad. These initiatives enabled the Company to achieve 2,402 training man-days.

The Industrial Relations of the Company continued to be on a cordial note. There are regular interactions between the management and the employees, thereby fostering an atmosphere of trust and cooperation. There was no loss of man-days on account of industrial unrest. Further, even during the nationwide lockdown caused due to COVID-19 pandemic, the business operations continued seamlessly due to effective use of technology and remote working methods.

## **CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT**

REC's Corporate Social Responsibility and Sustainable Development initiatives are pursued with a key focus on addressing community-related, societal and environmental concerns. The Company undertakes its CSR activities through 'REC Foundation', a society registered under the Societies Registration Act, 1860. The implementation of CSR projects is done in project mode with baseline survey, specific time frame, identified milestones, periodic monitoring and impact assessment. The disbursement towards CSR projects is linked with the achievement of pre-defined milestones and deliverables.

During the financial year 2019-20, the Board approved a CSR budget of ₹156.68 crore; and the Company sanctioned a total amount of ₹281.62 crore towards various CSR initiatives in the fields of health care (including healthcare for persons of old age and for persons with disabilities), safe drinking water and sanitation facilities, skill development programmes, education, environmental sustainability and rural development programmes etc. Further, the Company disbursed a total amount of ₹258.40 crore during the year towards various CSR projects, including contributions made to the PM CARES Fund. Details of the same are appearing in the 'Annual Report on CSR activities' forming part of this Annual Report.

## **BUSINESS STRATEGY**

REC offers a wide range of products to finance the needs of the Power Sector across the value-chain, throughout the country. REC has a strong foothold in its existing area of operations. It is also poised to enter into new areas of business, which would be taken up in due course subject to obtaining necessary regulatory approvals. This may include extending assistance for those activities having a forward and backward linkage with energy related projects. REC also finances electro-mechanical, hydro-mechanical components and associated civil works in large lift irrigation projects, besides pollution control equipment in thermal power plants like Flue-Gas Desulfurization (FGD), Selective Catalytic Reduction (SCR), Electrostatic Precipitators (ESP) etc. to reduce emissions of harmful oxides of sulphur, nitrogen and particulate matter.

Renewable Energy would continue to be a key focus area for REC over the next few years, in keeping with the Government of India's strong policy support in developing this segment. Emerging technologies like e-Vehicles, agriculture pump sets, energy efficient equipment, smart transmission and distribution systems, TBCB projects etc. would continue to create new business avenues.

In the wake of geopolitical and economic repercussions of the COVID-19 pandemic, many companies across the world are now considering to diversify their supply chain operations and relocate their businesses to India. Power sector is going to witness a considerable reformation due to this changing scenario. The shortfall in demand due to the pandemic is likely to be temporary in nature. The Government has also taken several measures to support all stakeholders involved. Persistent economic and agricultural growth is likely to drive electricity demand in the coming years.

## **RISK MANAGEMENT FRAMEWORK**

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

Credit risk is an inherent risk of the financing industry. It involves risk of loss arising from the diminution in credit quality of the borrower and the risk of the borrower defaulting on contractual repayments under a loan or an advance. In order to mitigate such risk, the Company follows a systematic institutional and project appraisal process, which includes detailed appraisal methodology, identification of risks and suitable structuring and credit-risk mitigation measures. Further, the project-related risks are regularly reviewed and categorized into 'High', 'Moderate' or 'Low' risk categories, on the basis of defined parameters including exposure of the project.

Operational risk, on the other hand, arises from inadequate or failed internal processes, people and systems or external events. In REC, the operational risks are measured and categorized as 'High', 'Moderate' or 'Low' risk categories, through an organization wide Risk Categorization Framework covering eight functional areas, namely Business, Compliance, Finance, Human Resource, Information Technology, Legal, Operational and Strategy. The Company has implemented an organization-wide Risk Register, to identify, measure, monitor and mitigate the operational risks across various functions.



Liquidity risk is the risk of potential inability to meet the liabilities as they become due. Liquidity risk involves the inability of the Company to fund increase in assets, manage unplanned changes in the funding sources and to meet obligations when required. The Company manages liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations.

Market risk of the Company is defined as the risk to the Company's earnings and capital due to changes in the market interest rate or prices of securities, foreign exchange as well as volatilities of changes. It comprises of interest rate risk, liquidity risk and foreign currency risk. For monitoring of risks related to liquidity, interest rates and currency rates, the Company has constituted an Asset Liability Management Committee (ALCO) of its Directors and Senior Officials. Further, the Company also has an Asset Liability Management Policy and a Hedging Policy in place for mitigation of Market Risk.

#### Cautionary Note

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

## REPORT ON CORPORATE GOVERNANCE

Corporate Governance means corporate fairness, transparency and accountability with which an organization conducts its activities, while applying the best management practices, complying with law in letter & spirit and adhering to ethical standards for effective management and distribution of wealth. Ethically driven business processes form the foundation of a well-governed and socially responsible organization. The essence of Corporate Governance lies in integrity, transparency and accountability in all spheres of management, while striving towards long-term value creation for all stakeholders in a sustainable manner.

We, at REC Limited ("REC" or "the Company"), believe in adoption, adherence and benchmarking against the best Corporate Governance practices. All stakeholders are partners in our journey and we remain committed to maximizing their value, be it investors, shareholders, bondholders, suppliers, customers, communities, policy makers or employees. REC meets the mandatory requirements on Corporate Governance under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises ("DPE Guidelines on Corporate Governance") and Secretarial Standards issued by the Institute of Company Secretaries of India ("Secretarial Standards"), and also meets most of the non-mandatory requirements.

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

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

During the financial year 2019-20, REC was conferred the 'PSE Excellence Award, 2018' for excellence in Corporate Governance by the Indian Chamber of Commerce (ICC), as runner-up in the Navratna and Maharatna category. PSE Excellence Awards have been instituted by ICC to recognize excellence in public sector undertakings.

The award was conferred to REC based on detailed evaluation by an independent jury, through a rigorous and transparent process.

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

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

The above principles help in achieving the following objectives:

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



REC was conferred the 'PSE Excellence Award, 2018' for excellence in Corporate Governance during FY 2019-20

## 2. BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance in managing the Company, bringing in strategic vision and direction to oversee the achievement of its corporate objectives. REC's Board is headed by an Executive Chairman, also being the Managing Director of the Company. REC also has Functional Directors and Non-Executive Directors (i.e., Nominee of the Ministry of Power, Government of India and Nominee of Power Finance Corporation Limited), besides posts for Part-time Non-official Independent Directors including Woman Independent Director (presently vacant). For maximum part of the financial year 2019-20, REC was compliant with the requirement of having requisite number of Part-time Non-official Independent Directors, including Woman Independent Director, as per details appearing below. The tenure of such Part-time Non-official Independent Directors holding office during the financial year 2019-20 was within the limits prescribed under the Companies Act, 2013. All Part-time Non-official Independent Directors holding office during the year had adequate qualifications, expertise and experience, which enabled them to contribute effectively to the management of the Company. In the opinion of the Board, the Independent Directors appointed by the Ministry of Power, Government of India, holding office during the year under review, fulfilled the conditions specified in SEBI (LODR) Regulations and were independent of the management. Further, all Directors of REC have requisite qualifications, expertise and experience, that allows them to efficiently manage the business of the Company and make effective contribution to the functioning of the Board and its Committees.

### (a) Composition of the Board

Being a Government Company within the meaning of Section 2(45) of the Companies Act, 2013, the power to appoint Directors on the Board of the Company vests with the President of India acting through the Administrative Ministry i.e. the Ministry of Power, Government of India. Further, as per the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen.

During the financial year 2019-20, the Board of REC underwent various changes, including continuation of additional charge of Chairman & Managing Director of the Company assigned to the Director (Finance), change in the Government Nominee Director, first time appointment of Nominee Director of Power Finance Corporation Limited and cessation of office of Independent Directors, including Woman Independent Director, on account of completion of tenure or resignation. After the above changes, the composition of the Board was not in conformity with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations and DPE Guidelines on Corporate Governance, for part of the year. In view of the impending completion of tenure of the Independent Directors, the Company has been proactively requesting the Ministry of Power, Government of India, i.e., the appointing authority, for appointment of requisite number of Independent Directors including Woman Independent Director in REC, to enable compliance with the applicable statutory provisions.

The composition of the Board of Directors of REC as on March 31, 2020, including details of Directorships and Committee positions held by the Directors in other companies, was as under:-

| Sl. No.  | Name of the Director   | Director Identification Number (DIN) | Position in the Company as on March 31, 2020          | No. of other Directorships as on March 31, 2020 | No. of Committee positions held in other companies |           | Directorships held in other Listed Entities and category of Directorship                           |
|--|--|--------------------------------------|---|---|--|-----------|--|
|  |  |                                      |   |   | As Chairperson                                     | As Member |  |
| <b>Whole-time Directors (Executive Directors)</b>    |  |                                      |   |   |  |           |  |
| 1  | Shri Ajeet Kumar Agarwal<br>(Superannuated on May 31, 2020)  | 02231613                             | CMD (additional charge) and Director (Finance)        | 3   | Nil  | Nil       | Indian Energy Exchange Limited<br>(Nominee Director)   |
| 2  | Shri Sanjeev Kumar Gupta<br>(Assigned additional charge of Chairman & Managing Director w.e.f. June 1, 2020) | 03464342                             | Director (Technical)                                  | 2   | Nil  | Nil       | -  |
| <b>Part-time Directors (Non-Executive Directors)</b> |  |                                      |   |   |  |           |  |
| 3  | Shri Mritunjay Kumar Narayan<br>(Appointed w.e.f. September 2, 2019)   | 03426753                             | Government Nominee Director                           | 2   | Nil  | Nil       | Power Finance Corporation Limited<br>(Nominee Director)<br>PTC India Limited<br>(Nominee Director) |
| 4  | Shri Praveen Kumar Singh<br>(Appointed w.e.f. June 18, 2019)   | 03548218                             | Nominee Director of Power Finance Corporation Limited | 7   | Nil  | Nil       | Power Finance Corporation Limited<br>(Whole-time Director)   |

**Note:** As on March 31, 2020, there were no Independent Directors / Woman Independent Director on the Board of the Company, due to completion of tenure / resignation during the financial year 2019-20, as per details appearing hereinafter.

### Changes in the composition of the Board of Directors

- a) Shri Ajeet Kumar Agarwal, Director (Finance) of REC since August 1, 2012, was holding the additional charge of Chairman & Managing Director w.e.f. March 6, 2019. During the financial year 2019-20, the Ministry of Power, vide Order No. 46/2/2019-RE dated November 18, 2019 read with Order No. 46/2/2019-RE(E-247264) dated January 6, 2020, extended the continuation of such additional charge of CMD held by Shri Agarwal upto May 31, 2020, i.e., the date of his superannuation. Shri Ajeet Kumar Agarwal superannuated from the services of the Company on May 31, 2020 and therefore, ceased to be a Director of REC w.e.f. June 1, 2020. Shri Agarwal also ceased to be a Nominee Director of REC in Indian Energy Exchange Limited w.e.f. June 1, 2020.
- b) The Ministry of Power vide Order No. 46/2/2019-RE (247264) dated June 12, 2020 read with order of even no. dated July 21, 2020, has assigned the additional charge of Chairman & Managing Director of the Company to Shri Sanjeev Kumar Gupta, Director (Technical), for a period of three months with effect from June 1, 2020 or till the appointment of a regular incumbent or until further orders, whichever is the earliest.
- c) The Ministry of Power, vide Office Order No. 46/8/2015-RE (E-227696) dated September 2, 2019, has appointed Shri Mritunjay Kumar Narayan as Government Nominee Director on the Board of REC with immediate effect and until further orders, vice Dr. Arun Kumar Verma (DIN 02190047), who was earlier appointed as Government Nominee Director on the Board of REC vide the Ministry's Office Order No. 46/8/2015-RE dated October 6, 2015. Accordingly, Dr. Arun Kumar Verma ceased to be a Director of REC w.e.f. September 2, 2019.
- d) In terms of Clause 5.1 of the Share Purchase Agreement entered by the President of India, acting through the Ministry of Power, Government of India with Power Finance Corporation Limited (PFC), and in terms of the Ministry of Power's letter no. 27-46/1/2018-RE dated June 6, 2019, Shri Praveen Kumar Singh (DIN 03548218) was appointed as Nominee Director of PFC on the Board of the Company, with effect from June 18, 2019. PFC holds 103,94,95,247 Equity Shares of ₹10/- each of the Company, representing 52.63% of the total paid up share capital.
- e) The tenure of Shri A. Krishna Kumar (DIN 00871792) and Prof. T.T. Ram Mohan (DIN 00008651), Part-time Non-official Independent Directors on the Board of REC, was completed on November 12, 2019. Accordingly, they ceased to be Directors of REC w.e.f. November 13, 2019. Further, the tenure of Smt. Asha Swarup (DIN 00090902), Part-time Non-official Independent Director on the Board of REC, was completed on February 7, 2020. Accordingly, she ceased to be a Director of REC w.e.f. February 8, 2020.
- f) Dr. Bhagvat Kisanrao Karad (DIN 00998839), Part-time Non-official Independent Director on the Board of REC, resigned on March 11, 2020, owing to personal reasons. Accordingly, he ceased to be a Director of REC w.e.f. March 12, 2020. In term of SEBI (LODR) Regulations, Dr. Karad has confirmed that there are no other material reasons for tendering his resignation before the conclusion of his tenure.
- g) After March 31, 2020, the Ministry of Power vide Order no. 46/9/2011-RE [228164] dated April 21, 2020, has appointed Shri Ajoy Choudhury (DIN 06629871) as Director (Finance) of the Company w.e.f. June 1, 2020. Shri Ajoy Choudhury was formerly Executive Director (Finance) in the Company.
- h) In line with Regulation 26 of SEBI (LODR) Regulations for reckoning the number of Committee Memberships, the Chairpersonship/Membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies (other than REC) have been taken into consideration; and none of the Directors is a member of more than 10 (ten) Board level committees nor a Chairperson of more than 5 (five) such committees of Indian Public Limited Companies.

### (b) Other provisions as to Board and its Committees

#### (i) Details of Board Meetings held during the financial year 2019-20

The Company follows a methodized process of collective decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors, in order to ensure presence of all Board Members / Committee Members in the meetings. All agenda and explanatory notes (except for price sensitive information, which is circulated separately before the meeting by complying with the applicable statutory provisions), are normally sent to the Directors well in advance for the Meetings of the Board and its Committees. To address specific urgent business needs, meetings are sometimes also called at a shorter notice by complying with the applicable statutory provisions. Utmost efforts are made to adhere to the minimum notice & agenda period in such cases. Further, in some instances, resolutions are passed by circulation, which are confirmed in the next Board Meeting. The Chairman & Managing Director of the Company decides inclusion of any matter in the agenda, for discussion in the Meeting of the Board/Committees. Senior Management officials and Divisional Heads are also called in the Board/Committee Meetings, to provide additional inputs on the matters being discussed. Further, detailed presentations are also given to the Board/Committees on certain agenda items. The Meetings of the Board and Committees are generally held at the Registered Office of the Company at New Delhi, during office hours. The Company is also complying with the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) in respect of Meetings of Board and Shareholders.



During the financial year 2019-20, the Board of Directors of REC met 10 (ten) times on the following dates:

| FY 2019-20 Q1  | FY 2019-20 Q2   | FY 2019-20 Q3     | FY 2019-20 Q4    |
|----------------|-----------------|-------------------|------------------|
| April 26, 2019 | July 10, 2019   | October 19, 2019  | February 4, 2020 |
| May 24, 2019   | August 6, 2019  | November 5, 2019  | March 25, 2020*  |
| -              | August 29, 2019 | December 16, 2019 | -                |

\* This meeting was held completely through video conferencing.

The minimum and maximum intervals between the above Board Meetings, were 17 (seventeen) days and 51 (fifty one) days, respectively.

## (ii) Information placed before the Board of Directors

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

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

(iii) Details of Directors' attendance (physical presence or through video conferencing) at Board Meetings and AGM held during the financial year 2019-20.

| Sl. No. | Name of the Director  | Date of Board Meeting and attendance thereat |           |           |                  |                  |                  |                  |           |          |           | Total Number of Meetings           |                          |                          | Attendance at the 50 <sup>th</sup> AGM held on 29-Aug-19 |             |
|---------|---|--|-----------|-----------|------------------|------------------|------------------|------------------|-----------|----------|-----------|------------------------------------|--------------------------|--------------------------|--|-------------|
|         |   | 26-Apr-19                                    | 24-May-19 | 10-Jul-19 | 6-Aug-19         | 29-Aug-19        | 19-Oct-19        | 5-Nov-19         | 16-Dec-19 | 4-Feb-20 | 25-Mar-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |  |             |
| 1       | Shri Ajeet Kumar Agarwal<br>CMD & Director (Finance)        | ○  | ○         | ○         | ○                | ○                | ○                | ○                | ○         | ○        | ○         | ○                                  | 10                       | 10                       | 100  | ○           |
| 2       | Shri Sanjeev Kumar Gupta<br>Director (Technical)            | ○  | ○         | ○         | ○                | ○                | ○                | ○                | ○         | ○        | ○         | ○                                  | 10                       | 10                       | 100  | ○           |
| 3       | Dr. Arun Kumar Verma<br>Government Nominee Director         | ○  | ○         | ○         | Leave of absence | Leave of absence | N.A.             | N.A.             | N.A.      | N.A.     | N.A.      | N.A.                               | 5                        | 3                        | 60   | Not present |
| 4       | Shri Mritunjay Kumar Narayan<br>Government Nominee Director | N.A.   | N.A.      | N.A.      | N.A.             | N.A.             | ○                | Leave of absence | ○         | ○        | ○         | ○                                  | 5                        | 4                        | 80   | N.A.        |
| 5       | Shri A. Krishna Kumar<br>Independent Director               | ○  | ○         | ○         | ○                | ○                | ○                | ○                | N.A.      | N.A.     | N.A.      | ○                                  | 7                        | 7                        | 100  | ○           |
| 6       | Prof. T.T. Ram Mohan<br>Independent Director                | ○  | ○         | ○         | ○                | ○                | ○                | ○                | N.A.      | N.A.     | N.A.      | ○                                  | 7                        | 7                        | 100  | ○           |
| 7       | Smt. Asha Swarup<br>Independent Director                    | ○  | ○         | ○         | ○                | ○                | Leave of absence | ○                | ○         | ○        | N.A.      | ○                                  | 9                        | 8                        | 88.89  | ○           |
| 8       | Dr. B.K. Karad<br>Independent Director                      | ○  | ○         | ○         | ○                | Leave of absence | Leave of absence | ○                | ○         | ○        | N.A.      | ○                                  | 9                        | 7                        | 77.77  | Not present |
| 9       | Shri Praveen Kumar Singh<br>Nominee Director of PFC         | N.A.   | N.A.      | ○         | ○                | ○                | ○                | ○                | ○         | ○        | ○         | ○                                  | 8                        | 8                        | 100  | ○           |



Present in person



Present through Video Conferencing

N.A.

Not Applicable

**(iv) Retirement by rotation at the ensuing 51<sup>st</sup> AGM**

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Sanjeev Kumar Gupta, Director (Technical), shall retire by rotation at the ensuing 51<sup>st</sup> Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

**(v) Inter-se relationship between Directors**

There is no *inter-se* relationship between the Directors. Further, none of the Non-Executive Directors hold any shares or convertible instruments in the Company, except Shri Praveen Kumar Singh who holds 40 Equity Shares of ₹10/- each in the Company.

**(vi) Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company was held on November 5, 2019, in compliance with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations and DPE Guidelines on Corporate Governance, which was attended by all the Independent Directors of REC.

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

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

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

In the table below, the specific areas of focus or expertise of individual Board Members (as on March 31, 2020 and thereafter) have been highlighted:

| Name of the Director         | Key qualifications of the Board |                               |                   |                               |                 |            |                                |                      |
|------------------------------|---------------------------------|-------------------------------|-------------------|-------------------------------|-----------------|------------|--------------------------------|----------------------|
|                              | Area of expertise               |                               |                   |                               |                 |            |                                |                      |
|                              | Financial Management            | Power sector domain expertise | Project Appraisal | Corporate Planning & Strategy | Risk Management | Leadership | Board Practices and Governance | Business Development |
| Shri Ajeet Kumar Agarwal     | ✓                               | ✓                             | ✓                 | ✓                             | ✓               | ✓          | ✓                              | ✓                    |
| Shri Sanjeev Kumar Gupta     | ✓                               | ✓                             | ✓                 | ✓                             | ✓               | ✓          | ✓                              | ✓                    |
| Shri Mritunjay Kumar Narayan | ✓                               | ✓                             | ✓                 | ✓                             | ✓               | ✓          | ✓                              | ✓                    |
| Shri Praveen Kumar Singh     | ✓                               | ✓                             | ✓                 | ✓                             | ✓               | ✓          | ✓                              | ✓                    |
| Shri Ajoy Choudhury          | ✓                               | ✓                             | ✓                 | ✓                             | ✓               | ✓          | ✓                              | ✓                    |

**Note:** Shri Ajoy Choudhury has been appointed as Director (Finance) of the Company w.e.f. June 1, 2020.

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

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

As on March 31, 2020, the Board had the following Committees:-

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

The Minutes of Meetings of all Committees are placed before the Board, for information and noting in term of Article 105 of the Articles of Association of the Company, Secretarial Standards on Board Meetings and other applicable statutory requirements.

#### 3.1 Audit Committee



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

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

During the financial year 2019-20 the Audit Committee met 6 (six) times. The composition of Audit Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as appearing hereinafter:



| Sl. No. | Name of the Director                                    | Position in the Committee  | Date of Audit Committee Meeting and attendance thereat |           |          |          |           |          | Total Number of Meetings           |                          |                          |
|---------|---|--|--|-----------|----------|----------|-----------|----------|------------------------------------|--------------------------|--------------------------|
|         |   |  | 24-May-19  | 10-Jul-19 | 6-Aug-19 | 5-Nov-19 | 16-Dec-19 | 4-Feb-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Shri A. Krishna Kumar<br><i>Independent Director</i>    | Chairperson<br>upto 12-Nov-19  | ⊙  | ⊙         | ⊙        | ⊙        | N.A.      | N.A.     | 4                                  | 4                        | 100                      |
| 2       | Prof. T.T. Ram Mohan<br><i>Independent Director</i>     | Member<br>upto 12-Nov-19   | 📺  | 📺         | 📺        | 📺        | N.A.      | N.A.     | 4                                  | 4                        | 100                      |
| 3       | Smt. Asha Swarup<br><i>Independent Director</i>         | Member<br>upto 15-Dec-19<br><br>Chairperson<br>during 16-Dec-19<br>to 7-Feb-20 | ⊙  | 📺         | ⊙        | ⊙        | ⊙         | ⊙        | 6                                  | 6                        | 100                      |
| 4       | Dr. B.K. Karad<br><i>Independent Director</i>           | Member<br>upto 11-Mar-20   | 📺  | ⊙         | ⊙        | ⊙        | ⊙         | ⊙        | 6                                  | 6                        | 100                      |
| 5       | Shri Sanjeev Kumar Gupta<br><i>Director (Technical)</i> | Member   | ⊙  | ⊙         | ⊙        | ⊙        | ⊙         | ⊙        | 6                                  | 6                        | 100                      |

 Present in person    
 Present through Video Conferencing    
 N.A.     Not Applicable

The quorum for the Meetings of Audit Committee is two members or one third of total number of members, whichever is greater, with at least two Independent Directors present for the meeting. Further, Director (Finance), Head of the Internal Audit function and representatives of Statutory Auditors of the Company are invited for the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. The maximum gap between any two Meetings of the Audit Committee was not more than one hundred and twenty days.

After completion of tenure of Smt. Asha Swarup on February 7, 2020, followed by the resignation of Dr. B.K. Karad on March 11, 2020, there was an absence of requisite number of Independent Directors on the Board of REC, to re-constitute the Audit Committee in conformity with the applicable statutory provisions. Due to non-availability of Independent Directors, the Company has presently constituted its Audit Committee comprising of Non-Executive Directors, to the extent possible, with Shri Mritunjay Kumar Narayan as the Chairperson and Shri Sanjeev Kumar Gupta & Shri Praveen Kumar Singh as Members. The Audit Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of REC.

The Chairperson of the Audit Committee possesses accounting and financial management expertise; and all other members of the Audit Committee are financially literate. Further, the then Chairperson of the Audit Committee was present at the last Annual General Meeting of the Company held on August 29, 2019, to answer shareholders' queries.

### 3.2 Nomination & Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Chairman & Managing Director, Whole-time Functional Directors and other Directors are decided by the President of India, as per the Articles of Association of the Company, and the same are communicated by the Administrative Ministry i.e., the Ministry of Power, Government of India. The remuneration of Functional Directors and Employees of the Company is fixed as per extant guidelines issued by the Department of Public Enterprises (DPE) from time to time. Further, the Part-time Non-official Independent Directors and Nominee Director of Power Finance Corporation Limited are paid sitting fees for attending the meetings of Board and Committees thereof, as decided by the Board from time to time. The amount of sitting fees paid is well within the limits prescribed under the Companies Act, 2013. Further, the Government Nominee Director is not entitled to get any remuneration/sitting fee from the Company, as per the norms of the Government of India.





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

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

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

Further, MCA vide Notification dated July 5, 2017 prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, prescribed in Schedule IV of the Companies Act, 2013, are also not applicable to Government companies. During the financial year 2019-20, the performance evaluation of the Non-Executive / Independent Directors of the Company was carried out by the Administrative Ministry/Department of Public Enterprises, as per their internal guidelines.

During the financial year 2019-20, the Nomination & Remuneration Committee met once; and details of composition of the Committee and attendance at the said meeting were as under:

| Sl. No. | Name of the Director                                 | Position in the Committee            | Attendance at Nomination & Remuneration Committee Meeting held on 6-Aug-19        | Total Number of Meetings           |                          |                          |
|---------|--|--------------------------------------|---|------------------------------------|--------------------------|--------------------------|
|         |  |                                      |   | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Prof. T.T. Ram Mohan<br><i>Independent Director</i>  | Chairperson<br><i>upto 12-Nov-19</i> |  | 1                                  | 1                        | 100                      |
| 2       | Shri A. Krishna Kumar<br><i>Independent Director</i> | Member<br><i>upto 12-Nov-19</i>      |  | 1                                  | 1                        | 100                      |
| 3       | Smt. Asha Swarup<br><i>Independent Director</i>      | Member<br><i>upto 7-Feb-20</i>       |  | 1                                  | 1                        | 100                      |
| 4       | Dr. B.K. Karad<br><i>Independent Director</i>        | Member<br><i>upto 11-Mar-20</i>      |  | 1                                  | 1                        | 100                      |



Present in person



Present through Video Conferencing

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

After completion of tenure of Shri A. Krishna Kumar and Prof. T.T. Ram Mohan on November 12, 2019, followed by the completion of tenure of Smt. Asha Swarup on February 7, 2020 and resignation of Dr. B.K. Karad on March 11, 2020, there was an absence of requisite number of Independent Directors on the Board of REC, to re-constitute the Nomination & Remuneration Committee in conformity with the applicable statutory provisions. The Nomination & Remuneration Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of REC.

Further, the details of remuneration paid to Key Managerial Personnel (KMPs) of the Company during the financial year 2019-20 are given below:

(Amount in ₹)

| Sl. No. | Name & Designation   | Salary & Allowances | Performance Linked Incentive <sup>(1)</sup> | Perquisites | Other Benefits included in Form 16 <sup>(2)</sup> | Leave Encashment | CPF Contribution | Pension Fund Contribution <sup>(3)</sup> | Total <sup>(4)</sup> |
|---------|--|---------------------|---|-------------|---|------------------|------------------|--|----------------------|
| 1       | Shri Ajeet Kumar Agarwal<br><i>CMD and Director (Finance)</i>          | 41,13,163           | 26,37,984                                   | 9,75,988    | 11,686  | -                | 3,77,351         | 3,07,323                                 | 84,23,495            |
| 2       | Shri Sanjeev Kumar Gupta<br><i>Director (Technical)</i>                | 41,15,372           | 25,99,998                                   | 11,56,918   | 51,148  | 6,86,030         | 3,77,553         | 3,07,611                                 | 92,94,630            |
| 3       | Shri J.S. Amitabh<br><i>Executive Director &amp; Company Secretary</i> | 46,71,101           | 16,40,570                                   | 1,27,537    | 87,806  | -                | 3,66,172         | 2,98,273                                 | 71,91,459            |

**Notes:** (1) Performance Linked Incentive is paid in line with the Guidelines issued in this regard by the DPE.

(2) Excludes reimbursement towards uniform, entertainment, electricity, water and attendant charges and exempt medical expense/reimbursement.

(3) In the financial year 2019-20, pension contribution was deposited in NPS account. Hence, Employer's Pension Contribution is a part of the Salary u/s 17(1) of the Income Tax Act, 1961 as per Form 16.

(4) Includes allowances exempt u/s 10 of the Income Tax Act, 1961 and excludes employer's contribution into REC Gratuity Fund, based on actuarial valuation.

### Remuneration of Independent Directors and Nominee Directors

During the financial year 2019-20, the Independent Directors and the Nominee Director of Power Finance Corporation Limited on the Board of REC, were paid sitting fees at the rate of ₹20,000/- for attending each Meeting of the Board or Committee thereof held upto February 4, 2020, as fixed by the Board in its 395<sup>th</sup> Meeting held on May 28, 2013. The Board of Directors in its 466<sup>th</sup> Meeting held on February 4, 2020, approved a subsequent increase in the sitting fee payable to Directors to ₹40,000/- for attending each meeting of the Board and ₹30,000/- for attending each meeting of the Committee(s) thereof, respectively, which is well within the limits prescribed under the Companies Act, 2013 and Rules made thereunder. The Government Nominee Director is not entitled to any remuneration/sitting fee from the Company. Further, the details of payments made to the Directors towards sitting fees (excluding GST), during the financial year 2019-20 were as under:-

(Amount in ₹)

| Sl. No. | Name of Part-Time Non-Official Independent / Nominee Director | Sitting Fees    |                    | Total            |
|---------|---|-----------------|--------------------|------------------|
|         |   | Board Meetings  | Committee Meetings |                  |
| 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. B.K. Karad  | 1,40,000        | 2,00,000           | 3,40,000         |
| 5       | Shri Praveen Kumar Singh                                      | 1,80,000        | -                  | 1,80,000         |
|         | <b>Total</b>  | <b>7,60,000</b> | <b>9,80,000</b>    | <b>17,40,000</b> |

**Note:** In addition to the sitting fees paid to Dr. B.K. Karad, honorarium of ₹15,000 was also paid to him for attending meetings of the Departmental Promotion Committee (DPC).

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

### 3.3 Stakeholders Relationship Committee

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

During the financial year 2019-20, the Stakeholders Relationship Committee met 4 (four) times to review the status of requests, complaints or grievances of various security holders. The composition of Stakeholders Relationship Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director  | Position in the Committee                           | Date of Stakeholders Relationship Committee Meeting and attendance thereat |          |          |          | Total Number of Meetings           |                          |                          |
|---------|---|---|--|----------|----------|----------|------------------------------------|--------------------------|--------------------------|
|         |   |   | 24-May-19  | 6-Aug-19 | 5-Nov-19 | 4-Feb-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Shri A. Krishna Kumar<br><i>Independent Director</i>            | Chairperson<br><i>upto 12-Nov-19</i>                | ☉  | ☉        | ☉        | N.A.     | 3                                  | 3                        | 100                      |
| 2       | Dr. B.K. Karad<br><i>Independent Director</i>                   | Chairperson<br><i>During 16-Dec-19 to 11-Mar-20</i> | N.A.   | N.A.     | N.A.     | ☉        | 1                                  | 1                        | 100                      |
| 3       | Shri Ajeet Kumar Agarwal<br><i>CMD &amp; Director (Finance)</i> | Member  | ☉  | ☉        | ☉        | ☉        | 4                                  | 4                        | 100                      |
| 4       | Shri Sanjeev Kumar Gupta<br><i>Director (Technical)</i>         | Member  | ☉  | ☉        | ☉        | ☉        | 4                                  | 4                        | 100                      |

☉ Present in person      N.A. Not Applicable

The quorum for the Meetings of Stakeholders Relationship Committee is two members including the Chairperson of the Committee. Further, the representatives of Registrar & Transfer Agents appointed by the Company for various securities, including shares, debentures, bonds etc., are Standing Invitees to the Meetings of the Stakeholders Relationship Committee.

Shri J. S. Amitabh, Executive Director & Company Secretary, acts as the Secretary to the Committee and also as the Compliance Officer of the Company in terms of SEBI (LODR) Regulations. The then Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting of the Company held on August 29, 2019.

After resignation of Dr. B.K. Karad on March 11, 2020, there was an absence of requisite number of Independent Directors on the Board of REC, to re-constitute the Stakeholders Relationship Committee in conformity with the applicable statutory provisions. However, the Company has presently constituted its Stakeholders Relationship Committee with Shri Praveen Kumar Singh as Chairperson and Shri Sanjeev Kumar Gupta & Shri Ajoy Choudhury as Members. The Stakeholders Relationship Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of REC.

#### Status of Shareholders/Investors Grievances

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

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

The Company attends to all investor grievances/complaints expeditiously and promptly to the satisfaction of the investors. A quarterly update on the status of investor grievances is filed with the Stock Exchanges and also placed before the Board. The status of shareholders/investors grievances pursuant to Regulation 13(3) of SEBI (LODR) Regulations for the financial year 2019-20, was as under:

| Particulars   | Complaints (Equity Shares) | Complaints (Listed Debt Securities) | Total Number of Investor Complaints |
|---|----------------------------|-------------------------------------|-------------------------------------|
| Pending at the beginning of the financial year (1-Apr-19)         | 0                          | 2                                   | 2                                   |
| Received during the financial year                                | 1,206                      | 977                                 | 2,183                               |
| Disposed-off during the financial year                            | 1,206                      | 977                                 | 2,183                               |
| Remaining unresolved at the end of the financial year (31-Mar-20) | 0                          | 2                                   | 2                                   |

\*The said two complaints have also been subsequently resolved.

### 3.4 Risk Management Committee

The Risk Management Committee has been constituted in line with the provisions of Regulation 21 of SEBI (LODR) Regulations, to manage the integrated risk of the organization. The main function of the Risk Management Committee is to monitor various risks likely to arise and to review the risk management policies and practices adopted by the Company, including threat related to cyber security and to initiate action for mitigation of risks arising in the operation and other related matters of the Company.

During the financial year 2019-20, the Risk Management Committee met 2 (two) times. The composition of Risk Management Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director                                 | Position in the Committee                                       | Date of Risk Management Committee Meeting and attendance thereat |           | Total Number of Meetings           |                          |                          |
|---------|--|---|--|-----------|------------------------------------|--------------------------|--------------------------|
|         |  |   | 29-Aug-19  | 24-Mar-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Smt. Asha Swarup<br>Independent Director             | Chairperson<br>upto 7-Feb-20                                    | ⊙  | N.A.      | 1                                  | 1                        | 100                      |
| 2       | Dr. B.K. Karad<br>Independent Director               | Member<br>upto 11-Mar-20  | Leave of absence   | N.A.      | 1                                  | 0                        | 0                        |
| 3       | Shri Ajeet Kumar Agarwal<br>CMD & Director (Finance) | Member<br>upto 23-Mar-20<br><br>Chairperson<br>w.e.f. 24-Mar-20 | Leave of absence   | ⊙         | 2                                  | 1                        | 50                       |
| 4       | Shri Sanjeev Kumar Gupta<br>Director (Technical)     | Member  | ⊙  | ⊙         | 2                                  | 2                        | 100                      |



Present in person

N.A.

Not Applicable



The operational heads of Finance Division (Resource Mobilization) and Asset Liability Management Division are Standing Invitees to the Meetings of the Risk Management Committee.

### 3.5 Corporate Social Responsibility Committee

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

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

During the financial year 2019-20, the CSR Committee met 6 (six) times. The composition of CSR Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director  | Position in the Committee  | Date of CSR Committee Meeting and attendance thereat |          |                  |          |           |          | Total Number of Meetings           |                          |                          |
|---------|---|--|--|----------|------------------|----------|-----------|----------|------------------------------------|--------------------------|--------------------------|
|         |   |  | 24-May-19  | 6-Aug-19 | 18-Oct-19        | 5-Nov-19 | 16-Dec-19 | 4-Feb-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Prof. T.T. Ram Mohan<br><i>Independent Director</i>             | Chairperson<br>upto 12-Nov-19  |  |          |                  |          | N.A.      | N.A.     | 4                                  | 4                        | 100                      |
| 2       | Shri A. Krishna Kumar<br><i>Independent Director</i>            | Member<br>upto 12-Nov-19   |  |          |                  |          | N.A.      | N.A.     | 4                                  | 4                        | 100                      |
| 3       | Smt. Asha Swarup<br><i>Independent Director</i>                 | Member<br>upto 15-Dec-19<br>Chairperson<br>During 16-Dec-19<br>to 7-Feb-20 |  |          | Leave of absence |          |           |          | 6                                  | 5                        | 83.33                    |
| 4       | Dr. B.K. Karad<br><i>Independent Director</i>                   | Member<br>During<br>16-Dec-19 to<br>11-Mar-20                              | N.A.   | N.A.     | N.A.             | N.A.     | N.A.      |          | 1                                  | 1                        | 100                      |
| 5       | Shri Ajeet Kumar Agarwal<br><i>CMD &amp; Director (Finance)</i> | Member<br>upto 24-Mar-20<br>Chairperson<br>w.e.f. 25-Mar-20                |  |          | Leave of absence |          |           |          | 6                                  | 5                        | 83.33                    |
| 6       | Shri Sanjeev Kumar Gupta<br><i>Director (Technical)</i>         | Member   |  |          |                  |          |           |          | 6                                  | 6                        | 100                      |
| 7       | Shri Praveen Kumar Singh<br><i>Nominee Director of PFC</i>      | Member<br>w.e.f. 25-Mar-20   | N.A.   | N.A.     | N.A.             | N.A.     | N.A.      | N.A.     | Nil                                | N.A.                     | N.A.                     |



Present in person



Present through Video Conferencing

N.A.

Not Applicable

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

After resignation of Dr. B.K. Karad on March 11, 2020, there was an absence of requisite number of Independent Directors on the Board of REC, to re-constitute the CSR Committee in conformity with the provisions of the Companies Act, 2013 and other applicable laws. However, the Company has presently constituted its CSR Committee with Shri Sanjeev Kumar Gupta as Chairperson and Shri Ajoy Choudhury & Shri Praveen Kumar Singh as Members. The CSR Committee would be re-constituted upon appointment of requisite number of Independent Directors on the Board of REC.

The Corporate Social Responsibility & Sustainability Policy of the Company is available on the website at <https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf>.

### 3.6 Loan Committee

The Loan Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan, subject to the following limits:

| Type of Entity   | Limit for individual scheme / project | Overall ceiling in a financial year |
|--|---------------------------------------|-------------------------------------|
| Central/State Government power utilities or Central/State PSUs | Upto ₹ 500 crore                      | ₹ 30,000 crore                      |
| Private sector power utilities                                 | Upto ₹ 500 crore                      | ₹ 10,000 crore                      |

**Note:** After March 31, 2020, the Board of Directors has delegated additional powers to the Loan Committee, to sanction Special Long-Term Transition Loans to DISCOMs under COVID-19 and Special Loans under the UDAY scheme, where the loan amount exceeds ₹500 crore for individual scheme/project.

During the financial year 2019-20, the Loan Committee met 5 (five) times. The composition of Loan Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director  | Position in the Committee                    | Date of Loan Committee Meeting and attendance thereat |           |           |           |          | Total Number of Meetings           |                          |                          |
|---------|---|--|---|-----------|-----------|-----------|----------|------------------------------------|--------------------------|--------------------------|
|         |   |  | 24-Apr-19   | 27-Jun-19 | 16-Sep-19 | 16-Dec-19 | 6-Feb-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Shri Ajeet Kumar Agarwal<br>CMD & Director (Finance)        | Chairperson                                  | ⊙   | ⊙         | ⊙         | ⊙         | ⊙        | 5                                  | 5                        | 100                      |
| 2       | Shri Sanjeev Kumar Gupta<br>Director (Technical)            | Member                                       | ⊙   | ⊙         | ⊙         | ⊙         | ⊙        | 5                                  | 5                        | 100                      |
| 3       | Dr. Arun Kumar Verma<br>Government Nominee Director         | Member<br>upto 2-Sep-19                      | ⊙   | ⊙         | N.A.      | N.A.      | N.A.     | 2                                  | 2                        | 100                      |
| 4       | Shri Mritunjay Kumar Narayan<br>Government Nominee Director | Member<br>w.e.f. 2-Sep-19                    | N.A.  | N.A.      | ⊙         | ⊙         | ⊙        | 3                                  | 3                        | 100                      |
| 5       | Shri A. Krishna Kumar<br>Independent Director               | Member<br>During 29-Aug-19<br>to 12-Nov-2019 | N.A.  | N.A.      | 🗨️        | N.A.      | N.A.     | 1                                  | 1                        | 100                      |



Present in person



Present through Video Conferencing

N.A.

Not Applicable

During the financial year 2019-20, the composition of the Loan Committee was changed to include CMD, Functional Directors, Government Nominee Director and one Independent Director. Further, the quorum for the meetings of the Loan Committee was changed to three members, including the CMD and Government Nominee Director / Independent Director. The Company Secretary acts as the Secretary to the Committee.

### 3.7 Executive Committee

The Executive Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan, subject to the following limits:

| Type of Entity   | Limit for individual scheme / project | Overall ceiling in a financial year |
|--|---------------------------------------|-------------------------------------|
| Central/State Government power utilities or Central/State PSUs | Upto ₹150 crore                       | ₹25,000 crore                       |
| Private sector power utilities                                 | Upto ₹100 crore                       | ₹6,000 crore                        |

During the financial year 2019-20, the Executive Committee met 14 (fourteen) times. The composition of Executive Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director                                 | Position in the Committee | Date of Executive Committee Meeting and attendance thereat |           |           |          |           |           |          |           |           |           |          |           |           | Total Number of Meetings |                                    |                          |                          |
|---------|--|---------------------------|--|-----------|-----------|----------|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|-----------|--------------------------|------------------------------------|--------------------------|--------------------------|
|         |  |                           | 12-Apr-19  | 29-Apr-19 | 17-May-19 | 4-Jun-19 | 27-Jun-19 | 19-Aug-19 | 6-Sep-19 | 26-Sep-19 | 18-Nov-19 | 24-Dec-19 | 2-Jan-20 | 14-Feb-20 | 19-Mar-20 | 28-Mar-20                | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Shri Ajeet Kumar Agarwal<br>CMD & Director (Finance) | Chairperson               | ☺  | ☺         | ☺         | ☺        | ☺         | ☺         | ☺        | ☺         | ☺         | ☺         | ☺        | ☺         | ☺         | ☺                        | 14                                 | 14                       | 100                      |
| 2       | Shri Sanjeev Kumar Gupta<br>Director (Technical)     | Member                    | ☺  | ☺         | ☺         | ☺        | ☺         | ☺         | ☺        | ☺         | ☺         | ☺         | ☺        | ☺         | ☺         | ☺                        | 14                                 | 14                       | 100                      |

☺ Present in person      📺 Present through Video Conferencing

The quorum for the meetings of the Executive Committee is two Members, including the CMD. The Company Secretary acts as the Secretary to the Committee.

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

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

During the financial year 2019-20, the aforesaid Sub-Committee met 5 (five) times. The composition of the Sub-Committee as on March 31, 2020 and details of attendance at its meetings during the financial year 2019-20, were as under:

| Sl. No. | Name of the Director                                 | Position in the Committee | Date of Meeting of Sub-Committee of Directors for Review of Lending Rates for Term Loans / Short Term Loans and attendance thereat |           |           |           |           | Total Number of Meetings           |                          |                          |
|---------|--|---------------------------|--|-----------|-----------|-----------|-----------|------------------------------------|--------------------------|--------------------------|
|         |  |                           | 30-Apr-19  | 27-Aug-19 | 23-Sep-19 | 13-Dec-19 | 14-Feb-20 | Held during the tenure of Director | Attended by the Director | Percentage of Attendance |
| 1       | Shri Ajeet Kumar Agarwal<br>CMD & Director (Finance) | Chairperson               | ☺  | ☺         | ☺         | ☺         | ☺         | 5                                  | 5                        | 100                      |
| 2       | Shri Sanjeev Kumar Gupta<br>Director (Technical)     | Member                    | ☺  | ☺         | ☺         | ☺         | ☺         | 5                                  | 5                        | 100                      |

☺ Present in person

The quorum for the meetings of the aforesaid Sub-Committee is two Members, including the CMD. The Company Secretary acts as the Secretary to the Committee.

### 3.9 Committee for Investment / Deployment of Surplus Funds

The Committee for Investment/Deployment of Surplus Funds has been constituted for the purpose of approving the investment/deployment of short-term surplus funds of ₹1,000 crore and above in single instance in Certificate of Deposits or ₹1,500 crore and above in Mutual Funds and Fixed Deposits at any time. Meetings of this Committee are held for deciding the investment/deployment of short-term surplus funds, as and when required.

During the financial year 2019-20 and as on March 31, 2020, the Committee for Investment/Deployment of Surplus Funds comprised of Shri Ajeet Kumar Agarwal as Chairperson and Shri Sanjeev Kumar Gupta as Member. The quorum for the Meetings of the said Committee is two Members, including the CMD. However, no meeting of the said Committee was held during the year under review.

## 4. OTHER COMMITTEES

In addition to the Committees of the Directors constituted by the Board from time to time, as detailed at 3.1 to 3.9 above, the Company has also constituted some additional Committees to look into specific matters, as detailed below.

### 4.1 Bond Committee

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

The Bond Committee constituted during the financial year 2019-20 comprised of Shri Ajeet Kumar Agarwal as Chairperson and Shri Sanjeev Kumar Gupta as Member. The quorum for the Meetings of the Bond Committee is two members, including the CMD. The Bond Committee met once during the year under review on October 16, 2019.

#### 4.2 Share Transfer Committee

The Share Transfer Committee considers requests for transmission, transposition, splitting and consolidation of shares exceeding 500 Equity Shares per individual in each case under the physical segment and for issue of duplicate share certificates. During the financial year 2019-20 and as on March 31, 2020, the Share Transfer Committee comprised of Senior Officials of the Company, namely, Shri J.S. Amitabh (Executive Director & Company Secretary) and Shri Daljeet Singh Khatri (Chief General Manager - Resources), as Members. However, no meeting of the Share Transfer Committee was held during the financial year 2019-20.

#### 4.3 IT Strategy Committee

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

During the financial year 2019-20, the IT Strategy Committee comprised of an Independent Director (namely, Shri A. Krishna Kumar, upto November 12, 2019), Chief Information Officer (CIO) of REC, Chief Technology Officer (CTO) of REC, outside Technical Expert and other Senior Officials of the Company. Further, the IT Strategy Committee met twice during the year under review, i.e., on July 10, 2019 and February 10, 2020. The IT Strategy Committee would be re-constituted again, after appointment of Independent Director(s) in the Company.

### 5. SUBSIDIARY COMPANIES

The Company had the following unlisted wholly owned subsidiaries as on March 31, 2020:-

1. REC Power Distribution Company Limited (RECPDCL)
2. REC Transmission Projects Company Limited (RECTPCL)

Further, RECTPCL acts as the "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECTPCL incorporates a project-specific Special Purpose Vehicle (SPV), as its wholly owned subsidiary. After selection of the successful bidder in accordance with the TBCB Guidelines, such subsidiary is transferred by RECTPCL to the successful bidder, along with all assets & liabilities. In terms of the above, RECTPCL had transferred 8 project-specific SPVs to the successful bidder(s) during the financial year 2019-20, details of which are appearing in the Board's Report forming part of this Annual Report.

Further, as on March 31, 2020, RECTPCL had the following project-specific SPVs, as its wholly owned subsidiaries:

1. Dinchang Transmission Limited\*
2. Chandil Transmission Limited
3. Koderma Transmission Limited
4. Dumka Transmission Limited
5. Mandar Transmission Limited

\* The said company has filed an application for strike-off of its name from the Register of Companies, pursuant to Section 248 of the Companies Act, 2013.

Further, after March 31, 2020 till the date of this report, RECTPCL has incorporated the following project specific SPVs:

1. Kallam Transmission Limited
2. Fatehgarh Bhadla Transco Limited
3. Gadag Transmission Limited
4. Rajgarh Transmission Limited
5. Bidar Transmission Limited
6. Sikar New Transmission Limited
7. Ramgarh New Transmission Limited
8. MP Power Transmission Package-I Limited
9. MP Power Transmission Package-II Limited

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



The Company does not have any “material subsidiary” as defined under the SEBI (LODR) Regulations. Further, the Company has devised a Policy for determining Material Subsidiaries, as required under the said Regulations. The same is available on REC’s website at <https://www.recindia.nic.in/uploads/files/cs-policy-determining-material-subsidiaries-dt230719.pdf>.

The Minutes of Board Meetings of all subsidiary companies are placed before the Board of Directors of the Company for information. The financial statements of unlisted subsidiary companies, in particular, the investments made by unlisted subsidiary companies, were reviewed by the Audit Committee of REC. The Audited Financial Statements and related information of RECPDCL and RECTPCL are available on REC’s website at [www.recindia.nic.in](http://www.recindia.nic.in).

## 6. GENERAL BODY MEETINGS

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

| Meeting No.      | Financial year | Date               | Time       | Venue   | Whether any Special Resolution Passed |
|------------------|----------------|--------------------|------------|---|---------------------------------------|
| 48 <sup>th</sup> | 2016-17        | September 21, 2017 | 11:00 A.M. | Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi -110010. | Yes                                   |
| 49 <sup>th</sup> | 2017-18        | September 25, 2018 |            |   | Yes                                   |
| 50 <sup>th</sup> | 2018-19        | August 29, 2019    |            |   | Yes                                   |

During the financial year 2019-20, no postal ballot process was conducted and no special resolution was passed through postal ballot.

Pursuant to the General Circular dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and SEBI Circular dated May 12, 2020, the 51<sup>st</sup> Annual General Meeting of REC is being held through Video Conferencing/Other Audio Visual Means. The Company will provide facility to shareholders to attend the said AGM electronically and also enable shareholders to exercise their right to vote through electronic means at the said AGM. Details regarding participation in the said AGM and other relevant information is appearing in the Notice of the 51<sup>st</sup> AGM of the Company.

## 7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

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

In line with the MCA Circulars and SEBI Circular referred above, the Notice of the 51<sup>st</sup> AGM along with Annual Report for the financial year 2019-20 would be sent by e-mail to all members, whose e-mail IDs are registered with the Company.

The Company had published advertisements in newspapers, to encourage shareholders holding shares in physical and electronic form to register/update their email IDs for receiving the Annual Report for the financial year 2019-20. Further, the Company had also sent SMSes to the shareholders whose Mobile Numbers were registered with the concerned Depository, for updation of e-mail IDs. Despite the above efforts, those shareholders who have still not been able to update their e-mail IDs, may follow the process mentioned in the Notice of the 51<sup>st</sup> AGM, for registration of e-mail ID and procuring User ID & Password for e-voting at the ensuing AGM of REC.

The Meetings of the Board of Directors of the Company and Committees thereof are actively held through Video Conferencing. The agenda and notes for such meetings are also being sent to the Directors through electronic means under a secured platform, to enable the directors to access the agenda papers without any hassle.

## 8. SECRETARIAL AUDIT

M/s Chandrasekaran Associates, Company Secretaries, New Delhi have conducted the Secretarial Audit of the Company for the financial year 2019-20 and have submitted their report to the Company. A copy of the said Secretarial Audit Report is annexed to the Board’s Report for information of the stakeholders. Further, observations of the Secretarial Auditor and the Management’s Reply thereto, are appearing in the Board’s Report forming part of this Annual Report.

## 9. RELATED PARTY TRANSACTION

The Company has formulated a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as per provisions of SEBI (LODR) Regulations. The said policy is available on REC’s website at <https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf>.

In line with the said Policy, all Related Party Transactions were approved by the Audit Committee and/or Board of Directors or Shareholders, as the case may be. The transactions with related parties are included in the Notes to Accounts as per

applicable provisions of the Companies Act, 2013. A status report on the Related Party Transactions is put up for information of the Audit Committee and the Board of Directors on a quarterly basis. The particulars of Related Party Transactions required to be disclosed in Form AOC-2 for the financial year 2019-20 were 'Nil'.

## 10. DISCLOSURES

1. The Company has complied with all requirements of SEBI (LODR) Regulations, 2015, the Companies Act, 2013, applicable Secretarial Standards and DPE Guidelines on Corporate Governance, as amended from time to time, except for the appointment of requisite number of Independent Directors including Woman Independent Director for part of the year. The Company has already requested the Ministry of Power, Government of India, i.e., the appointing authority, to expedite the appointment of requisite number of Independent Directors including Woman Independent Director on the Board of the Company, to enable compliance with the applicable statutory provisions. There were no instances of non-compliance on any matter related to the Capital Markets during the last three years.
2. As required under statutory provisions, all returns / reports / disclosures were filed with the Stock Exchanges / other authorities within the stipulated time.
3. The Company has complied with the requirements of Regulation 17 to 27 of SEBI (LODR) Regulations relating to Board, Committees and Corporate Governance, as amended from time to time; and maintaining & updating the Website of the Company as required under Regulation 46 of SEBI (LODR) Regulations, except where the Company did not have requisite number of Independent Directors/Woman Independent Director, as detailed in point no. 1 above. The Company has also complied with the disclosure requirements under Corporate Governance Report as per Part C of Schedule V of the SEBI (LODR) Regulations.

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

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

4. The Company has a Board-approved Risk Management Policy which covers Hedging Policy that provides a framework for the management of foreign currency exchange risk, involving exchange rate movements among currencies that may adversely impact the value of foreign currency denominated assets, liabilities and off-balance sheet arrangements. Appropriate disclosures regarding the foreign currency risks are made in the Notes to Accounts, forming part of the Audited Financial Statements and the same are being managed through various derivative instruments such as swaps, options, forwards, etc. The nature of the business of the Company is not such, as may give rise to any commodity price risk.
5. To indemnify the Directors and Officers of the Company, REC has obtained Director's and Officer's (D&O) Liability Insurance Policy, which is a comprehensive policy covering the liabilities that may arise against Directors and Officers of the Company. The insurance policy covers the Board of Directors of REC including Independent Directors; and the Company Secretary, other Key Managerial Personnel and all Manager and above level Officials of the Company.
6. The Company has not entered into any material, financial or commercial transactions with the Director(s) or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
7. All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company's shares, commercial dealings with bodies which have shareholding of management and their relatives etc.); and there was no instance of such conflict for financial year 2019-20.
8. There were no materially significant transactions with related parties i.e., Promoters, Directors or the management, conflicting with the Company's interest. The Independent Directors of the Company holding office during financial year 2019-20, did not hold any equity shares in the Company.
9. The Company has laid down the procedure to inform the Board about risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework.
10. The Balance Sheet, Statement of Profit & Loss, Statement of changes in Equity and Cash Flow Statement for the financial year 2019-20 have been prepared as per the Accounting Standards specified under Section 133 of the Companies Act,

2013 read with the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS"), as amended, and other accounting principles generally accepted in India.

11. The Company affirms that a Whistle Blower Policy/Vigil Mechanism is in place and no person has been denied access to the Competent Authority.
12. The disclosures in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 form part of the Board's Report.
13. The Company has adopted all mandatory items (except for having requisite number of Independent Directors / Woman Independent Director on the Board for part of the year) and some of the non-mandatory items on Corporate Governance, as prescribed under SEBI (LODR) Regulations. The status of adoption of non-mandatory requirements is as under:
  - a) **The Board:** The Company is headed by an Executive Chairman;
  - b) **Shareholder Rights:** The Company is making all relevant information available to the shareholders/investors in a timely manner, to enable them to be sufficiently informed of the major decisions of the Company;
  - c) **Audit Qualifications:** There are no audit qualifications pertaining to financial year 2019-20 and it is always the Company's endeavor to maintain unqualified financial statements;
  - d) **Reporting of Internal Auditor:** The Head of Internal Audit function of the Company directly reports to the Audit Committee and is invited to the Meetings of the Audit Committee.

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

14. During the financial year 2019-20, the Company has not received any Presidential Directives. Further, during the last three years, the Company has received one Presidential Directive in financial year 2018-19, in respect of implementation of pay revision of Board-level and below Board-level Executives effective from January 1, 2017; and the same has been implemented by the Company.
15. The Company has not incurred any expenditure which is not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.
16. The administrative and office expenses for the financial year 2019-20 have decreased to ₹131.70 crore as compared to ₹186.61 crore during relevant period of the previous year, mainly due to lower publicity and promotion expenses of ₹5.73 crore as against ₹81.72 crore. There is a minor variation in other expenditure, in line with normal increase in the business activities of the Company. Administrative and office expenses as a percentage of total expenses for the financial year 2019-20 was 0.58% (previous year 1.08%) and as a percentage of financial expenses for the financial year 2019-20 was 0.69% (previous year 1.19%).
17. Pursuant to the DPE Guidelines on Corporate Governance, quarterly compliance report is being submitted to the Ministry of Power within the stipulated time. The details of submission of DPE Compliance Report during the financial year 2019-20 were as under:

| Report for Quarter ended | Date of submission of Report |
|--------------------------|------------------------------|
| Jun' 2019                | July 10, 2019                |
| Sep' 2019                | October 14, 2019             |
| Dec' 2019                | January 6, 2020              |
| Mar' 2020                | April 27, 2020               |

Further, the Report containing Annual Score (consolidated score of four quarters) was submitted to the Ministry of Power/DPE on May 14, 2020, against the due date of May 15, 2020.

Further, in accordance with the requirements of Regulation 27(2)(a) of SEBI (LODR) Regulations, the Company has also submitted quarterly compliance reports on Corporate Governance for all quarters of financial year 2019-20 to the Stock Exchanges within the stipulated time.

18. There are no audit qualifications by the Statutory Auditors in their report pertaining to financial year 2019-20. Further, the Company has informed the Stock Exchanges that the Statutory Auditors have furnished Audit Report on Standalone & Consolidated Financial Results with unmodified opinion, in line with the provisions of SEBI (LODR) Regulations.
19. The Board members attend various seminars, conferences and training programmes etc., based on their requirement from time to time. Further, as per the requirement of DPE Guidelines on Corporate Governance, the Company has framed a *Policy for Training of Board Members*.

On appointment, the Board Members are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Further, presentations on the business and performance of the Company are made at the Board Meetings. The details of Familiarization Programme for Independent Directors are available at <https://www.recindia.nic.in/uploads/files/FamiliarizationProgrammeforIndependentDirectors110720.pdf>.

During the financial year 2019-20, Dr. B.K. Karad (former Independent Director) attended an Orientation Programme for Non-Official Directors of CPSEs organized by the Department of Public Enterprises at Shillong on May 27-28, 2019.

20. The Company has not issued any Stock Options/ESOPs during the financial year 2019-20.
21. Pursuant to a fresh certificate of incorporation issued by the Ministry of Corporate Affairs (MCA) on October 13, 2018, the name of the Company was changed to "REC Limited" from its earlier name of '*Rural Electrification Corporation Limited*'.
22. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI (LODR) Regulations is not applicable during the year under review. Further, there was no variation in use of issue proceeds of Private Placement of Bonds.
23. The domestic debt instruments of REC continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA, Credit Rating Agencies throughout the financial year 2019-20 and there is no revision in the rating assigned to REC. Further, the Company also enjoys International Credit Rating of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and FITCH, respectively, throughout the financial year 2019-20 and there is no revision in the rating assigned to REC.
24. On an annual basis, the Company obtains from each Director, details of the Board and Committee positions occupied by them in other companies and changes, if any, regarding the same. Further, M/s Hemant Singh & Associates, Company Secretaries, has provided a Certificate confirming that none of the Directors on the Board of the Company is debarred or disqualified from being appointed or continuing as Director of the Company by SEBI/Ministry of Corporate Affairs or any other statutory authority. A copy of the said certificate is annexed to this Report as **Annexure-A**.
25. To oversee specific operational areas, the Board of Directors of the Company has constituted various Board-level Committees and has delegated certain functions to these Committees. The respective Committee focuses on its assigned areas, makes informed decisions and wherever required, makes recommendations for further consideration of the Board of Directors. During the financial year 2019-20, there was no instance where the Board of Directors did not accept the recommendation given by any Board-level Committee of the Company.

## 11. COMPLIANCE WITH APPLICABLE LAWS

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

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

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

A copy of the said Code is available on REC's website at [https://www.recindia.nic.in/uploads/files/Code\\_Business\\_Conduct\\_Ethics.pdf](https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf). Based on the affirmations received from all Board Members and Senior Management Personnel, a declaration by the Chairman & Managing Director of the Company regarding compliance of the said Code is as under:

### Declaration under SEBI (LODR) Regulation, 2015 and DPE Guidelines on Corporate Governance

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2020.

Place: New Delhi  
Date: June 26, 2020

Sd/-  
**Sanjeev Kumar Gupta**  
Chairman & Managing Director  
and Director (Technical)  
DIN: 03464342



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

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

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

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

### 14. POLICY FOR PREVENTION OF FRAUDS

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

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

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

### 15. WHISTLE BLOWER POLICY

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

A declaration by the Chairman & Managing Director of the Company, that no person has been denied access to the Competent Authority under the Whistle Blower Policy during the financial year 2019-20 and necessary system has been put in place to provide protection to the complainant, wherever required, is as under:

#### Annual Affirmation in terms of Whistle Blower Policy of the Company

During the financial year 2019-20, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Place: New Delhi  
Date: July 22, 2020

Sd/-  
**Sanjeev Kumar Gupta**  
Chairman & Managing Director  
and Director (Technical)  
DIN: 03464342

## 16. TOTAL FEES PAID TO AUDITORS

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

(₹ in crore)

| Sl. No. | Particulars  | FY 2019-20  | FY 2018-19  |
|---------|--|-------------|-------------|
| A.      | Fee paid to Statutory Auditor:                                 |             |             |
| (i)     | As Auditor   | 0.44        | 0.44        |
| (ii)    | For Taxation matters*  | 0.11        | 0.28        |
| (iii)   | For Company Law Matters (includes limited review fees)         | 0.35        | 0.45        |
| (iv)    | For other services:  |             |             |
|         | (a) Certification of MTN Offer Document/Comfort Letter         | 0.40        | 0.20        |
|         | (b) Other certifications                                       | 0.04        | 0.08        |
| (v)     | 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 | 0.14        | 0.10        |
|         | <b>Total</b>   | <b>1.52</b> | <b>1.58</b> |

\* In financial year 2018-19, this figure includes ₹0.09 crore of fees for taxation matters, pertaining to earlier years.

## 17. MEANS OF COMMUNICATION

- i. The Company recognizes the rights of shareholders/investors and communication of relevant information as key elements of the overall Corporate Governance framework of the Company; and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.
- ii. A dedicated Investor Relations Cell has been set up in the Company for interaction with the analysts, for providing timely information and to hold analyst meetings, in order to keep the investors updated about the matters related to the Company and to develop an appropriate feedback system that directs the information flow and communication between the management and investors.
- iii. The Company communicates with its shareholders through its Annual Reports, General Meetings and disclosures on its website and through Stock Exchanges. The Company also communicates with its institutional investors through analyst briefing/individual discussions and also by participation in investor conferences from time to time. Analysts and investor meets are organized for the members of the Board to interact with the investor community. Further, Press Meets with representatives of media are also held from time to time. Financial results are discussed with investors by way of conference calls held after the close of quarter. All important information pertaining to the Company is also mentioned in the Annual Report of the Company, which is circulated to the members and also uploaded on the Company's website.
- iv. Shareholder related information, announcements and latest updates about the Company can be accessed on REC's website at [www.recindia.nic.in](http://www.recindia.nic.in), which, *inter-alia*, includes the following:
  - Corporate Disclosures made from time to time to the Stock Exchanges
  - Quarterly / Half-yearly / Annual Financial Results
  - Corporate Governance Report
  - Quarterly Shareholding Pattern
  - Transcripts of conference calls/analyst meets
  - Official news releases, presentations made to institutional investors or to the analysts.
- v. The extracts of Quarterly/Half-yearly/Annual Financial Results of the Company are communicated to the Stock Exchanges and published in financial and national newspapers like The Economic Times (English & Hindi), Mint (English), Dainik Jagran (Hindi), Hindustan (Hindi), Financial Express (English), Business Standard (English & Hindi), Hindu Business Line (English), etc. These results and all other announcements are also made available on REC's website at [www.recindia.nic.in](http://www.recindia.nic.in).
- vi. The Company makes press releases and corporate presentations from time to time, which are uploaded on the website at [www.recindia.nic.in](http://www.recindia.nic.in).
- vii. The Company also has an active presence on social media.

## 18. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI (LODR) Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by the Chairman & Managing Director and Director (Technical) and Director (Finance) of the Company, was placed before the Board of Directors in its 469<sup>th</sup> Meeting held on June 17, 2020, along with the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2020. A copy of the said certificate is annexed to this Report at **Annexure-B**.

## 19. GENERAL SHAREHOLDERS' INFORMATION

### i. Annual General Meeting for the financial year 2019-20

Pursuant to the Circular(s) issued by the Ministry of Corporate Affairs and SEBI, the Annual General Meeting of the Shareholders will be held this year through electronic mode on the following day, date & time:-

| Day and Date               | Time     |
|----------------------------|----------|
| Friday, September 25, 2020 | 11.00 AM |

Details regarding participation in the said meeting and other relevant information are appearing in the Notice of the 51<sup>st</sup> Annual General Meeting of the Company.

### ii. Financial Calendar for financial year 2020-21 vis-à-vis financial year 2019-20

| Particulars                              | Financial Year 2019-20                             |                              | Financial Year 2020-21                             |   |
|--|--|------------------------------|--|---|
| <b>Accounting Period</b>                 | April 1, 2019 to March 31, 2020                    |                              | April 1, 2020 to March 31, 2021                    |   |
| <b>Announcement of Financial Results</b> | 1 <sup>st</sup> Quarter                            | August 6, 2019               | 1 <sup>st</sup> Quarter                            | Announcement within 45 days from the end of quarter or as prescribed under statutory provisions.            |
|  | 2 <sup>nd</sup> Quarter                            | November 5, 2019             | 2 <sup>nd</sup> Quarter                            |   |
|  | 3 <sup>rd</sup> Quarter                            | February 4, 2020             | 3 <sup>rd</sup> Quarter                            |   |
|  | 4 <sup>th</sup> Quarter & Annual Financial Results | June 17, 2020 <sup>(1)</sup> | 4 <sup>th</sup> Quarter & Annual Financial Results | Announcement within 60 days from the end of the financial year or as prescribed under statutory provisions. |
| <b>Annual General Meeting</b>            | September 25, 2020                                 |                              | August/September, 2021                             |   |

**Note:** (1) In view of the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 had, inter-alia, granted relaxation to listed companies that Board Meeting to consider financial results for the financial year ended on March 31, 2020 can be held upto June 30, 2020.

### iii. Payment of Dividend

#### a. Dividend Distribution Policy

The Company has formulated a Dividend Distribution Policy in compliance of Regulation 43A of the SEBI (LODR) Regulations, which, *inter-alia*, specifies the external and internal factors including financial parameters, that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

The policy is available on REC's website at [https://www.recindia.nic.in/uploads/files/Dividend\\_Distribution\\_Policy.pdf](https://www.recindia.nic.in/uploads/files/Dividend_Distribution_Policy.pdf).

#### b. Dividend details for the financial year 2019-20

In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, as amended from time to time, the Company has paid an Interim Dividend of ₹11/- per equity share (on the face value of ₹10/- each) on February 24, 2020 for the financial year 2019-20. The Board of Directors of the Company has not recommended any final dividend for the financial year 2019-20.

#### c. Dividend History for the last five financial years

| Financial year | Total Paid-up Capital<br>(₹ in crore) | Total amount of<br>Dividend paid<br>(₹ in crore) | Rate of Dividend<br>(%) | Date of Payment   |                  |
|----------------|---------------------------------------|--|-------------------------|-------------------|------------------|
|                |                                       |  |                         | Interim Dividend  | Final Dividend   |
| 2014-15        | 987.46                                | 1,056.58   | 107.00                  | February 27, 2015 | October 7, 2015  |
| 2015-16        | 987.46                                | 1,688.55   | 171.00                  | February 25, 2016 | October 4, 2016  |
| 2016-17        | 1,974.92                              | 1,905.79   | *96.50                  | March 6, 2017     | October 9, 2017  |
| 2017-18        | 1,974.92                              | 1,807.05   | 91.50                   | February 27, 2018 | October 15, 2018 |
| 2018-19        | 1,974.92                              | 2,172.41   | 110.00                  | March 19, 2019    | -                |

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

**d. Unpaid/Unclaimed Dividend and Equity Shares transferred to Investor Education & Protection Fund**

**Dividend amounts transferred to IEPF**

Pursuant to Section 124(5) of the Companies Act, 2013, the dividend amount which remains unpaid/unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government.

During the financial year 2019-20, the following amounts became due for transfer to IEPF after the same remained unpaid / unclaimed for a period of 7 years; and the same were deposited as per details given below:

| Financial year | Interim/Final Dividend | Amount (₹)       | Date of transfer  |
|----------------|------------------------|------------------|-------------------|
| 2011-12        | Final Dividend         | 17,11,492        | November 22, 2019 |
| 2012-13        | Interim Dividend       | 37,01,393        | April 3, 2020     |
|                | <b>TOTAL</b>           | <b>54,12,885</b> |                   |

**Principal / interest relating to debt securities transferred to IEPF**

Further, during the financial year 2019-20, an amount of ₹1,25,49,461/- on account of principal and ₹21,57,160/- on account of interest thereon has been transferred to IEPF, with respect to the debt securities of the Company.

**Equity Shares transferred to IEPF**

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 {IEPF Rules}, all shares in respect of which dividend has not been claimed for seven consecutive years, are required to be transferred by the Company to the Demat Account of the IEPF Authority. Accordingly, the Company has transferred 9,528 Equity Shares of ₹10/- each to the IEPF Authority in December 2019. As on March 31, 2020, the number of Equity Shares held in Demat account of the IEPF Authority were 1,06,567. Subsequently, 2,839 Equity Shares of ₹10/- each were also transferred to the IEPF Authority in April 2020, in line with the statutory provisions.

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

**Nodal Officer**

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

|   |   |
|---|---|
| Nodal Officer                             | Shri J.S. Amitabh<br>Executive Director and Company Secretary |
| Deputy Nodal Officer for Equity Shares    | Shri M.L. Kumawat<br>Senior GM (Finance-CS)                   |
| Deputy Nodal Officer for Debentures/Bonds | Shri Jatin Kumar Nayak<br>Senior GM (Finance)                 |

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

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

**iv. Date of Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 19, 2020 to Friday, September 25, 2020 (both days inclusive) for the purpose of the 51<sup>st</sup> Annual General Meeting.



#### v. Listing of Equity Shares

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

| Name & address of Stock Exchange  | Telephone/Fax/Email ID/Website   | Scrip Code |
|---|--|------------|
| <b>National Stock Exchange of India Limited (NSE)</b><br>Exchange Plaza, C-1, Block G<br>Bandra Kurla Complex, Bandra (East)<br>Mumbai-400 051. | Telephone: +91-22-2659 8100 - 8114<br>Fax: +91-22-2659 8120<br>E-mail ID: <a href="mailto:cnlist@nse.co.in">cnlist@nse.co.in</a><br>Website: <a href="http://www.nseindia.com">www.nseindia.com</a>                  | RECLTD     |
| <b>BSE Limited (BSE)</b><br>Phiroze Jeejeebhoy Towers<br>Dalal Street<br>Mumbai-400 001.  | Telephone: +91-22-2272 1233/4<br>Fax: +91-22-2272 1919<br>E-mail ID: <a href="mailto:corp_relations@bseindia.com">corp_relations@bseindia.com</a><br>Website: <a href="http://www.bseindia.com">www.bseindia.com</a> | 532955     |

Further, various debt securities of the Company are also listed on the Stock Exchanges. Details of the same are appearing as an Annexure to the Board's Report.

#### vi. International Securities Identification Number (ISIN)

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

#### vii. Registrar and Transfer Agent (R&TA)

##### For Equity Shares and Listed Debt Securities

KFin Technologies Private Limited (*formerly Karvy Fintech Private Limited*)

Selenium Tower B, Plot Nos. 31 & 32

Gachibowli Financial District, Nanakramguda, Hyderabad-500032

Phone: +91-40-6716 2222 Email: [balaji.reddy@kfintech.com](mailto:balaji.reddy@kfintech.com),  
[raju.sv@kfintech.com](mailto:raju.sv@kfintech.com), [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) (For Equity Shares)

Phone: +91-40-6716 1659 Email: [gopalakrishna.kvs@kfintech.com](mailto:gopalakrishna.kvs@kfintech.com) (For Listed Bonds)

Fax: +91-40-2300 1153 Website: [www.kfintech.com](http://www.kfintech.com)

##### For Listed Debt Securities

Beetal Financial & Computer Services (P) Limited

Beetal House, 3<sup>rd</sup> floor, 99 Madangir, Behind LSC

Opp. Dada Harsukhdas Mandir, New Delhi-110062

Phone: +91-11-2996 1281-83 Fax: +91-11-2996 1284

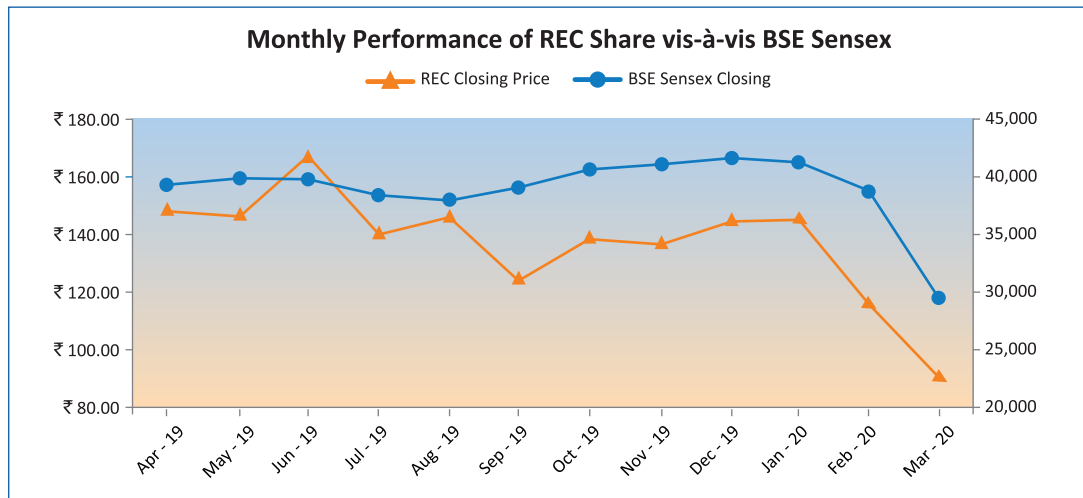
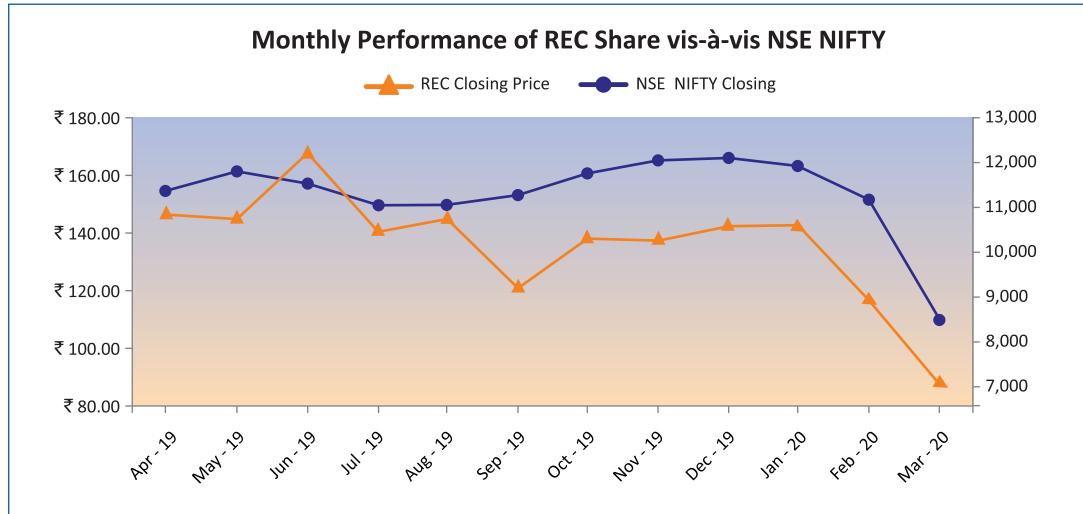
Email: [recbonds1@gmail.com](mailto:recbonds1@gmail.com), [beetalrta@gmail.com](mailto:beetalrta@gmail.com)

Website: [www.beetalfinancial.com](http://www.beetalfinancial.com)

#### viii. Market Price Data for the financial year 2019-20

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

| Month     | Monthly Performance of REC Share at NSE |         |                 | Movement of NSE NIFTY |           |             |
|-----------|---|---------|-----------------|-----------------------|-----------|-------------|
|           | High (₹)                                | Low (₹) | Month Close (₹) | High                  | Low       | Month Close |
| Apr' 2019 | 155.90                                  | 143.30  | 147.55          | 11,856.15             | 11,549.10 | 11,748.15   |
| May' 2019 | 150.00                                  | 132.60  | 144.55          | 12,041.15             | 11,108.30 | 11,922.80   |
| Jun' 2019 | 167.80                                  | 143.85  | 164.80          | 12,103.05             | 11,625.10 | 11,788.85   |
| Jul' 2019 | 169.55                                  | 134.05  | 140.25          | 11,981.75             | 10,999.40 | 11,118.00   |
| Aug' 2019 | 149.70                                  | 128.70  | 144.25          | 11,181.45             | 10,637.15 | 11,023.25   |
| Sep' 2019 | 152.00                                  | 121.90  | 123.15          | 11,694.85             | 10,670.25 | 11,474.45   |
| Oct' 2019 | 140.50                                  | 119.45  | 139.80          | 11,945.00             | 11,090.15 | 11,877.45   |
| Nov' 2019 | 146.70                                  | 133.10  | 137.90          | 12,158.80             | 11,802.65 | 12,056.05   |
| Dec' 2019 | 144.70                                  | 127.85  | 143.10          | 12,293.90             | 11,832.30 | 12,168.45   |
| Jan' 2020 | 149.30                                  | 129.70  | 143.70          | 12,430.50             | 11,929.60 | 11,962.10   |
| Feb' 2020 | 156.50                                  | 116.70  | 117.80          | 12,246.70             | 11,175.05 | 11,201.75   |
| Mar' 2020 | 124.60                                  | 78.75   | 88.75           | 11,433.00             | 7,511.10  | 8,597.75    |



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

| Month     | Monthly Performance of REC Share at BSE |         |                 | Movement of BSE SENSEX |           |             |
|-----------|---|---------|-----------------|------------------------|-----------|-------------|
|           | High (₹)                                | Low (₹) | Month Close (₹) | High                   | Low       | Month Close |
| Apr' 2019 | 155.90                                  | 143.50  | 147.55          | 39,487.45              | 38,460.25 | 39,031.55   |
| May' 2019 | 149.70                                  | 132.75  | 144.45          | 40,124.96              | 36,956.10 | 39,714.20   |
| Jun' 2019 | 167.75                                  | 143.90  | 164.70          | 40,312.07              | 38,870.96 | 39,394.64   |
| Jul' 2019 | 169.55                                  | 134.30  | 140.20          | 40,032.41              | 37,128.26 | 37,481.12   |
| Aug' 2019 | 149.65                                  | 128.75  | 144.20          | 37,807.55              | 36,102.35 | 37,332.79   |
| Sep' 2019 | 152.50                                  | 122.00  | 123.10          | 39,441.12              | 35,987.80 | 38,667.33   |
| Oct' 2019 | 140.40                                  | 119.10  | 139.80          | 40,392.22              | 37,415.83 | 40,129.05   |
| Nov' 2019 | 146.70                                  | 133.20  | 137.85          | 41,163.79              | 40,014.23 | 40,793.81   |
| Dec' 2019 | 144.70                                  | 127.90  | 143.25          | 41,809.96              | 40,135.37 | 41,253.74   |
| Jan' 2020 | 149.10                                  | 129.60  | 143.70          | 42,273.87              | 40,476.55 | 40,723.49   |
| Feb' 2020 | 157.25                                  | 116.75  | 118.00          | 41,709.30              | 38,219.97 | 38,297.29   |
| Mar' 2020 | 124.55                                  | 79.00   | 88.75           | 39,083.17              | 25,638.90 | 29,468.49   |

#### ix. Share Transfer System

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

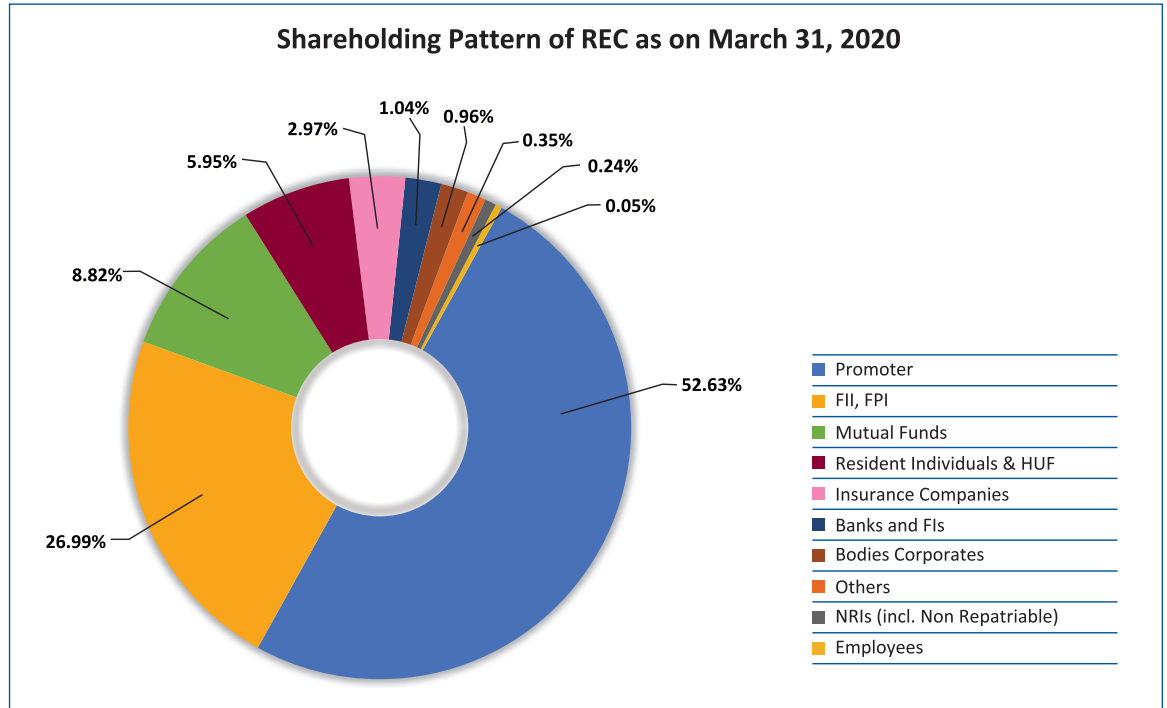
The requests for transmission, transposition, splitting and consolidation under physical segment upto 500 equity shares per individual in each case, are processed by KFin Technologies Private Limited, i.e., the R&TA of the Company. For transmission, transposition, splitting and consolidation exceeding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

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

#### x. Shareholding Pattern / Distribution of Shareholding

##### (a) Shareholding Pattern on the basis of Ownership

| Category  | As on March 31, 2020    |                             | As on March 31, 2019    |                             |
|---|-------------------------|-----------------------------|-------------------------|-----------------------------|
|   | Number of Equity Shares | %age of Total Equity Shares | Number of Equity Shares | %age of Total Equity Shares |
| Promoter and Promoter Group                                   | 1,03,94,95,247          | 52.63                       | 1,03,94,95,247          | 52.63                       |
| Foreign Portfolio Investors & Foreign Institutional Investors | 53,30,40,782            | 26.99                       | 49,95,96,483            | 25.30                       |
| Mutual Funds  | 17,42,48,844            | 8.82                        | 20,43,49,699            | 10.35                       |
| Resident Individuals  | 11,15,58,942            | 5.65                        | 11,63,30,510            | 5.89                        |
| Insurance Companies   | 5,86,90,900             | 2.97                        | 6,17,62,206             | 3.13                        |
| Bodies Corporates   | 1,88,95,069             | 0.96                        | 1,91,21,836             | 0.97                        |
| Clearing Members  | 29,38,620               | 0.15                        | 83,35,517               | 0.42                        |
| Banks   | 43,01,384               | 0.22                        | 63,12,568               | 0.32                        |
| HUF   | 60,19,507               | 0.30                        | 58,81,424               | 0.30                        |
| Trusts  | 27,26,714               | 0.14                        | 54,84,817               | 0.28                        |
| Non Resident Indians  | 31,28,400               | 0.16                        | 37,93,231               | 0.19                        |
| Indian Financial Institutions / QIB                           | 1,62,00,637             | 0.82                        | 19,68,545               | 0.10                        |
| Non Resident Indian-Non Repatriable                           | 14,91,158               | 0.08                        | 13,84,708               | 0.07                        |
| Employees   | 9,02,884                | 0.05                        | 8,46,622                | 0.04                        |
| Others - (IEPF & AIF)   | 12,76,567               | 0.06                        | 2,39,794                | 0.01                        |
| NBFC  | 2,345                   | Negligible                  | 14,793                  | Negligible                  |
| <b>TOTAL</b>  | <b>1,97,49,18,000</b>   | <b>100%</b>                 | <b>1,97,49,18,000</b>   | <b>100%</b>                 |



**(b) Distribution of Shareholding as on March 31, 2020**

| Number of Shares | Number of Shareholders | %age of Shareholders | Total Shares          | %age of Shares |
|------------------|------------------------|----------------------|-----------------------|----------------|
| 1-5000           | 2,83,861               | 88.15                | 3,98,59,182           | 2.02           |
| 5001-10000       | 20,081                 | 6.24                 | 1,58,40,545           | 0.80           |
| 10001-20000      | 9,646                  | 2.99                 | 1,43,37,745           | 0.73           |
| 20001-30000      | 2,827                  | 0.88                 | 72,31,601             | 0.37           |
| 30001-40000      | 1,294                  | 0.40                 | 46,55,447             | 0.23           |
| 40001-50000      | 920                    | 0.29                 | 43,15,137             | 0.22           |
| 50001-100000     | 1,618                  | 0.50                 | 1,16,16,422           | 0.59           |
| 100001 and above | 1,784                  | 0.55                 | 1,87,70,61,921        | 95.04          |
| <b>TOTAL</b>     | <b>3,22,031</b>        | <b>100.00</b>        | <b>1,97,49,18,000</b> | <b>100.00</b>  |

**xi. Dematerialization of Shares & Liquidity**

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

| National Securities Depository Limited   | Central Depository Services (India) Limited   |
|--|---|
| Trade World, 4 <sup>th</sup> Floor, Kamala Mills Compound<br>Senapati Bapat Marg, Lower Parel<br>Mumbai-400013<br>Tel: +91-22-2499 4200<br>Toll free Number: 1800 222 990<br>E-mail ID: <a href="mailto:relations@nsdl.co.in">relations@nsdl.co.in</a> , <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a><br>Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a> | Marathon Futorex, A-Wing, 25 <sup>th</sup> Floor<br>NM Joshi Marg, Lower Parel<br>Mumbai-400013<br>Tel: +91-22-2305 8640/8624/8639/8642/8663<br>Toll free Number: 1800 22 5533<br>E-mail ID: <a href="mailto:helpdesk@cdslindia.com">helpdesk@cdslindia.com</a> , <a href="mailto:complaints@cdslindia.com">complaints@cdslindia.com</a><br>Website: <a href="http://www.cdslindia.com">www.cdslindia.com</a> |



The details of number of shares held in dematerialized and physical form as on March 31, 2020 were as under:

| Category     | Number of Shareholders | Number of Shares      | %age of total shares issued |
|--------------|------------------------|-----------------------|-----------------------------|
| Physical     | 13,458                 | 35,749                | Negligible                  |
| NSDL (Demat) | 1,89,365               | 1,92,79,45,866        | 97.62                       |
| CDSL (Demat) | 1,19,208               | 4,69,36,385           | 2.38                        |
| <b>Total</b> | <b>3,22,031</b>        | <b>1,97,49,18,000</b> | <b>100.00</b>               |

#### xii. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2019-20, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad, has issued *Reconciliation of Share Capital Audit Report*, after carrying out audits to reconcile the total admitted, issued and listed share capital of the Company with NSDL and CDSL, which were submitted by the Company to the Stock Exchanges within the stipulated time. The reports confirmed that the total issued/paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### xiii. Details of Demat Suspense Account

The Company went for an Initial Public Offer (IPO) of 15,61,20,000 equity shares in February, 2008, which comprised of fresh issue of 780,60,000 Equity Shares of ₹ 10/- each by the Company and an Offer for Sale of another equal number of Equity Shares by the President of India. Further, the Company went for a Follow-on Public Offer (FPO) of 17,17,32,000 Equity Shares in February, 2010 which comprised of fresh issue of 12,87,99,000 Equity Shares by the Company and Offer for Sale of 429,33,000 Equity Shares by the President of India.

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI (LODR) Regulations, the details of Equity Shares of the Company in the Demat Suspense Account as on March 31, 2020, were as under (all cases are pertaining to IPO, there are no cases of unclaimed shares pertaining to FPO):

| Sl. No. | Particulars   | April 1, 2019 to March 31, 2020 |                           |
|---------|---|---------------------------------|---------------------------|
|         |   | Number of cases                 | Number of shares involved |
| 1       | Aggregate number of shareholders and outstanding unclaimed shares in the Suspense Account as on April 1, 2019.                          | 36                              | 5,478                     |
| 2       | Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year. | Nil                             | Nil                       |
| 3       | Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.                   | Nil                             | Nil                       |
| 4       | Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2020.                     | 36                              | 5,478                     |

**Note:** The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the time rightful owner of such shares claims the shares.

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

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

#### xv. Annual Listing Fee to Stock Exchanges

The Company has paid the Annual Listing Fee for the financial year 2020-21 to National Stock Exchange of India Limited and BSE Limited, in relation to its listed securities.

#### xvi. Annual Custodial Fee to Depositories

The Company has paid the Annual Custodial Fee for the financial year 2020-21 to National Securities Depository Limited and Central Depository Services (India) Limited.

**xvii. Plant Locations**

The Company is a Public Financial Institution and it does not have any plant location(s). However, apart from the Registered & Corporate Office at New Delhi, the Company has various Regional Offices/State Offices/Sub-Offices across the country and a Training Institute at Hyderabad viz. REC Institute of Power Management and Training (RECIPMT), addresses of which are appearing at the end of this Annual Report.

**xviii. Corporate Identification Number (CIN)**

The CIN of the Company is L40101DL1969GOI005095.

**xix. Address for Correspondence**

REC Limited (Formerly Rural Electrification Corporation Limited)  
Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003, India  
Tel: +91-11-4309 1500 / 1501, Fax: +91-11-2436 0644  
Email: [contactus@recl.in](mailto:contactus@recl.in)

**xx. Corporate Website**

The Corporate Website of the Company is [www.recindia.nic.in](http://www.recindia.nic.in).

**xxi. Compliance Officer & Public Spokesperson**

Shri J.S. Amitabh  
Executive Director & Company Secretary  
REC Limited (Formerly Rural Electrification Corporation Limited)  
Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India  
Tel: +91-11-2436 7305, Fax: +91-11-2436 2039  
E-mail: [complianceofficer@recl.in](mailto:complianceofficer@recl.in), [jsamitabh@recl.in](mailto:jsamitabh@recl.in)

For and on behalf of the Board of Directors



Sanjeev Kumar Gupta  
Chairman & Managing Director  
and Director (Technical)  
(DIN: 03464342)

Place : New Delhi  
Date : August 31, 2020

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
**The Members of**  
**REC Limited,**  
**Core 4, SCOPE Complex,**  
**7, Lodi Road, New Delhi - 110003**

We have examined the relevant registers, records, forms, returns maintained by the Company and the disclosures received from the Directors of REC Limited (*formerly Rural Electrification Corporation Limited*) having **CIN: L40101DL1969GOI005095** and having its registered office at Core 4, SCOPE Complex, 7, Lodi Road, New Delhi - 110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Director Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below, for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

| Sl. No. | Name of Director             | Director Identification Number (DIN) | Date of Appointment |
|---------|------------------------------|--------------------------------------|---------------------|
| 1.      | Shri Ajeet Kumar Agarwal     | 02231613                             | August 01, 2012     |
| 2.      | Shri Sanjeev Kumar Gupta     | 03464342                             | October 16, 2015    |
| 3.      | Shri Mritunjay Kumar Narayan | 03426753                             | September 02, 2019  |
| 4.      | Shri Praveen Kumar Singh     | 03548218                             | June 18, 2019       |

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the same based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Hemant Singh & Associates**  
**Company Secretaries**

**Hemant Kumar Singh**  
**(Partner)**

**Membership No.: F6033**

**CP No.: 6370**

**UDIN: F006033B000330148**

**Date: June 09, 2020**

**Place: New Delhi**

## CERTIFICATE

Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

June 16, 2020

This is to certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sd/-**  
**(Ajoy Choudhury)**  
**Director (Finance)**  
**DIN: 06629871**

**Sd/-**  
**(Sanjeev Kumar Gupta)**  
**Chairman & Managing Director**  
**and Director (Technical)**  
**DIN: 03464342**



# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

|     |   |   |
|-----|---|---|
| 1.  | Corporate Identity Number (CIN) of the Company  | L40101DL1969GOI005095   |
| 2.  | Name of the Company   | REC Limited<br>(Formerly Rural Electrification Corporation Limited)   |
| 3.  | Registered address  | Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India.  |
| 4.  | Website   | <a href="http://www.recindia.nic.in">www.recindia.nic.in</a>  |
| 5.  | E-mail Id   | <a href="mailto:complianceofficer@recl.in">complianceofficer@recl.in</a>  |
| 6.  | Financial year reported   | FY 2019-20  |
| 7.  | Sector(s) that the Company is engaged in (industrial activity code-wise)  | REC is a Non-Banking Financial Company categorized as Infrastructure Finance Company by the Reserve Bank of India.<br><br>The business activities of the Company fall under Group: 649; Class: 6492; Sub class: 64920 (Other Financial Service activities – Other Credit Granting) of the National Industrial Classification.   |
| 8.  | Key products / services that the Company manufactures / provides (as in balance sheet)  | REC is engaged in financing projects / schemes of power generation (both conventional and renewable energy), transmission, distribution, rural electrification and activities having forward / backward linkage with power projects, in both public and private sectors. Its key products include Long Term Loans, Medium Term Loans, Short Terms Loans etc. for the entire power sector value chain.<br><br>In addition to that, REC also acts as the nodal agency or project management / implementing agency for various schemes and programmes of national importance of the Ministry of Power, Government of India, such as DDUGJY (Deendayal Upadhyaya Gram Jyoti Yojana), SAUBHAGYA (Pradhan Mantri Sahaj Bijli Har Ghar Yojana) and NEF (National Electricity Fund), to name a few. |
| 9.  | Total number of locations where business activity is undertaken by the Company<br>(a) Number of International Locations<br>(b) Number of National Locations | The Registered & Corporate Office of REC is located at New Delhi.<br><br>Further, REC has 23 Regional Offices / State Offices / Sub-offices in India, i.e., at Bengaluru, Bhopal, Bhubaneswar, Chennai, Dehradun, Guwahati, Hyderabad [Regional Office as well as training institute viz. REC Institute of Power Management and Training (RECIPMT)], Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Shillong, Shimla, Thiruvananthapuram, Vadodara, Varanasi and Vijayawada. The Company does not have any international office, at present.  |
| 10. | Markets served by the Company – Local/State/National/ International   | The Company serves the Indian markets and its business extends throughout India. For resource mobilization purpose, the Company also taps international markets, besides domestic markets.  |

## Section B: Financial Details of the Company (as on March 31, 2020)

|    |   |  |
|----|---|--|
| 1. | Paid-up Capital   | ₹1,974.92 crore  |
| 2. | Total Turnover  | ₹29,854.98 crore   |
| 3. | Total Profit After Taxes  | ₹4,886.16 crore  |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax | For the financial year 2019-20, REC had allocated a CSR budget of ₹156.68 crore (calculated @ 2% of the average net profits of the Company during the three immediately preceding financial years). The total amount to be spent in financial year 2019-20 worked out to ₹399.85 crore (i.e. budget of ₹156.68 crore for financial year 2019-20 and amount of ₹243.17 crore carried forward from previous years). As against the same, REC disbursed an amount of ₹ 258.40 crore in financial year 2019-20 towards various CSR projects (including amounts carried forward from previous years).<br><br>The amount of disbursement was linked to pre-defined milestones or deliverables of each CSR project as per the terms of sanction. The undisbursed amount(s) will be disbursed in the subsequent year(s), alongwith respective CSR disbursements of such year(s). |
| 5. | List of activities in which expenditure in 4 above has been incurred.                     | The major areas on which the above expenditure has been incurred includes health care, sanitation, safe drinking water, education, vocational skills & livelihood enhancement, setting up old age homes and such other facilities for senior citizens, environmental sustainability and rural development projects, besides contribution to PM CARES Fund.   |

Section C: Other Details

|   |   |
|---|---|
| <p>1. Does the Company have any Subsidiary Company / Companies?</p>   | <p>The Company had the following wholly-owned subsidiary companies as on March 31, 2020:</p> <ol style="list-style-type: none"> <li>1. REC Power Distribution Company Limited (RECPDCL)</li> <li>2. REC Transmission Projects Company Limited (RECTPCL)</li> </ol> <p>Further, RECTPCL acts as “Bid Process Coordinator” for selection of Transmission Service Providers through Tariff Based Competitive Bidding process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments from time to time. For each such project, RECTPCL establishes a project specific Special Purpose Vehicle (a wholly owned subsidiary), which is later transferred along with all assets &amp; liabilities to the successful bidder. Detailed list of such SPVs / wholly owned subsidiaries of RECTPCL is appearing in the Board’s Report forming part of this Annual Report.</p>  |
| <p>2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).</p>   | <p>REC is a NBFC engaged in the financing of various elements of the power sector value chain. It is committed to conduct business responsibly; and its BR initiatives are detailed ahead in this report. REC’s wholly owned subsidiaries also participate in the BR initiatives of the Company from time to time, as indicated below, mainly to enhance the reach and quality of power in the country.</p> <ol style="list-style-type: none"> <li>1. <b>REC Power Distribution Company Limited (RECPDCL):</b> <ol style="list-style-type: none"> <li>a. <b>Smart-metering</b> - RECPDCL is constructing 33/11kv Sub-stations and implementing advanced metering infrastructure etc. in Jammu &amp; Kashmir and Chandigarh under Government programmes, including the Prime Minister’s Development Package.</li> <li>b. <b>Monitoring of household electrification works</b> - RECPDCL is monitoring the works under SAUBHAGYA scheme of the Government of India for 100% household electrification, by way of Pan-India deployment of Gram Vidyut Abhiyantas.</li> <li>c. <b>Solar electrification works in the North East</b> - RECPDCL implemented electrification of 536 villages in Arunachal Pradesh, by installing 6,674 nos. of 300Wp Solar Home Power Packs and 955 nos. of 40Wp Solar Street lights under the DDUGJY scheme of the Government. RECPDCL also conducted electrification of 3,601 rural households in Tripura through Solar Home Lighting Standalone Systems with capacity of 300Wp each, under the Government’s SAUBHAGYA scheme.</li> </ol> </li> <li>2. <b>REC Transmission Projects Company Limited (RECTPCL)</b> <ol style="list-style-type: none"> <li>a. <b>Urja Mitra App for electricity consumers</b> - RECTPCL has developed the ‘Urja Mitra’ App under the guidance of Ministry of Power, for dissemination of outage information to power consumers across India through SMS/email/push notifications. This is an initiative towards more transparency &amp; accountability, whereby data of rural / urban / mixed feeder consumers has been linked. As on June 30, 2020, the App was live in 52 DISCOMs with a consumer base of 20 crore.</li> <li>b. <b>Monitoring power supply in rural areas</b> - RECTPCL is the nodal agency for implementation of 11 kV Rural Feeder Monitoring Scheme, on behalf of the Ministry of Power, for monitoring various parameters of power supply in rural areas such as interruptions, supply hours etc., to capture accurate picture of power supply in rural areas and to ensure “24x7 Power For All”.</li> </ol> </li> </ol> |
| <p>3. Do any other entity /entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?</p> | <p>REC’s business associates are also encouraged to participate in the business responsibility initiatives of the Company. REC provides loans to its Borrowers for renovation &amp; modernization of old thermal power plants, replacement of power plants and for installation of pollution control equipment, with the overall objective of safeguarding the environment and reducing emission of harmful oxides and particulate matter.</p> <p>REC is also the first CPSE in the power sector to introduce ‘E-office’ in all its offices across the country, thereby empowering employees to use less paper and reduce carbon footprint. REC’s employees voluntarily contributed one day’s salary to the Prime Minister’s National Relief Fund (PMNRF) to aid the Government’s efforts to fight against COVID-19.</p> <p>Further, REC’s joint venture company viz. Energy Efficiency Services Limited (EESL), is a pioneer in the field of energy efficiency. EESL is implementing various flagship schemes of the Government, such as UJALA (world’s largest non-subsidy based LED lighting programme), SLNP (world’s largest programme to replace existing street lights with smart &amp; energy efficient LED street lights), National E-Mobility Programme (providing e-Vehicles to Government entities for replacing existing petrol &amp; diesel vehicles), <i>Atal Jyoti Yojana</i> (for installation of solar LED street lights in rural, semi-urban areas which don’t enjoy adequate coverage of power) and Super-Efficient Air Conditioning Programme (for providing Super-Efficient ACs to customers at affordable prices), which contribute significantly towards environmental sustainability.</p>  |

**Section D: BR Information****1. Details of Director responsible for BR / BR Head**

| Sl. No. | Particulars      | Details   |
|---------|------------------|---|
| 1.      | Name             | Shri Sanjeev Kumar Gupta                              |
| 2.      | Designation      | Director (Technical) and Chairman & Managing Director |
| 3.      | DIN              | 03464342  |
| 4.      | Telephone number | +91-11-2436 7479 / +91-11-4309 1522                   |
| 5.      | E-mail id        | skgupta@recl.in                                       |

**2. Principle-wise (as per NVGs) BR Policy / policies**

Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, read with SEBI Circular dated November 4, 2015, provides that Top 1000 listed companies shall formulate a structured Business Responsibility Report based on the following nine principles, describing the initiatives taken by them from an environmental, social and governance perspective:-

|             |   |
|-------------|---|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.<br><b>[Ethics, Transparency &amp; Accountability]</b>   |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.<br><b>[Sustainability in Life-Cycle of Product]</b>                    |
| Principle 3 | Businesses should promote the well-being of all employees.<br><b>[Employee Well-Being]</b>  |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.<br><b>[Stakeholder Engagement]</b> |
| Principle 5 | Businesses should respect and promote human rights.<br><b>[Promotion of Human Rights]</b>   |
| Principle 6 | Businesses should respect, protect and make efforts to restore the environment.<br><b>[Environmental Protection]</b>  |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.<br><b>[Responsible Public Policy Advocacy]</b>                                      |
| Principle 8 | Businesses should support inclusive growth and equitable development.<br><b>[Inclusive Growth and Equitable Development]</b>  |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner.<br><b>[Customer Value]</b>  |

**2(a) Details of compliance (Reply in Y/N)**

| Sl. No. | Questions   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|----|----|----|----|----|----|----|----|----|
| 1.      | Do you have a policy/policies for...  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2.      | Has the policy being formulated in consultation with the relevant stakeholders?   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3.      | Does the policy conform to any national/international standards? If yes, specify?                                       | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 4.      | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?      | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5.      | Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy? | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6.      | Indicate the link for the policy to be viewed online?   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 7.      | Has the policy been formally communicated to all relevant internal and external stakeholders?                           | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8.      | Does the Company have in-house structure to implement the policy/policies?  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

| Sl. No. | Questions  | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|--|----|----|----|----|----|----|----|----|----|
| 9.      | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10.     | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?                                | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

Note: The relevant explanation/information/links are mentioned in the Annexure to this Report.

|      |  |  |
|------|--|--|
| 2(b) | If answer to the question at Sl. No. (a) against any principle, is 'No', please explain why.   | Not Applicable.  |
| 3.   | <b>Governance related to BR</b>  |  |
|      | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the performance of the Company.        | On quarterly & annual basis.   |
|      | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? | Yes. REC publishes its Business Responsibility Report as a part of its Annual Report. The hyperlink for viewing the same for FY 2019-20 is <a href="https://www.recindia.nic.in/annual-report-2019-20">https://www.recindia.nic.in/annual-report-2019-20</a> . |

## Section E: Principle-wise performance

### Principle 1 - Ethics, Transparency & Accountability

|    |   |   |
|----|---|---|
| 1. | Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group / Joint Ventures Suppliers / Contractors / NGOs / Others? | <p>Yes, REC's ethics, anti-bribery and governance framework extends to the Company, as well as to the subsidiaries and business associates.</p> <p>REC has a strong framework of ethics &amp; governance, defined and implemented through various Board-approved polices, codes &amp; rules, such as:</p> <ol style="list-style-type: none"> <li><i>Policy for Prevention of Frauds</i>, which sets forth obligation on part of every employee of the Company for prevention, detection and reporting of any act of fraud, bribery or corruption.</li> <li><i>Vigil Mechanism</i> for Directors and Employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. As an integral part of such Vigil Mechanism, there is also the <i>Whistle Blower Policy</i> to empower the Directors and Employees of REC and / or its subsidiary companies, to detect and report any improper activity within the Company.</li> <li><i>Code of Business Conduct &amp; Ethics</i>, which captures the behavioral and ethical standards to be followed by the Board Members and Senior Management Personnel of the Company.</li> <li><i>Fair Practices Code</i>, which sets out the fair and transparent practices to be followed by the Company in its lending operations, as prescribed under RBI norms.</li> <li><i>REC Procurement Guidelines</i>, which lay down the procedures to be followed for procurement of goods and services in a fair and transparent manner and also in compliance with the Guidelines of Central Vigilance Commission (CVC).</li> <li><i>Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions</i>, which prescribes adequate procedures and disclosures to be made before entering into related party transactions.</li> <li><i>REC Conduct, Discipline and Appeal (CDA) Rules</i>, which define the code of conduct for all employees; and which construes acts of bribery, corruption, etc. as misconduct.</li> <li><i>Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure</i>, for compliance of SEBI Insider Trading Code. It applies to not only the Company's Directors, Designated Employees and their relatives, but also to the Directors, Designated Employees and relatives of the holding company, subsidiary companies, intermediaries &amp; fiduciaries dealing with the Company.</li> </ol> <p>The above policies, codes, rules etc. are followed by REC's subsidiary companies, wherever applicable. Further, it is ensured that other stakeholders dealing with REC also conform to the principles of ethics, fairness and transparency.</p> <p>The Company's strong commitment to governance and ethics is well-recognized at various national and international forums. During the financial year 2019-20, REC was conferred the '<b>PSE Excellence Award, 2018</b>' for excellence in Corporate Governance by the Indian Chamber of Commerce (ICC), as runner up in the Navratna and Maharatna category. Further, REC was also conferred the '<b>ICAI Award for Excellence in Financial Reporting</b>' for financial year 2018-19 in 'Public Sector Entities' category, in recognition of the disclosure practices in its first Ind-AS (Indian Accounting Standards) Financial Statements and Annual Report.</p> |
|----|---|---|

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|---|---|---|
| 2 | How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | As on April 1, 2019, there were 10 complaints under process under Vigilance; and 9 more complaints were received during the financial year 2019-20. Out of the total 19 complaints, 8 complaints (i.e. 42%) were resolved during the year and the remaining complaints are under review. Besides the above, 3 complaints were received under PIDPI category, which are also under review. |
|---|---|---|

**Principle 2 - Sustainability in Life-Cycle of Product**

|    |   |   |
|----|---|---|
| 1. | List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.   | <p>REC is a NBFC categorized as Infrastructure Finance Company (IFC) by the Reserve Bank of India. REC is engaged in the financing of projects / schemes of power generation (both conventional and renewable energy), transmission, distribution, rural electrification and activities having forward / backward linkage with power projects, in both public and private sectors. In addition to that, REC also acts as nodal agency or project management / implementing agency for various Government schemes.</p> <p>The key products/services offered by the Company include Long Term Loans, Medium Term Loans, Short Terms Loans etc., which are financial products <i>per se</i>. The Company endeavors to incorporate social and environmental concerns in the appraisal of the projects it finances and its activities in general.</p> <p>In the last 50 years of its operations, REC has sanctioned power projects to the tune of ₹10,00,000 crore, which includes nearly 5 GW of Renewable Energy projects. REC has a defined policy framework for financing of renewable energy projects at competitive rates. REC also became the first Indian PSU in year 2017 to raise money from the international markets, through Green Bonds listed on International Securities Market segment of London Stock Exchange. The said Green Bonds have a tenor of 10 years and their proceeds are applied for financing / re-financing of eligible Green Projects as per the Climate Bond Standards.</p> <p>Being the nodal agency for operationalization of the SAUBHAGYA scheme, REC continues to support the Government's universal household electrification programme. With the concerted efforts of States and DISCOMs, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019. Further, on request of seven States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of these, States/DISCOMs have released connections to 13.92 lakh households during financial year 2019-20.</p> <p>Under the 'Atmanirbhar Bharat' package of the Government of India, REC has disbursed Special Long-Term Transition Loans to DISCOMs for making payment to generators, as they were facing severe cash crunch owing to the COVID-19 pandemic. These loans provided much needed relief to the liquidity situation of the power sector. REC is also supporting the Ministry of Power for implementation of Ujwal DISCOM Assurance Yojana i.e. UDAY scheme for financial turnaround and revival of Power DISCOMs in the country. REC has developed a state-of-the-art web portal and an online App for monitoring performance of DISCOMs, which has resulted in transparency &amp; accountability.</p> |
| 2. | <p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product.</p> <p>i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?</p> <p>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p> | <p>Considering the business activities of the Company, these questions have limited applicability. Being a NBFC, the Company offers financial products &amp; services; and the main resources consumed are electricity, office supplies and communication / IT equipment. REC has taken a number of initiatives during the year for optimizing its resource use.</p> <p>The offices of REC have been made more energy-efficient by replacement of all conventional / CFL lights with energy efficient LED lights. The Company also contributes to effective monitoring, controlling &amp; scheduling of AC chilling units, elevators etc. maintained by SCOPE at its registered office premises in New Delhi, thereby helping in lesser power consumption. REC is also the first power sector CPSE in the country to go paperless, by introducing 'E-office' system in all its offices across the country and in the offices of its subsidiaries, thereby reducing the use of paper. The Company's IT interventions enabled the employees to work seamlessly, during the lockdown imposed under the COVID-19 pandemic.</p> <p>Electronic waste of the Company is duly collected for responsible disposal through E-waste recyclers. The Company has installed water-saving faucets / fittings in its offices, as an effort to conserve water. REC has also stopped the consumption of single use plastic in its office premises. With the above measures and more, the Company is consciously working towards reducing its carbon footprint.</p>  |



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|----|---|--|
| 3. | Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so.   | Being a NBFC, REC is less resource-intensive in terms of material requirements. The main resources consumed are electricity, office supplies and communication / IT equipment.<br><br>Despite the limited scope, REC ensures responsible sourcing of all its material requirements. The Company promotes GeM portal (Government e-Marketplace) in its procurements and also promotes sourcing from MSME vendors. All procurement / sourcing of material and services is done as per the procedure defined in the Procurement Guidelines of the Company.  |
| 4. | Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?<br><br>(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors? | The Company encourages procurement of goods & services from Micro, Small and Medium Enterprises (MSMEs), including those which are owned by SC/ST, as per its Procurement Guidelines. The Company also supports the Government's initiatives to promote MSME sector. REC has made it mandatory to procure 100% of certain common use Goods & Services valuing upto ₹10 lakh from MSME vendors and also to allow price preference upto 50% to MSEs, out of which 20% is reserved for SC/ST and women entrepreneurs.<br><br>REC extends various facilities in its procurement procedures to MSME units having valid Udyog Aadhaar number or registered with the National Small Industries Corporation, such as supply of tender sets free of cost, exemption from payment of earnest money, waiver of security deposit in some cases etc.<br><br>Further, REC is registered on <i>Sambandh</i> , <i>Samadhaan</i> and <i>TReDS</i> portals of the Government, which facilitate the MSME sector. REC also participates in Vendor Development Programmes organized by various industrial bodies / associations, from time to time. |
| 5. | Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? Also provide details thereof, in about 50 words or so.  | The Company outsources the mechanism to collect waste papers from its premises, for the purpose of recycling. The Company also minimizes its electronic waste and ensures responsible disposal of E-waste through Government / Pollution Control Board registered E-waste recyclers.<br><br>During financial year 2019-20, all officers of REC led by the senior management did 'Swacchhta Shramdaan' on October 2, 2019 and cleaned public areas at all locations of REC offices. Close to 500 kg of single use plastic waste was collected, segregated and sent for recycling. The Company also distributed cotton and jute bags at various locations to reduce plastic use. Further, the Company conducted various sessions & competitions for school children, to sensitize them about the environment and encourage them to stop usage of single use plastic.<br><br>REC was also awarded the Swachh Bharat Puraskar in September 2019 by the Ministry of Jal Shakti, Government of India.  |

### Principle 3 - Employee Well-Being

|    |   |  |
|----|---|--|
| 1. | Please indicate the total number of employees   | As on March 31, 2020, the Company had total 468 employees.   |
| 2. | Please indicate the total number of employees hired on temporary/ contractual/casual basis      | During the financial year 2019-20, the Company had not hired any employees on temporary/contractual/casual basis. However, the company utilizes the services of temporary staff through placement agencies, based on the organization's needs from time to time. |
| 3. | Please indicate the number of permanent women employees   | As on March 31, 2020, the Company had 80 permanent women employees, i.e., 17.09% of its permanent workforce.   |
| 4. | Please indicate the number of permanent employees with disabilities                             | As on March 31, 2020, the Company had 12 <i>Divyang</i> employees (employees with disabilities) on its rolls, i.e., 2.56% of its permanent workforce.  |
| 5. | Do you have an employee association that is recognized by management?                           | Yes, REC has recognized Union of its non-supervisory permanent employees and Association of its executives.  |
| 6. | What percentage of your permanent employees is members of this recognized employee association? | Regular employees of the Company are members of either the Employees' Union or the Executives' Association of REC.   |

|    |  |  |
|----|--|--|
| 7. | Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | <p>The Company has not received any complaint relating to child labour / forced labour / involuntary labour or sexual harassment in the last financial year and no complaint was pending as on March 31, 2020.</p> <p>The Company neither engages any form of child labour / forced labour / involuntary labour nor adopts any discriminatory employment practices.</p> <p>The Company has a proper framework for dealing with instances relating to sexual harassment. In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition &amp; Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior woman official of the Company and includes representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC's <i>Conduct, Discipline and Appeal Rules</i>, which are applicable to all employees.</p> |
| 8. | What percentage of your undermentioned employees were given safety & skill upgradation training in last year?  | <p>Considering the nature of business of the Company, the question has limited relevance in respect of safety. However, the Company has a strong focus on imparting skill upgradation and life skill trainings to its employees. During the financial year 2019-20, such trainings were given to 73.08% permanent employees of REC (including 16.03% permanent women employees and 1.71% permanent 'Divyang' employees), which worked out to 2,402 training man days in total.</p> <p>The Company has a training institute viz. REC Institute of Power Management &amp; Training (RECIPMT) at Hyderabad, where various training programmes are conducted for power sector personnel from various organizations. RECIPMT also conducted including orientation sessions, functional workshops and leadership mentoring programmes for employees of REC.</p>  |

**Principle 4 - Stakeholder Engagement**

|    |   |  |
|----|---|--|
| 1. | Has the company mapped its internal and external stakeholders? Yes/No.                                  | <p>Yes. REC has clearly mapped its internal and external stakeholders. Internal stakeholders include employees &amp; staff of the Company. External stakeholders include equity shareholders, bondholders, creditors, bankers, borrowers &amp; customers including State Electricity Boards, State Power Utilities, Private Sector Borrowers and Governmental &amp; Regulatory bodies such as State Governments, Reserve Bank of India, Ministry of Corporate Affairs, Securities &amp; Exchange Board of India etc.</p>   |
| 2. | Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? | <p>Yes. REC has identified its disadvantaged, vulnerable &amp; marginalized stakeholders and takes active steps to ensure their best interests.</p> <p>For its employees, staff and their dependents, REC has adopted welfare-oriented policies in line with general laws and regulations and sound ethical practices, covering areas such as study leave, post-retirement medical benefits, women-centric policies focusing on work-life balance, rehabilitation in the unfortunate event of death or disability of an employee etc., which endeavor to provide an environment of care &amp; nurturing.</p> <p>The Company is also following the guidelines/directions issued by the Government of India from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/ differently-abled categories in recruitment.</p> <p>There are dedicated Investor Service Teams in the Company for Equity Shareholders / Bondholders, which endeavor to resolve all queries / grievances of such stakeholders to their satisfaction, at the earliest. The Company also makes best efforts on a regular basis to reach out to those Equity Shareholders who have unclaimed / unpaid dividends / shares lying with the Company, so that such investors do not miss out on getting their rightful monies.</p> <p>Further, the interests of Borrowers are safeguarded by giving them direct access to the Company's ERP portal (Borrowers' Portal); and through effective implementation of the Fair Practices Code. REC also promotes procurement from MSMEs; and extends certain facilities in its procurement procedures to MSME vendors registered with the National Small Industries Corporation.</p> <p>Under its CSR initiatives, the Company has funded and supported socially beneficial projects to empower backward and economically weaker communities, in the fields of sanitation &amp; hygiene, promotion of healthcare, skill development, women empowerment, and rural infrastructural development. The Company has also funded health care, nutrition and school education initiatives in backward districts (including in North East) and other difficult geographical locations.</p> |

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| <p>3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.</p> | <p>Yes, the Company regularly undertakes initiatives to engage with its internal and external stakeholders, which might be disadvantaged, vulnerable or marginalized.</p> <p>REC is the nodal agency for operationalization of the SAUBHAGYA schemes of the Government for universal household electrification. With the concerted efforts of States and DISCOMs, electricity connections were provided to 2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019. Further, on request of seven States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of these, States/DISCOMs have released connections to 13.92 lakh households during financial year 2019-20.</p> <p>During the lockdown caused due to the COVID-19 pandemic, REC took up various projects to provide food/rations to laborers, poor &amp; the needy. The Company distributed cooked meals, packets carrying essentials, rations and medical necessities. As of August 25, 2020, the Company has distributed more than 4.83 lakh kilograms of food grain, 4.48 lakh meal packets, 10,000 liters of sanitizers, 4,690 PPE Kits, 87,300 masks and 2,500 gloves. REC also partnered with TajSATS to distribute meal packets for medical staff in Safdarjung Hospital, New Delhi.</p> <p>REC's other notable CSR initiatives for disadvantaged, vulnerable and marginalized stakeholders include:-</p> <ol style="list-style-type: none"> <li>1. Distribution of assistive aids &amp; appliances to <i>Divyang</i> persons from weaker sections of societies.</li> <li>2. Projects for mechanized sweeping, collection and transportation of municipal solid waste, providing safe drinking water, sanitation &amp; hygiene facilities in urban slum areas and rural areas.</li> <li>3. Projects to support studies, food, residence and other basic necessities for tribal children, holistic education &amp; rehabilitation services for children with visual impairment and supporting innovative mobile school for children of migrant workers.</li> <li>4. Projects for construction and operation of shelter home with wellness facility for elderly people.</li> <li>5. Distribution of seeds in drought prone areas.</li> </ol> <p>REC had also organized a blood donation drive at its Corporate Office on World Blood Donor Day. A total of 80 volunteers from the Company turned up for the drive.</p> <p>During the year under review, REC also completed construction of 5 seated toilet complex at Baraichcha Bir Dham, District Jaunpur (Uttar Pradesh), adopted under the <i>Swachh Tirthsthal Abhiyan</i>.</p> |
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#### Principle 5 - Promotion of Human Rights

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| <p>1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?</p> | <p>REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention Against Corruption.</p> <p>Considering the nature of business of REC, human rights cover the employees &amp; staff of the Company and its subsidiaries. REC has adopted employee-oriented policies in line with general laws and regulations and sound ethical practices. The Company believes that a sustainable organization rests on the foundation of ethics and respect for human rights. The Company also emphasizes on a safe and social environment and human well-being in general. It discourages conduct that implies granting or withholding favors or opportunities, as a basis for making decisions affecting an individual, in return for that individual's compliance.</p> <p>In the wake of the COVID-19 pandemic, where basic human rights of food and shelter were also averted for many, REC expressed its solidarity with the plight of migrant workers by providing shelter to over 36,500 daily wagers and their families during the lockdown. In addition, REC also provided cooked food, rations, utility packets, masks, sanitizers etc. REC has already released funds upwards of ₹7.79 crore for these activities, besides donation of ₹150 crore to the PM CARES Fund to support India's fight against COVID-19.</p> |
| <p>2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?</p>   | <p>The Company did not receive any complaint in the area of human rights violations from any of its stakeholders.</p>  |

## Principle 6 - Environmental Protection

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| 1. | Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.  | The Company encourages all its stakeholders to participate in initiatives focused on environmental protection and sustainability and its policy and guiding principles pertaining to environmental protection is applicable to all group companies.  |
| 2. | Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N.<br>If yes, please give hyperlink for webpage etc.             | As a financial institution in the power sector, REC is increasingly financing Green Energy projects to address the global environmental concerns. Till date, REC has funded nearly 5 GW of renewable energy projects, to support the country's movement towards a greener future. REC was also the first Indian PSU to raise money from international markets through Green Bonds listed on International Securities Market segment of London Stock Exchange.<br><br>REC has a policy for offering concessional interest rates for development of Renewable Energy projects, which facilitate lesser dependence on fossil fuels. During the financial year 2019-20, REC has sanctioned loan assistance of ₹7,026.33 crore and disbursed an amount of ₹5,699.09 crore towards various renewable energy projects including solar, wind, biomass, co-generation and hydropower projects. REC is also financing e-Mobility and other environment-friendly projects.  |
| 3. | Does the Company identify and assess potential environmental risks? Y/N   | REC is not a manufacturing company. However, during the appraisal of all the power projects it finances, REC identifies and assesses the potential environmental risks associated with such project(s). As part of the project appraisal process, environment related issues are identified and a detailed due diligence is carried out through site visits, secondary information collection & analysis and review of applicable compliances etc.<br><br>Further, as per the directions of the Ministry of Environment, Forest and Climate Change, it is mandatory for existing and future thermal power plants to install pollution control equipment to curb SOx and NOx emissions. In line with this, REC is financing installation of Flue Gas Desulphurization (FGDs), Selective Catalytic Reduction (SCR) and Electrostatic Precipitators (ESP), which contribute towards curbing of harmful emissions and particulate matter.  |
| 4. | Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also if yes, whether any environmental compliance report is filed? | The above question is not directly applicable, as REC is not a manufacturing company. However, REC has introduced a policy for offering lower interest rates for development of Clean Energy projects such as solar, wind, biomass etc. across the country, and other renewable energy projects including e-Vehicles & charging infrastructure. Through competitive lending policy, REC contributes towards addressing the concerns of climate change, global warming and reduction of greenhouse gas emissions.<br><br>During the year, REC sanctioned loan assistance of ₹7,026.33 crore to 17 Renewable Energy projects in total, with aggregate installed generation capacity of 1,754 MW, out of which 7 were solar photo-voltaic projects (917 MW), 7 were wind energy projects (837 MW), 1 was for procurement & installation of equipment for TG Units for small hydro projects, 1 was for DDG component of DDUGJY works and 1 was a loan to State DISCOM for meeting renewable purchase obligations.<br><br>The Renewable Energy portfolio of REC has been growing in terms of both quantity and quality. Going forward, Renewable Energy would be a key focus area for REC, in keeping with the Government of India's target of 175 GW of additional renewable energy capacity by year 2022 and focus on e-Mobility. |
| 5. | Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.                                  | REC has a policy to grants loans at concessional interest rates for development of Renewable Energy Projects. Further, under its CSR initiatives, REC has undertaken several projects that help environmental sustainability, such as mechanized sweeping, collection and transportation of municipal solid waste, installation of water ATMs for safe drinking water and establishment of virtual classrooms in government schools, to name a few.  |
| 6. | Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?  | Since REC is not a manufacturing company, the given question has limited relevance. However, the Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company covers environmental concerns, as applicable, in the due diligence of the projects it finances.  |
| 7. | Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.   | REC has not received any show cause or legal notices from the CPCB or any SPCB.  |

**Principle 7 - Responsible Public Policy Advocacy**

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| 1. | Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.        | <p>Yes. REC is a member of various national trade chambers, associations etc., including the Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Central Board of Irrigation &amp; Power (CBIP), World Energy Council (WEC), Standing Conference of Public Enterprises (SCOPE), Power HR Forum, India CFO Forum, Institute of Public Enterprises (IPE) and UN Global Compact. REC has also inked a pact with the International Solar Alliance (ISA). Further, REC is already registered with Government's E-Marketplace (GeM).</p> <p>The Directors and Senior Officials of REC are involved from time to time in various committees/ working groups constituted by the Ministry of Power, Government of India, thus contributing towards formulation of various policies relating to the Power Sector.</p>   |
| 2. | Have you advocated/ lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas. | <p>The Company has raised issues relating to clean technology, energy efficiency, and renewable energy at different platforms of the above associations from time to time. REC is also member of World Energy Council (WEC) which functions under the patronage of Ministry of Power, with the support of energy ministries and leading organizations of energy sector (eg. Ministry of Petroleum &amp; Natural Gas, Ministry of Coal, Ministry of New and Renewable Energy, Ministry of External Affairs and Central Electricity Authority).</p> <p>The Company has supported various CSR initiatives for public good, like construction of school buildings, sanitation facilities, community hall, sewage treatment plants, hospitals and medical facilities, education, health care initiatives, including health care of elderly persons and Divyang persons.</p> <p>Recently, REC employed its social media handles to raise awareness about the COVID-19 pandemic, safety measures and the Company's relief programmes. REC actively advocates for green energy, energy efficiency and clean technology, through various modes of public outreach.</p> <p>REC is also registered on TReDS (Trade Receivable Discounting System) portal, an online mechanism for facilitating the financing of trade receivables of MSMEs through multiple financiers. Further, REC is also registered on other portals viz. <i>Sambandh</i> and <i>Samadhaan</i> for facilitating MSMEs.</p> |

**Principle 8 - Inclusive Growth and Equitable Development**

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| 1. | Does the Company have specified programme/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.  | <p>REC supports the inclusive growth and equitable development of all its stakeholders. As a nodal agency for operationalization of the SAUBHAGYA scheme, REC has contributed towards universal household electrification in the country.</p> <p>Under its CSR initiatives, REC has supported various projects pertaining to rural development, skill development, women empowerment and development of aspirational districts, which support the cause of inclusive growth and equitable development.</p>  |
| 2. | Are the programmes/ projects undertaken through in-house team/own foundation/ external NGO/ government structures/ any other organization? | <p>For implementing &amp; monitoring the works under the SAUBHAGYA scheme, REC has engaged its wholly owned subsidiary viz. RECPDCL from time to time.</p> <p>The CSR activities of REC are undertaken through REC Foundation, a society registered under the Societies Registration Act, 1860, which implements the CSR projects through specialized agencies, as specified in the Company's CSR &amp; Sustainability Policy.</p>  |
| 3. | Have you done any impact assessment of your initiative?  | <p>As the Nodal Agency for operationalization of DDUGJY and SAUBHAGYA schemes, REC has contributed towards achievement of important landmarks in the fields of universal electrification and '24x7 Power For All'. With the concerted efforts of REC, States &amp; DISCOMs, all inhabited census villages in India were electrified as on April 28, 2018.</p> <p>Further, electricity connections were provided to ₹2.63 crore households under SAUBHAGYA, DDUGJY and State Government schemes during the period from October 11, 2017 to March 31, 2019. Moreover on request of seven States (Assam, Chhattisgarh, Jharkhand, Karnataka, Manipur, Rajasthan and Uttar Pradesh), the Ministry of Power accorded time extension approval to electrify additional 19.09 lakh un-electrified households, which were unwilling earlier to get electrified and had expressed their willingness before March 2019. Out of these, States/DISCOMs have released connections to 13.92 lakh households during financial year 2019-20. Regular review of the progress of electrification works are undertaken with all the agencies concerned.</p> <p>Impact assessment of CSR initiatives is done as per the procedure defined under the Company's CSR and Sustainability Policy. Progress and impact of various CSR initiatives is monitored, evaluated and presented for review to the senior management from time to time.</p> |



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| 4. | <p>What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?</p>                   | <p>Community development is an integral part of various CSR initiatives undertaken by the Company from time to time. During the year under review, REC's CSR initiatives towards community development included deepening of wells in rural areas, renovation &amp; construction of check dams and organizing medical camps in rural areas in Rajasthan, construction of multipurpose hall-cum-indoor stadium in a village and road in Manipur, various rural development works like construction of community hall, PCC Road, Yatri Shed, installation of LED Lights, RO Plants etc. in some areas of Bihar and construction of community center with sanitation facility in villages of Odisha.</p> <p>One of the CSR initiatives of REC included financial support of ₹9.41 crore to North East Slow Food and Agrobiodiversity Society (NESFAS), for rural development in 130 remote villages in Meghalaya and Nagaland. The said program viz. "No one shall be left behind" is a three-year project aimed at enhancing indigenous food systems to improve nutrition, provide food security and generate sustainable livelihoods for over 3,000 households. The project activity includes nutritional analysis, community seed fares, promoting consumption of nutrient-rich local species and skilling &amp; training for entrepreneurship and livelihood. The program is designed to benefit youth, adolescent girls, women and community elders in the project area.</p> <p>In another project viz. 'pact4impact' with the UNFPA, with an outlay of ₹32 crore, various programmes focusing on engaging tribal youth in conflict affected districts, strengthening evidence-based family planning services, developing informed chemists as the first line of health care contact, providing tele-counselling services to adolescents and empowering girls through life skills education were undertaken, through activities designed for community development such as Mission Uday, MedEd, OTC Salah, Sathiya Cinema, Umang-Sathiya Helpline, Saksham, Naubat Baaja, Be a Jagrik and Samridhhi.</p> |
| 5. | <p>Have you taken steps to ensure that this community development initiative is successfully adopted by the community?<br/>Please explain in 50 words, or so.</p> | <p>The successful adoption of REC's community development programmes is regularly monitored and reviewed, as per the established procedure under REC's CSR and Sustainability Policy.</p> <p>The Company also encourages active engagement of stakeholders such as Government Agency(ies), Department(s), NGOs and other local institutions in project planning and implementation of such community development programmes, in order to ensure the ownership and sustainability of the programme. Feedback received from such stakeholders is suitably incorporated in further development of such / similar programme(s) in future.</p>  |

#### Principle 9 - Customer Value

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| 1. | <p>What percentage of customer complaints/ consumer cases are pending as on the end of financial year.</p>  | <p>All complaints received during financial year 2019-20 from various stakeholders were satisfactorily resolved as on March 31, 2020, except for 2 complaints pertaining to bondholders. The same have also been satisfactorily resolved as on the date of this report.</p> <p>As on March 31, 2020, there were 4 consumer cases pending with various consumer forums, out of which 1 case has been filed by an investor, and 3 cases/appeals have been filed by REC. Further, the Company received 'Nil' complaints under its Fair Practices Code during the financial year 2019-20.</p>   |
| 2. | <p>Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks</p>  | <p>The Company is a NBFC offering financial products. The Company ensures that adequate disclosures in respect of its financial products &amp; services are displayed on its Corporate website and other stakeholder / media communications issued from time to time.</p> <p>The Company has also provided direct access to its Borrowers to the ERP portal of the Company, to facilitate them in getting information about the status of their loans and REC's schemes etc. on a real time basis.</p>  |
| 3. | <p>Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.</p> | <p>REC, together with its subsidiary companies, is committed to the highest standards of ethical practices and moral business conduct within the framework of law. As at the end of financial year 2019-20, there was no case pending in REC regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.</p> <p>During the financial year 2014-15, the Competition Commission of India (CCI) had ordered an investigation against REC's wholly owned subsidiary viz. REC Power Distribution Company Limited (RECPDCL), based on an information filed by an informant (name not disclosed). Subsequently CCI disposed off the case in favor of RECPDCL, while observing that no contravention of the provisions of the Competition Act, 2002 was made out against RECPDCL &amp; others. The matter was ordered to be closed in year 2016-17.</p> |

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| 4. | Did your Company carry out any consumer survey/ consumer satisfaction trends? | <p>REC believes in providing the best services to its customers. Meeting(s) with customers are organized from time to time, to understand their expectations and to gauge REC's competitiveness in business. The Company leverages its presence across the country through its Regional / State / Sub Offices, to remain in touch with the customers regularly. Issues faced by customers are mitigated promptly and feedback received from them is implemented to enhance the quality of service. The Senior Management meets on a regular basis to review the progress of such matters; and adequate steps are taken to meet the needs of the borrowers &amp; customers.</p> <p>The Company, through Administrative Staff College of India, Hyderabad, had conducted 'Customer Satisfaction Survey 2019' of its esteemed customers across the country comprising of Central and State Government Power Entities and Private Power Entities. The overall Customer Satisfaction Index (CSI) score of the Survey was 93.04%, which is among the best in Banking Services, as per average American Customer Satisfaction Index (ACSI).</p> |
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## ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

| <b>P1</b>   | <p><b>Ethics, Transparency &amp; Accountability</b></p> <p>REC conducts its business activities with utmost importance to ethics, transparency and accountability. The Company has various policies and codes in place defining its Ethics and Governance framework, which are in full conformity with the laws applicable to the Company. The said framework includes, and is not limited to, the following policies and codes approved by the Board of Directors of the Company:-</p>   |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
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|   | <table border="1"> <thead> <tr> <th data-bbox="159 787 486 819">Name of the Policy</th> <th data-bbox="486 787 1439 819">Weblink</th> </tr> </thead> <tbody> <tr> <td data-bbox="159 819 486 850">Policy for Prevention of Fraud</td> <td data-bbox="486 819 1439 850"><a href="https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf">https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf</a></td> </tr> <tr> <td data-bbox="159 850 486 882">Whistle Blower Policy</td> <td data-bbox="486 850 1439 882"><a href="https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf">https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf</a></td> </tr> <tr> <td data-bbox="159 882 486 955">Code of Business Conduct and Ethics</td> <td data-bbox="486 882 1439 955"><a href="https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf">https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf</a></td> </tr> <tr> <td data-bbox="159 955 486 987">Fair Practices Code</td> <td data-bbox="486 955 1439 987"><a href="https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf">https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf</a></td> </tr> <tr> <td data-bbox="159 987 486 1102">Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions</td> <td data-bbox="486 987 1439 1102"><a href="https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf">https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf</a></td> </tr> <tr> <td data-bbox="159 1102 486 1239">Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure</td> <td data-bbox="486 1102 1439 1239"><a href="https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf">https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf</a></td> </tr> </tbody> </table> | Name of the Policy | Weblink | Policy for Prevention of Fraud | <a href="https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf">https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf</a> | Whistle Blower Policy | <a href="https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf">https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf</a> | Code of Business Conduct and Ethics | <a href="https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf">https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf</a> | Fair Practices Code | <a href="https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf">https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf</a> | Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions | <a href="https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf">https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf</a> | Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure | <a href="https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf">https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf</a> |
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| Whistle Blower Policy   | <a href="https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf">https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf</a>   |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
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|   | <p>In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible only to employees of the organization.</p>  |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
| <b>P2</b>   | <p><b>Sustainability in Life-Cycle of Product</b></p> <p>The Company is a NBFC offering financial products, which include loans to Renewable Energy projects for environmental sustainability. The Company's products &amp; services are available at <a href="https://www.recindia.nic.in/financial-products">https://www.recindia.nic.in/financial-products</a>. Further, the CSR &amp; Sustainability Policy of the Company is available at <a href="https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf">https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf</a>.</p>   |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
| <b>P3</b>   | <p><b>Employee Well-Being</b></p> <p>The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices. Such policies are normally approved by the Board of Directors. They are accessible only to the employees of the Company on the Intranet.</p>   |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
| <b>P4</b>   | <p><b>Stakeholder Engagement</b></p> <p>The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable &amp; marginalized. The Company works towards inclusive growth through its CSR &amp; Sustainability Policy approved by the Board of Directors. The CSR &amp; Sustainability Policy is available at <a href="https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf">https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf</a>.</p>  |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |
| <b>P5</b>   | <p><b>Promotion of Human Rights</b></p> <p>REC strives to safeguard and uphold human rights in all ways possible. The Company has a Code of Business Conduct &amp; Ethics (Code) for its Board Members and Senior Management, which, <i>inter-alia</i>, casts moral imperative on the management members to keep in mind safety and protection of human life and environment and also to avoid discrimination on any grounds. The Code is approved by the Board of Directors. All Directors &amp; Senior Management members affirm compliance to the same annually. The said Code is available at <a href="https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf">https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf</a>.</p>  |                    |         |                                |   |                       |   |                                     |   |                     |   |   |   |   |   |

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|-----------|---|
| <b>P6</b> | <b>Environmental Protection</b><br>As a financial institution in the power sector, REC has been increasingly supporting the development of renewable energy space, including e-Mobility. Loans are offered on competitive terms to renewable energy developers, as per Board-approved policy in this regard. REC also ensures that all projects sanctioned by it, whether pertaining to renewable energy or otherwise, are compliant with the extant environmental norms. Further REC has financed various projects for installation of pollution control equipment in thermal plants, to reduce the emission of harmful oxides and particulate matter.   |
| <b>P7</b> | <b>Responsible Public Policy Advocacy</b><br>REC plays an active and responsible role in matters concerning public & regulatory policy. Senior officials of the Company are involved from time to time in formulation & implementation of various Government Programmes; and developments on such fronts are reviewed at the highest level in the organization.   |
| <b>P8</b> | <b>Inclusive Growth and Equitable Development</b><br>REC has various policies to support inclusive growth and equitable development of all its stakeholders. From its Procurement Guidelines, which supports procurements from micro / small / medium enterprises, to Equal Opportunity Policy for its employees, to attractive lending rates for borrowers who wish to set up green-energy projects, REC has various in-house policies for inclusive growth and equitable development of all its stakeholders.<br><br>In addition to that, REC has a Board-approved CSR & Sustainability Policy, which guides CSR initiatives of the Company, many of which are directed towards inclusive growth and equitable development. REC's CSR & Sustainability Policy is available at <a href="https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf">https://www.recindia.nic.in/uploads/files/CSR-Policy-Wef110717-UpldDt300518.pdf</a> . |
| <b>P9</b> | <b>Customer Value</b><br>As per RBI norms, REC has a Board-approved 'Fair Practices Code' in place, to ensure that fair and transparent practices are followed by the Company while dealing with customers in its lending operations. The Board of Directors periodically reviews the status of compliance with Fair Practices Code and also reviews the status of grievances received under the same, if any. REC's Fair Practices Code is available at <a href="https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf">https://www.recindia.nic.in/uploads/files/fair_practice_code.pdf</a> .  |

All policies and processes are subject to audits and reviews done internally in the Company from time to time. Further, implementation of all policies / codes etc. is regularly reviewed by the senior management including the Board of Directors, wherever applicable, from time to time.

## INTEGRATED REPORT

“Integrated Reporting” is a concept that has been created to articulate the broad range of measures that contribute to long term value and role played by organizations in the society. It is a holistic view of value created by an entity beyond the financial capital, contributing to the economic, social and environmental system. Its true purpose is to link sustainability to business strategy and help the company and its stakeholders identify the non-financial priority areas.

Integrated Reporting as promoted by International Integrated Reporting Council (IIRC) relies on business disclosures through six capitals that guide businesses in long term decision making and planning. SEBI vide its circular dated February 6, 2017 has advised top 500 listed companies to adopt Integrated Reporting (IR) on a voluntary basis from financial year 2017-18 onwards. REC has voluntarily prepared its Integrated Report for the financial year 2019-20. REC's Integrated Report consists of the following capitals:

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

An Integrated Report enhances transparency and accountability, which are essential in building trust and resilience, by disclosing how key stakeholders' legitimate non-financial needs and interests are understood, taken into account and responded to through decisions, actions and performance, as well as ongoing communication. The six capitals from REC's perspective are explained as follows:

### Financial Capital

Financial Capital refers to the funds available to the organization through its business operations, financing and investing activities. Financial Capital plays the most crucial role in any organization. It is reflected in the Financial performance of the Company through the years.

REC has been able to create value by enabling sustainable and consistent financial returns to providers of financial capital. The same has enabled the Company to raise funds at competitive rates, in both domestic and international markets. It can be seen in the following key performance indicators:

Gross Loan asset book of REC as on March 31, 2020 rose to ₹3,22,424.68 crore as compared to ₹2,81,209.68 crore in the previous year. The operating income of REC on a standalone basis was ₹29,791.06 crore during the financial year 2019-20, as against ₹25,309.72 crore in the last financial year. The disbursements for the year rose to ₹75,666.95 crore as against ₹72,165.43 crore in the previous year.

Further, Profit Before Tax for the financial year 2019-20 was ₹6,983.29 crore. Net Profit and Total Comprehensive Income for financial year 2019-20 was ₹4,886.16 crore and ₹4,336.37 crore respectively. REC's Net Worth as on March 31, 2020 was ₹35,076.56 crore, which was 2.26% higher than the Net Worth as on March 31, 2019 of ₹34,302.94 crore.

REC has also been diligent in paying taxes to the Government thus promoting overall growth and development of the country.

The deployment of capital is adequately represented in Financial Capital and through it, Human Capital as well as Social and Relationship Capital are also enhanced. REC through its Financial Capital has played a key role in contributing to the development of Power Sector.

### Manufactured Capital

Manufactured capital is broadly seen as physical objects that are often created by an organization for sale or retained for its own use including objects that are available to an organization for use in production of goods, buildings, infrastructure and equipment etc. REC, being a Non-Banking Financial Company engaged in financing power projects / schemes is not directly creating manufactured capital and the major material requirements comprise of electricity, office supplies, communication & IT related equipments. In order to improve and maintain efficiency, REC invests in upgrading IT systems, infrastructure and physical assets etc.

To cater to needs of its stakeholders in an efficient manner, REC is having Regional / State / Sub-Offices across the country. The Company equips all its employees suitably with IT devices, smart gadgets, VPN connections etc., to empower them to work remotely, efficiently and seamlessly to ensure business continuity.

To support collaborative workspace using advanced systems, REC is coming up with a state of the art office building at Gurugram, Haryana. Manufactured Capital helps REC in tapping Human Capital, and also the Intellectual Capital.

### Intellectual Capital

Intellectual Capital refers to the intangible assets that strengthen the company's financials. These assets include the expertise of employees, organizational processes, and sum of knowledge contained within the organization and brand reputation.

REC acts as the nodal agency or project management / implementing agency for various schemes and programmes of national importance of the Ministry of Power, Government of India and works in close coordination with State Governments, State Electricity Boards, State Power Utilities, Private Sector Borrowers etc. On behalf of the Ministry of Power, REC and its subsidiaries have developed several applications/portal such as Urja Mitra, GARV, UDAY etc. which have proved to be a milestone in the effective implementation of the Government Schemes.

Intellectual Capital is directly linked to Human Resource and is core to REC's strategy. REC had established, a premier Training Institute i.e. REC Institute of Power Management and Training (RECIPMT) at Hyderabad in the year 1979 dedicated for training human resources of Power Utilities in order to enrich the awareness and knowledge about the happenings in the Power Sector for higher productivity in technical and non-technical areas and also apprise of best practices adopted in O&M of the power sector systems. During the financial year 2019-20, RECIPMT imparted 11,993 man-days of training by using the expertise and experience of resources working in the Power sector organizations.

REC has developed core competencies required for its line of business and keeps enhancing the same by providing adequate trainings and skills.

### Human Capital

Human Capital refers to the skills, knowledge and attributes possessed by the employees that help the organization to achieve its goals, grow, develop and remain innovative. It covers in itself hiring and onboarding of talented workforce from reputed institutes across the country, nurturing their talents and skills, performance management and employee well-being.

REC has adopted many employee welfare-oriented policies in line with general laws, regulations and sound ethical practices, focusing upon holistic work-life balance, which endeavor to provide an environment of care & nurturing of the employees and aims at sharpening business acumen and skills required for better employee performance and also provides all possible opportunities and support to the employees including "Divyang Employees" to improve their performance and productivity. The employees also participate in various sports tournaments, cultural, literary events and quiz programmes which promote their overall development. REC has built an atmosphere of trust and cooperation amongst its employees resulting in a motivated workforce and continued improvement in business performance.

Further, towards ensuring safety of employees and promoting their better health during COVID-19 pandemic, regular sanitization drives are being conducted in office premises and employees are being encouraged to use masks, sanitizers and other safety essentials. REC believes that Human Capital is the most important asset to the organization.

### Social and Relationship Capital

Social and Relationship capital refers to the resources and values created by the relationship between an organization and its stakeholders. These relationships include ties with the community, government, customers and supply chain partners. REC aims to bring positive change in the lives of the people and the society at large. The Company consistently strives towards meeting the expectations of the society so as to help in achieving a real and lasting reduction of social and economic disparities as well as protecting the environment.

The Company is also following the guidelines/directions issued by the Government of India from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/differently-abled categories in recruitment.



During the financial year 2019-20, the Company has sanctioned financial assistance under CSR initiatives for implementation of wide range of activities in the field of Environmental Sustainability, Skill development, Sanitation, Healthcare and supporting the Specially-abled.

Further, REC has contributed CSR assistance of ₹150 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund to deal with the situation caused due to COVID-19 pandemic during the years 2019-20 & 2020-21 and also allotted ₹10 crore for providing food/ ration, utility packets etc. to laborers / needy persons and for providing medical equipment to health care workers in various locations of India affected by the COVID-19 pandemic. REC's employees voluntarily contributed one day's salary to the Prime Minister's National Relief Fund (PMNRF) to aid the Government's efforts to fight against COVID-19. REC also organized a blood donation drive at its Corporate office on World Blood Donor Day and 80 volunteers from the Company turned up for the drive.

REC adopts numerous measures for the disadvantaged, vulnerable and marginalized stakeholders and thereby promotes the Social and Relationship Capital.

### Natural Capital

Natural Capital refers to the notion that nature provides immense value that is critical to human existence and therefore any action that depletes Natural Capital is self-defeating for our society.

REC has been increasingly supporting the development of renewable energy space, including e-Mobility. Loans are offered on competitive terms to renewable energy developers. REC also ensures that all projects sanctioned by it, whether pertaining to renewable energy or otherwise, are compliant with the extant environment norms. Further, REC has financed various projects for installation of pollution control equipment in thermal plants, to reduce harmful emissions.

REC also became the first Indian PSU in year 2017 to raise money from the international markets, through Green Bonds listed on International Securities Market segment of London Stock Exchange. The said Green Bonds have a tenor of 10 years and their proceeds are applied for financing / re-financing of eligible Green Projects as per the Climate Bond Standards.

REC is the first power sector CPSE to go paperless, by introducing 'E-office' system in all its offices across the country, thereby empowering its employees to work with lesser carbon footprint. REC continues to encourage its employees to use remote working methods, following the COVID-19 pandemic. REC has adopted various environment friendly practices like use of glass bottles & glass tumblers for meetings, replacing plastic folders with card board folders, use of steel cutlery in canteen instead of plastic items, etc. Various measures for saving electricity are also adopted. The Company also minimizes its electronic waste and ensures responsible disposal of the same through recyclers registered with Government / Pollution Control Board.

REC endeavors to protect Natural Capital not only by minimizing consumption of natural resources but also by minimizing wastage of the same.



Handing over of food packets to be distributed to needy during COVID-19 pandemic.

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

**The Members,  
REC Limited  
(Formerly Known as Rural Electrification Corporation Limited)  
Core-4, SCOPE Complex,  
7, Lodhi Road, New Delhi-110003**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by REC Limited (Formerly Known as Rural Electrification Corporation Limited) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - I. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - II. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - III. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - IV. The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; Not Applicable
  - V. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - VI. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - VII. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable and
  - VIII. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable

The Company is a non-Banking Financial Company (NBFC) Categorized as Infrastructure Finance Company (IFC) with the Reserve Bank of India (RBI) and the Company is engaged in the business of providing finance for power sector. As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors / Businesses:

- Reserve Bank of India Act, 1934 and rules, Regulations and directions issued by RBI, from time to time.
- Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises.

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned below:**

1. The Company was not in compliance with provisions of section 149 of the Companies Act, read with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect to the appointment of requisite number of Independent Directors (from November 13, 2019 to March 31, 2020) including a Woman Director since February 8, 2020.
2. The Company has not complied with provision of section 177 and 178 of the Companies Act, 2013 read with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Composition of the Audit Committee and Nomination and Remuneration Committee since February 8, 2020 and November 13, 2019, respectively.
3. The Company has not complied with provision of section 135 of the Companies Act 2013 with respect to Composition of Corporate Social Responsibility Committee since February 8, 2020, as no Independent Director was member of the Committee.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to above mentioned observation. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for meetings conducted at a shorter notice after complying the necessary provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific events / actions took place in the company having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. The Company has raised the long term/short term fund by issue of different debt instruments for financing various projects as per details mentioned below:

| Sl. No. | Type of Bonds                                 | Amount (₹ in crore) |
|---------|---|---------------------|
| 1       | Capital Gain Bonds (54 EC Capital Gain Bonds) | 6,157               |
| 2       | Institutional Bonds                           | 42,713              |
| 3       | Foreign Currency Borrowing and FCNR(B) Loan   | 18,002              |
| 4       | Commercial Papers                             | 6,029               |
| 5       | Term Loans from Banks/ FIs/ Government        | 14,725              |
| 6       | Short Term Loans from Banks                   | 2,750               |
|         | <b>Total Fund Raised during the Period</b>    | <b>90,376</b>       |

For Chandrasekaran Associates  
Company Secretaries

Dr. S. Chandrasekaran  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN : F001644B000498954

Date: 24.07.2020  
Place: Delhi

**Informatory Notes:**

- i. This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- iii. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

**Annexure-A**

**The Members,  
REC Limited  
(Formerly Known as Rural Electrification Corporation Limited)  
Core-4, SCOPE Complex,  
7, Lodhi Road, New Delhi-110003**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Chandrasekaran Associates  
Company Secretaries**

**Dr. S. Chandrasekaran  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN : F001644B000498954**

**Date: 24.07.2020  
Place: Delhi**

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

**The Members,  
REC Limited  
(Formerly Rural Electrification Corporation Limited)  
New Delhi.**

We have examined the compliance of conditions of Corporate Governance by REC Limited (Formerly Rural Electrification Corporation Limited) ("the Company") for the financial year ended March 31, 2020, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) executed with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that as on March 31, 2020, the Company was in compliance with the requirement of Corporate Governance as stipulated in Listing Regulations and Guidelines on Corporate Governance for CPSEs, 2010, except the appointment of requisite number of Independent Directors (from November 13, 2019 to March 31, 2020) including a Woman Director since February 8, 2020 and composition of Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee, for certain period, during the financial year.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**M/s S.K. Mittal & Co.  
Chartered Accountants,  
ICAI Firm Registration: 001135N**

**Name - S. Murthy  
Designation: Partner  
Membership Number: 072290  
UDIN: 20072290AAAABT7496**

**Date: 7<sup>th</sup> August 2020  
Place: New Delhi**

**M/s O.P. Bagla & Co. LLP.  
Chartered Accountants,  
ICAI Firm Registration: 000018N/  
N500091**

**Name - Atul Aggarwal  
Designation: Partner  
Membership Number: 092656  
UDIN:20092656AAAAFL3784**



## ANNUAL REPORT ON CSR ACTIVITIES

### 1. a. Brief Outline of the Company's CSR policy:

The Company has its 'Corporate Social Responsibility & Sustainability Policy', in consonance with the CSR Policy framework enshrined in Section 135 of the Companies Act, 2013, Companies (Corporate Social Responsibility & Sustainability Policy) Rules, 2014 notified by the Ministry of Corporate Affairs, Government of India; and Guidelines on Corporate Social Responsibility & Sustainability for CPSEs issued by the Department of Public Enterprises, Government of India.

**The salient features of the 'CSR and Sustainability Policy' of the company are as under:**

#### Approach:

REC shall strive to fully exploit its core competence and mobilize its resource capabilities in the implementation of CSR activities/projects, as also to align CSR and Sustainability policy with its business policies and strategies to the extent possible.

#### Broad activities under Corporate Social Responsibility:

The Company would endeavour to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, in a focused manner to the extent possible.

Although the Company may select CSR projects from a vast range of available options, priority would be accorded to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country in the given chosen/focus area(s) and environment sustainability. In line with the above, the Company shall ensure carrying out CSR projects/ programmes in line with activities prescribed under Schedule VII of the said Act.

#### Financial component:

In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act.

#### Institutional set-up under CSR:

The institutional set up shall be as follows:

A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which at least one Director shall be an Independent Director. Role & Responsibilities of the Corporate Social Responsibility Committee shall *inter-alia* include, formulating and recommending to the Board the activities to be undertaken by the Company as specified in Schedule VII, monitor, and recommend the amount of expenditure, periodically submit the reports to the Board of Directors.

The Role & Responsibilities of the Board of Directors shall include, to ensure formation of the Corporate Social Responsibility Committee of the Board, to approve CSR Policy for the Company, after taking into account recommendations made by CSR Committee of the Board, and disclose the contents of such policy in its report, to ensure that activities in its CSR policy are related to activities included in Schedule VII etc.

While Corporate Social Responsibility Committee of the Board shall keep an oversight on the whole activities, to steer the CSR projects, Committee shall be deployed for screening and recommendation of CSR project proposals.



Felicitated with 'Swachhata Puraskar' for 2019 by  
Ministry of Jal Shakti, Government of India



Establishment of Integrity Clubs in 25 schools across India  
by REC Limited

**Mechanism of carrying out CSR activities:**

The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programmes or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The company may decide to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society established by the company, either singly or along with any other company, or established by Central Government or State Government or any entity established under an Act of Parliament or a State legislature, as permitted under the Companies (Corporate Social Responsibility Policy) Rules, 2014. In line with the above, the Company may give preference to those agencies which have past work experience with government/ semi-government/PSUs/autonomous bodies, in line with their focus area of operations.

REC established a society 'REC Foundation' and currently undertakes all its CSR activities through the society.

**Monitoring:**

The Company shall carry out implementation/ monitoring of the CSR Projects in line with Implementation Progress/Monitoring Guidelines for CSR Projects.

The Company may conduct, through its own manpower, located at its Regional Offices/State Offices/Corporate Office, or by an external agency, periodic monitoring of CSR projects concurrently with implementation, or otherwise, to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets etc.

For detailed CSR & Sustainability Policy, please refer REC website.

**b. REC Foundation:**

REC Limited has formed a society 'REC Foundation', to undertake its CSR activities. REC Foundation is registered under Societies Registration Act. The foundation is governed by Governing Body wherein officials of REC Limited are nominated. Presently all the CSR projects are being implemented through REC Foundation.

REC Foundation is headed by Chief Executive Officer who is responsible for planning, execution, monitoring, identification & completion of projects, statutory compliances & reporting etc. REC Foundation has a dedicated team of Social work, Finance & HR professionals which is managed by CEO for smooth operation of the REC Foundation.

**c. Overview of projects or programme undertaken:**

As per the Companies Act 2013 and the Rules thereunder, "Corporate Social Responsibility (CSR)" means and includes but is not limited to:

- (i) Projects or programmes relating to activities specified in Schedule VII to the Act; or
- (ii) Projects or programmes relating to activities undertaken by the Board of Directors of the Company ('the Board') in pursuance of recommendations of CSR Committee of the Board as per declared CSR Policy of the company.

REC through its CSR initiatives attempts to fund and support socially beneficial projects with sustainability as a guiding principle giving priority to issues of foremost concern as in the national development agenda and to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, old age persons, differently abled, children, youth, etc. The overview of the thematic area-wise projects/ programmes undertaken / on-going during the financial year is as follows:

**i. Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water:**

By supporting project for Setting up of mechanized sweeping, collection and transportation of Municipal Solid Waste, Amplifying the message of Swachh Bharat Mission - sustained and safe sanitation practices in addition to the issues around women's



*Renovation and Procurement of medical equipment for Central Sterile Supply Department (CSSD) unit of AIIMS, Delhi*



*Part funding for infrastructure development of Pandit Ram Sumer Shukla Smriti Government Medical College, Rudrapur, Udham Singh Nagar, Uttarakhand.*

health and empowerment via communication intervention titled 'Main Kuch Bhi Kar Sakti Hoon' Season 3, installation of water ATM & hand pumps for providing safe drinking water to rural communities, infrastructure development of the hospitals, providing medical equipment to hospitals, distribution of milk pouches to students studying in Govt. schools, distribution of aids & assistive devices to person with disabilities, providing food to migrant laborers, poor people due to lockdown in view of the outbreak of pandemic corona virus COVID-19 etc.

**ii. Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects:**

By supporting projects for development of infrastructure facility in schools & educational institutions, raising young innovators through the conceptual research experience, supporting for studies, food and other basic necessities to tribal children, supporting innovative mobile school for imparting education to deprived children belonging to migrant labourers residing in various slum areas, supporting job-oriented skill development training program in various trades for youth from economically weaker sections of society including women.



*Providing job oriented skill development to 1000 youths on Machine Operator - Plastics Recycling, Plastics Processing, Blow Moulding*



*Transforming school education by construction of hostels and other infrastructure development in Chandel District of Manipur. The constructed hostel is being used for COVID-19 patients.*

**iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups**

By supporting projects for skill development & livelihood support for women beneficiaries, construction and operation of shelter home with wellness facility for the care of the elderly, supporting program for protection and development of young girls (would be mothers) through a multi prolonged strategy, etc.

**iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga:**

By supporting projects for setting up solar PV panel in various institutions, installation of solar based street lighting system in rural areas, developing parks, etc.



*Supporting various community awareness programme for promoting adolescent health across various location in India*



*Women empowerment by providing skill development training in Punjab and Uttar Pradesh to 880 women*



v. **Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund to deal with the situation caused due to corona virus COVID-19.**

vi. **Rural development projects:**

By supporting program for farmer-centric integrated watershed development for improving rural livelihoods, building of culvert, deepening of wells, renovation & construction of check dams, support for community based interventions through various projects, community development awareness program for ultimate utilization of the naturally available nutrition, food and energy around the communities, various rural development works like construction of community hall, PCC road, conduits, distribution of seeds farmers residing in draught prone area etc.

2. **Web links of Corporate Social Responsibility and Sustainability Policy and programmes:**

In line with the Companies Act 2013, **The Corporate Social Responsibility and Sustainability Policy** of the Company and details of the CSR projects approved by the Board of Directors during the financial year have been uploaded on the Company's web site, i.e. [www.recindia.nic.in](http://www.recindia.nic.in).

The updated status of the ongoing CSR projects is also being uploaded periodically on the web site of the Company.

3. **Composition of the CSR Committee:**

In line with the Companies Act 2013, the Company shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The Corporate Social Responsibility Committee of Directors as on 31st March 2020 comprised of the following:

- Shri Ajeet Kumar Agarwal, Director (Finance) - Chairperson of the Committee
- Shri Sanjeev Kumar Gupta, Director (Technical) - Member
- Shri Praveen Kumar Singh, Nominee Director, PFC - Member

4. **Average net profit of the Company for last three financial years**

The net profit of the Company for the last three financial years, as per Companies Act 2013, is as under:

|                        | (₹ in crore)       |
|------------------------|--------------------|
| Financial Year 2016-17 | - 8,774.66         |
| Financial Year 2017-18 | - 6,391.84         |
| Financial Year 2018-19 | - 8,335.41         |
| <b>Total</b>           | <b>- 23,501.91</b> |
| Average net profit     | - ₹7,833.97 crore  |

5. **Prescribed CSR expenditure (2 per cent of the amount as mentioned above) - ₹156.68 crore.**

6. **Details of CSR spent during the financial year**

- Total amount to be spent for the financial year: ₹399.85 crore (i.e. ₹ 156.68 crore for FY 2019-20 and ₹ 243.17 crore carried forward from previous years);
- Amount spent: Total spent during FY 2019-20 is ₹ 258.40 crore and the manner of amount spent is at **Annexure-A**;
- Amount unspent, if any : The unspent amount for the year is ₹141.45 crore.

7. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:**

Most of the CSR projects sanctioned by the Company takes long period of completion. The disbursement under the projects are linked with achievement of predefined milestones as per sanction terms which are required to be completed in the time span of more than a year. As the milestones and physical progress have not been achieved under the projects, the disbursement could not be made. The unspent amount of ₹141.45 crore shall be released in subsequent years as per progress based milestones.

8. **Responsibility Statement of the CSR Committee:**

The implementation and monitoring of CSR policy by the Company is in compliance with CSR objectives and Policy of the Company.

Sd/-  
(Ajoy Choudhury)  
Director (Finance)  
DIN: 06629871

Sd/-  
(Sanjeev Kumar Gupta)  
Chairman & Managing Director  
and Director (Technical)  
DIN: 03464342

## Details of CSR expenditure during the year 2019-20

(₹ in crore)

| Sl. No.                | CSR Project or Activity identified   | Sector in which the project is covered   | Projects or Programmes<br>1. Local area or other<br>2. State and district           | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency                                    |
|------------------------|--|--|---|--|--|---|--|
| <b>1. A Sanitation</b> |  |  |   |  |  |   |  |
| 1                      | Supporting for Water, Sanitation and Hygiene in Schools for Improving health & education outcomes  | Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water | Unakoti district, Tripura   | 0.49   | 0.04   | 0.29  | District Magistrate and Collector, Unakoti   |
| 2                      | Setting up of sanitation facilities in Government Schools under Swachh Vidyalaya Abhiyaan  |  | 33 districts in Uttar Pradesh, Punjab, Rajasthan, Bihar, Madhya Pradesh & Telangana | 190.00   | (0.25)   | 152.64  | REC REC Power Distribution Corporation Limited & Concerned State Education Authorities |
| 3                      | Setting up of mechanized sweeping, collection and transportation of Municipal Solid Waste in 14 wards of Varanasi  |  | Varanasi, Uttar Pradesh   | 10.00  | 6.00   | 10.00   | Varanasi Nagar Nigam, Varanasi, Uttar Pradesh  |
| 4                      | Supporting for Water, Sanitation & Hygiene for all service in urban and rural areas to Scheduled caste communities and primary schools   |  | Prakasam, Guntur, Krishna & Chittoor districts in Andhra Pradesh                    | 4.19   | 2.82   | 3.66  | Society for Integrated Development in Urban & Rural areas (SIDUR)                      |
| 5                      | Setting up of electric crematorium   |  | Ghaziabad district, Uttar Pradesh   | 1.46   | 0.84   | 0.84  | District Magistrate, Ghaziabad   |
| 6                      | Amplifying the message of Swachh Bharat Mission - sustained and safe sanitation practices in addition to the issues around women's health and empowerment via communication intervention titled 'Main Kuch Bhi Kar Sakti Hoon' Season 3' |  | Across India  | 10.00  | 5.22   | 10.63   | Population Foundation of India (PFI)   |
| 7                      | Supporting for cleanliness, drinking water facilities, sanitation, etc. in slum areas under Swachhta Action Plan   |  | Across India  | 2.10   | 0.13   | 0.13  | RO REC Limited.  |
|                        |  |  | <b>Sub-total (A)</b>  | <b>218.25</b>  | <b>14.79</b>   | <b>178.19</b>                                     |  |



| Sl. No.                 | CSR Project or Activity identified   | Sector in which the project is covered   | Projects or Programmes<br>1. Local area or other<br>2. State and district          | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency                                    |
|-------------------------|--|--|--|--|--|---|--|
| <b>1. B Health Care</b> |  |  |  |  |  |   |  |
| 8                       | Infrastructure development by construction of building in SVNIRTAR to establish the Institute as a 'Centre of Excellence for Deformity Correction  | Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water | Cuttack district, Odisha   | 15.89  | 2.47   | 4.12  | Swami Vivekanand National Institute of Rehabilitation Training and Research (SVNIRTAR) |
| 9                       | Support for distribution/ supply of flavoured milk to school children in government schools  |  | Latehar district, Jharkhand  | 2.60   | 0.20   | 2.34  | National Dairy Development Board Foundation for Nutrition                              |
| 10                      | Distribution of aids & assistive devices to approximate 8000-9000 persons with disabilities  |  | Across India   | 10.00  | 1.68   | 7.15  | Artificial Limbs Manufacturing Corporation of India (ALIMCO)                           |
| 11                      | Infrastructure development by construction of elevator room and installation of elevator in Civil Hospital   |  | Aizawl district, Mizoram   | 0.59   | 0.14   | 0.14  | Medical Superintendent, Civil hospital, Aizawl   |
| 12                      | Infrastructure development by constructing and equipping operation theatre and maternity block in The Leprosy Mission hospitals for providing better health facilities to leprosy affected and other poor people |  | Champa in Chhattisgarh, Faizabad in Uttar Pradesh and Vadathorasalur in Tamil Nadu | 5.00   | 0.48   | 0.48  | The Leprosy Mission Trust India, New Delhi   |
| 13                      | Construction & renovation of Gandhi Memorial Hospital (a Government Hospital)  |  | Rewa, Madhya Pradesh   | 10.96  | 3.73   | 6.94  | Medical College, Rewa  |
| 14                      | Supply and fitment of Cochlear Implants to children with hearing impairments at various locations in India   |  | Across India   | 6.00   | 1.68   | 1.68  | Ali Yavar Jung National Institute of Speech and Hearing Disabilities (AYJNISHD)        |
| 15                      | Construction of blood bank cum administrative block and upgradation of blood bank equipment  |  | Ananthapuram district, Andhra Pradesh  | 1.66   | 0.50   | 0.50  | Indian Red Cross Society, Andhra Pradesh   |

(₹ in crore)

| Sl. No. | CSR Project or Activity identified   | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency        |
|---------|--|--|---|--|--|---|--|
| 16      | Construction of radiotherapy unit in Virat Hospice to support to the terminally ill cancer patients  |  | Jabalpur, Madhya Pradesh  | 3.32   | 1.66   | 1.66  | Brahmrishi Mission Samiti, Jabalpur                        |
| 17      | Construction of Integrated muscular dystrophy and rehabilitation center 'Manav Mandir'   |  | Solan, Himachal Pradesh   | 1.10   | 0.88   | 0.88  | Indian Association of Muscular Dystrophy, Himachal Pradesh |
| 18      | Providing aids and appliances to approx 2500 specially abled persons of the society  |  | Across India  | 1.00   | 1.00   | 1.00  | Shri Bhagwan Mahaveer Viklang Sahayata Samiti              |
| 19      | Part-funding for Community based program for control of Sickle cell diseases and Thalassemia in the 30 districts of Odisha                                     |  | Across Odisha   | 25.00  | 2.50   | 2.50  | Christian Medical College, Vellore                         |
| 20      | Training for manufacturing affordable sanitary napkin and awareness generation on menstrual hygiene amongst rural girls/ adolescents/ women.                   |  | Palwal district, Haryana  | 0.12   | 0.05   | 0.05  | Society for Promotion of Youth & Masses (SPYM)             |
| 21      | Procurement of 3 nos. of hearse van for carrying corpses   |  | National Capital Territory of Delhi                                       | 0.45   | 0.41   | 0.41  | Shaheed Bhagat Singh Sewa Dal                              |
| 22      | Procurement and installation of roller conveyor system to improve the operational efficiency of the centralized kitchen for the supply of mid-day meal program |  | Athal village, Silvassa district, Dadra and Nagar Haveli.                 | 0.88   | 0.26   | 0.26  | U.T. Administration of Dadra and Nagar Haveli              |
| 23      | Infrastructure development of Pandit Ram Sumer Shukla Smriti Govt. Medical College, Rudrapur' Udham Singh Nagar, Uttarakhand                                   |  | Udham Singh Nagar, Uttarakhand  | 18.35  | 7.34   | 7.34  | District Magistrate, Udham Singh Nagar                     |
| 24      | Improvement of health services by renovation & construction in Health Centres and District hospital  |  | Mamit district, Mizoram   | 11.83  | 5.08   | 5.08  | Deputy Commissioner, Mamit                                 |

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(₹ in crore)

| Sl. No. | CSR Project or Activity identified  | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------|---|--|---|--|--|---|---|
| 25      | Transformation of health & school education infrastructure support in district hospital, strengthen hospital staff, procurement of generators, infrastructure development in government school building, teacher training etc |  | Kiphire district, Nagaland  | 5.56   | 2.08   | 2.08  | Deputy Commissioner, Kiphire                        |
| 26      | Construction / extension of staff quarter for medical department and Modular prefabricated housing (quarter) for teachers   |  | Kiphire district, Nagaland  | 4.10   | 0.30   | 0.30  | Deputy Commissioner, Kiphire                        |
| 27      | Improvement of health services in Health Centres and District hospital  |  | Chandel District, Manipur   | 2.17   | 1.21   | 1.21  | Deputy Commissioner, Chandel                        |
| 28      | Providing medical equipment and instrument in District Hospital and Public Health Center  |  | West Sikkim district, Sikkim  | 1.63   | 1.30   | 1.30  | District Magistrate, West Sikkim                    |
| 29      | Construction of Sewage Treatment Plant in Advanced Center for Treatment, Research and Education in Cancer (ACTREC)  |  | Mumbai, Maharashtra   | 8.83   | 2.14   | 2.14  | Tata Memorial Center                                |
| 30      | Providing food to migrant labourers, poor people etc. due to lockdown in view of the outbreak of pandemic corona virus COVID-19   |  | Pan India   | 7.00   | 1.59   | 1.59  | REC / Power utilities/ Local administration         |
|         |   |  | <b>Sub-total (B)</b>  | <b>144.06</b>  | <b>38.71</b>   | <b>51.16</b>                                      |   |

(₹ in crore)

| Sl. No.                         | CSR Project or Activity identified  | Sector in which the project is covered   | Projects or Programmes<br>1. Local area or other<br>2. State and district  | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------------------------------|---|--|--|--|--|---|---|
| <b>1. C Safe drinking water</b> |   |  |  |  |  |   |   |
| 31                              | Providing Safe Drinking Water facility in rural areas in 15 villages of three states                              | Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water | Nalgonda in Telangana, Tonk & Jaipur in Rajasthan & Sangarur in Punjab   | 2.50   | 0.25   | 2.07  | Naandi Foundation, Hyderabad                        |
| 32                              | Installation of Water ATM machine and setting up of community water plants at 10 different bus stations of UPSRTC |  | Mathura, Agra, Etawah, Ghaziabad, Rampur, Moradabad, Hardoi, Azamgarh, Allahabad and Varanasi bus station in Uttar Pradesh | 0.89   | 0.09   | 0.89  | Eureka Forbes Institute of Environment              |
| 33                              | Installation of 275 nos. of hand pump in rural areas  |  | Shravasti district, Uttar Pradesh  | 0.99   | 0.50   | 0.69  | District Magistrate, Shravasti                      |
| 34                              | Installation of 250 hand pump in rural areas  |  | Allahabad district, Uttar Pradesh  | 1.04   | 0.51   | 0.72  | District Magistrate, Allahabad                      |
| 35                              | Installation of 100 nos. of hand pumps and construction of ghaat & excavation of pond in villages                 |  | Bagaha and Chiwantaha districts, Bihar   | 1.01   | 0.35   | 0.65  | Paryavaran Care Society                             |
| 36                              | Installation of 20 nos. of water ATM machines at various iconic locations   |  | Uttar Pradesh, Uttarakhand, Delhi and Jharkhand  | 1.78   | 0.88   | 1.52  | Bisnouli Sarvodaya Gramodaya Sewa Sansthan (BSGSS)  |
| 37                              | Installation of 30 hand pumps in rural areas  |  | Muzaffarpur district, Bihar  | 0.19   | 0.19   | 0.19  | Gandhi Gramodaya                                    |
|                                 |   |  |  | <b>Sub-total (C)</b>   | <b>8.40</b>  | <b>2.76</b>                                       | <b>6.74</b>   |
|                                 |   |  | <b>Sub-total for category (1)</b>  | <b>370.71</b>  | <b>56.26</b>   | <b>236.09</b>                                     |   |

| Sl. No. | CSR Project or Activity identified | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------|------------------------------------|--|---|--|--|---|---|
|---------|------------------------------------|--|---|--|--|---|---|

**2. A Education**

|    |   |   |   |      |      |      |   |
|----|---|---|---|------|------|------|---|
| 38 | Establishment of Virtual Classrooms (VCR) at Government high schools to improve the quality of education  | Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects | 10 districts in Karnataka                                       | 1.74 | 0.33 | 1.65 | Karnataka State Council for Science & Technology (KSCST), Bangalore                         |
| 39 | Supporting for English learning program in 10 government schools  |   | Aizawl district, Mizoram  | 0.05 | 0.03 | 0.04 | Deputy Commissioner, Aizawl   |
| 40 | Raising young innovators through the conceptual research experience in 30 Government institutions   |   | Across Telangana  | 3.03 | 0.63 | 3.03 | T-Hub Foudation   |
| 41 | Establishment of REC integrity clubs in 25 schools  |   | Pan India   | 0.80 | 0.27 | 0.29 | REC   |
| 42 | Improve learning outcomes in primary education to children studying in Govt. schools  |   | Azamgarh district, Uttar Pradesh                                | 1.31 | 0.20 | 1.24 | Research and Extension Association for Conservation Horticulture and Agro-forestry (REACHA) |
| 43 | Infrastructure development of 20 Government schools by providing furniture, projector, smart board, sound system, solar ligh panel, RO Water etc.           |   | Ghaziabad district, Uttar Pradesh                               | 1.00 | 0.48 | 0.48 | District Magistrate, Ghaziabad  |
| 44 | Supporting for construction of compound walls and providing gates in 24 nos. of government schools  |   | Mahbubnagar district Andhra Pradesh                             | 2.51 | 0.75 | 0.75 | District Magistrate, Mahbubnagar  |
| 45 | Providing support for studies, food and other basic necessities to 300 tribal children residing and studying in Kalinga Institute of Social Sciences (KISS) |   | Bhubaneshwar, Odisha  | 0.90 | 0.68 | 0.68 | Kalinga Institute of Social Sciences (KISS)   |
| 46 | Providing holistic education & rehabilitation services for children with visual impairment by providing teaching aids, infrastructural development etc.     |   | National Association for the Blind, R K Puram campus, New Delhi | 1.34 | 0.50 | 0.50 | National Association for the Blind  |



(₹ in crore)

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|---------|---|--|---|--|--|---|---|
| 47      | Renovation work of Seminar Hall' of The Institution of Engineers (India) Uttarakhand State Centre Dehradun  |  | Dehradun, Uttarakhand   | 0.25   | 0.25   | 0.25  | The Institution of Engineers (India), Dehradun      |
| 48      | Raising young innovators through the conceptual research experience to 1800 students and 150 teachers from 30 government institutions   |  | Across Uttar Pradesh  | 1.62   | 0.32   | 0.32  | IIT Kanpur  |
| 49      | Transforming school education by strengthening school library, science laboratory, recruitment of teachers, providing smart class, renovation of hostel, providing furniture, training of teachers & exposure visit of teachers & students etc. |  | West Sikkim district, Sikkim  | 16.85  | 2.59   | 2.59  | District Magistrate, West Sikkim                    |
| 50      | Transforming school education by providing projectors, water facilities, furniture, white boards & markers, infrastructure support in schools & hostels, improvement of science laboratories etc.   |  | Chandel District, Manipur   | 4.00   | 1.98   | 1.98  | Deputy Commissioner, Chandel                        |
| 51      | Providing 94 water purification system in govt. schools and initiating Super 30 for HSC (Higher Secondary Certificate) appearing students   |  | Gajapati district, Odisha   | 1.57   | 0.63   | 0.63  | District Collector, Gajapati                        |
| 52      | Transforming school education by providing equipment, teachers' training, increasing female literacy, providing drinking water in govt. schools, etc.   |  | Mamit district, Mizoram   | 8.80   | 4.06   | 4.06  | Deputy Commissioner, Mamit                          |
| 53      | Converting 150 Anganwadi centers into Pre-schools in the district   |  | Udham Singh Nagar district, Uttarakhand                                   | 2.25   | 0.90   | 0.90  | District Magistrate, Udham Singh Nagar              |

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(₹ in crore)

| Sl. No. | CSR Project or Activity identified  | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency             |
|---------|---|--|---|--|--|---|---|
| 54      | Transforming school education by infrastructure development of 17 Govt. schools, boundary walls, converting class rooms in to smart class rooms, providing play equipment, school library, science/ mathematics laboratory, etc.                    |  | Kangra district, Himachal Pradesh   | 3.08   | 1.23   | 1.23  | Deputy Commissioner, Kangra                                     |
| 55      | Construction of boys hostel (second floor) for tribal children at Sandalpur village and providing support for studies, food and other basic necessities to 150 residential girls at Parivaar Bengal Residential Institution in Barkalikapur village |  | Dewas district, Madhya Pradesh and 24 Pargana district, West Bengal       | 0.96   | 0.29   | 0.29  | Parivaar Education Society                                      |
| 56      | Setting up Research & Rehabilitation Center (third floor), boundary wall with gate and playground at Research and Rehabilitation Centre for specially abled children  |  | Vijaypur village, Bilaspur, Himachal Pradesh                              | 2.00   | 0.40   | 0.40  | Chetna Himachal Pradesh (CHP), Bilaspur                         |
| 57      | An innovative mobile school for imparting education to 462 nos. of deprived children belonging to migrant labourers residing in various slum areas  |  | Gurugram, Haryana   | 0.72   | 0.43   | 0.43  | All India Citizens Alliance for progress & Development (AICAPD) |
| 58      | Construction of 53 nos. of additional classrooms in 32 nos. of Government schools   |  | Gajapati district, Odisha   | 3.32   | 1.33   | 1.33  | District Collector, Gajapati                                    |
|         |   |  | <b>Sub-total (A)</b>  | <b>58.09</b>   | <b>18.27</b>   | <b>23.08</b>                                      |   |

(₹ in crore)

| Sl. No.  | CSR Project or Activity identified  | Sector in which the project is covered  | Projects or Programmes<br>1. Local area or other<br>2. State and district       | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency                            |
|--|---|---|---|--|--|---|--|
| <b>2. B Skill development training program</b> |   |   |   |  |  |   |  |
| 59   | Job oriented skill development training program for approx 7000 beneficiaries                                   | Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects | across India  | 10.00  | 1.34   | 8.19  | National Skill Development Fund/ National Skill Development Corporation (NSDC) |
| 60   | Job oriented skill development training program for 540 beneficiaries   |   | Across India  | 1.95   | 0.40   | 1.76  | Apparel Training and Design Centre (ATDC), Gurgaon                             |
| 61   | Job oriented skill development training program for 1000 beneficiaries  |   | Andhra Pradesh, Chhattisgarh, Tamil Nadu, Odisha, Telangana, and Jharkhand etc. | 2.69   | 1.04   | 2.58  | Indo-German Institute of Advanced Technology (IGIAT), Andhra Pradesh           |
| 62   | Job oriented skill development residential training program for 1650 beneficiaries belonging to Scheduled caste |   | Karnataka, Tamil Nadu, Kerala, Andhra Pradesh, Rajasthan and Uttar Pradesh      | 6.16   | 3.08   | 3.08  | National Scheduled Castes Finance & Development Corporation (NSCFDC)           |
| 63   | Providing skill development training to 100 nos. of Self-help groups (SHG) consisting of 10 women each          |   | Mewat, Haryana  | 0.77   | 0.57   | 0.72  | Matrix Society for Social Services, Mewat                                      |
| 64   | Job oriented skill development training program for 1300 beneficiaries  |   | Pithoragarh, Uttarakhand  | 1.48   | 0.74   | 1.04  | Mahila Ashram Muwani, Pithoragarh  |
| 65   | Job oriented skill development training program for 880 women beneficiaries                                     |   | Gurdaspur district in Punjab and Ghaziabad district in Uttar Pradesh            | 1.25   | 0.40   | 0.94  | Bisnoui Sarvodaya Gramodaya Sewa Sansthan (BSGSS)                              |
| 66   | Job oriented skill development residential training program for 1000 beneficiaries                              |   | Across India  | 6.00   | 4.70   | 4.70  | Central Institute of Plastic Engineering & Technology (CIPET), Chennai         |
| 67   | Job oriented skill development residential training for 700 specially abled beneficiaries                       |   | Across India  | 2.54   | 0.51   | 0.51  | Samarthanam Trust for the Disabled   |
| 68   | Job oriented skill development residential training program for 500 beneficiaries                               | Noida, Uttar Pradesh  | 1.75  | 0.87   | 0.87   | International Computer Institute (ICI), Noida     |  |

(₹ in crore)

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|---------|---|--|---|--|--|---|---|
| 69      | Job oriented skill development training program for 2000 beneficiaries  |  | Aurangabad Maharashtra  | 4.61   | 1.84   | 1.84  | Maharshi Shikshan Prasarak Mandal   |
| 70      | Job oriented skill development residential training program for 1200 beneficiaries  |  | Bhopal, Madhya Pradesh  | 4.31   | 2.29   | 2.29  | Centre for Research and Industrial Staff Performance (CRISP)  |
| 71      | Job oriented skill development training for 1100 beneficiaries  |  | across India  | 2.58   | 0.73   | 0.73  | The Apparel Training & Design Centre  |
| 72      | Job oriented skill development training for approx. 3480 beneficiaries and providing equipment to various training institutes |  | Jammu & Kashmir and Ladakh  | 10.00  | 4.32   | 4.32  | National Skill Development Corporation (NSDC) under the control of National Skill Development Fund (NSDF) |
| 73      | Job oriented skill development training program for 1000 beneficiaries  |  | Mirzapur district, Uttar Pradesh  | 1.54   | 0.46   | 0.46  | Matrix Society for Social Service (MASS)  |
|         |   |  | <b>Sub total (B)</b>  | 57.62  | 23.31  | 34.04   |   |
|         |   |  | <b>Sub total for category (2)</b>   | <b>115.71</b>  | <b>41.57</b>   | <b>57.12</b>                                      |   |

**3. Empowering women, setting up old age homes etc.**

|    |  |   |                                   |             |             |             |                                 |
|----|--|---|-----------------------------------|-------------|-------------|-------------|---------------------------------|
| 74 | Construction and operation of shelter home with wellness facility for the care of the elderly people | Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens etc. | Leh-Ladakh, Jammu & Kashmir       | 3.50        | 1.00        | 1.31        | Helpage India, New Delhi        |
| 75 | Protection and development of young girls (would be mothers) through a multi prolonged strategy      |   | Vijayapura district, Karnataka    | 0.17        | 0.05        | 0.05        | Deputy Commissioner, Vijayapura |
|    |  |   | <b>Sub-total for category (3)</b> | <b>3.67</b> | <b>1.05</b> | <b>1.36</b> | Total                           |

(₹ in crore)

| Sl. No. | CSR Project or Activity identified | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------|------------------------------------|--|---|--|--|---|---|
|---------|------------------------------------|--|---|--|--|---|---|

**4. Ensuring environmental sustainability**

|    |  |  |  |       |      |  |   |
|----|--|--|--|-------|------|--|---|
| 76 | Setting up 1600 nos. of LED based Solar street lights in rural area  | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga | Ashoknagar, Guna and Shivpuri districts, Madhya Pradesh      | 4.82  | 0.94 | 4.80   | Energy Efficiency Services Ltd., New Delhi                        |
| 77 | Setting up of Solar Micro Grids to provide Clean Energy Services to approx 1400 households of rural areas                              |  | Jharkhand and Odisha   | 1.98  | 0.23 | 1.53   | The Energy & Resource Institute (TERI), New Delhi                 |
| 78 | Installation of solar power panels in President Estate for green energy  |  | New Delhi  | 2.49  | 0.15 | 2.49   | REC Power Distribution Company Limited (RECPDCL)                  |
| 79 | Installation of 279 KWp SPV system and 2200 nos. of LED lights at IIT campus   |  | Bangalore, Karnataka   | 4.94  | 0.35 | 3.47   | Indian Institute of Science (IISc), Bangalore                     |
| 80 | Installation of 2 MW SPV system at IIM campus  |  | Tiruchirappalli, Tamil Nadu                                  | 14.20 | 5.96 | 11.64  | Indian Institute of Management (IIM), Tiruchirappalli, Tamil Nadu |
| 81 | Installation of 0.25 MW SPV system and LED lights at Sambalpur University Campus   |  | Sambalpur, Odisha  | 3.44  | 2.61 | 2.61   | Sambalpur University, Odisha                                      |
| 82 | Replacement of the non-functional old structure and installation of 135 KWp SPV system at the campus of the Barefoot College, Tilonia. |  | Tilonia, Rajasthan   | 1.49  | 0.58 | 0.80   | Social Work and Research Centre (SWRC), Ajmer, Rajasthan          |
| 83 | Installation of 445 Solar Based Street Lighting System and 145 Solar High Mast Lights  |  | Bareilly, Aonla, Bisalpur and Bareilly Cantt., Uttar Pradesh | 2.38  | 0.45 | 2.27   | Energy Efficiency Services Limited, Noida (EESL)                  |
| 84 | Providing sustainable energy systems by setting up urja shops, e-rickshaw and solid waste management system in 45 villages             |  | Haryana  | 3.54  | 0.48 | 1.19   | Skill Council for Green Jobs (SCGJ), New Delhi                    |
| 85 | Installation of 50KWp SPV system at campus of Information Technology Institute for the Tribes of India in Jhajra                       | Dehradun district, Uttarakhand   | 0.34   | 0.24  | 0.27 | Swatantrata Senani Lokbandhu Rammurti Pawsey Sewa Nyas, Dehradun |   |



(₹ in crore)

| Sl. No. | CSR Project or Activity identified   | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district  | Amount outlay (budget/sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency                             |
|---------|--|--|--|--|--|---|---|
| 86      | Establishment of SPV system, providing insulation to rabbit conductor & establishment of e-learning centers in 10 residential Government Schools |  | Karnataka  | 12.99  | 9.73   | 9.73  | Karnataka Residential Educational Institutions Society (KREIS)                  |
| 87      | Installation of 1 MWp SPV system at campus of Madurai Kamaraj University   |  | Madurai, Tamil Nadu  | 7.25   | 2.90   | 2.90  | Madurai Kamaraj University (MKU), Madurai                                       |
| 88      | Installation of 2 MWp SPV system at campus of Acharya Nagarjuna University   |  | Guntur, Andhra Pradesh   | 14.50  | 5.29   | 5.29  | New & Renewable Energy Development Corporation of Andhra Pradesh Ltd. (NREDCAP) |
| 89      | Installation of 283 KWp SPV system at campus of Shaheed Udham Singh Panjab University, Constituent College                                       |  | Ferozepur, Punjab  | 1.65   | 1.15   | 1.15  | Shaheed Udham Singh Panjab University, Ferozepur, Punjab                        |
| 90      | Setting up 500 LED based solar street lights in 84 villages  |  | Pilibhit district, Uttar Pradesh   | 1.18   | 0.47   | 0.47  | District Magistrate, Pilibhit   |
| 91      | Installation of 5 kWp SPV system each in 16 residential schools under the ST & SC Development Department of Govt of Odisha                       |  | Kandhamal, Nabarangpur, Koraput, Rayagada, Bargarh, Sundargarh, Sambalpur, Bolangir & Keonjhar districts of Odisha | 1.84   | 0.13   | 1.84  | RECPDCL   |
| 92      | Distribution of about 1.5 lakh Solar Lanterns in poorly electrified areas of backward districts of Andhra Pradesh and Odisha                     |  | Andhra Pradesh, Telangana and Odisha   | 17.20  | 0.53   | 12.57   | Solar Energy Corporation of India (SECI)  |
|         |  |  | <b>Sub-total for category (4)</b>  | <b>96.23</b>   | <b>32.21</b>   | <b>65.02</b>                                      |   |

(₹ in crore)

| Sl. No. | CSR Project or Activity identified | Sector in which the project is covered | Projects or Programmes<br>1. Local area or other<br>2. State and district | Amount outlay (budget/ sanctioned) project or programmes wise | Amount spent during the year 2019-20 on the projects or programmes<br>1. Direct expenditures<br>2. Overheads | Cumulative expenditure up to the reporting period | Amount spent: Direct or through implementing agency |
|---------|------------------------------------|--|---|---|--|---|---|
|---------|------------------------------------|--|---|---|--|---|---|

**5. Contribution to fund set up by Central Government**

|    |                               |  |                                   |               |               |               |                     |
|----|-------------------------------|--|-----------------------------------|---------------|---------------|---------------|---------------------|
| 93 | Contribution to PM CARES Fund | Contribution to Prime Minister's National Relief Fund or any other fund set up by Central Government | Across India                      | 100.00        | 100.00        | 100.00        | Government of India |
|    |                               |  | <b>Sub total for category (5)</b> | <b>100.00</b> | <b>100.00</b> | <b>100.00</b> |                     |

**6. Rural Development Projects**

|     |   |                            |   |                                   |               |               |  |
|-----|---|----------------------------|---|-----------------------------------|---------------|---------------|--|
| 94  | Farmer-Centric Integrated Watershed Management for Improving Rural Livelihood | Rural development projects | Mahboobnagar and Anantapur district of Andhra Pradesh and Telangana | 22.33                             | 5.01          | 11.90         | International Crop Research Institute for the semi-arid Tropics (ICRISAT), Patancheru, Telangana |
| 95  | Assistance for community based interventions through various projects         |                            | Across India  | 32.84                             | 12.61         | 25.66         | United Nations Population Fund (UNFPA)   |
| 96  | Construction of multipurpose hall cum indoor stadium in Somdal village        |                            | Ukhrul district, Manipur  | 4.04                              | 1.99          | 2.58          | North Eastern Region Community Resource Management Society (NERCRMS)/ UDCRMS                     |
| 97  | Construction of road from Yaingangpokpi to Laikoiching villages               |                            | Ukhrul district, Manipur  | 8.00                              | 1.02          | 1.02          | North Eastern Region Community Resource Management Society (NERCRMS)                             |
| 98  | Distribution of seeds to 5000 farmers residing in draught prone area          |                            | Aurangabad District, Maharashtra                                    | 1.93                              | 1.82          | 1.82          | Vishwasindhu Bhahudeshiya Seva Bhavi Sanstha   |
| 99  | Construction of 3 community center with toilet complex in 3 villages          |                            | Mayurbhanj district, Odisha   | 0.30                              | 0.09          | 0.09          | District Collector, Mayurbhanj   |
|     |   |                            |   | <b>Sub-total for category (6)</b> | <b>69.44</b>  | <b>22.54</b>  | <b>43.08</b>   |
|     |   |                            | <b>Total direct expense (1 to 6)</b>                                | <b>755.76</b>                     | <b>253.64</b> | <b>502.68</b> |  |
| 100 | Other indirect expenses, monitoring, pay etc.                                 | Administrative overheads   |   | -                                 | 4.76          | -             |  |
|     |   |                            | <b>Total for the year</b>   | <b>755.76</b>                     | <b>258.40</b> | <b>502.68</b> |  |

**DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR DIFFERENT BOND SERIES AS ON MARCH 31, 2020  
IN TERMS OF REGULATION 53 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

| Sl. No.      | Name of Debenture Trustee   | Contact Details  | ISIN                           | Series No.                      | Secured/Unsecured | Redemption Date | Coupon Rate | Listed at |     | Registrar & Transfer Agent   |   |
|--------------|---|--|--------------------------------|---------------------------------|-------------------|-----------------|-------------|-----------|-----|--|---|
|              |   |  |                                |                                 |                   |                 |             | NSE       | BSE |  |   |
| 1            | IDBI Trusteeship Services Limited<br>Asian Building, Ground Floor,<br>17 R, Kamani Marg, Ballard Estate,<br>Mumbai-400001 | Contact Person: Mr. Ajit Guruji<br>Phone: 022-4080 7001<br>Fax: 022-6631 1776<br>Email: ajit.guruji@idbitrustee.com,<br>response@idbitrustee.com<br>Website: www.idbitrustee.com   | INE020B08518                   | Infra Bonds Series-I (2010-11)  | Unsecured         | 31-Mar-2020     | 8.00%       | Yes       | No  | Beetal Financial & Computer Services (P) Limited<br>Beetal House, 3 <sup>rd</sup> floor, 99 Madangir, Behind LSC, Opp. Dada Harsukhdas Mandir, New Delhi-110062<br>Contact Person: Mr. Sanjay Rastogi<br>Phone: 011-29961281-83<br>Email: recbonds1@gmail.com,<br>beetalra@gmail.com<br>Website: www.beetalfinancial.com |   |
|              |   |  | INE020B08500                   | Infra Bonds Series-I (2010-11)  | Unsecured         | 31-Mar-2021     | 8.10%       | Yes       | No  |  |   |
|              |   |  | INE020B08534                   | Infra Bonds Series-I (2010-11)  | Unsecured         | 31-Mar-2020     | 8.20%       | Yes       | No  |  |   |
|              |   |  | INE020B08526                   | Infra Bonds Series-I (2010-11)  | Unsecured         | 31-Mar-2021     | 8.20%       | Yes       | No  |  |   |
|              |   | Contact Person: Mr. Aditya Kapil<br>Phone: 022-40807066<br>Fax No: 022-66311776<br>Email: adityakapil@idbitrustee.com,<br>response@idbitrustee.com<br>Website: www.idbitrustee.com | INE020B08427                   | 94                              |                   | Unsecured       | 9-Jun-2025  | 8.75%     | Yes |  | No  |
|              |   |  | INE020B08443                   | 95-II                           |                   | Unsecured       | 14-Jul-2025 | 8.75%     | Yes |  | No  |
|              |   |  | INE020B08450                   | 96                              |                   | Unsecured       | 26-Oct-2020 | 8.80%     | Yes |  | Yes   |
|              |   |  | INE020B08468                   | 97                              |                   | Unsecured       | 30-Nov-2020 | 8.80%     | Yes |  | No  |
|              |   |  | INE020B08476                   | 0 CPN-I                         |                   | Unsecured       | 15-Dec-2020 | 0.00%     | Yes |  | No  |
|              |   |  | INE020B08484                   | 0 CPN-II                        |                   | Unsecured       | 3-Feb-2021  | 0.00%     | Yes |  | Yes   |
|              |   |  | INE020B08492                   | 98                              |                   | Unsecured       | 15-Mar-2021 | 9.18%     | Yes |  | No  |
|              |   |  | INE020B08567                   | 100                             |                   | Unsecured       | 15-Jul-2021 | 9.63%     | Yes |  | No  |
|              |   |  | INE020B08591                   | 101-III                         |                   | Unsecured       | 10-Aug-2021 | 9.48%     | Yes |  | No  |
|              |   |  | INE020B08641                   | 105                             |                   | Unsecured       | 11-Nov-2021 | 9.75%     | Yes |  | No  |
|              |   |  | INE020B08740                   | 107                             |                   | Unsecured       | 15-Jun-2022 | 9.35%     | Yes |  | No  |
|              |   |  | INE020B08807                   | 111-II                          |                   | Unsecured       | 19-Nov-2022 | 9.02%     | Yes |  | Yes   |
|              |   |  | INE020B08831                   | 114                             |                   | Unsecured       | 12-Apr-2023 | 8.82%     | Yes |  | Yes   |
|              |   |  | INE020B08849                   | 115                             |                   | Unsecured       | 31-May-2023 | 8.06%     | Yes |  | Yes   |
|              |   |  | INE020B071W2                   | 123-I                           |                   | Secured         | 17-Jul-2021 | 9.40%     | Yes |  | Yes   |
|              |   |  | INE020B071Z5                   | 123-III-10yrs                   |                   | Secured         | 23-Aug-2024 | 9.34%     | Yes |  | Yes   |
|              |   |  | INE020B08872                   | 127                             |                   | Unsecured       | 4-Dec-2021  | 8.44%     | Yes |  | Yes   |
|              |   |  | INE020B08880                   | 128                             |                   | Unsecured       | 21-Dec-2024 | 8.57%     | Yes |  | Yes   |
| INE020B08898 | 129   |  | Unsecured                      | 23-Jan-2025                     | 8.23%             | Yes             | Yes         |           |     |  |   |
| INE020B08906 | 130   |  | Unsecured                      | 6-Feb-2025                      | 8.27%             | Yes             | Yes         |           |     |  |   |
| INE020B08914 | 131   |  | Unsecured                      | 21-Feb-2025                     | 8.35%             | Yes             | Yes         |           |     |  |   |
| INE020B08922 | 132   |  | Unsecured                      | 9-Mar-2022                      | 8.27%             | Yes             | Yes         |           |     |  |   |
| 2            | Vistra ITCL (India) Limited<br>The IL&FS Financial Centre<br>G Block, Plot C-22, BKC,<br>Bandra, Mumbai-400051            | Contact Person: Mr. Sanjay Dodti<br>Phone: 022-26593644<br>Fax: 022-26533297<br>Email: sanjay.dodti@ilfsindia.com,<br>Shailesh.kokate@ilfsindia.com<br>Website: www.itclindia.com  | INE020B08708                   | Infra Bonds Series-II (2011-12) | Unsecured         | 15-Feb-2022     | 8.95%       | Yes       | No  | Beetal Financial & Computer Services (P) Limited<br>Beetal House, 3 <sup>rd</sup> floor, 99 Madangir, Behind LSC, Opp. Dada Harsukhdas Mandir, New Delhi-110062<br>Contact Person: Mr. Sanjay Rastogi<br>Phone: 011-29961281-83<br>Email: recbonds1@gmail.com<br>Website: www.beetalfinancial.com                        |   |
|              |   |  | INE020B08716                   | Infra Bonds Series-II (2011-12) | Unsecured         | 15-Feb-2022     | 8.95%       | Yes       | No  |  |   |
|              |   |  | INE020B08724                   | Infra Bonds Series-II (2011-12) | Unsecured         | 15-Feb-2027     | 9.15%       | Yes       | No  |  |   |
|              |   |  | INE020B08732                   | Infra Bonds Series-II (2011-12) | Unsecured         | 15-Feb-2027     | 9.15%       | Yes       | No  |  |   |
|              |   | INE020B07GG9   | 2011-12 Public Issue Tranche-1 | Secured                         |                   |                 | 28-Mar-2022 | 7.93%     | No  | Yes  | KFin Technologies Private Limited<br>Selenium Tower B, Plot Nos. 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad-500032<br>Contact Person: Mr. Gopala Krishna<br>Phone: 040-67161659<br>Email: gopalakrishna.kvs@kfinetech.com<br>Website: www.kfinetech.com |
|              |   |  |                                |                                 |                   |                 | 28-Mar-2022 | 8.13%     | No  | Yes  |   |
|              |   |  |                                |                                 |                   |                 | 29-Mar-2027 | 8.12%     | No  | Yes  |   |
|              |   |  |                                |                                 |                   |                 | 29-Mar-2027 | 8.32%     | No  | Yes  |   |

| Sl. No.      | Name of Debenture Trustee   | Contact Details  | ISIN         | Series No.                     | Secured/Unsecured | Redemption Date | Coupon Rate | Listed at |     | Registrar & Transfer Agent   |
|--------------|---|--|--------------|--------------------------------|-------------------|-----------------|-------------|-----------|-----|--|
|              |   |  |              |                                |                   |                 |             | NSE       | BSE |  |
| 3            | SBICAP Trustee Company Limited<br>6th Floor, Apeejay House, 3,<br>Dinshaw Wachha Road,<br>Churchgate, Mumbai-400020 | Contact Person: Mr. Ajit Joshi<br>Phone: 022-43025566,<br>Fax: 022-22040465<br>Email:<br>corporat@sbicaptrustee.com,<br>investor.cell@sbicaptrustee.com<br>Website: www.sbicaprtrustee.com | INE020B07K17 | 54EC Series XI (2017-18)       | Secured           | 30-Apr-2020     | 5.25%       | No        | No  | KFin Technologies Private Limited<br>Selenium Tower B, Plot Nos. 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad-500032<br>Contact Person: Mr.Gopala Krishna<br>Phone: 040-67161659<br>Email: gopalakrishna.kvs@kfintech.com<br>Website: www.kfintech.com |
|              |   |  | INE020B07KJ5 | 54EC Series XI (2017-18)       | Secured           | 31-May-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KK3 | 54EC Series XI (2017-18)       | Secured           | 30-Jun-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KL1 | 54EC Series XI (2017-18)       | Secured           | 31-Jul-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KM9 | 54EC Series XI (2017-18)       | Secured           | 31-Aug-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KN7 | 54EC Series XI (2017-18)       | Secured           | 30-Sep-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KO5 | 54EC Series XI (2017-18)       | Secured           | 31-Oct-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KP2 | 54EC Series XI (2017-18)       | Secured           | 30-Nov-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KQ0 | 54EC Series XI (2017-18)       | Secured           | 31-Dec-2020     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KR8 | 54EC Series XI (2017-18)       | Secured           | 31-Jan-2021     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KS6 | 54EC Series XI (2017-18)       | Secured           | 28-Feb-2021     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KT4 | 54EC Series XI (2017-18)       | Secured           | 31-Mar-2021     | 5.25%       | No        | No  |  |
|              |   |  | INE020B07KU2 | 54EC Series XII (2018-19)      | Secured           | 30-Apr-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07KV0 | 54EC Series XII (2018-19)      | Secured           | 31-May-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07KW8 | 54EC Series XII (2018-19)      | Secured           | 30-Jun-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07KX6 | 54EC Series XII (2018-19)      | Secured           | 31-Jul-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07KY4 | 54EC Series XII (2018-19)      | Secured           | 31-Aug-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07KZ1 | 54EC Series XII (2018-19)      | Secured           | 30-Sep-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LA2 | 54EC Series XII (2018-19)      | Secured           | 31-Oct-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LB0 | 54EC Series XII (2018-19)      | Secured           | 30-Nov-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LC8 | 54EC Series XII (2018-19)      | Secured           | 31-Dec-2023     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LD6 | 54EC Series XII (2018-19)      | Secured           | 31-Jan-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LE4 | 54EC Series XII (2018-19)      | Secured           | 28-Feb-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LF1 | 54EC Series XII (2018-19)      | Secured           | 31-Mar-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LG9 | 54EC Series XIII (2019-20)     | Secured           | 30-Apr-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LH7 | 54EC Series XIII (2019-20)     | Secured           | 31-May-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LI5 | 54EC Series XIII (2019-20)     | Secured           | 30-Jun-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LJ3 | 54EC Series XIII (2019-20)     | Secured           | 31-Jul-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LK1 | 54EC Series XIII (2019-20)     | Secured           | 31-Aug-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LL9 | 54EC Series XIII (2019-20)     | Secured           | 30-Sep-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LM7 | 54EC Series XIII (2019-20)     | Secured           | 31-Oct-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LN5 | 54EC Series XIII (2019-20)     | Secured           | 30-Nov-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LO3 | 54EC Series XIII (2019-20)     | Secured           | 31-Dec-2024     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LP0 | 54EC Series XIII (2019-20)     | Secured           | 31-Jan-2025     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LQ8 | 54EC Series XIII (2019-20)     | Secured           | 28-Feb-2025     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07LR6 | 54EC Series XIII (2019-20)     | Secured           | 31-Mar-2025     | 5.75%       | No        | No  |  |
|              |   |  | INE020B07GU0 | 2012-13 Private Placement      | Secured           | 21-Nov-2022     | 7.21%       | Yes       | Yes |  |
|              |   |  | INE020B07GV8 | 2012-13 Private Placement      | Secured           | 22-Nov-2027     | 7.38%       | Yes       | Yes |  |
|              |   |  | INE020-07GW6 | 2012-13 Public Issue Tranche-1 | Secured           | 19-Dec-2022     | 7.22%       | Yes       | Yes |  |
|              |   |  |              |                                |                   |                 | 7.72%       | Yes       | Yes |  |
| INE020B07GX4 | 2012-13 Public Issue Tranche-1  | Secured  | 20-Dec-2027  | 7.38%                          | Yes               | Yes             |             |           |     |  |
|              |   |  |              | 7.88%                          | Yes               | Yes             |             |           |     |  |
| INE020B07GY2 | 2012-13 Public Issue Tranche-2  | Secured  | 27-Mar-2023  | 6.88%                          | Yes               | Yes             |             |           |     |  |
|              |   |  |              | 7.38%                          | Yes               | Yes             |             |           |     |  |
| INE020B07GZ9 | 2012-13 Public Issue Tranche-2  | Secured  | 27-Mar-2028  | 7.04%                          | Yes               | Yes             |             |           |     |  |
|              |   |  |              | 7.54%                          | Yes               | Yes             |             |           |     |  |
| INE020B07HM5 | 2013-14 Private Placement-1   | Secured  | 29-Aug-2023  | 8.01%                          | Yes               | Yes             |             |           |     |  |
| INE020B07HN3 | 2013-14 Private Placement-1   | Secured  | 29-Aug-2028  | 8.46%                          | Yes               | Yes             |             |           |     |  |
| INE020B07HO1 | 2013-14 Public Issue Tranche-1  | Secured  | 25-Sep-2023  | 8.01%                          | Yes               | Yes             |             |           |     |  |
| INE020B07HR4 | 2013-14 Public Issue Tranche-1  | Secured  | 25-Sep-2023  | 8.26%                          | Yes               | Yes             |             |           |     |  |

| Sl. No.      | Name of Debenture Trustee   | Contact Details  | ISIN  | Series No.  | Secured/<br>Unsecured | Redemption Date | Coupon Rate | Listed at   |       | Registrar & Transfer Agent   |
|--------------|---|--|---|---|-----------------------|-----------------|-------------|-------------|-------|--|
|              |   |  |   |   |                       |                 |             | NSE         | BSE   |  |
|              | SBICAP Trustee Company Limited<br>6th Floor, Apeejay House, 3,<br>Dinshaw Wacha Road,<br>Churchgate, Mumbai-400020<br><br>Email:<br>corporate@sbicaptrustee.com,<br>investor.cell@sbicaptrustee.com<br>Website: www.sbicaptrustee.com | Contact Person: Mr. Ajit Joshi<br>Phone: 022-43025566,<br>Fax: 022-22040465<br>Email:<br>corporate@sbicaptrustee.com,<br>investor.cell@sbicaptrustee.com<br>Website: www.sbicaptrustee.com | INE020B07HP8  | 2013-14 Public Issue Tranche-1  | Secured               | 25-Sep-2028     | 8.46%       | Yes         | Yes   | KFin Technologies Private Limited<br>Selenium Tower B, Plot Nos. 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad-500032<br>Contact Person: Mr.Gopala Krishna<br>Phone: 040-67161659<br>Email: gopalakrishna.kvs@kfintech.com<br>Website: www.kfintech.com |
|              |   |  | INE020B07HS2  | 2013-14 Public Issue Tranche-1  | Secured               | 25-Sep-2028     | 8.71%       | Yes         | Yes   |  |
|              |   |  | INE020B07HQ6  | 2013-14 Public Issue Tranche-1  | Secured               | 26-Sep-2033     | 8.37%       | Yes         | Yes   |  |
|              |   |  | INE020B07HT0  | 2013-14 Public Issue Tranche-1  | Secured               | 26-Sep-2033     | 8.62%       | Yes         | Yes   |  |
|              |   |  | INE020B07HU8  | 2013-14 Private Placement-2   | Secured               | 11-Oct-2023     | 8.18%       | Yes         | Yes   |  |
|              |   |  | INE020B07HV6  | 2013-14 Private Placement-2   | Secured               | 11-Oct-2028     | 8.54%       | Yes         | Yes   |  |
|              |   |  | INE020B07IC4  | 2013-14 Public Issue Tranche-2  | Secured               | 22-Mar-2024     | 8.19%       | Yes         | Yes   |  |
|              |   |  | INE020B07IF7  | 2013-14 Public Issue Tranche-2  | Secured               | 22-Mar-2024     | 8.44%       | Yes         | Yes   |  |
|              |   |  | INE020B07ID2  | 2013-14 Public Issue Tranche-2  | Secured               | 23-Mar-2029     | 8.63%       | Yes         | Yes   |  |
|              |   |  | INE020B07IG5  | 2013-14 Public Issue Tranche-2  | Secured               | 23-Mar-2029     | 8.88%       | Yes         | Yes   |  |
|              |   |  | INE020B07IE0  | 2013-14 Public Issue Tranche-2  | Secured               | 24-Mar-2034     | 8.61%       | Yes         | Yes   |  |
|              |   |  | INE020B07IH3  | 2013-14 Public Issue Tranche-2  | Secured               | 24-Mar-2034     | 8.86%       | Yes         | Yes   |  |
|              |   |  | INE020B07JO7  | 2015-16 Private Placement   | Secured               | 23-Jul-2025     | 7.17%       | Yes         | Yes   |  |
|              |   |  | INE020B07JP4  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2025      | 6.89%       | No          | Yes   |  |
|              |   |  | INE020B07JQ2  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2025      | 7.14%       | No          | Yes   |  |
|              |   |  | INE020B07JR0  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2030      | 7.09%       | No          | Yes   |  |
|              |   |  | INE020B07JS8  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2030      | 7.34%       | No          | Yes   |  |
|              |   |  | INE020B07JT6  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2035      | 7.18%       | No          | Yes   |  |
|              |   |  | INE020B07JU4  | 2015-16 Public Issue Tranche-1  | Secured               | 5-Nov-2035      | 7.43%       | No          | Yes   |  |
|              |   |  | Contact Person: Mr. Harish Shetty<br>Phone: 022-43025576,<br>022-22040465<br>Email: corporate@sbicaptrustee.com,<br>investor.cell@sbicaptrustee.com<br>Website: www.sbicaptrustee.com | Contact Person: Mr. Harish Shetty<br>Phone: 022-43025576,<br>022-22040465<br>Email: corporate@sbicaptrustee.com,<br>investor.cell@sbicaptrustee.com<br>Website: www.sbicaptrustee.com | INE020B08930          | 133             | Unsecured   | 10-Apr-2025 | 8.30% |  |
|              | INE020B08948  | 134  |   |   | Unsecured             | 14-Aug-2020     | 8.37%       | Yes         | Yes   |  |
|              | INE020B08955  | 135  |   |   | Unsecured             | 22-Sep-2020     | 8.36%       | Yes         | Yes   |  |
|              | INE020B08963  | 136  |   |   | Unsecured             | 7-Oct-2025      | 8.11%       | Yes         | Yes   |  |
|              | INE020B08997  | 139  |   |   | Unsecured             | 21-Oct-2021     | 7.24%       | Yes         | Yes   |  |
|              | INE020B08AA3  | 140  |   |   | Unsecured             | 7-Nov-2026      | 7.52%       | Yes         | Yes   |  |
|              | INE020B08AB1  | 141  |   |   | Unsecured             | 9-Dec-2021      | 7.14%       | Yes         | Yes   |  |
|              | INE020B08AC9  | 142  |   |   | Unsecured             | 30-Dec-2026     | 7.54%       | Yes         | Yes   |  |
|              | INE020B08AD7  | 143  |   |   | Unsecured             | 29-Jun-2020     | 6.83%       | Yes         | Yes   |  |
|              | INE020B08AE5  | 144  |   |   | Unsecured             | 21-Sep-2020     | 7.13%       | Yes         | Yes   |  |
|              | INE020B08AF2  | 145  |   |   | Unsecured             | 28-Feb-2022     | 7.46%       | Yes         | Yes   |  |
|              | INE020B08AH8  | 147  |   |   | Unsecured             | 12-Mar-2027     | 7.95%       | Yes         | Yes   |  |
|              | INE020B08AI6  | 148  |   |   | Unsecured             | 17-Jun-2020     | 7.42%       | Yes         | Yes   |  |
|              | INE020B08AJ4  | 149  |   |   | Unsecured             | 24-Sep-2020     | 6.87%       | Yes         | Yes   |  |
|              | INE020B08AK2  | 150  |   |   | Unsecured             | 7-Sep-2022      | 7.03%       | Yes         | Yes   |  |
|              | INE020B08AM8  | 152  |   |   | Unsecured             | 17-Oct-2022     | 7.09%       | Yes         | Yes   |  |
|              | INE020B08AN6  | 153  |   |   | Unsecured             | 31-Dec-2020     | 6.99%       | Yes         | Yes   |  |
|              | INE020B08AO4  | 154  |   |   | Unsecured             | 21-May-2021     | 7.18%       | Yes         | Yes   |  |
|              | INE020B08AP1  | 155  |   |   | Unsecured             | 30-Nov-2022     | 7.45%       | Yes         | Yes   |  |
|              | INE020B08AQ9  | 156  |   |   | Unsecured             | 10-Dec-2027     | 7.70%       | Yes         | Yes   |  |
|              | INE020B08AR7  | 157  | Unsecured   | 17-Apr-2021   | 7.60%                 | Yes             | Yes         |             |       |  |
| INE020B08AS5 | 158   | Unsecured  | 15-Mar-2021   | 7.70%   | Yes                   | Yes             |             |             |       |  |
| INE020B08AT3 | 159   | Unsecured  | 23-Feb-2023   | 7.99%   | Yes                   | Yes             |             |             |       |  |
| INE020B08AW7 | 161-B   | Unsecured  | 15-Jun-2021   | 7.73%   | Yes                   | Yes             |             |             |       |  |
| INE020B08AX5 | GOI-I   | Unsecured  | 21-Mar-2028   | 8.09%   | Yes                   | Yes             |             |             |       |  |
| INE020B08AY3 | GOI-II  | Unsecured  | 24-Mar-2028   | 8.01%   | Yes                   | Yes             |             |             |       |  |
| INE020B08AZ0 | GOI-III   | Unsecured  | 27-Mar-2028   | 8.06%   | Yes                   | Yes             |             |             |       |  |



| Sl. No.      | Name of Debenture Trustee   | Contact Details  | ISIN         | Series No.             | Secured/Unsecured | Redemption Date | Coupon Rate | Listed at |     | Registrar & Transfer Agent   |
|--------------|---|--|--------------|------------------------|-------------------|-----------------|-------------|-----------|-----|--|
|              |   |  |              |                        |                   |                 |             | NSE       | BSE |  |
| 4            | Beacon Trusteeship Limited<br>4C & D, Siddhivinayak Chambers,<br>Gandhi Nagar, Opp. MIG Cricket Club,<br>Bandra (East),<br>Mumbai 400 051 | Contact Person: Mr. Vitthal<br>Naawandhar<br>Phone: 022-26558759<br>Email:<br>compliance@beacontrustee.co.in<br>Website: www.beacontrustee.co.in | INE020B08BA1 | 162                    | Unsecured         | 9-Aug-2028      | 8.55%       | Yes       | Yes | KFin Technologies Private Limited<br>Selenium Tower B, Plot Nos. 31 & 32,<br>Financial District, Nanakramguda,<br>Serilingampally Mandal, Hyderabad-500032<br>Contact Person: Mr. Gopala Krishna<br>Phone: 040-67161659<br>Email: gopalakrishna.kvs@kfinotech.com<br>Website: www.kfintech.com |
|              |   |  | INE020B08BB9 | 163                    | Unsecured         | 25-Aug-2028     | 8.63%       | Yes       | Yes |  |
|              |   |  | INE020B08BD5 | 165                    | Unsecured         | 21-Jan-2022     | 8.83%       | Yes       | Yes |  |
|              |   |  | INE020B08BF0 | 167                    | Unsecured         | 22-Mar-2022     | 8.45%       | Yes       | Yes |  |
|              |   |  | INE020B08BG8 | 168                    | Unsecured         | 29-Nov-2028     | 8.56%       | Yes       | Yes |  |
|              |   |  | INE020B08BH6 | 169                    | Unsecured         | 7-Dec-2028      | 8.37%       | Yes       | Yes |  |
|              |   |  | INE020B08BK0 | 172                    | Unsecured         | 20-Aug-2020     | 8.57%       | Yes       | Yes |  |
|              |   |  | INE020B08BM6 | 173                    | Unsecured         | 13-Mar-2022     | 8.35%       | Yes       | Yes |  |
|              |   |  | INE020B08BN4 | 174                    | Unsecured         | 18-Jun-2021     | 8.15%       | Yes       | Yes |  |
|              |   |  | INE020B08BP9 | 175                    | Unsecured         | 28-Mar-2029     | 8.97%       | Yes       | Yes |  |
|              |   |  | INE020B08BQ7 | 176                    | Unsecured         | 16-Apr-2029     | 8.85%       | Yes       | Yes |  |
|              |   |  | INE020B08BR5 | 177                    | Unsecured         | 20-Dec-2021     | 8.50%       | Yes       | Yes |  |
|              |   |  | INE020B08BS3 | 178                    | Unsecured         | 14-May-2029     | 8.80%       | Yes       | Yes |  |
|              |   |  | INE020B08BT1 | 179                    | Unsecured         | 10-Jun-2022     | 8.15%       | Yes       | Yes |  |
|              |   |  | INE020B08BV7 | 180-A                  | Unsecured         | 25-Jun-2024     | 8.10%       | Yes       | Yes |  |
|              |   |  | INE020B08BU9 | 180-B                  | Unsecured         | 25-Jun-2029     | 8.30%       | Yes       | Yes |  |
|              |   |  | INE020B08BW5 | 182                    | Unsecured         | 22-Aug-2034     | 8.18%       | Yes       | Yes |  |
|              |   |  | INE020B08BX3 | 183                    | Unsecured         | 16-Sep-2034     | 8.29%       | Yes       | Yes |  |
|              |   |  | INE020B08BY1 | 184-A (Partly paid up) | Unsecured         | 26-Sep-2029     | 8.25%       | Yes       | Yes |  |
|              |   |  | INE020B08BZ8 | 184-B (A)              | Unsecured         | 26-Sep-2020     | 7.55%       | Yes       | Yes |  |
|              |   |  | INE020B08CA9 | 184-B (B)              | Unsecured         | 26-Sep-2021     | 7.55%       | Yes       | Yes |  |
|              |   |  | INE020B08CB7 | 184-B (C)              | Unsecured         | 26-Sep-2022     | 7.55%       | Yes       | Yes |  |
|              |   |  | INE020B08CC5 | 184-B (D)              | Unsecured         | 26-Sep-2023     | 7.55%       | Yes       | Yes |  |
|              |   |  | INE020B08CD3 | 185                    | Unsecured         | 13-Dec-2022     | 7.09%       | Yes       | Yes |  |
|              |   |  | INE020B08CE1 | 186-A                  | Unsecured         | 30-Jun-2022     | 6.90%       | Yes       | Yes |  |
|              |   |  | INE020B08CF8 | 186-B                  | Unsecured         | 26-Nov-2024     | 7.40%       | Yes       | Yes |  |
|              |   |  | INE020B08CG6 | 187                    | Unsecured         | 31-Dec-2022     | 7.24%       | Yes       | Yes |  |
|              |   |  | INE020B08CH4 | 188-A                  | Unsecured         | 31-Mar-2023     | 7.12%       | Yes       | Yes |  |
|              |   |  | INE020B08CI2 | 188-B                  | Unsecured         | 31-Mar-2030     | 7.89%       | Yes       | Yes |  |
|              |   |  | INE020B08CJ0 | 189                    | Unsecured         | 31-Mar-2030     | 7.92%       | Yes       | Yes |  |
|              |   |  | INE020B08CK8 | 190-A                  | Unsecured         | 20-Mar-2025     | 6.88%       | Yes       | Yes |  |
|              |   |  | INE020B08CL6 | 190-B                  | Unsecured         | 31-Dec-2021     | 6.32%       | Yes       | Yes |  |
|              |   |  | INE020B08CN2 | 191-A                  | Unsecured         | 30-Jun-2023     | 6.80%       | Yes       | Yes |  |
| INE020B08CM4 | 191-B   | Unsecured  | 30-Sep-2024  | 6.99%                  | Yes               | Yes             |             |           |     |  |
| INE020B08CP7 | 192   | Unsecured  | 28-Feb-2030  | 7.50%                  | Yes               | Yes             |             |           |     |  |
| INE020B08CQ5 | 193   | Unsecured  | 31-Dec-2021  | 6.99%                  | Yes               | Yes             |             |           |     |  |
| INE020B08BC7 | GOI-IV  | Unsecured  | 28-Sep-2028  | 8.70%                  | Yes               | Yes             |             |           |     |  |
| INE020B08BE3 | GOI-V   | Unsecured  | 15-Nov-2028  | 8.54%                  | Yes               | Yes             |             |           |     |  |
| INE020B08BJ2 | GOI-VI  | Unsecured  | 22-Jan-2029  | 8.80%                  | Yes               | Yes             |             |           |     |  |
| INE020B08BL8 | GOI-VII   | Unsecured  | 8-Mar-2029   | 8.60%                  | Yes               | Yes             |             |           |     |  |
| INE020B08BO2 | GOI-VIII  | Unsecured  | 25-Mar-2029  | 8.30%                  | Yes               | Yes             |             |           |     |  |
| INE020B08CO0 | GOI-IX  | Unsecured  | 2-Mar-2030   | 7.14%                  | Yes               | Yes             |             |           |     |  |
| INE020B08CR3 | GOI-X   | Unsecured  | 26-Mar-2030  | 8.25%                  | Yes               | Yes             |             |           |     |  |
| INE020B08CS1 | GOI-XI  | Unsecured  | 31-Mar-2030  | 7.20%                  | Yes               | Yes             |             |           |     |  |

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>  | <b>28</b> | <b>63.92</b>          | <b>31.44</b>          |
| <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>   | <b>38</b> |                       |                       |
| (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>                                 |           |                       |                       |
| <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)          | 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>        |
| <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)          | 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> | <b>39</b> |                       |                       |
| (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 | 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   | 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)(viii) of the Income Tax Act, 1961 | Reserve Fund u/s 45-1C 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) |
| 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                        |                            |   |                 |                    | (3,679.28)        |                          |                                       |                          |            |
| Transfer to General Reserve   |  | (378.41)   |   | (1,367.28)                   |                            |   | 1,745.69        | 793.29             | -                 |                          |                                       |                          |            |
| 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                           | 342.94                | 212.00                |
| Cash & Cash Equivalents as at the end of the year                                 | 1,678.03              | 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                               | <b>1,72,971.40</b> | 21,280.39                        | 729.47                         | -                    | 41.72           | <b>1,95,022.98</b> |
| Commercial Paper                                    | <b>7,696.32</b>    | (5,270.30)                       | -                              | -                    | 463.66          | <b>2,889.68</b>    |
| Rupee Term Loans/ WCDL                              | <b>24,884.25</b>   | 7,899.65                         | 194.55                         | -                    | -               | <b>32,978.45</b>   |
| Foreign Currency Debt Securities & other Borrowings | <b>33,950.25</b>   | 12,617.57                        | 73.78                          | 3,930.12             | 57.93           | <b>50,629.65</b>   |
| Subordinated Liabilities                            | <b>4,818.76</b>    | -                                | 0.61                           | -                    | 0.28            | <b>4,819.65</b>    |
| <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                               | <b>1,68,517.14</b> | 4,220.72                         | 124.83                         | -                    | 108.71          | <b>1,72,971.40</b> |
| Commercial Paper                                    | <b>3,150.44</b>    | 4,143.04                         | -                              | -                    | 402.84          | <b>7,696.32</b>    |
| Rupee Term Loans/ WCDL                              | <b>414.82</b>      | 24,350.00                        | 119.43                         | -                    | -               | <b>24,884.25</b>   |
| Foreign Currency Debt Securities & other Borrowings | <b>29,689.04</b>   | 3,718.78                         | 104.02                         | 1,220.89             | (782.48)        | <b>33,950.25</b>   |
| Subordinated Liabilities                            | <b>2,667.36</b>    | 2,151.20                         | 1.58                           | -                    | (1.38)          | <b>4,818.76</b>    |
| <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 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

## 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.

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### 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 |
|--|-----------------|----------------|
| <b>- Balances with Banks</b>                         | 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>  |
| <b>- Term Deposits &amp; Other Cash Equivalents</b>  |                 |                |
| - 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  |
|--|-----------------|-----------------|
| <b>- Earmarked Balances with Banks</b>   |                 |                 |
| - For unpaid dividends   | 4.75            | 4.15            |
| - For govt. funds for onward disbursement as grant                                 | 1,616.49        | 522.50          |
| <b>- Earmarked Term Deposits</b>   |                 |                 |
| - For govt. funds for further disbursement   | -               | 2.15            |
| - Deposits in Compliance of Court Order  | 0.53            | 2.47            |
| <b>- Balances with banks not available for use pending allotment of securities</b> | 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<br>(5,000 Bonds of ₹ 0.10 Crores each)     |                |                                    | 500.31                 |   | 500.31    | -                | 500.31    |
| 11.25% Perpetual Bonds of Bank of Baroda<br>(5,000 Bonds of ₹ 0.10 Crores each)  |                |                                    | 500.00                 |   | 500.00    |                  | 500.00    |
| 11.25% Perpetual Bonds of Syndicate Bank*<br>(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)       |
| <b>Equity Instruments</b>  |                |                                    |                        |   |                 | -                |                 |
| - NHPC Ltd.<br>(17,53,02,206 Equity shares of ₹ 10 each)   | -              | 349.73                             | -                      | -   | 349.73          | -                | 349.73          |
| - Indian Energy Exchange Ltd.<br>(1,22,71,211 Equity shares of ₹ 1 each)   | -              | 157.01                             | -                      | -   | 157.01          | -                | 157.01          |
| - HUDCO Ltd.<br>(3,47,429 Equity shares of ₹ 10 each)  | -              | 0.69                               | -                      | -   | 0.69            | -                | 0.69            |
| - Universal Commodity Exchange Ltd.<br>(1,60,00,000 Equity shares of ₹ 10 each)  | -              | -                                  | -                      | -   | -               | -                | -               |
| - Rattan India Power Ltd.<br>(9,25,68,105 Equity shares of ₹ 10 each)  | -              | -                                  | 12.50                  | -   | 12.50           | -                | 12.50           |
| <b>Sub-total - Equity Instruments</b>  | -              | <b>507.43</b>                      | <b>12.50</b>           | -   | <b>519.93</b>   | -                | <b>519.93</b>   |
| <b>Subsidiaries</b>  |                |                                    |                        |   |                 |                  |                 |
| - REC Power Distribution Company Ltd.<br>(50,000 Equity shares of ₹ 10 each)   | -              | -                                  | -                      | -   | -               | 0.05             | 0.05            |
| - REC Transmission Projects Company Ltd.<br>(50,000 Equity shares of ₹ 10 each)  | -              | -                                  | -                      | -   | -               | 0.05             | 0.05            |
| <b>Sub-total - Subsidiaries</b>  | -              | -                                  | -                      | -   | -               | <b>0.10</b>      | <b>0.10</b>     |
| <b>Joint Ventures</b>  |                |                                    |                        |   |                 |                  |                 |
| - Energy Efficiency Services Ltd.<br>(21,81,00,000 Equity shares of ₹ 10 each)   | -              | -                                  | -                      | -   | -               | 218.10           | 218.10          |
| <b>Sub-total - Joint Ventures</b>  | -              | -                                  | -                      | -   | -               | <b>218.10</b>    | <b>218.10</b>   |
| <b>Investment in Preference Shares</b>   |                |                                    |                        |   |                 |                  |                 |
| - Rattan India Power Ltd.<br>(2,87,20,978 redeemable preference shares of ₹ 10 each)                                   | 22.93          | -                                  | -                      | -   | -               | -                | 22.93           |
| - Rattan India Power Ltd.<br>(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>45.41</b>           | -   | <b>45.41</b>    | -                | <b>68.34</b>    |
| <b>Others</b>  |                |                                    |                        |   |                 |                  |                 |
| - Units of 'Small is Beautiful' Venture Capital Fund<br>(61,52,200 units of ₹ 10 each)                                 | -              | 6.12                               | -                      | -   | 6.12            | -                | 6.12            |
| - Inter-Corporate Deposits   | -              | -                                  | -                      | -   | -               | -                | -               |
| <b>Sub-total - Others</b>  | -              | <b>6.12</b>                        | -                      | -   | <b>6.12</b>     | -                | <b>6.12</b>     |
| <b>Total - Gross (A)</b>   | <b>22.93</b>   | <b>513.55</b>                      | <b>1,558.53</b>        | -   | <b>2,072.08</b> | <b>218.20</b>    | <b>2,313.21</b> |
| (i) Investments outside India  | -              | -                                  | -                      | -   | -               | -                | -               |
| (ii) Investments in India  | 22.93          | 513.55                             | 1,558.53               | -   | 2,072.08        | 218.20           | 2,313.21        |
| <b>Total (B)</b>   | <b>22.93</b>   | <b>513.55</b>                      | <b>1,558.53</b>        | -   | <b>2,072.08</b> | <b>218.20</b>    | <b>2,313.21</b> |
| Less: impairment loss allowance (C)  | -              | -                                  | -                      | -   | -               | -                | -               |
| <b>Total - Net (D=A-C)</b>   | <b>22.93</b>   | <b>513.55</b>                      | <b>1,558.53</b>        | -   | <b>2,072.08</b> | <b>218.20</b>    | <b>2,313.21</b> |

\* 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)       |
| <b>Government Securities</b>  |                |                                    |                        |   | -               |                  |                 |
| - Govt. of MP Power Bonds - II<br>(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>-</b>         | <b>47.16</b>    |
| <b>Debt Securities</b>  |                |                                    |                        |   |                 |                  |                 |
| 11.15% Perpetual Bonds of Indian Bank<br>(5,000 Bonds of ₹ 0.10 Crores each)      | -              | -                                  | 500.31                 | -   | 500.31          | -                | 500.31          |
| 11.25% Perpetual Bonds of Bank of Baroda<br>(5,000 Bonds of ₹ 0.10 Crores each)   | -              | -                                  | 556.25                 | -   | 556.25          | -                | 556.25          |
| 11.25% Perpetual Bonds of Syndicate Bank<br>(5,000 Bonds of ₹ 0.10 Crores each)   | -              | -                                  | 500.31                 | -   | 500.31          | -                | 500.31          |
| <b>Sub-total - Debt Securities</b>  | <b>-</b>       | <b>-</b>                           | <b>1,556.87</b>        | <b>-</b>  | <b>1,556.87</b> | <b>-</b>         | <b>1,556.87</b> |
| <b>Equity Instruments</b>   |                |                                    |                        |   |                 |                  |                 |
| - NHPC Ltd.<br>(17,53,02,206 Equity shares of ₹ 10 each)                          | -              | 433.00                             | -                      | -   | 433.00          | -                | 433.00          |
| - Indian Energy Exchange Ltd.<br>(1,25,00,000 Equity shares of ₹ 1 each)          | -              | 206.25                             | -                      | -   | 206.25          | -                | 206.25          |
| - HUDCO Ltd.<br>(3,47,429 Equity shares of ₹ 10 each)                             | -              | 1.56                               | -                      | -   | 1.56            | -                | 1.56            |
| - Universal Commodity Exchange Ltd.<br>(1,60,00,000 Equity shares of ₹ 10 each)   | -              | -                                  | -                      | -   | -               | -                | -               |
| - Lanco Teesta Hydro Power Pvt. Ltd.<br>(10,20,00,000 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>-</b>         | <b>640.81</b>   |
| <b>Subsidiaries</b>   |                |                                    |                        |   |                 |                  |                 |
| - REC Power Distribution Company Ltd.<br>(50,000 Equity shares of ₹ 10 each)      | -              | -                                  | -                      | -   | -               | 0.05             | 0.05            |
| - REC Transmission Projects Company Ltd.<br>(50,000 Equity shares of ₹ 10 each)   | -              | -                                  | -                      | -   | -               | 0.05             | 0.05            |
| <b>Sub-total - Subsidiaries</b>   | <b>-</b>       | <b>-</b>                           | <b>-</b>               | <b>-</b>  | <b>-</b>        | <b>0.10</b>      | <b>0.10</b>     |
| <b>Joint Ventures</b>   |                |                                    |                        |   |                 |                  |                 |
| - Energy Efficiency Services Ltd.<br>(14,65,00,000 Equity shares of ₹10 each)     | -              | -                                  | -                      | -   | -               | 146.50           | 146.50          |
| <b>Sub-total - Joint Ventures</b>   | <b>-</b>       | <b>-</b>                           | <b>-</b>               | <b>-</b>  | <b>-</b>        | <b>146.50</b>    | <b>146.50</b>   |
| <b>Others</b>   |                |                                    |                        |   |                 |                  |                 |
| - Units of 'Small is Beautiful' Fund<br>(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>-</b>         | <b>6.18</b>     |
| <b>Total - Gross (A)</b>  | <b>47.16</b>   | <b>646.99</b>                      | <b>1,556.87</b>        | <b>-</b>  | <b>2,203.86</b> | <b>146.60</b>    | <b>2,397.62</b> |

NOTES TO ACCOUNTS

(₹ in Crores)

| As at 31 <sup>st</sup> March 2019   | 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=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   |
| 123-III B Series - 9.34% Redeemable at par on 23.08.2024       | 1,955.00         | 2,063.95        | 1,955.00         | 2,062.61         |
| 123-I Series - 9.40% Redeemable at par on 17.07.2021           | 1,515.00         | 1,615.56        | 1,515.00         | 1,615.29         |
| 92-II Series - 8.65% Redeemed at par on 22.01.2020             | -                | -               | 945.30           | 960.65           |
| 91-II Series - 8.80% Redeemed at par on 18.11.2019             | -                | -               | 995.90           | 1,028.23         |
| 90-C-II Series - 8.80% Redeemed at par on 07.10.2019           | -                | -               | 1,040.00         | 1,084.29         |
| 90-B-II Series - 8.72% Redeemed at par on 04.09.2019           | -                | -               | 868.20           | 911.48           |
| 90th Series - 8.80% Redeemed at par on 03.08.2019              | -                | -               | 2,000.00         | 2,116.21         |
| 122 <sup>nd</sup> Series - 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   |
| Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25   | 5,759.14         | 5,907.48         | -                | -                |
| Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24    | 6,651.77         | 6,934.10         | 5,929.73         | 6,083.83         |
| Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21     | 9,565.23         | 9,940.15         | 9,565.23         | 9,934.60         |
| Series X (2016-17) - 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 |
| 183 <sup>rd</sup> Series - 8.29% Redeemable at par on 16.09.2034            | 3,028.00         | 3,163.54       | -                | -              |
| 182 <sup>nd</sup> Series - 8.18% Redeemable at par on 22.08.2034            | 5,063.00         | 5,315.09       | -                | -              |
| 189 <sup>th</sup> Series - 7.92% Redeemable at par on 31.03.2030            | 3,054.90         | 3,054.80       | -                | -              |
| 188B Series - 7.89% Redeemable at par on 31.03.2030                         | 1,100.00         | 1,100.07       | -                | -              |
| 192 <sup>nd</sup> Series - 7.50% Redeemable at par on 28.02.2030            | 2,382.00         | 2,393.16       | -                | -              |
| 184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029 | 290.20           | 302.31         | -                | -              |
| 180-B Series - 8.30% Redeemable at par on 25.06.2029                        | 2,070.90         | 2,163.58       | -                | -              |
| 178 <sup>th</sup> Series - 8.80% Redeemable at par on 14.05.2029            | 1,097.00         | 1,167.75       | -                | -              |
| 176 <sup>th</sup> Series - 8.85% Redeemable at par on 16.04.2029            | 1,600.70         | 1,735.59       | -                | -              |
| 169 <sup>th</sup> Series - 8.37% Redeemable at par on 07.12.2028            | 2,554.00         | 2,621.29       | 2,554.00         | 2,620.27       |
| 168 <sup>th</sup> Series - 8.56% Redeemable at par on 29.11.2028            | 2,552.40         | 2,626.01       | 2,552.40         | 2,624.99       |
| 163 <sup>rd</sup> Series - 8.63% Redeemable at par on 25.08.2028            | 2,500.00         | 2,628.20       | 2,500.00         | 2,627.34       |
| 162 <sup>nd</sup> Series - 8.55% Redeemable at par on 09.08.2028            | 2,500.00         | 2,637.55       | 2,500.00         | 2,636.73       |
| 156 <sup>th</sup> Series - 7.70% Redeemable at par on 10.12.2027            | 3,533.00         | 3,614.64       | 3,533.00         | 3,614.04       |
| 147 <sup>th</sup> Series - 7.95% Redeemable at par on 12.03.2027            | 2,745.00         | 2,745.34       | 2,745.00         | 2,745.25       |
| 142 <sup>nd</sup> Series - 7.54% Redeemable at par on 30.12.2026            | 3,000.00         | 3,056.26       | 3,000.00         | 3,055.73       |
| 140 <sup>th</sup> Series - 7.52% Redeemable at par on 07.11.2026            | 2,100.00         | 2,152.27       | 2,100.00         | 2,151.90       |
| 136 <sup>th</sup> Series - 8.11% Redeemable at par on 07.10.2025            | 2,585.00         | 2,671.22       | 2,585.00         | 2,670.69       |
| 95-II Series - 8.75% Redeemable at par on 14.07.2025                        | 1,800.00         | 1,913.61       | 1,800.00         | 1,913.49       |
| 94 <sup>th</sup> Series - 8.75% Redeemable at par on 09.06.2025             | 1,250.00         | 1,339.05       | 1,250.00         | 1,339.00       |
| 133 <sup>rd</sup> Series - 8.30% Redeemable at par on 10.04.2025            | 2,396.00         | 2,452.91       | 2,396.00         | 2,452.88       |
| 190A Series - 6.88% Redeemable at par on 20.03.2025                         | 2,500.00         | 2,523.03       | -                | -              |
| 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                 | 300.00           | 311.55         | -                | -              |
| 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            | 2,769.00         | 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 |
| 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       |
| 184-B Series STRP-A - 7.55% Redeemable at par on 26.09.2020      | 300.00           | 311.63         | -                | -              |
| 149 <sup>th</sup> Series - 6.87% Redeemable at par on 24.09.2020 | 2,485.00         | 2,573.44       | 2,485.00         | 2,572.86       |
| 135 <sup>th</sup> Series - 8.36% Redeemable at par on 22.09.2020 | 2,750.00         | 2,817.12       | 2,750.00         | 2,817.11       |
| 144 <sup>th</sup> Series - 7.13% Redeemable at par on 21.09.2020 | 835.00           | 840.30         | 835.00           | 840.00         |
| 172 <sup>nd</sup> Series - 8.57% Redeemable at par on 20.08.2020 | 1,790.00         | 1,884.21       | 1,790.00         | 1,806.05       |
| 134 <sup>th</sup> Series - 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     |
| 143 <sup>rd</sup> Series - 6.83% Redeemable at par on 29.06.2020 | 1,275.00           | 1,289.46           | 1,275.00           | 1,289.08           |
| 148 <sup>th</sup> Series - 7.42% Redeemable at par on 17.06.2020 | 1,200.00           | 1,203.61           | 1,200.00           | 1,203.42           |
| 161A Series - 7.59% Redeemed at par on 13.03.2020                | -                  | -                  | 3,000.00           | 3,010.44           |
| 113 <sup>th</sup> Series - 8.87% Redeemed at par on 09.03.2020   | -                  | -                  | 1,542.00           | 1,550.86           |
| 111-I Series - 9.02% Redeemed at par on 19.11.2019               | -                  | -                  | 452.80             | 467.65             |
| 126 <sup>th</sup> Series - 8.56% Redeemed at par on 13.11.2019   | -                  | -                  | 1,700.00           | 1,755.25           |
| 125 <sup>th</sup> Series - 9.04% Redeemed at par on 11.10.2019   | -                  | -                  | 3,000.00           | 3,124.59           |
| 160 <sup>th</sup> Series - 7.77% Redeemed at par on 16.09.2019   | -                  | -                  | 1,450.00           | 1,510.68           |
| 108-II Series - 9.39% Redeemed at par on 20.07.2019              | -                  | -                  | 960.00             | 1,022.94           |
| 95-I Series - 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 |
| Series-II (2011-12) - Redeemable at par | 11.07            | 19.80          | 11.07            | 18.37          |
| Series-I (2010-11) - 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><br>(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><br>(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>   |                  |                 |                  |                |
| <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 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 repaid 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         |

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(₹ 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

## NOTES TO ACCOUNTS

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)(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.

### 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>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       | -  | 0.76   | 169.75  | -  | 15.63  | 168.25  |
| <b>Sub-total (B)</b>                            | -  | <b>2.86</b>                                    | <b>169.75</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>61.23</b>                                   | -   | -  | <b>42.40</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>6.90</b>                                    | -   | -  | <b>6.74</b>                                    | -   |
| <b>Total (A to D)</b>                           | -  | <b>29,493.32</b>                               | <b>169.75</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> |                       |                       |
| (i) On trading Portfolio  | -                     | -                     |
| (ii) Others   |                       |                       |
| - 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 |
|--|------------------|------------------|
| <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  | 113.69           | 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             |
| <b>(C) Others</b>  |                  |                  |
| - 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 |
|--|------------------|------------------|
| <b>- Contracts remaining to be executed on capital account</b> |                  |                  |
| - Towards Property, Plant & Equipment                          | 315.07           | 362.23           |
| - Towards Intangible Assets                                    | -                | 2.82             |
| <b>- Other Commitments</b>                                     |                  |                  |
| - 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       |
|---|------------------|-------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------|-------------|
| <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    | 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   |
| <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                                    | 342.74           | 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                                    | 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                           | -                | -                             | -                              | -                              | 58.63                        | 190.17                      | 337.26                       | -            | 586.06      |
| <b>Others -</b>                               |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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>                       |                  |                               |                                |                                |                              |                             |                              |              |             |
| <b>Debt Securities</b>                        |                  |                               |                                |                                |                              |                             |                              |              |             |
| - 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   |
| <b>Other Borrowings</b>                       |                  |                               |                                |                                |                              |                             |                              |              |             |
| - 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    |
| <b>Subordinated Liabilities</b>               |                  |                               |                                |                                |                              |                             |                              |              |             |
| - Principal                                   | -                | -                             | -                              | -                              | -                            | -                           | 2,500.00                     | 2,151.20     | 4,651.20    |
| - Interest                                    | -                | 201.50                        | -                              | -                              | 189.26                       | 782.00                      | 782.00                       | 945.00       | 2,899.76    |
| <b>Foreign Currency Borrowings</b>            |                  |                               |                                |                                |                              |                             |                              |              |             |
| <b>Debt Securities</b>                        |                  |                               |                                |                                |                              |                             |                              |              |             |
| - 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    |
| <b>Other Borrowings</b>                       |                  |                               |                                |                                |                              |                             |                              |              |             |
| - 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    |
| <b>Derivative Liabilities :</b>               |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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       |
| <b>Others -</b>                               |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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       |
|---|------------------|-------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------|-------------|
| <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                    | 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 |
| <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                    | 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       |
|--|------------------|-------------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|------------------------------|--------------|-------------|
| <b>Loan Assets</b>                                   | 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    |
| <b>Rupee Borrowings</b>                              |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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    |
| <b>Foreign Currency Borrowings</b>                   |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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   |
| <b>Foreign Currency Assets</b>                       |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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    |
| <b>Rupee Borrowings</b>                              |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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    |
| <b>Foreign Currency Borrowings</b>                   |                  |                               |                                |                                |                              |                             |                              |              |             |
| 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<br>(₹ in<br>Crores) | % of<br>Public<br>Funds | % of Total<br>Liabilities | % of Total<br>Assets | Amount<br>(₹ in<br>Crores) | % of<br>Public<br>Funds | % of Total<br>Liabilities | % of Total<br>Assets |
| Commercial Papers  | 2,925.00                   | 1.04%                   | 0.94%                     | 0.84%                | 7,975.00                   | 3.33%                   | 3.03%                     | 2.68%                |
| Non-Convertible debentures<br>having maturity of less than<br>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<br>Derivatives | Unhedged<br>Exposure | Total Exposure   | Hedged through<br>Derivatives | Unhedged<br>Exposure |
| USD \$                | 6,591.96         | 4,070.00                      | 2,521.96             | 4,830.00         | 3,370.00                      | 1,460.00             |
| <i>INR Equivalent</i> | 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             |
| <i>INR Equivalent</i> | 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                |
| <i>INR Equivalent</i> | 458.04           | 246.69                        | 211.35               | 570.74           | 373.00                        | 197.74               |
| SGD \$                | 72.08            | 72.08                         | -                    | -                | -                             | -                    |
| <i>INR Equivalent</i> | 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>     |

## 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 are 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:

- (i) 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.
- (ii) 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.
- (iii) 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 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.

## 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<br>31.03.2020 | As at<br>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<br>31.03.2020 | As at<br>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<br>(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,<br>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, Gol.)

### (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  |
|--|-------------|
| <b>Opening Balance</b>                 | <b>0.11</b> |
| Finance Cost accrued during the period | 0.01        |
| Payments made during the year          | (0.05)      |
| <b>Closing Balance</b>                 | <b>0.07</b> |

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 |
| <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>         |
| Included in profit or loss   |                            |                       |                           |                       |  |                       |
| Current service Cost   | 2.80                       | 2.06                  | -                         | -                     | 2.80                                   | 2.06                  |
| Past service cost  | -                          | -                     | -                         | -                     | -                                      | -                     |
| <b>Interest cost / income</b>  | <b>9.73</b>                | <b>7.99</b>           | <b>7.55</b>               | <b>1.25</b>           | <b>2.18</b>                            | <b>6.74</b>           |
| <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>           |
| 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                                  | -                     |
| <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                                      | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|-----------------------|-----------------------|
| <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>           |



## 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<br>31.03.2020 | As at<br>31.03.2019 | As at<br>31.03.2020 | As at<br>31.03.2019 | As at<br>31.03.2020 | As at<br>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<br>31.03.2020 | Year ended<br>31.03.2019 | Year ended<br>31.03.2020 | Year ended<br>31.03.2019 | Year ended<br>31.03.2020 | Year ended<br>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>  |
| (2) Non-Financial Liabilities                |                  |                     |                  |                     |
| (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           | Amount | Amount           | Amount |
| <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><br/>(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> <p>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.</p> <p>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.</p> <p>e. Certain information/explanations we have relied upon during our audit were provided to us through verbal assertions by the company.</p> <p>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.</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.

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:
- 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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”;
  - 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.
  - 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:
    - 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;
    - The Company 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 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>                 |  |          |                   |                   |
| <b>(1)</b>                    | <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> |
| <b>(2)</b>                    | <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>   |
| <b>(3)</b>                    | <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>            |  |          |                   |                   |
| <b>(1)</b>                    | <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> |
| <b>(2)</b>                    | <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>     |
| <b>(3)</b>                    | <b>Liabilities directly associated with assets classified as held for sale</b> | 18       | 0.68              | 0.08              |
| <b>(4)</b>                    | <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 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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

| (₹ in Crores)   |  |   |   |                              |                            |                 |   |                  |                    |  |                          |                                       |                          |                 |                   |
|---|--|---|---|------------------------------|----------------------------|-----------------|---|------------------|--------------------|--|--------------------------|---------------------------------------|--------------------------|-----------------|-------------------|
| A Equity share capital  |  |   |   |                              |                            |                 |   |                  |                    |  |                          |                                       |                          |                 |                   |
| 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         |                    |  |                          |                                       |                          |                 |                   |
| (₹ in Crores)   |  |   |   |                              |                            |                 |   |                  |                    |  |                          |                                       |                          |                 |                   |
| B Other Equity  |  |   |   |                              |                            |                 |   |                  |                    |  |                          |                                       |                          |                 |                   |
| Particulars   | Reserves & Surplus   |   |   |                              |                            |                 |   |                  |                    | 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           |                   |
|   | 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 | Capital Reserve | Foreign Currency Monetary Item Translation Difference Account | General Reserve  | Impairment Reserve |  |                          |                                       |                          |                 | Retained Earnings |
| <b>Balance as at 31<sup>st</sup> March 2018</b>                                     | <b>13,813.19</b>   | <b>2,761.10</b>   | -   | <b>1,121.54</b>              | <b>2,236.54</b>            | -               | <b>(86.29)</b>  | <b>5,230.54</b>  | -                  | <b>5,344.37</b>  | <b>1.46</b>              | <b>190.24</b>                         | -                        | -               | <b>30,612.69</b>  |
| Profit for the year   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | 5,741.38   | -                        | -                                     | -                        | -               | 5,741.38          |
| Remeasurement of Defined Benefit Plans  | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | (12.60)  | -                        | -                                     | -                        | -               | (12.60)           |
| Recognition through Other Comprehensive Income (net of taxes)                       | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | (0.05)   | -                        | (47.94)                               | -                        | -               | (47.99)           |
| <b>Total Comprehensive Income</b>   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | <b>5,728.73</b>  | -                        | <b>(47.94)</b>                        | -                        | -               | <b>5,680.79</b>   |
| <b>Other adjustments</b>  |  |   |   |                              |                            |                 |   |                  |                    |  |                          |                                       |                          |                 |                   |
| 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            |
| <b>Total- Other adjustments</b>   | <b>1,323.59</b>  | <b>273.62</b>   | <b>1,153.00</b>   | <b>196.59</b>                | -                          | -               | <b>(678.53)</b>   | -                | -                  | <b>(2,941.38)</b>  | -                        | <b>(5.42)</b>                         | -                        | -               | <b>(678.53)</b>   |
| Dividends   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | 2,518.02   | -                        | -                                     | -                        | -               | (2,518.02)        |
| Dividend Distribution Tax   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | (525.51)   | -                        | -                                     | -                        | -               | (525.51)          |
| <b>Total- Transaction with owners and taxes</b>                                     | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | <b>(3,043.53)</b>  | -                        | -                                     | -                        | -               | <b>(3,043.53)</b> |
| <b>Balance as at 31<sup>st</sup> March 2019</b>                                     | <b>15,136.78</b>   | <b>3,034.72</b>   | <b>1,153.00</b>   | <b>1,318.13</b>              | <b>2,236.54</b>            | -               | <b>(764.82)</b>   | <b>5,230.54</b>  | -                  | <b>5,088.19</b>  | <b>1.46</b>              | <b>136.88</b>                         | -                        | -               | <b>32,571.42</b>  |
| Profit for the year   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | 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)          |
| <b>Total Comprehensive Income</b>   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | <b>4,970.00</b>  | <b>(3.94)</b>            | <b>(116.81)</b>                       | <b>(226.08)</b>          | <b>(204.75)</b> | <b>4,418.42</b>   |
| Transfer to/ (from) Retained Earnings   | 1,522.32   | 336.52  | 978.00  | 49.15                        | -                          | -               | -   | -                | -                  | 793.29   | -                        | -                                     | -                        | -               | (3,679.28)        |
| Transfer to/ (from) 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)        |
| Gain on acquisition of shares in Joint Venture                                      | -  | -   | -   | -                            | -                          | 4.70            | -   | -                | -                  | -  | -                        | -                                     | -                        | -               | 4.70              |
| Amortisation during the year  | -  | -   | -   | -                            | -                          | -               | 675.95  | -                | -                  | -  | -                        | -                                     | -                        | -               | 675.95            |
| <b>Total- Other adjustments</b>   | <b>1,522.32</b>  | <b>(41.89)</b>  | <b>978.00</b>   | <b>(1,318.13)</b>            | -                          | <b>4.70</b>     | <b>(954.56)</b>   | <b>1,745.69</b>  | <b>793.29</b>      | <b>(3,765.47)</b>  | -                        | <b>86.19</b>                          | -                        | -               | <b>(949.86)</b>   |
| Dividends   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | (2,172.41)   | -                        | -                                     | -                        | -               | (2,172.41)        |
| Dividend Distribution Tax   | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | (446.06)   | -                        | -                                     | -                        | -               | (446.06)          |
| <b>Total- Transaction with owners and taxes</b>                                     | -  | -   | -   | -                            | -                          | -               | -   | -                | -                  | <b>(2,618.47)</b>  | -                        | -                                     | -                        | -               | <b>(2,618.47)</b> |
| <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>     | <b>(1,719.38)</b>   | <b>6,976.23</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>33,421.51</b>  |

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>                                    |                       |                       |
| <b>Net Profit before Tax</b>   | <b>7,029.98</b>       | <b>8,090.44</b>       |
| <b>Adjustments for:</b>  |                       |                       |
| 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)                |
| <b>Operating profit before Changes in Operating Assets &amp; Liabilities</b>       | <b>10,800.66</b>      | <b>8,733.05</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  | (5,165.04)            | (13,856.89)           |
| 4. Operating Liabilities   | 5,485.44              | 14,711.38             |
| <b>Cash flow from Operations</b>   | <b>(30,951.23)</b>    | <b>(33,794.89)</b>    |
| 1. Income Tax Paid (including TDS)   | (1,777.35)            | (2,070.91)            |
| 2. Income Tax refund   | 16.67                 | -                     |
| <b>Net Cash Flow from Operating Activities</b>                                     | <b>(32,711.91)</b>    | <b>(35,865.80)</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)       | (97.51)               | (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                               | <b>172,899.12</b> | 21,293.39                        | 729.78                         | -                    | 41.72           | <b>194,964.01</b> |
| Commercial Paper                                    | <b>7,696.32</b>   | (5,270.30)                       | -                              | -                    | 463.66          | <b>2,889.68</b>   |
| Rupee Term Loans/ WCDL                              | <b>24,884.25</b>  | 7,904.65                         | 194.55                         | -                    | -               | <b>32,983.45</b>  |
| Foreign Currency Debt Securities & other Borrowings | <b>33,950.25</b>  | 12,617.57                        | 73.78                          | 3,930.12             | 57.93           | <b>50,629.65</b>  |
| Subordinated Liabilities                            | <b>4,818.76</b>   | -                                | 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> |
| <b>FY 2018-19</b>                                   |                   |                                  |                                |                      |                 |                   |
| Rupee Debt Securities                               | <b>168,444.86</b> | 4,220.72                         | 124.83                         | -                    | 108.71          | <b>172,899.12</b> |
| Commercial Paper                                    | <b>3,150.44</b>   | 4,143.04                         | -                              | -                    | 402.84          | <b>7,696.32</b>   |
| Rupee Term Loans/ WCDL                              | <b>414.82</b>     | 24,350.00                        | 119.43                         | -                    | -               | <b>24,884.25</b>  |
| Foreign Currency Debt Securities & Bonds            | <b>29,689.04</b>  | 3,718.78                         | 104.02                         | 1,220.89             | (782.48)        | <b>33,950.25</b>  |
| Subordinated Liabilities                            | <b>2,667.36</b>   | 2,151.20                         | 1.58                           | -                    | (1.38)          | <b>4,818.76</b>   |
| <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.  
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 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, financials 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:

- 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.
- 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  |
| <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     |

## 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)             |                 |
| 7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO)<br>(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. (NHA)<br>(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. (NHA)<br>(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)<br>(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)<br>(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)<br>(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)<br>(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.<br>(17,53,02,206 Equity shares of ₹ 10 each)   | -              | 349.73                             | -                      | -   | 349.73          | 349.73          |
| - Indian Energy Exchange Ltd.<br>(1,22,71,211 Equity shares of ₹ 1 each)   | -              | 157.01                             | -                      | -   | 157.01          | 157.01          |
| - HUDCO Ltd.<br>(3,47,429 Equity shares of ₹ 10 each)  | -              | 0.69                               | -                      | -   | 0.69            | 0.69            |
| - Universal Commodity Exchange Ltd.<br>(1,60,00,000 Equity shares of ₹ 10 each)  | -              | -                                  | -                      | -   | -               | -               |
| - Rattan India Power Ltd.<br>(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.<br>(2,87,20,978 redeemable preference shares of ₹ 10 each)   | 22.93          | -                                  | -                      | -   | -               | 22.93           |
| - Rattan India Power Ltd.<br>(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)             |                 |
| <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>   | -              | <b>6.12</b>                        | -                      | -   | <b>6.12</b>     | <b>6.12</b>     |
| (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>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>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)       |              |
| <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>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)<br>(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)<br>(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)<br>(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.<br>(18,40,11,865 Equity shares of ₹ 10 each)   | -              | 433.00                             | -                      | -   | 433.00          | 433.00          |
| - Indian Energy Exchange Ltd.<br>(1,25,00,000 Equity shares of ₹ 1 each)   | -              | 206.25                             | -                      | -   | 206.25          | 206.25          |
| - HUDCO Ltd.<br>(3,47,429 Equity shares of ₹ 10 each)  | -              | 1.56                               | -                      | -   | 1.56            | 1.56            |
| - Universal Commodity Exchange Ltd.<br>(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<br>(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.<br>(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   |
|--|------------------|------------------|
| <b>(A) Loans to Employees (Refer Note 12.1)</b>              | 34.61            | 28.80            |
| <b>(B) Advances to Employees</b>                             | 0.30             | 0.32             |
| <b>(C) Security Deposits</b>                                 | 1.88             | 1.76             |
| <b>(D) Recoverable from Govt. of India</b>                   |                  |                  |
| - Towards Gov 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> |
| <b>(E) Recoverable from State Electricity Boards/ Others</b> | 5.20             | 14.12            |
| <b>(F) Other Amounts Recoverable</b>                         | 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>     |
| <b>(G) Other Financial Assets</b>                            | 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 & 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>                   |                             |                    |           |                       |                      |                |                   |          |                        |        |                          |                                     |                         |
| <b>As at 31.03.2018</b>                       | 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   | -                        | -                                   | -                       |
| <b>As at 31.03.2019</b>                       | 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                    |
| <b>As at 31.03.2020</b>                       | 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> |                             |                    |           |                       |                      |                |                   |          |                        |        |                          |                                     |                         |
| <b>As at 31.03.2018</b>                       | -                           | 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   | -                        | -                                   | -                       |
| <b>As at 31.03.2019</b>                       | -                           | 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                    |
| <b>As at 31.03.2020</b>                       | -                           | 0.32               | 9.06      | 0.77                  | 6.91                 | 16.56          | 12.91             | 0.32     | 1.34                   | 48.19  | -                        | -                                   | 4.92                    |
| <b>Net block as at 31.03.19</b>               | 110.39                      | 1.28               | 23.16     | -                     | 4.46                 | 7.10           | 8.56              | 0.10     | 1.58                   | 156.63 | 196.94                   | 1.59                                | 8.55                    |
| <b>Net block as at 31.03.20</b>               | 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 assets 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>122<sup>nd</sup> 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><br>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><br>7.17% Redeemable at par on 23.07.2025   | 300.00         | 306.98         | 300.00         | 306.92         |
| <b>Series 2013-14 Tranche 2</b><br>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><br>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><br>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><br>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><br>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><br>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><br>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><br>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<br>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 |
| 183 <sup>rd</sup> Series - 8.29% Redeemable at par on 16.09.2034            | 3,028.00       | 3,163.54       | -              | -              |
| 182 <sup>nd</sup> Series - 8.18% Redeemable at par on 22.08.2034            | 5,063.00       | 5,315.09       | -              | -              |
| 189 <sup>th</sup> Series - 7.92% Redeemable at par on 31.03.2030            | 3,054.90       | 3,054.80       | -              | -              |
| 188B Series - 7.89% Redeemable at par on 31.03.2030                         | 1,100.00       | 1,100.07       | -              | -              |
| 192 <sup>nd</sup> Series - 7.50% Redeemable at par on 28.02.2030            | 2,382.00       | 2,393.16       | -              | -              |
| 184-A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029 | 290.20         | 302.31         | -              | -              |
| 180-B Series - 8.30% Redeemable at par on 25.06.2029                        | 2,070.90       | 2,163.58       | -              | -              |
| 178 <sup>th</sup> Series - 8.80% Redeemable at par on 14.05.2029            | 1,097.00       | 1,167.75       | -              | -              |
| 176 <sup>th</sup> Series - 8.85% Redeemable at par on 16.04.2029            | 1,600.70       | 1,735.59       | -              | -              |
| 169 <sup>th</sup> Series - 8.37% Redeemable at par on 07.12.2028            | 2,554.00       | 2,621.29       | 2,554.00       | 2,620.27       |
| 168 <sup>th</sup> Series - 8.56% Redeemable at par on 29.11.2028            | 2,552.40       | 2,626.01       | 2,552.40       | 2,624.99       |
| 163 <sup>rd</sup> Series - 8.63% Redeemable at par on 25.08.2028            | 2,500.00       | 2,628.20       | 2,500.00       | 2,627.34       |
| 162 <sup>nd</sup> Series - 8.55% Redeemable at par on 09.08.2028            | 2,500.00       | 2,637.55       | 2,500.00       | 2,636.73       |
| 156 <sup>th</sup> Series - 7.70% Redeemable at par on 10.12.2027            | 3,533.00       | 3,614.64       | 3,533.00       | 3,614.04       |
| 147 <sup>th</sup> Series - 7.95% Redeemable at par on 12.03.2027            | 2,745.00       | 2,745.34       | 2,745.00       | 2,745.25       |
| 142 <sup>nd</sup> Series - 7.54% Redeemable at par on 30.12.2026            | 3,000.00       | 3,056.26       | 3,000.00       | 3,055.73       |
| 140 <sup>th</sup> Series - 7.52% Redeemable at par on 07.11.2026            | 2,100.00       | 2,152.27       | 2,100.00       | 2,151.90       |
| 136 <sup>th</sup> Series - 8.11% Redeemable at par on 07.10.2025            | 2,585.00       | 2,671.22       | 2,585.00       | 2,670.69       |
| 95-II Series - 8.75% Redeemable at par on 14.07.2025                        | 1,800.00       | 1,913.61       | 1,800.00       | 1,913.49       |
| 94 <sup>th</sup> Series - 8.75% Redeemable at par on 09.06.2025             | 1,250.00       | 1,339.05       | 1,250.00       | 1,339.00       |
| 133 <sup>rd</sup> Series - 8.30% Redeemable at par on 10.04.2025            | 2,396.00       | 2,452.91       | 2,396.00       | 2,452.88       |
| 190A Series - 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><br>(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><br>(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>-</b>         | <b>-</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>-</b>       | <b>-</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<br>₹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*<br>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<br>₹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<br>₹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<br>₹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*<br>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<br>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*<br>₹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)<br>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  |
| 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   | -               | -               | 1,037.57        | 1,037.97        |
| US\$100 Mn - Repaid on 19.12.2019   | -               | -               | 691.71          | 691.99          |
| US\$100 Mn - Repaid on 09.12.2019   | -               | -               | 691.71          | 692.00          |
| US\$150 Mn - 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 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.

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 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 12).

Details of the Gol 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>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         | -                |
| <b>Gol- X Series</b>   | 8.25%       | Semi-annual        | 26-3-2030       | 532.30           | -                |
| <b>Gol- 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           |
| <i>Sub-total (A)</i>                       | <b>98.71</b>   | <b>100.24</b>  |
| <b>(B) Others</b>                          |                |                |
| Expected Credit Loss on Letters of Comfort | 8.38           | -              |
| <i>Sub-total (B)</i>                       | <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)(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.

### 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>                | 13.29                 | 11.06                 |
| <b>(ii) Listing and Trusteeship Fee</b> | 1.51                  | 1.67                  |
| <b>(iii) Agency Fees</b>                | 1.66                  | 0.78                  |
| <b>(iv) Credit Rating Expenses</b>      | 3.05                  | 2.85                  |
| <b>(v) Other Finance Charges</b>        | 5.93                  | 18.02                 |
| <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> |                       |                       |
| (i) On trading Portfolio  | -                     | -                     |
| (ii) Others   |                       |                       |
| - 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> | <b>0.14</b>           | <b>0.10</b>           |
| <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>       |

## CONSOLIDATED NOTES TO ACCOUNTS

### 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 |
|---|-----------------------|-----------------------|
| <b>Profit before Tax</b>  | 7,029.98              | 8,090.44              |
| <b>Statutory income tax rate</b>  | <b>25.168%</b>        | <b>34.944%</b>        |
| <b>Expected income tax expense</b>  | <b>1,769.31</b>       | <b>2,827.12</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   | 1.93                  | 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:

- (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 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:

- (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.

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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.







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> | -                | -                             | -                              | -                              | -                            | -                           | -                            | -            | -                 |

### 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<br>(₹ in Crores) | % of Total<br>borrowings | Amount<br>(₹ in Crores) | % of Total<br>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<br>(₹ in Crores) | % of Total<br>Liabilities | Amount<br>(₹ in Crores) | % of Total<br>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<br>(₹ in<br>Crores) | % of<br>Public<br>Funds | % of Total<br>Liabilities | % of Total<br>Assets | Amount<br>(₹ in<br>Crores) | % of<br>Public<br>Funds | % of Total<br>Liabilities | % of Total<br>Assets |
| Commercial Papers  | 2,925.00                   | 1.04%                   | 0.94%                     | 0.84%                | 7,975.00                   | 3.33%                   | 3.02%                     | 2.67%                |
| Non-Convertible debentures<br>having maturity of less than<br>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:

- (i) 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.
- (ii) 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.
- (iii) 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<br>(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 |                     |             |                                    |   |  |
| (i) <b>Cash flow hedge</b><br><i>Foreign exchange and interest rate risk</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 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 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<br>(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/<br>(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. Ajoy 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-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 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>                 | 2.76        |
| 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 gov. 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/<br>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/<br>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/<br>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/<br>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<br>March 31, 2020* | For the year ended<br>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>  | <b>(21.60)</b>                        | <b>(0.22)</b>                          |
| <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<br>March 31, 2020 * | For the year ended<br>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 |        |
|---|------------------|--------|------------------|--------|
|   | Amount           | Amount | Amount           | Amount |
| <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>Secured</b>                  | <b>Unsecured</b>   |
| <b>Particulars</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 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

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                  | Dinching 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)                      |

# Dinching 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

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

## 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 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 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><br/>(Refer Note No. 50.1.3 to the consolidated 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> <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> |

| 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 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 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

- (a) 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.
- (b) 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.
- (c) 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**

## Addresses of REC Offices

| Sl. No. | Name of Office                   | Span of control   | Location  | Address   | Phone / Fax No.  | E-Mail ID                                     |
|---------|----------------------------------|---|-----------|---|--|---|
| 1       | Registered & Corporate Office    | All India   | New Delhi | Core-4, SCOPE Complex<br>7, Lodhi Road,<br>New Delhi - 110003   | 011-43091500<br>011-43091501<br>011-24360644 (Fax)                                 | contactus@recl.in                             |
| 2       | Regional Office (West)           | Maharashtra, Gujarat, Dadra & Nagar Haveli and Daman & Diu      | Mumbai    | 51-B, Mittal Tower<br>5 <sup>th</sup> Floor, Nariman Point<br>Mumbai - 400021                             | 022-22830985<br>022-22833068<br>022-22833055<br>022-22831004 (Fax)                 | zmmumbai@recl.in                              |
| 3       |                                  | State Office (Gujarat, Dadra & Nagar Haveli and Daman & Diu)    | Vadodara  | Plot No. 585, T.P. Scheme No.2 Behind Pusti Complex, Atma Jyoti Ashram Road Subhanpura, Vadodara - 390023 | 0265-2397487<br>0265-2397652 (Fax)   | povadodara@recl.in<br>recvadodara@gmail.com   |
| 4       | Regional Office (North)          | Punjab, Haryana & Himachal Pradesh                              | Panchkula | BAY No. 7-8, Sector-2<br>Panchkula - 134112   | 0172-2563864<br>0172-2563822<br>0172-2563863<br>0172-2580476<br>0172-2567692 (Fax) | popanchkula@recl.in                           |
| 5       |                                  | State Office (Himachal Pradesh)                                 | Shimla    | Pt. Padamdev Commercial Complex, Phase- II, First Floor, The Ridge, Shimla - 171001                       | 0177-2653411<br>0177-2804077 (Fax)   | poshimla@recl.in                              |
| 6       | Regional Office (J&K)            | Jammu & Kashmir, Ladakh   | Jammu     | 157-A, Gandhi Nagar Behind Apsara Cinema, Jammu - 180004  | 0191-2450800<br>0191-2450868 (Fax)   | pojammu@recl.in                               |
| 7       | Regional Office (North East)     | Assam, Mizoram, Nagaland, Meghalaya, Manipur, Arunachal Pradesh | Guwahati  | "SRADDHA" MG Path G.S. Road Crossing (Sohum/SBI Point) Christian Basti Guwahati - 781005                  | 0361-2343714<br>0361-2343712 (Fax)   | poguwahati@recl.in<br>recroguwahati@gmail.com |
| 8       |                                  | State Office (Meghalaya)  | Shillong  | Janlyn Villa, Hopkinson's Road, Lower Lachumiere Shillong - 793001  | 0364-3510021<br>0364-2225687 (Fax)   | poshillong.recl@nic.in                        |
| 9       | Regional Office (Uttar Pradesh)  | Uttar Pradesh   | Lucknow   | 19/8, Indira Nagar Extension Ring Road Lucknow - 226016   | 0522-2716324<br>0522-2717376<br>0522-4074944<br>0522-2716815 (Fax)                 | zmlucknow@recl.in                             |
| 10      |                                  | Sub-Office (Varanasi)   | Varanasi  | N-8/239J, Newada Sunderpur Near Ksheer Sagar Varanasi - 221005  | 0522-2716324<br>0522-2717376<br>0522-4074944<br>0522-2716815 (Fax)                 | zmlucknow@recl.in                             |
| 11      | Regional Office (Uttarakhand)    | Uttarakhand   | Dehradun  | 7, New Road Opposite MKP College Dehradun - 248001  | 0135-2650766<br>0135-2650799   | sodehradun@recl.in<br>recsoddn@gmail.com      |
| 12      | Regional Office (Madhya Pradesh) | Madhya Pradesh  | Bhopal    | Hall No.3, West Block 2 <sup>nd</sup> Floor, Metro Walk Bittan Market Bhopal - 462016                     | 0755-2460006<br>0755-2460008 (Fax)   | reccentralzone@yahoo.com<br>recbhopal@recl.in |



| Sl. No. | Name of Office                   | Span of control  | Location           | Address  | Phone / Fax No.  | E-Mail ID   |
|---------|----------------------------------|--|--------------------|--|--|---|
| 13      | Regional Office (Chhattisgarh)   | Chhattisgarh   | Raipur             | F-6 & F-7, Block B-1<br>1 <sup>st</sup> Floor, Pujari Chambers<br>Commercial Complex<br>Panchpedi Naka<br>Raipur - 492001  | 0771-2241055<br>0771-2241055 (Fax)   | recraipur@recl.in<br>recraipur@yahoo.com                          |
| 14      | Regional Office (East)           | West Bengal,<br>Sikkim, Tripura,<br>Andaman & Nicobar<br>Islands | Kolkata            | I B-186, Sector-III<br>Salt Lake City<br>Kolkata - 700106  | 033-23356989<br>033-23356994<br>033-23326998<br>033-23356900 (Fax)                 | zmkolkata@recl.in   |
| 15      | Regional Office (Rajasthan)      | Rajasthan  | Jaipur             | J-4-A, Jalana Dungari<br>Institutional Area<br>Jaipur - 302004   | 0141-2707840<br>0141-2700161<br>0141-2706986 (Fax)                                 | pojaipur@recl.in<br>recrojpr2020@gmail.com                        |
| 16      | Regional Office (Kerala)         | Kerala, Lakshadweep  | Thiruvananthapuram | O-5, 4 <sup>th</sup> Floor, "Saphallyam"<br>Commercial Complex<br>TRIDA Building Palayam<br>Thiruvananthapuram -<br>695034 | 0471-2328662<br>0471-2328579 (Fax)   | potrivandrum@recl.in<br>rectrivandrum@gmail.com                   |
| 17      | Regional Office (Tamil Nadu)     | Tamil Nadu,<br>Puducherry  | Chennai            | No. 12 & 13<br>T.N.H.B.Complex<br>180 Luz Church Road<br>Mylapore<br>Chennai - 600004                                      | 044-24672376<br>044-24670595 (Fax)   | pochennai@recl.in   |
| 18      | Regional Office (Karnataka)      | Karnataka, Goa   | Bengaluru          | No. 1/5, Halasuru Road<br>Bengaluru - 560042   | 080-25598244<br>080-25550240<br>080-25598243 (Fax)                                 | pobangalore@recl.in   |
| 19      | Regional Office (Telangana)      | Telangana  | Hyderabad          | Shivrampally, NPA Post<br>Near Aramghar X Road<br>Hyderabad - 500052   | 040-29805034<br>040-29804520<br>040-29806745<br>040-29886745<br>040-29804235 (Fax) | zmhyderabad@recl.in<br>reclpohyd@yahoo.com<br>reclpohyd@gmail.com |
| 20      | Regional Office (Andhra Pradesh) | Andhra Pradesh   | Vijayawada         | 54-15-13, BSR Hill View<br>2 <sup>nd</sup> Floor, Srinivasa Nagar<br>Bank Colony<br>Vijayawada - 520008                    | 0866-2973405<br>0866-2973406 (Fax)   | recro-vijay@recl.in<br>recro.vijayawada@gmail.com                 |
| 21      | Regional Office (Odisha)         | Odisha   | Bhubaneswar        | Deen Dayal Bhawan<br>5 <sup>th</sup> Floor, Ashok Nagar<br>Janpath<br>Bhubaneswar-751009                                   | 0674-2393206<br>0674-2536649<br>0674-2536669 (Fax)                                 | pobhubaneswar@recl.in<br>repobbsr@yahoo.co.in                     |
| 22      | Regional Office (Bihar)          | Bihar  | Patna              | 'Maurya Lok' Complex<br>Block - C, 4 <sup>th</sup> Floor<br>New Dak Bangalow Road<br>Patna - 800001                        | 0612-2224596<br>0612-2221131   | popatna@recl.in<br>popatna@yahoo.com                              |
| 23      | Regional Office (Jharkhand)      | Jharkhand  | Ranchi             | 101 & 104<br>Om Shree Enclave<br>Beside Loyola School<br>Airport Road Hinoo<br>Ranchi - 834002                             | 0651-2253123<br>0651-2251320 (Fax)   | poranchi@recl.in<br>rec_ranchi@yahoo.com                          |
| 24      | Training Centre                  | REC Institute of<br>Power Management<br>& Training<br>(RECIPMT)  | Hyderabad          | Shivrampally, NPA Post<br>Near Aramghar X Road<br>Hyderabad - 500052   | 040-29880851<br>040-29805896 (Fax)   | recipmt@recl.in<br>recipmt@gmail.com                              |



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