आरईसी
REC
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Endless energy. Infinite possibilities.

REC Limited | आर ई सी लिमिटेड
(भारत सरकार का उद्यम) / (A Government of India Enterprise)
Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003
Corporate Office: Plot No. I-4, Near IFFCO Chowk Metro Station, Sector-29, Gurugram - 122001 (Haryana)
Tel: +91 124 444 1300 | Website: www.recindia.nic.in
CIN : L40101DL1969GOI005095 | GST No.: 06AAACR4512R3Z3

SEC-1/187(2)/2023/1380 **Dated: August 14, 2023**

लिस्टिंग विभाग, नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड एक्सचेंज प्लाजा, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - ४०० ०५१	**कॉर्पोरेट संबंध विभाग बीएसई लिमिटेड पहली मंजिल, फीरोज जीजीभोय टावर्स दलाल स्ट्रीट, फोर्ट, मुंबई - ४०० ००१**
स्क्रिप कोड - RECLTD	**स्क्रिप कोड – 532955**
Listing Department, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), **Mumbai - 400 051.**	**Corporate Relationship Department** BSE Limited 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort, **Mumbai - 400 001.**
Scrip Code - RECLTD	**Scrip Code – 532955**

Sub: Intimation of 54th Annual General Meeting and submission of Notice & Annual Report of the Company for the financial year 2022-23.

Dear Sir(s),

This is to inform that the 54th Annual General Meeting (AGM) of REC Limited will be held on **Wednesday, September 6, 2023 at 11.00 A.M.,** Indian Standard Time (IST) through Video Conferencing/Other Audio Visual Means (**VC/OAVM**). The deemed venue for the 54th AGM shall be the Registered Office of the Company.

In compliance with the provisions of the Companies Act, 2013 read with applicable circulars issued by Ministry of Corporate Affairs and SEBI, the Notice of 54th AGM and Annual Report containing the financial statements for the financial year 2022-23, Auditor's Report thereon, Board's Report and other documents required to be attached thereto including Business Responsibility & Sustainability Reporting (BRSR), have been sent through e-mails on August 14, 2023, to all the members whose e-mail IDs are registered with the Company/Depository Participant (DP).

Pursuant to the provisions of Companies Act, 2013, Rules made thereunder and SEBI (LODR) Regulations, 2015, it is informed that the Company has fixed the following dates in connection with the 54th AGM:-

Cut-off date for determining the eligibility of shareholders to vote through remote e-voting before the AGM / e-voting during the AGM	**Wednesday, August 30, 2023**
Period of remote e-voting to enable shareholders as on the Cut-off date i.e., **August 30, 2023** to cast their votes on proposed resolutions electronically.	**From Sunday, September 3, 2023 (0900 hours) to Tuesday, September 5, 2023 (1700 hours)**
Pay-out date for final dividend 2022-23, if approved at the ensuing AGM.	Within 30 days from the date of AGM

Further, in pursuance 34(1) of SEBI (LODR) Regulations, 2015, please find enclosed herewith soft copy of Annual Report of REC Limited for the financial year 2022-23, *inter-alia* containing the Notice of 54th AGM of the Company.

The said Annual Report is also hosted on the Company's website at the link: 'https://recindia.nic.in/annual-reports' and on the website of the e-voting service provider i.e. National Securities Depository Limited at 'www.evoting.nsdl.com'.

यह आपकी जानकारी के लिए है। This is for your information.

धन्यवाद,

भवदीय,

Jyoti Shubhra Amitabh

Digitally signed by Jyoti Shubhra Amitabh
DN: c=IN, o=Personal, title=0573,
pseudonym=1330658119148362 76Dm3B8269pXyOd3,
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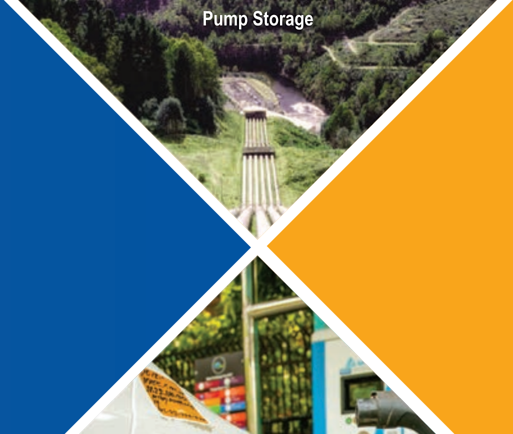
Date: 2023.08.14 18:59:43 +05'30'

(जे. एस. अमिताभ)
कार्यकारी निदेशक और कंपनी सचिव

संलग्न : ए / ए

ENABLING INDIA'S ENERGY TRANSITION



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A MAHARATNA COMPANY

54th Annual Report | 2022-23

Content

Company Information

Board of Directors	Shri Vivek Kumar Dewangan Chairman & Managing Director Shri Ajoy Choudhury Director (Finance) Shri V.K. Singh Director (Projects) Shri Piyush Singh Government Nominee Director Shri Manoj Sharma PFC Nominee Director Dr. Gambheer Singh Independent Director Dr. Manoj Manohar Pande Independent Director Dr. Durgesh Nandini Independent Director Shri Narayanan Thirupathy Independent Director
Chief Vigilance officer	Shri Virender Kumar Adhana
Company Secretary	Shri J.S. Amitabh
Corporate Identification Number	L40101DL1969GOI005095
Registered Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. Tel: +91-11-4309 1500 / 1501
Corporate Office	Plot no. I-4, Sector 29, Gurugram, Haryana-122001, India. Tel: +91-124-444 1300
Corporate Website & Email	www.recindia.nic.in | contactus@recl.in
Equity Shares listed on	National Stock Exchange of India Limited BSE Limited
Depositories	National Securities Depository Limited Central Depository Services (India) Limited
Statutory Auditors	S.K. Mittal & Co., Chartered Accountants O.P. Bagla & Co. LLP., Chartered Accountants
Secretarial Auditors	Hemant Singh & Associates, Company Secretaries
Bankers	Axis Bank Bank of Baroda HDFC Bank HSBC Bank ICICI Bank IndusInd Bank Reserve Bank of India State Bank of India Yes Bank
Registrar & Transfer Agents	**For Equity Shares** Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055 Phone: 011 - 42541234 Email: complianceofficer@recl.in, rta@alankit.com Website: www.alankit.com **For Bonds** KFin Technologies Limited Selenium Tower B, Plot nos. 31 & 32 Gachibowli Financial District, Nanakramguda Hyderabad-500032 Phone: 1-800-309-4001 Email: investorcell@recl.in, einward.ris@kfintech.com Website: https://www.kfintech.com/ Beetal Financial & Computer Services (P) Limited Beetal House, 3rd floor, 99 Madangir Behind LSC, Opp. Dada Harsukhdas Mandir New Delhi-110062 Phone: +91-11-2996 1281-83 Email: recbonds3@gmail.com, spgupta123@gmail.com Website: www.beetalfinancial.com

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Board of Directors

Shri Vivek Kumar Dewangan
Chairman & Managing Director

Shri Ajoy Choudhury
Director (Finance)

Shri V.K. Singh
Director (Projects)

Shri Piyush Singh
Government Nominee Director

Shri Manoj Sharma
PFC Nominee Director

Dr. Gambheer Singh
Independent Director

Dr. Manoj Manohar Pande
Independent Director

Dr. Durgesh Nandini
Independent Director

Shri Narayanan Thirupathy
Independent Director

Director's Profile

Shri Vivek Kumar Dewangan
(DIN: 01377212)
Chairman & Managing Director

Shri Vivek Kumar Dewangan is the Chairman & Managing Director of REC Limited since May 17, 2022. He is an IAS officer (Manipur:1993) and holds B.E. in Electronics from NIT, Bhopal and P.G. in Optoelectronics & Optical Communication from IIT, Delhi. Prior to joining REC, he was Additional Secretary in the Ministry of Power, Government of India.

During his illustrious IAS career, he has held various administrative positions in the areas of Finance, Power & Energy, Petroleum & Natural Gas, Elections, Law & Justice, Commerce & Industries, Minister's Offices (Corporate Affairs, Agriculture & Food Processing Industries), Education, Human Resource Development, Sericulture, Agriculture & Cooperation, Economic affairs, Economics & Statistics, Rural Development & Panchayati Raj, District Administration (Surguja & Raipur districts in Chhattisgarh and Senapati district in Manipur) and Revenue Administration. As CMD, he provides strategic vision and overall direction to REC for achieving its corporate objectives.

He is also the *ex-officio* Chairman of REC's wholly-owned subsidiary *viz.* REC Power Development and Consultancy Limited (RECPDCL).

Shri Vivek Kumar Dewangan is holding Nil equity shares in REC. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

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

Shri Ajoy Choudhury is the Director (Finance) of REC Limited since June 1, 2020. He is an Associate Member of the Institute of Cost Accountants of India. He has over 35 years of experience in the Indian power sector across diverse functions. He joined REC on April 16, 2007 and served in various capacities and prior to joining REC, he had worked in various capacities in finance discipline with Power Grid Corporation of India Limited and NHPC Limited.

As Director (Finance), he provides directions with respect to financial management and operations of REC encompassing organizational and financial planning, formulation of financial policies, financial accounting, management control systems, lending operations, cash and fund management, corporate accounts, tax planning, mobilization of resources and liaison with financial institutions & capital market players. He has been instrumental in implementing various systemic improvements in REC, including formulation of loan recovery guidelines, asset liability management, resolution of stressed assets, improving communication and services to customers and managing overall resources and treasury in an efficient manner.

He is also a Director on the Board of REC Power Development and Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC.

Shri Ajoy Choudhury is holding 1,600 equity shares of ₹10/- each in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

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Shri V.K. Singh
(DIN: 02772733)
Director (Projects)

Shri V.K. Singh is the Director (Technical) of REC Limited since July 15, 2022. Prior to his elevation, he was serving as Executive Director in the Company. He holds a Bachelor's Degree in Electrical Engineering from IIT, Roorkee and has over 34 years of experience in the Indian power sector. He joined REC on March 29, 2007 and prior to joining REC, he had worked in Power Grid Corporation of India Limited and NTPC Limited.

As Director (Projects), he is responsible for all technical functions of REC, including project & entity appraisal of renewable energy, generation, transmission & distribution projects, power sector value chain i.e. equipment manufacturing, coal block financing etc; and infrastructure financing namely ports, airports, metro, hospitals, refinery etc; and financing activities including sanction, disbursement and project monitoring, business development, Stressed Assets Management, Diversification and overall functioning of the Company. He is also responsible for key operational areas of Procurement, Legal matters, IT system and Capacity building business through RECIPMT. He is guiding the Program Management Division towards successful implementation of Government Programs.

He has rich experience in transmission project development & management, TBCB process, procurement of goods & services, construction of EHV sub-stations and transmission lines, financial aspects like raising of bonds, commercial paper, ECB etc.

He is also a Director on the Board of REC Power Development and Consultancy Limited (RECPDCL), a wholly owned subsidiary of REC.

Shri V.K. Singh is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

Shri Piyush Singh
(DIN: 07492389)
Government Nominee Director

Shri Piyush Singh is Government Nominee Director on the Board of REC Limited since September 14, 2022. He is an IAS Officer (Maharashtra: 2000) and holds B. Tech degree in Civil Engineering from IIT Delhi. Presently, he is posted as Joint Secretary (Thermal and Coal, Distribution) in the Ministry of Power, Government of India.

He has worked in various capacities in District Administration, Department of Social Justice & Empowerment, Department of Health & Family Welfare and Department of Revenue, Government of Maharashtra. He also served in Uttarakhand in Planning department, Dehradun and has wide experience in the area of Public Administration and Planning.

Shri Piyush Singh is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company

Shri Manoj Sharma
(DIN: 06822395)
PFC Nominee Director

Shri Manoj Sharma has been appointed on the Board of REC Limited as the Nominee Director of Power Finance Corporation Limited (PFC), with effect from July 11, 2023. He is a Chartered Accountant with a degree in law (LLB) and currently working as Director (Commercial) in PFC.

He has more than 31 years of experience in power sector. In PFC, he has handled multiple areas & domains including institutional appraisal & development, entity appraisal, legal & documentation, taxation, budget, audit, preparation of financial statements & audit reports, financial analysis, resource mobilization, debt syndication and consultancy assignments on financial/commercial aspects in power sector. During the last 3 decades, he has been associated with entire spectrum of PFC's loan assets, covering formulation of lending policies, putting in place a policy framework to guide appraisal with a structured format for financial analysis, compliance with applicable regulatory and statutory frameworks, monitoring conditions, facilitating disbursement, resolution mechanism for stressed accounts. He is Chairman of PFC Projects Limited, a subsidiary of PFC, an SPV for submission of lenders' backed resolution plan by PFC for resolution of stressed assets.

Shri Manoj Sharma is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

Dr. Gambheer Singh
(DIN: 02003319)
Independent Director

Professor Dr. Gambheer Singh has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from November 15, 2021. He is MBBS from Gandhi Medical College, Bhopal and Master of Surgery from G.R. Medical College, Gwalior. He also holds life memberships of Association of Surgeons of India, Association of Breast Surgeons of India and Indian Medical Association.

He is presently the Dean of Raipur Institute of Medical Sciences in Chhattisgarh. He has more than 23 years of teaching experience, having served in G.R. Medical College, Gwalior and Pandit Jawahar Lal Nehru Memorial Medical College, Raipur. He is running a 50-bedded multi-specialty hospital in Raipur since 2008. The hospital is working on the highest standards of medical specialty and is dedicated to the people of Chhattisgarh.

He is also working in the field of breast cancer awareness and organized more than 500 free health camps in various parts of Chhattisgarh state especially in Gourela, Pendra Marwahi (GPM) district for the needy and tribal people. He is regularly educating the villagers of GPM district, for plantation of medicinal trees, having numerous health benefits.

He has also published more than 10 national and international papers in various index journals and has been an examiner of under-graduate and post graduate examinations.

Dr. Gambheer Singh is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

Dr. Manoj Manohar Pande
(DIN: 09388430)
Independent Director

Dr. Manoj Manohar Pande has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from November 15, 2021. He is currently working as a family physician and social worker in Yavatmal, Maharashtra. He completed his graduation in medicine and surgery from Amravati University, and subsequently trained in Naturopathy from the University of Delhi.

He works for the upliftment of neglected and vagabond community and slum dwellers in Vidarbha region of Maharashtra. He has helped in the rehabilitation of suicide hit farmer families, and is a pioneer in providing educational amenities to students from underprivileged communities. He is also at the helm of two NGOs, dedicated for the betterment of society since past 15 years.

He heralded the production and distribution of Aayush Kadha, a potent potion for Covid-19 warriors, which helped in curbing the wrath of the pandemic. He is also an avid organic farmer and agriculturist, having resorted to innovative farming techniques that have yielded low cost farming practices and increment in soil fertility.

Dr. Manoj Manohar Pande is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

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Dr. Durgesh Nandini
(DIN: 09398540)
Independent Director

Dr. Durgesh Nandini has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from December 30, 2021. She holds a Master of Arts from Gorakhpur University, Masters in Education from Maharshi Dayanand University, Rohtak and a doctorate degree in Political Science from Dr. B.R. Ambedkar University, Agra.

She has earlier served as Principal in a prestigious girls' inter-college and has been a key contributor in the field of education, through her involvement in editing of primary level textbooks and training modules in the Department of Elementary Education, Government of Haryana. She has rich and varied experience in addressing key social issues under the banner of national level volunteer organization *"Jagriti"*.

She is actively contributing as a social worker in the fields of health, women empowerment, child development and environment preservation. At present, she is working on a project for economic development of women and is cooperating with Aparajita Foundation for social justice issues.

Dr. Durgesh Nandini is holding Nil equity shares in the Company. Further, she has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

Shri Narayanan Thirupathy
(DIN 10063245)
Independent Director

Shri Narayanan Thirupathy has been appointed as Part-time Non-official Independent Director on the Board of REC Limited with effect from March 6, 2023. He holds a Bachelor's degree in Economics from the University of Madras and is a popular Television debater and Social worker from Tamil Nadu. He has been working for the development of poor, downtrodden people for more than 35 years.

Shri Narayanan Thirupathy is the founder of a social forum called "Theervu" which means Justice, through which he has created awareness about the socio economic and industrial policies of the country and popularised the concept of good governance with the people of Tamil Nadu. He is well known for his immense contribution to create peace, communal harmony and social justice.

Shri Narayanan Thirupathy is holding Nil equity shares in the Company. Further, he has no *inter-se* relation with any other Director or Key Managerial Personnel of the Company.

Mission / Vision and Objectives

Mission / Vision

1. To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.

2. To act as a competitive, client-friendly and development oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

Objectives

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

1. To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pump-set energisation, implementation of Revamped Distribution Sector Scheme, 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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Senior Management Team

Shri Virender Kumar Adhana
Chief Vigilance Officer

Shri T.S.C. Bosh
Executive Director (Technical)

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

Shri Fuzail Ahmed
Executive Director (Technical)

Shri Sanjay Kumar
Executive Director (Finance)

Shri R.P. Vaishnaw
Executive Director (Finance)

Shri Rahul Dwivedi
Executive Director (PMD)

Smt. Malathi Sundararajan
Executive Director (Finance) & CRO

Shri Sanjay Kulshrestha
Executive Director (Technical)

Smt. Valli Natarajan
Executive Director (Technical)

Shri Daljeet Singh Khatri
Executive Director (Finance)

Shri Harsh Baweja
Executive Director (Finance)

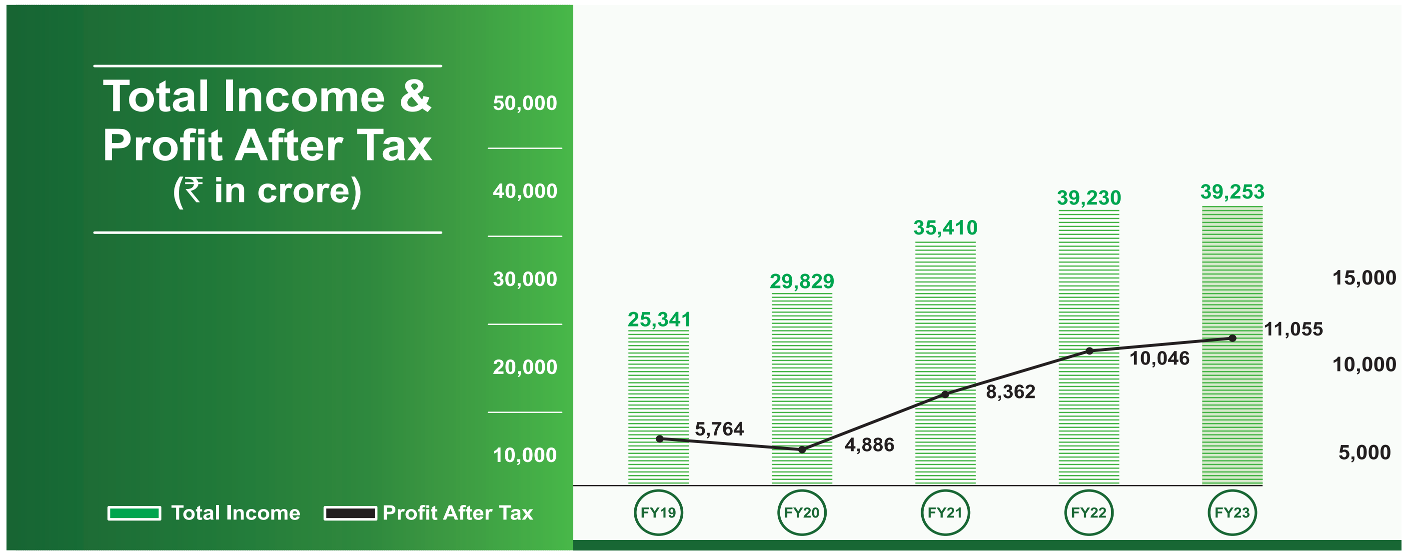
Shri Rajesh Kumar
Executive Director (Finance) & CEO - RECPDCL

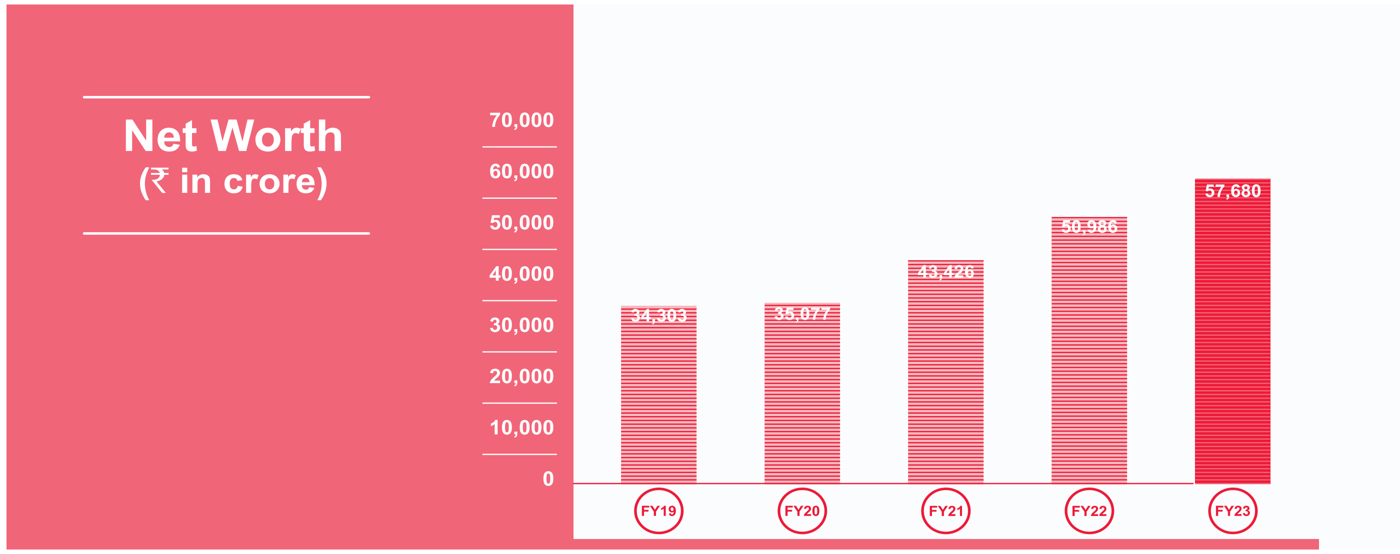
Shri N. Venkatesan
Executive Director (Technical)

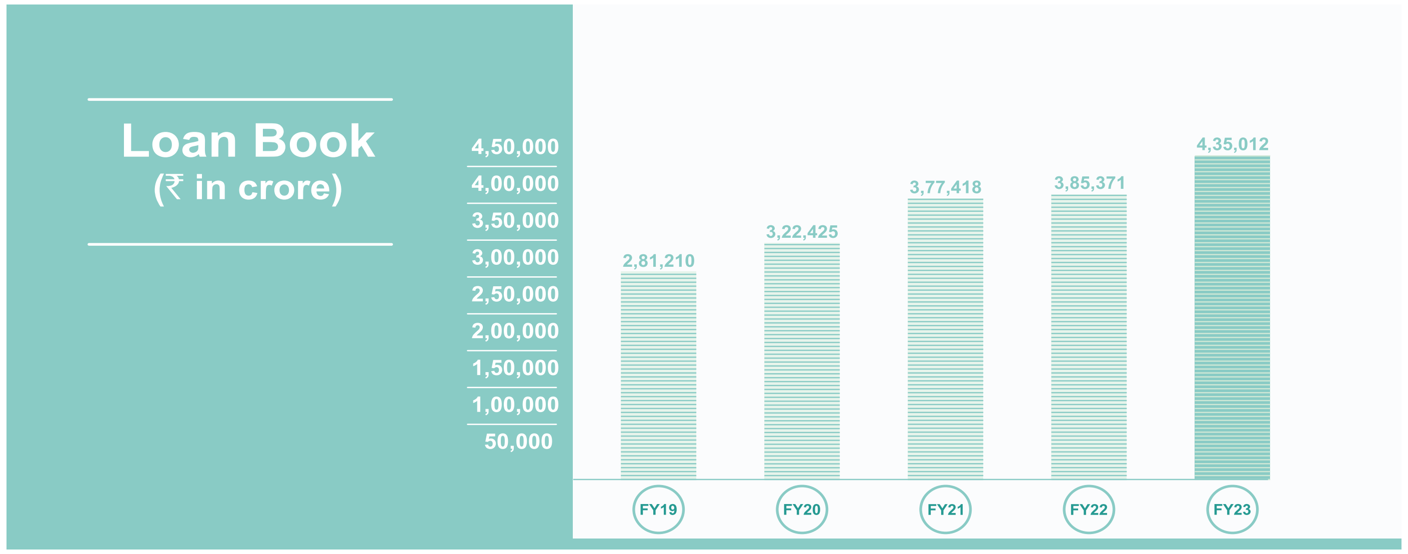
Shri Arun Kumar Tyagi
Executive Director (Finance)

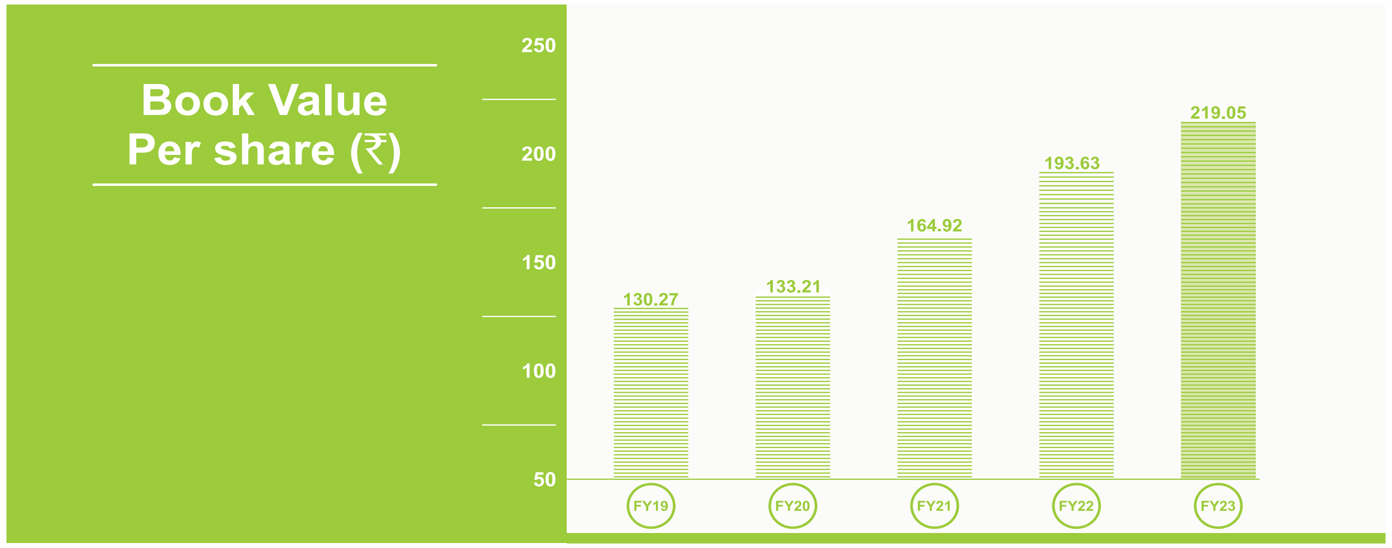
Shri Kuldeep Rai
Executive Director (Technical)

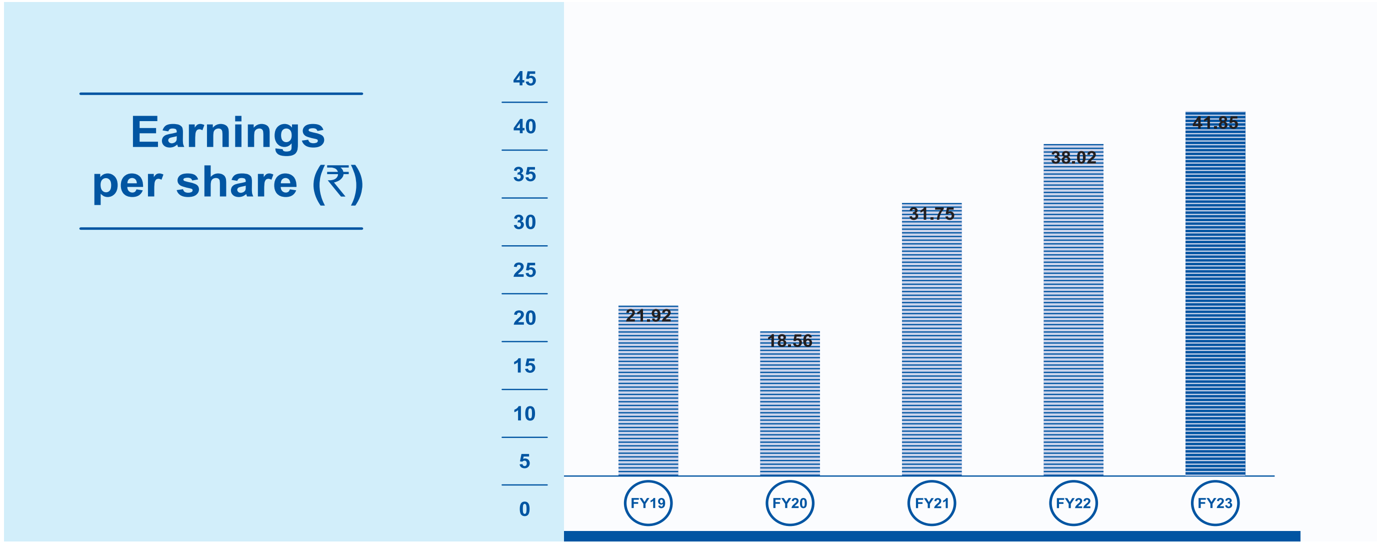
Five-year Performance

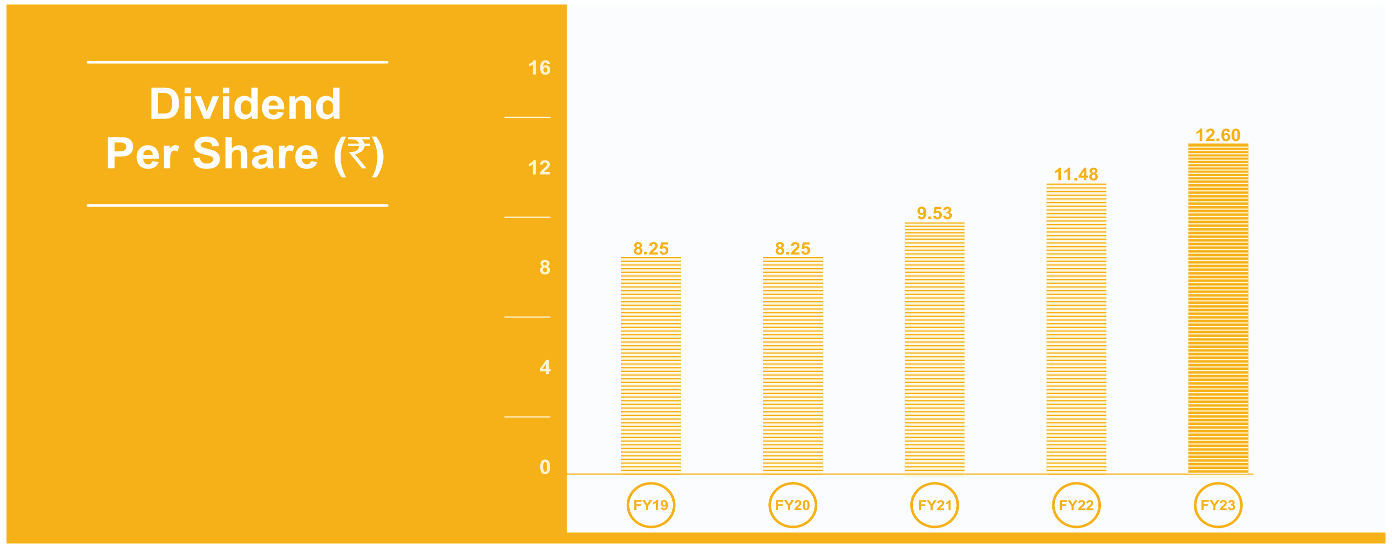












Note: Figures of previous years of Book Value, EPS & Dividend in above graphs are adjusted on account of issue of bonus shares in the ratio of 1:3, during the FY 2022-23.

Five-year Performance

(₹ in crore)

Particulars (As per IND-AS)	2022-23	2021-22	2020-21	2019-20	2018-19
SHAREHOLDERS' FUND (at the end of the year)					
Equity Share Capital	**2,633.22**	1,974.92	1,974.92	1,974.92	1,974.92
Instruments entirely Equity in nature	**558.40**	558.40	558.40	-	-
Other Equity/Reserves & Surplus	**54,448.05**	48,452.28	40,893.05	33,101.64	32,328.02
Net Worth	**57,679.67**	50,985.60	43,426.37	35,076.56	34,302.94
BORROWINGS (at the end of the year)					
From Government of India/NSSF	**10,000.00**	10,000.00	10,000.00	10,000.00	5,000.00
Bonds/Debentures	**1,98,115.65**	1,83,291.97	2,04,119.67	1,88,538.25	1,71,803.83
From Financial Institutions	**6,000.00**	6,800.00	5,800.00	1,000.00	1,200.00
Foreign Currency Borrowings	**78,440.04**	65,957.45	47,486.43	44,378.49	31,368.12
Term Loans from Banks	**56,298.20**	42,878.32	29,938.58	18,899.78	18,550.00
Commercial Papers	**-**	-	-	2,925.00	7,975.00
Short-Term/Demand Loans/Others	**25,762.53**	17,916.55	25,166.32	14,374.33	3,389.50
Total	**3,74,616.42**	3,26,844.29	3,22,511.00	2,80,115.85	2,39,286.45
Fund Mobilization (during the year)	**86,984.00**	73,962.93	99,244.53	84,358.12	69,383.22
FINANCING OPERATIONS (during the year)					
Projects approved (in nos.)	**562**	370	441	727	914
Financial assistance sanctioned	**2,68,460.54**	54,421.76	1,54,820.87	1,10,907.99	1,15,957.35
Disbursements*	**97,911.86**	69,467.87	97,928.11	82,140.83	91,827.56
Repayments of Principal by borrowers	**46,294.55**	56,197.10	37,994.03	34,454.15	30,405.09
Outstanding at the end of the year	**4,35,011.79**	3,85,371.26	3,77,418.15	3,22,424.68	2,81,209.68
WORKING RESULTS (during the year)					
Total Income	**39,252.73**	39,230.45	35,410.44	29,829.13	25,341.16
Finance Costs including Net Exchange Loss, Fees & Commission Expenses	**24,867.99**	22,868.69	21,829.29	21,380.39	16,197.11
Provisions and Contingencies/ Impairment on financial instruments	**114.91**	3,473.31	2,419.62	889.56	240.33
Net Loss on fair value changes	**-**	-	-	-	348.52
Other Expenses	**506.97**	445.59	395.87	565.89	447.53
Depreciation	**24.09**	17.96	9.53	10.00	7.17
Profit Before Tax	**13,738.77**	12,424.90	10,756.13	6,983.29	8,100.50
Provision for Taxation/Tax Expenses	**2,684.13**	2,378.98	2,394.35	2,097.13	2,336.78
Profit After Tax	**11,054.64**	10,045.92	8,361.78	4,886.16	5,763.72
Other Comprehensive Income for the period	**(971.04)**	(59.07)	456.52	(549.79)	(60.54)
Total Comprehensive Income	**10,083.60**	9,986.85	8,818.30	4,336.37	5,703.18
Dividend on Equity	**3,317.86**	3,021.62	2,510.12	2,172.41	2,172.41

** includes disbursement of loans as well as disbursement of grant/subsidy received from the Government under various schemes*

Message from CMD

Dear Stakeholders,

I am delighted to present the 54th Annual Report of your Company, which showcases a fabulous year of remarkable achievements. It is with great pride, I share with you that your Company has been conferred Maharatna Status in September, 2022, enabling us with greater operational and financial autonomy. This prestigious status allows strategic investments through Joint Ventures, Subsidiaries and Merger & Acquisition activities in India and abroad, thereby accelerating growth and supporting the Government's vision for the overall development of the country.

Aligning with energy transition initiatives of Government of India for enhanced Nationally Determined Contributions (NDCs), REC is committed to increase its present loan portfolio of Green Projects to the extent of more than ten times by the year 2030 amounting to ₹3 lakh crore. REC has been known for its rural electrification efforts, now it would be known for its Renewable Energy (RE) focused initiatives. In addition to the conventional RE projects like solar and wind projects, REC has ventured into financing of Hybrid projects, E-mobility projects, Pumped Storage projects, manufacturing of Solar modules, Project Specific funding for timely execution of projects etc. Further, financing of sunrise sectors like Green Hydrogen, Green Ammonia Projects, round the clock projects involving bundling of RE with thermal power and ethanol manufacturing projects are being actively pursued amongst others. At the same time, partially utilized thermal power plants need to be retrofitted to offer additional flexibility (ramp-up/ ramp-down) which will help integrate these variable RE sources without impacting the grid stability.

While posing faith in REC, Ministry of Power has also allowed our Company to lend to non-power infrastructure & logistics sector to contribute to the accelerated development of our nation and I ecstatically report that during the first year itself, we have sanctioned more than ₹85,700 crore towards various projects spanning from Metro, Ports, Airports, Oil Refineries, Highways, Steel Infra to Healthcare, Educational Institutions and also in sectors of IT Infra/ Fiber Optics, etc. that constitute about 32% of overall sanctions of the Company, in the last financial year.

REC has been instrumental in fulfilling the Government of India's target of electrifying unelectrified villages and universal household electrification as a nodal agency for the Deen Dayal Upadhyaya Gram Jyoti Yojana and the Pradhan Mantri Sahaj Bijli Har Ghar Yojana –

SAUBHGYA Scheme, as a result, the country has achieved the target of providing access of electricity to all households. As the power sector enters a phase of modernization, technological advancement and consumer-centric focus, we are honored to be associated with ₹3 lakh crore reforms-based and results-linked Revamped Distribution Sector Scheme (RDSS) of the Government, a significant step in this transformative journey. REC is also providing counterpart funding to various schemes of Government of India being implemented for transformation of Indian Power Sector. Further, we take immense pride in contributing to the foundation of *Ujjwal Bharat*, fostering a brighter and more prosperous India.

We are constantly working towards strengthening the complete value chain of power, infrastructure & logistics sectors through our financing solutions ameliorating the life of every citizen of the country.

ECONOMIC OVERVIEW

Despite the generally adverse economic scenario prevailing world over, including a surge in energy prices, natural gas demand in the European Union, the global electricity demand grew by nearly 2% during the financial year 2022-23, driven notably by India and the United States. The share of renewables in the global power generation mix is estimated to increase from 29% in 2022 to 35% by 2025. This shift will lead to reduce reliance on coal and gas-fired stations, resulting in a plateau in global power generation emissions by 2025 and a further decline in CO_2 intensity in the years ahead. Further, addressing climate change necessitates quicker de-carbonization and the rapid adoption of clean energy technologies.

India saw an 8.4% surge in electricity demand, driven by post-pandemic economic recovery and extreme weather conditions. India's rapid economic growth is driven by its diverse business environment and significant consumer base. Aided by its strong macroeconomic fundamentals and prudent fiscal policies, India ranks 5th globally in GDP, targeting a USD 5 trillion economy by 2025. The Economic Survey forecasts an estimated 6.5% growth rate for 2023-24. Meanwhile, India's power sector undergoes a transformative shift, buoyed by sustained economic growth, reforms and supportive policies. A record energy demand growth of 9.5% in 2022-23 in itself reflects its vitality. With a focus on renewable energy, India aims to replace half of its installed capacity with non-fossil fuel-based sources by 2030, driving further growth and sustainable integration into the national smart grid.

POWER SECTOR REFORMS

The Government of India is also rolling out several reforms to strengthen the distribution sector. RDSS, the recently launched scheme of the Government after the success of DDUGJY and SAUBHAGYA, is aimed at improving the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector. The objectives of RDSS include reduction in AT&C losses at pan-India levels of 12-15% and reduction in ACS-ARR gap to zero by year 2024-25, both extremely important milestones for the holistic growth of the power sector. The scheme also lays special emphasis on leveraging advanced technologies like Artificial Intelligence and Machine Learning.

Under the guidance of the Ministry of Power, your Company has developed a framework for 'DISCOM Consumer Service Rating', wherein discoms are rated based on operational parameters, with the aim to promote healthy competition and improve performance in deficient areas. Your Company is also publishing periodic reports on key regulatory parameters which provide a guiding light to the power sector through compilation, benchmarking and comparative assessment of various utilities and highlighting corrective measures, wherever required.

FINANCIAL & OPERATIONAL PERFORMANCE

I am pleased to share that during the financial year 2022-23, REC delivered an outstanding performance on all fronts with exceptional growth in loans sanctioned from ₹54,421 crore in 2021-22 to ₹2,68,461 crore in 2022-23, translating a growth of 393%. There was all round growth in all the segments comprising of conventional generation, renewable energy and Transmission & Distribution, etc. The key performance highlights of your company during the year 2022-23 are as under:

- The Loan Book grew by 13% year on year to ₹4,35,012 crore;
- Highest ever disbursements in financial year 2022-23; up by 51% to ₹96,846 crore with additional disbursement of subsidy of ₹1,066 crore under various Government schemes;
- Highest ever net profit of ₹11,055 crore; up by 10% with EPS increasing to ₹41.85 per share of ₹10/- each;
- Net Worth increased by 13% to ₹57,680 crore with return on equity of 20.35%;
- Low levels of Credit Impaired Assets (Stage III), with Gross and Net Credit Impaired Assets of 3.42% and 1.01% respectively and the credit cost stood at ₹115 crore translating to 0.03%;
- Capital Adequacy ratio of 25.78%, against minimum statutory requirement of 15%, implying ample opportunities to support the future growth;
- Maintained highest domestic rating of "AAA" for domestic debt instruments from each of the four rating agencies i.e. CRISIL, ICRA, CARE and India Ratings and Research; and
- Internationally, REC enjoys rating at par with India's sovereign rating of "Baa3" and "BBB" from Moody's and Fitch, respectively.

I am also happy to share that with continuous efforts to accelerate growth within the power sector but also in infrastructure & logistics sector, in which we have recently ventured, improving asset quality and effective cost management, your Company has experienced unprecedented success in the first quarter of financial year 2023-24 also, as it attained a record-breaking profit of ₹2,961 crore. Aided by growth in profits, the Net Worth has grown to ₹60,886 crore as on June 30, 2023, an increase of 16% year-on-year. The sanctions for the period were ₹90,797 crore as against ₹59,895 crore in the corresponding period of last year, up by 52% wherein Renewable energy sector constitutes 16%. The disbursements also jumped to ₹34,133 crore, up by 174% compared to ₹12,442 crore, in the corresponding period of last year. Further, the loan book of your Company has also maintained its growth trajectory and has increased by 17% to ₹4.54 lakh crore as against ₹3.88 lakh crore on June 30, 2022. Also, the Net NPA have come down to less than 1% as on June 30, 2023 and there has not been any addition of new NPA in the last six quarters.

Your company aims to achieve loan book of more than ₹10 lakh crore by March, 2030 and net zero NPA company by the year 2025.

Keeping in view the global concerns regarding energy security and threat to climate change, your Company is positioning itself to ensure that transition to greener energy is at the core of its business growth objectives. In this direction, during the financial year 2022-23, your Company sanctioned loans of more than ₹21,370 crore towards renewable energy projects and endeavors to increase the share of clean energy portfolio to around 30% of its loan book by March 2030.

CAPITAL STRUCTURE & BONUS ISSUE

As of March 31, 2023, the Company's authorized share capital was ₹5,000 crore, divided into 500 crore equity shares of ₹10/- each. Following comprehensive guidelines on capital management restructuring by CPSEs, the Company issued bonus shares to its shareholders in August 2022, in the ratio of 1:3, resulting in the issuance of 65,83,06,000 fully paid-up new equity shares of ₹10/- each.

This increased the issued and paid-up share capital to ₹2,633.22 crore, comprising of 2,63,32,24,000 equity shares of ₹10/- each. Power Finance Corporation Limited, a Government of India undertaking holds 52.63% of the paid-up equity share capital of the Company, while the remaining 47.37% was held by the public.

FUND MOBILIZATION

Your Company is a frequent and accomplished issuer in international Bond market and regularly issues green bonds. 20% of Green Bond issuance reinforces REC commitment towards climate action plan and energy transition. In April 2023, REC successfully raised USD 750 million green bonds. The Company is raising funds from international market at very competitive rates. REC is also exploring raising cheaper funds from multilateral development banks viz. ADB, World Bank, KfW & others and a proposal to set up a subsidiary in GIFT city is also underway.

This year, your Company has achieved the highest ever mobilization from 54EC Capital Gain Bonds in the entire industry of ₹12,152 crore which is more than 70% of the industry's share. 54EC Bonds carrying an interest rate of 5.25% p.a. are the cheapest source of funds for REC, bringing down the overall cost of borrowing. I feel immensely proud to share that, we have launched Whatsapp Chatbot to enable quick resolution of investor queries over Whatsapp. We have successfully integrated our 54EC Bond Certificates in the Digi-Lockers and we are the first in the industry to accomplish this. Now, the e-bond certificates are also available in everyone's pockets via Digi Locker.

Your Company is also in the process of launching a mobile application exclusively for REC 54EC Bonds, with an aim to move from 'Customer Satisfaction' to 'Customer Delight'.

DIVIDEND

Your Company has maintained the tradition of rewarding its shareholders by continuing to be one of the highest dividend-paying company amongst peers. For the financial year 2022-23, the Board has recommended a final dividend of ₹4.35 per equity share (43.5% of paid-up share capital) and the same is placed for your approval. This is in addition to the 1st Interim Dividend of ₹5.00 per share (50% of paid-up share capital) and 2nd Interim Dividend of ₹3.25 per share (32.50% of paid-up share capital) already paid, during the year. The total dividend for the year, including the proposed final dividend, amounts to ₹12.60 per share (126%) against ₹11.48 per share (114.8% on bonus adjusted share capital) for the previous year. The total dividend payout for financial year 2022-23, including the proposed final dividend, would be ₹3,318 crore, translating to dividend payout ratio of 30%.

CORPORATE GOVERNANCE

Your Company is committed to adopt and follow the best practices in Corporate Governance and meet all the applicable requirements which are within its ambit, under the Companies Act, 2013, SEBI LODR Regulations, 2015, Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises and Secretarial Standards issued by the Institute of Company Secretaries of India.

During the year under review, REC received the prestigious Golden Peacock Award 2022 for Excellence in Corporate Governance conferred by the Institute of Directors, at a ceremony held in London.

SUBSIDIARY COMPANY

Your Company's wholly owned subsidiary, RECPDCL is acting as Bid Process Coordinator for selection of developer of Inter-State as well as Intra-State transmission projects through Tariff Based Competitive Bidding (TBCB) route. RECPDCL has achieved successful closure of bidding process of 52 transmission projects valuing more than ₹68,500 crore. Further, bidding process of 23 transmission projects, valuing more than ₹73,900 crore, are under progress.

Under RE-Bundling scheme, as Bid Process Coordinator, RECPDCL has recently concluded the bidding process of 1,750 MW of Solar projects for NTPC (1,250 MW) & DVC (500 MW) amounting to ₹7,840 crore. RECPDCL is also tapping various other generators for bundling of conventional power with Renewable Energy power thereby contributing towards a greener planet.

On the Project Implementation front, RECPDCL is implementing various transmission projects including 220 kV Extra High Voltage (EHV) Transmission Lines (TL) in UT of Ladakh at an altitude of approx. 5,359 meters above mean sea level, which is India's highest transmission line and Gas Insulated Substation in Nubra & Zanskar valley of Ladakh under PMDP-15 scheme. These projects will connect Ladakh to uninterrupted grid power supply and will help in socio-economic development of the region and in reducing dependence of DG set for power supply, which in turn will result in decreasing the overall Carbon footprint and associated pollution problem in the entire Ladakh region.

RECPDCL, is also implementing Advanced Metering Infrastructure projects across the country as Project Implementation Agency. RECPDCL is a front runner player in implementation of various schemes of Government of India, e.g. working as Project Implementing Agency for National Feeder Monitoring System (NFMS), which is a cloud based central IT platform for monitoring the reliability and quality of power of all 33/22/11 kV outgoing distribution feeders across the country, which will help in providing critical data on losses, supply quality and reliability, essential power parameters etc., on near Real-Time basis. The operational Go-Live of this System is targeted in the financial year 2023-24.

During the financial year 2022-23, RECPDCL recorded an income of ₹307.26 crore and the Profit After Tax for the financial year 2022-23 was ₹139.79 crore. Further, the Net worth of RECPDCL as on March 31, 2023 has reached to ₹440.93 crore.

POLICY INITIATIVES

The Company continually reviews its policy framework to align with statutory requirements and bolster business value exemplified in its strengthened corporate governance. We have revised related party transaction policies and adopted the ESG policy, during the financial year 2022-23. Moreover, the Company introduced, updated and refined various business-focused policies to reinforce market competitiveness, spanning areas such as financial assistance, investment strategies, regulatory compliance, credit management and outsourcing. Further, HR related policies were also revisited during this period, to make them more employee friendly.

The ESG policy framework of your Company, *inter-alia*, comprises environmental impact considerations in its operational, financial and risk management linked decision-making. Further, to ensure the financing of clean energy, suitable conditions related to Environmental, Health, Safety and Social (EHSS) aspects, are being added in the loan agreement/sanction.

Further, with the Company venturing into Infrastructure and Logistics Sector, it is expected to significantly add to the loan portfolio of REC, while ensuring diversification in asset as well as borrower profile.

RISK MANAGEMENT

Your Company's Risk Management is all-encompassing, addressing credit, operational, liquidity and market risks bundled in Risk management Policy. Each risk type is skillfully managed through systematic procedures. Credit-risk is tackled through a structured appraisal process, while operational risks are managed through regular monitoring of the comprehensive Risk Register spanning all functional areas. Liquidity risk is expertly handled with a judicious mix of domestic and international resource mobilization strategies and market risk is mitigated through a disciplined Asset Liability Management framework and prudent hedging policies.

A Board-level Risk Management Committee oversees these efforts and offers valuable recommendations, wherever required. An Executive Director level Chief Risk Officer is also contributing to mitigate risk of the Company and a Risk Based Internal Audit has also been implemented, aligning with RBI requirements.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2022-23, your Company continued its commitment to socially beneficial projects through CSR initiatives. With a focus on national developmental issues, REC spent a noteworthy over ₹210 crore on various thematic areas surpassing the minimum requirement set by statutory provisions. We have covered a wide range of activities viz., health & sanitation, education, rural development, skill development, entrepreneurship programmes etc.

Embracing inclusive development, your Company sponsored health and nutrition projects in aspirational districts like Gajapati in Odisha, Mamit in Mizoram, Kiphire in Nagaland, Muzaffarpur in Bihar, Udham Singh Nagar in Uttarakhand, Chandel in Manipur and West Sikkim in Sikkim.

We have also supported National Sports Development Fund (NSDF) through Sports Authority of India for an amount of ₹100 crore over a period of three years covering Athletics, Badminton and Boxing which also includes Target Olympic Podium Scheme (TOPS). Identifying and nurturing young talents to win medals for the country, is one of the objectives of this scheme.

MoU RATING & AWARDS

During the financial year 2022-23, REC garnered several accolades and recognitions, including the prestigious "Maharatna" status for Company's operational efficiency and financial strength. The performance of the Company in terms of MoU for the financial year 2023 is likely to be excellent, subject to final evaluation by DPE.

The company was also honored as the 'Best PSU' in the Financial Services category and 'Best Navratna' by Dun & Bradstreet for financial year 2021-22. Further, it received the Golden Peacock Award for Excellence in 'Corporate Governance,' the 'Best Public Sector IT Project' award at the Technology Excellence Awards 2022 and the 'Operational Performance Excellence' recognition at the 12th PSE Excellence Awards. Additionally, REC's commitment to environmental sustainability was also acknowledged with the Green Ribbon Champions Award.

THE PATH AHEAD

The Indian economy exhibited robust resilience in 2022-23 amidst a global turmoil following the war in Ukraine and recorded a growth of 7%, the highest among major economies in the world. Barring the Omicron wave scare early in the year 2022, COVID-19 was largely on the ebb for most part of the year helping in restoration of consumer and business confidence and also contact-intensive activities. On the back of sound macroeconomic policies, softer commodity prices, a robust financial sector, a healthy corporate sector, continued fiscal policy thrust on quality of government expenditure and new growth opportunities stemming from global realignment of supply chains, India's growth momentum looks bright in 2023-24 in an atmosphere of easing inflationary pressures as RBI has projected 6.4% real GDP growth for financial year 2023-24.

Even as the country has achieved the highest population mark in the globe, it has the youngest human resources in the world to propel the future growth. A recently published report by EY, "India@100" estimates that through 2047, which is the "Amrit Kaal" period, India's economy shall continue to grow in the range of 6-6.4%, by when India would become a US$26 trillion economy.

Energy transition to clean and green energy, is expected to lead to large investments in the power sector in the country, thus enabling a promising future for REC. At COP26 in Glasgow, UK in November 2021, our Hon'ble Prime Minister announced about India's aim to achieve net-zero emissions by 2070. Furthermore, in August 2022, India updated its intended Nationally Determined Contribution (NDC) as part of the Paris Agreement (2015), by committing to reduce the Emissions Intensity of its GDP by 45% from 2005 levels and achieving about 50% installed capacity from non-fossil fuel-based energy resources by 2030.

According to Optimal Generation Mix report of CEA, the total installed capacity is expected to reach 819 GW by 2030 from the level of 415.50 GW by the end of 2023. The non-fossil capacity is likely to increase to 500 GW from the present level of 179 GW. The capacity addition and requirements of associated transmission and distribution infrastructure is likely to keep the investment scenario buoyant.

Various promising estimates have been made for fund requirement to achieve the net-zero targets by the country. The report Investment Sizing India's 2070 Net-Zero Target, by CEEW, India would need cumulative investments of USD 10.1 trillion (~ ₹828 lakh crore) to achieve net-zero emissions by 2070, with USD 8.4 trillion needed to transform India's power sector, USD 1.5 trillion to be invested for green hydrogen capacity and remaining for e-mobility. For the same period, World Economic Forum in its report "Mission 2070: A Green New Deal for a Net Zero India" estimates a USD 15 trillion (~₹1,230 lakh crore) investment opportunity which includes USD 6 trillion for Energy transition; USD 2.5 trillion for Decarbonizing Industry and the rest of USD 6.5 trillion for mobility, green building, agriculture & associated enablers.

For the next 10 years, the latest National Electricity Plan (Generation expansion planning) has estimated that the installed capacity by the end of financial year 2026-27 shall reach 610 GW with 57% non-fossil capacity and by financial year 2031-32 it is expected to reach 900 GW with 68% non-fossil share. This corresponds to fund requirement of ₹33.60 lakh crore by 2032 for generation sector alone. Of this ₹14.54 lakh crore is estimated for the five-year period during financial year 2022-27 and remaining ₹19.06 lakh crore for subsequent five years.

As a Maharatna CPSU and a leading NBFC, REC is determined to contribute to country's journey towards achieving net-zero emissions by 2070 by continuing as government's strategic partner to finance power sector and also by capitalising on the thrust on energy transition by the government and financing upcoming renewable energy projects (solar, wind, biomass, hydro); funding of solar parks, solar SEZ, solar pump-sets, energy storage systems, EV's / charging infrastructure, etc.

In light of broadened mandate, REC has already started to explore/ finance sub-sectors like Airports, Metro Rail, Highways, Green Hydrogen/Green Ammonia, Multi-Modal Logistics Parks, Cold Chains, Ports, Healthcare Infrastructure, etc. This diversification of the lending portfolio has enabled the company to reduce dependence on the power sector and mitigate risks associated with the sector.

Notwithstanding above, REC is committed to driving innovation, promoting a culture of excellence and fostering collaboration with stakeholders to achieve the company's goals.

ACKNOWLEDGEMENTS

As I conclude, I want to extend my heartfelt gratitude to the Hon'ble Minister of Power and New & Renewable Energy, Hon'ble Minister of State for Power, Secretary (Power), and all the illustrious officials of the Ministry of Power for their continuous support and visionary guidance. I also thank the holding company, Power Finance Corporation Limited, for their continued cooperation.

I am grateful for the unwavering support from the officials of Ministry of Finance, Ministry of Corporate Affairs, Department of Public Enterprises, Department of Investment and Public Asset Management, NITI Aayog, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges and the Depositories.

Further, in our quest for excellence in Corporate Governance, I extend my appreciation to the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with the Company.

The soaring success of REC rests firmly on the bedrock of trust and goodwill built with our stakeholders. I extend my heartfelt thanks to all shareholders, debenture-holders, investors, lenders, borrowers and customers including the visionary State Governments, State power utilities and dynamic private sector entrepreneurs.

Lastly, I am deeply indebted to my esteemed colleagues on the Board for their ingenious insights and the indomitable spirit of the entire REC workforce. With your valuable contributions, we shall embark on a thrilling journey to make REC reach unprecedented heights. Thank you and Jai Hind!

With warm wishes,

Vivek Kumar Dewangan
Chairman & Managing Director

Place : Gurugram
Date : August 11, 2023

Notice

Notice is hereby given that the Fifty Fourth (54th) Annual General Meeting (AGM) of REC Limited ("REC" or "the Company") (CIN: L40101DL1969GOI005095) will be held on **Wednesday, September 6, 2023 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, 2023 along with the reports of the Board of Directors, Auditors and the comments of the Comptroller & Auditor General of India thereon.

Item No. 2: To take note of the payment of 1st and 2nd interim dividends and declare final dividend on equity shares of the Company for the financial year 2022-23.

Item No. 3: To appoint a Director in place of Shri Vijay Kumar Singh (DIN: 02772733), 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 2023-24.

SPECIAL BUSINESS

Item No. 5: Appointment of Shri Narayanan Thirupathy (DIN: 10063245) as Non- Executive Independent Director.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161, 196 and other applicable provisions of the Companies Act, 2013 ("Act") and Rules made thereunder, Regulation 17 (1C) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/ or any other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the Articles of Association of the Company and Order dated March 3, 2023 of Ministry of Power (MoP), Government of India, Shri Narayanan Thirupathy (DIN: 10063245), who was appointed in the capacity of Additional Director (part-time Non Official Director) on the Board, with effect from March 6, 2023 and in respect of whom, the Company has received a notice in writing proposing his candidature for Directorship under Section 160 of the Act, be and is hereby appointed as Independent Director (part-time Non Official Director) of the Company, not liable to retire by rotation, on the terms & conditions, fixed by the Government of India."

Item No. 6: Appointment of Shri Manoj Sharma (DIN: 06822395) as Nominee Director of Power Finance Corporation Limited.

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions of the Companies Act, 2013 ("Act") and Rules made thereunder, Regulation 17 (1C) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the Articles of Association of the Company, letter dated July 11, 2023 of Ministry of Power, Government of India, Shri Manoj Sharma (DIN: 06822395), who was appointed in the capacity of Additional Director (Nominee Director of PFC) on the Board, with effect from July 11, 2023 and in respect of whom, the Company has received a notice in writing proposing his candidature for Directorship under Section 160 of the Act, be and is hereby appointed as Director (Nominee Director of PFC) of the Company, liable to retire by rotation, on the terms & conditions, fixed by the Government of India."

Item No. 7: 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 this regard 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(s) thereof, for the time being in force) & any other applicable laws and provisions of Articles of Association of the Company, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (the "Board") for increasing the overall borrowing limit of the Company in Indian Rupees from ₹4,50,000 crore to ₹6,00,000 crore and in any foreign currency equivalent from USD 16 billion to USD 20 billion and 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 in any foreign currency shall not exceed a sum equivalent to USD 20 billion (US Dollars Twenty Billion only) and upto ₹6,00,000 crore (Rupees Six Lakh Crore only) in Indian Rupees."

"**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. 8: 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 this regard 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(s) thereof, for the time being in force) and any other applicable laws and provisions of Articles of Association of the Company, consent of the shareholders 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/assets 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 ₹6,00,000 crore (Rupees Six Lakh Crore only) in Indian Rupees and in any foreign currency equivalent to USD 20 billion (US Dollars Twenty 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. 9: 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(s) thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) Regulation, 2021 and any amendments thereof and other applicable SEBI regulations and guidelines, the Circulars/Directions/Guidelines issued by Reserve Bank of India, from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders/trustees of Debenture Holders, if so required under the terms of agreement/ deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the shareholders be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹1,05,000 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 ₹1,05,000 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."

By Order of the Board of Directors
For REC Limited

J.S. Amitabh
Executive Director & Company Secretary

Date : August 11, 2023
Place : REC World Headquarters
Plot No. I-4, Sector 29, Gurugram,
Haryana – 122001

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 9 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company in its meetings held on March 9, 2023, July 26, 2023 and through circular resolution dated July 14, 2023 considered that the items of Special/Ordinary Business at Sl. Nos. 5 to 9 of the Notice, being unavoidable in nature, shall be transacted at the 54th AGM of the Company.

2. In view of the MCA Circular dated December 28, 2022, read with Circulars dated May 5, 2020, April 13, 2020, and April 8, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and SEBI Circular dated January 5, 2023, May 13, 2022, January 15, 2021, and May, 12, 2020 and other relevant circulars issued in this regard and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 54th 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 54th AGM shall be the Registered Office of the Company.

3. In terms of the MCA and SEBI Circular(s) as mentioned above, 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 54th AGM through VC/OAVM facility and for electronic voting during the AGM.

4. Attendance of the Members participating in the 54th AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

6. In line with the above Circulars of MCA & SEBI, the Notice of the 54th AGM along with Annual Report is being sent by e-mail to all those members, whose e-mail IDs were registered with the Company/depository. Annual Report along with notice are also available on the website of the Company at www.recindia.nic.in and on the website of National Stock Exchange of India Limited at www.nseindia.com and BSE Limited at www.bseindia.com and also on the website of National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com.

   The Company had also 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 2022-23 and other updates of Company.

   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 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 quoting Folio No., Name, scanned copy of Share certificate (front & back), PAN Card and Aadhaar Card.

7. All Members of the Company including Institutional Investors are encouraged to attend the AGM and vote on item(s) to be transacted at the AGM. Corporate Members/Institutional Investors intending to appoint their authorized representatives pursuant to Section 113 of the Companies Act, to attend the AGM through VC/OAVM are requested to send a certified copy of the Board resolution/ authorization letter to the Scrutinizer through e-mail at hemantsinghcs@gmail.com with a copy marked to evoting@nsdl.co.in.

8. The Company has fixed **Wednesday, August 30, 2023** as the Cut-off date for determining the eligibility to vote on item(s) of business to be transacted at the 54th AGM as detailed in notice.

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

9. CS Hemant Singh (FCS no. 6033) from Hemant Singh & Associates, Practicing Company Secretaries has been appointed as the Scrutinizer to scrutinize the votes cast by the shareholders in respect of items of business to be transacted at the 54th AGM, in a fair and transparent manner.

10. In compliance with provisions of MCA & SEBI Circulars 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 54th AGM through VC/OAVM and voting during the 54th AGM through electronic voting system. The remote e-voting period begins on **Sunday, September 3, 2023 (0900 hours)** and ends on **Tuesday, September 5, 2023 (1700 hours)**. The remote e-Voting module shall be disabled by NSDL for voting thereafter.

    Members may join the 54th AGM through VC/OAVM, which shall be kept open for the members on **September 6, 2023 from 10:45 A.M. IST i.e.** 15 minutes before the scheduled start time and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled start time, i.e. by **11:30 A.M.** on date of AGM.

    Please refer to detailed instructions for remote e-voting, attending the 54th AGM through VC/OAVM and electronic voting during the AGM, annexed to this Notice.

11. In pursuance of Article 114 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Rules made thereunder, as amended from time to time, the Company declared and paid interim dividend twice for the financial year 2022-23, as detailed below:-

Sl. no.	Particulars	Amount per equity share (₹)	Date of declara-tion	Date of Payment
1.	1st Interim Dividend	5.00	October 27, 2022	November 24, 2022
2.	2nd Interim Dividend	3.25	January 30, 2023	February 28, 2023

    Further, the Board of Directors of the Company in its meeting held on June 24, 2023 had *inter-alia* recommended final dividend @ ₹4.35 per equity share for the financial year 2022-23 and the said dividend, if approved, by the members at this Annual General Meeting, will be paid within thirty days from the date of 54th AGM of the Company, to the members or as per their mandates whose names appear in the Register of Members of the Company as on record date i.e. **Friday, July 14, 2023**.

    Pursuant to Finance Act, 2020 dividend income is now taxable in the hands of the shareholders and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In order to enable compliance with TDS requirements in respect of dividends declared by the Company in future, members are requested to submit Form 15G/15H on annual basis and update details about their residential status, PAN, Category as per the IT Act with their Depository Participants or in case of shares held in physical form, with the Company / R&TA, so that tax at source, if any as per applicable rates may be deducted in respect of dividend payments made by the Company in future.

12. Brief Resume of the Directors seeking appointment/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.

13. 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 may determine in a General Meeting.

    In the 53rd AGM of the Company held on September 16, 2022, 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 2022-23. Accordingly, the Board of Directors approved the payment of remuneration of ₹58,00,000/- (Rupees Fifty Eight 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 2022-23. The Board also approved that in addition to the said remuneration, the Statutory Auditors may be paid such actual reasonable travelling allowance and out-of-pocket expenses for outstation audit work, as may be decided by the CMD/Director (Finance).

    The appointment of Statutory Auditors of the Company for the financial year 2023-24 is yet to be made by the C&AG of India. Further, members are requested to authorize the Board of Directors of the Company to fix an appropriate remuneration of the Statutory Auditors of the Company, as may be deemed fit, for the financial year 2023-24.

14. 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. In this regard, SEBI had earlier prescribed that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

    Further, SEBI vide Circular dated January 25, 2022 has prescribed detailed procedure for issue of securities in dematerialized form only while processing investor service requests such as sub-division/split/consolidation/transmission/transposition and issue of duplicate certificate(s). Accordingly, we request you to convert your shareholdings from physical form to demat form at the earliest. Further, in terms of SEBI circular dated March 16, 2023, Company has sent intimations vide letter dated May 29, 2023 to the shareholders, who are holding the shares in physical form to furnish/update PAN, e-mail address, mobile number, bank account and nomination details and the said intimation has also been sent to stock exchanges for dissemination.

15. As SEBI has made usage of electronic payment modes for making 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. Shareholders holding shares in physical form may send the NECS/NEFT/Direct Credit mandate form, available on the Company's website, to R&TA of the Company at the address i.e. **Alankit Assigments Limited, Unit : REC Limited, 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055**. Shareholders holding shares in electronic

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

16. Members who have not received/encashed their dividend warrants within its validity period may write to the Company at its Registered Office or R&TA of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.

17. Pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the requisite details of unpaid and unclaimed amounts lying with the Company has been uploaded on Company's website (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.

    Further, the unclaimed final dividend for the financial year 2015-16 and unclaimed interim dividend for the financial year 2016-17 will be due for transfer to IEPF in October, 2023 and March, 2024 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. https://recindia.nic.in/uploads/files/Form-no-SH-13.pdf.

    In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective DP.

19. Statutory registers as prescribed under the Companies Act, 2013 and all 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 6, 2023. Members desiring for inspection of said documents are requested to send an e-mail to the Company at complianceofficer@recl.in.

20. Members desirous of getting any information on any item(s) of business of this meeting are requested to send an e-mail mentioning their name, demat account number/folio number, email id, mobile number to complianceofficer@recl.in, at least seven days prior to the date of the AGM and the same will be suitably replied by the Company.

21. The Scrutinizer shall, after the conclusion of the electronic voting during the AGM, assess the votes cast at the meeting through electronic voting system, thereafter unblock the votes cast through remote e-voting and make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Meeting.

22. The results of the voting indicating the number of votes cast in favour or against each of the Resolution(s), invalid votes and whether the Resolution(s) have been carried out or not, together with the Scrutinizer's Report, will be uploaded on the website of the Company (www.recindia.nic.in) and on NSDL website (www.evoting.nsdl.com) and will also be submitted to BSE Limited and National Stock Exchange of India Limited within the prescribed time. Further, the resolution(s), if passed by shareholders, shall be deemed to be passed on the date of 54th AGM.

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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

REC is a Government Company and as per its Articles of Association, the President of India has the power to appoint Chairman / Chairman & Managing Director of the Company and also Vice Chairman/Managing Director, Whole time Functional Director and other Directors in consultation with the Chairman/Chairman and Managing Director.

However, in accordance with the proviso of Regulation 17(1C) of SEBI (LODR) Regulations, effective from January 17, 2023, provides that a public sector Company shall ensure the approval of the shareholders for appointment of a person on the Board of Directors at the next general meeting.

The Ministry of Power (MoP), vide its order dated March 3, 2023, has appointed Shri Narayanan Thirupathy (DIN: 10063245), as Part time Non-official Independent Director of REC, for a period of three years from the date of notification of his appointment or until further orders, whichever is earlier. Further, after compliances of statutory provisions and on recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company has approved the appointment of Shri Narayanan Thirupathy as Director of the Company, with effect from March 6, 2023, subject to approval of the shareholders. Further, his tenure will be upto March 2, 2026 (i.e. three years from the date of notification of his appointment) or until further orders, whichever is earlier.

A brief profile of Shri Narayanan Thirupathy, in terms of SEBI (LODR) Regulations, 2015 and Secretarial Standard-2, is annexed to this Notice.

Pursuant to the Articles of Association of the Company and applicable statutory provisions, Shri Narayanan Thirupathy shall not be liable to retire by rotation. Further, the terms & conditions of his appointment will be governed by MoP Order and/or any other Order etc. issued by the Government of India.

Shri Narayanan Thirupathy fulfills the conditions specified in the Act and the Rules made thereunder and Shri Thirupathy is independent of the Management and has also declared that he is not debarred from being appointed as a Director by SEBI or any other authority, and that he is not disqualified from being appointed as a Director of the Company, in terms of the provisions of the Act. Further, he is not related to any Director or Key Managerial Personnel of the Company. The Company has received a notice in writing, proposing his candidature for the office of Director in terms of Section 160 of the Act.

All documents related to this business proposal shall be available for inspection through electronic mode, from date of circulation of this Notice upto the date of AGM.

The Board of Directors of the Company in its meeting held on March 9, 2023 approved the above proposal and recommended the passing of the Special Resolution at Item No. 5 of this notice, by Shareholders of the Company.

Except Shri Narayanan Thirupathy, none of the Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Special Resolution, other than the extent of their holding in the securities of the Company, if any.

In view of the above, it is proposed to obtain the approval of shareholders for appointment of Shri Narayanan Thirupathy as Independent Director (part-time non-official Director) of the Company, by passing Special Resolution set out at Item No. 5 of this Notice.

Item No. 6

REC is a Government Company and as per its Articles of Association, the President of India has the power to appoint Chairman / Chairman & Managing Director of the Company and also Vice Chairman/ Managing Director, Whole time Functional Director and other Directors in consultation with the Chairman/Chairman and Managing Director. However, in accordance with the proviso of Regulation 17(1C) of SEBI LODR Regulations, effective from January 17, 2023, that a public sector Company shall ensure the approval of the shareholders for appointment of a person on the Board of Directors at the next general meeting.

The Ministry of Power (MoP), vide its letter dated July 11, 2023, has appointed Shri Manoj Sharma (DIN: 06822395), in place of Smt. Parminder Chopra. Shri Manoj Sharma is serving as Director (Commercial) in Power Finance Corporation Limited. Further, on recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company has approved the appointment of Shri Manoj Sharma through circulation as Additional Director (Nominee Director of PFC) of the Company, with effect from July 11, 2023.

A brief profile of Shri Manoj Sharma, in terms of SEBI (LODR) Regulations, 2015 and Secretarial Standard-2, is annexed to this Notice.

Pursuant to the Articles of Association of the Company, Shri Manoj Sharma shall be liable to retire by rotation. Further, the terms & conditions of his appointment will be governed by MoP Order and/or any other Order etc. issued by the Government of India.

Shri Manoj Sharma fulfills the conditions specified in the Act and the Rules made thereunder and has also declared that he is not debarred from being appointed as a Director by SEBI or any other authority, and that he is not disqualified from being appointed as a Director of the Company, in terms of the provisions of the Act. Further, he is not related to any Director or Key Managerial Personnel of the Company. The Company has received a notice in writing, proposing his candidature for the office of Director in terms of Section 160 of the Act.

All documents related to this business proposal shall be available for inspection through electronic mode, from date of circulation of this Notice upto the date of AGM.

The Board of Directors of the Company approved the proposal of appointment of Shri Manoj Sharma effective from July 11, 2023 through circulation and recommended the passing of the Ordinary Resolution at Item No. 6 of this notice, by Shareholders of the Company.

Except Shri Manoj Sharma, none of the Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Ordinary Resolution, other than the extent of their holding in the securities of the Company, if any.

In view of the above, it is proposed to obtain the approval of shareholders for appointment of Shri Manoj Sharma as Director (Nominee Director of PFC) of the Company, by passing Ordinary Resolution set out at Item No. 6 of this Notice.

Item No. 7

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 53rd Annual General Meeting held on September 16, 2022, had granted powers to the Board of Directors of the Company to retain the overall borrowing limit of the Company upto ₹4,50,000 crore in Indian Rupees and increase the borrowing limit in any foreign currency equivalent to USD 16 billion from USD 12 billion.

Out of the above, the limit available for borrowing in Indian Rupees as on March 31, 2023 was only ₹1,69,248 crore and in foreign currency USD 4.58 billion, which may not be sufficient to cater to the business requirements of the Company. Therefore, increase in borrowing limit is required to be made in the Indian Rupees as well as foreign currency. Considering that the current outstanding borrowings together with projected borrowings, in Indian rupees and foreign currency, is likely to exceed the earlier approved limit of ₹4,50,000 crore in Indian Rupees and USD 16 billion in foreign currency, consent of the Members is sought under Section 180(1) (c) of the Companies Act, 2013, for increasing the borrowing limit in Indian rupees from ₹4,50,000 crore to ₹6,00,000 crore and any equivalent foreign currency, from USD 16 billion to USD 20 billion, for the purpose of business of the Company.

All documents related to this business proposal shall be available for inspection through electronic mode, from date of circulation of this Notice upto the date of AGM.

The Board of Directors of the Company in its Meeting held on July 26, 2023 approved the above proposal and recommended the passing of the Special Resolution at Item No. 7 of this notice, by Shareholders of the Company.

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, extent of their holding in the securities of the Company, if any.

In view of the above, it is proposed to obtain the approval of shareholders for increasing the borrowing limit, by passing Special Resolution set out at Item No. 7 of this Notice.

Item No. 8

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 ₹6,00,000 crore in Indian Rupees and in any foreign currency equivalent to USD 20 billion, for the purpose of business of the Company 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.

All documents related to this business proposal shall be available for inspection through electronic mode, from date of circulation of this Notice upto the date of AGM.

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, other than the extent of their holding in the securities of the Company, if any.

The Board of Directors of the Company in its Meeting held on July 26, 2023 approved the above proposal and recommended the passing of the Special Resolution at Item No. 8 of this notice, by Shareholders of the Company.

In view of the above, it is proposed to obtain the approval of shareholders for creation of mortgage and/or charge on all or any of the movable and/or immovable properties, by passing Special Resolution set out at Item No. 8 of this Notice.

Item No. 9

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 ₹1,05,000 crore, during a period of one year from the date of passing of this resolution, i.e. upto September 5, 2024, 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 ₹1,05,000 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.

All documents related to this business proposal shall be available for inspection through electronic mode, from date of circulation of this Notice upto the date of AGM.

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, other than the extent of their holding in the securities of the Company, if any.

The Board of Directors of the Company in its Meeting held on July 26, 2023 approved the above proposal and recommended the passing of the Special Resolution at Item No. 9 of this notice, by Shareholders of the Company.

In view of the above, it is proposed to obtain the approval of shareholders for private placement of securities, by passing Special Resolution set out at Item No. 9 of this Notice.

By Order of the Board of Directors
For REC Limited

J.S. Amitabh
Executive Director & Company Secretary

Date : August 11, 2023
Place : REC World Headquarters
Plot No. I-4, Sector 29, Gurugram,
Haryana – 122001

Brief Profile of the Director(s) seeking appointment/reappointment, as set out in this Notice, in terms of SEBI (LODR) Regulations, 2015 & Secretarial Standard-2.

Name of the Director(s)	**Shri Vijay Kumar Singh**	**Shri Narayanan Thirupathy**	**Shri Manoj Sharma**
DIN	02772733	10063245	06822395
Date of birth	June 3, 1965	June 1, 1968	March 10, 1966
Age	58 years	55 Years	57 years
Date of first appointment on the Board	July 15, 2022	March 6, 2023	July 11, 2023
Qualification(s)	Bachelor's Degree in Electrical Engineering from IIT, Roorkee.	Bachelor's degree in Economics from the University of Madras	Chartered Accountant with a degree in law (LLB)
Detailed profile including skills and capabilities	Shri V.K. Singh is the Director (Technical) of REC Limited since July 15, 2022. Prior to his elevation, he was serving as Executive Director in the Company. He holds a Bachelor's Degree in Electrical Engineering from IIT, Roorkee and has over 34 years of experience in the Indian power sector. He joined REC on March 29, 2007 and prior to joining REC, he had worked in Power Grid Corporation of India Limited and NTPC Limited. Further, MoP vide its letter dated August 10, 2023, rechristened of the existing post of Director (Technical) of the Company as Director (Projects). As Director (Projects), he is responsible for all technical functions of REC, including project & entity appraisal of renewable energy, generation, transmission & distribution projects, power sector value chain i.e. equipment manufacturing, coal block financing etc; and infrastructure financing namely ports, airports, metro, hospitals, refinery etc; and financing activities including sanction, disbursement and project monitoring, business development, Stressed Assets Management, Diversification and overall functioning of the Company. He is also responsible for key operational areas of Procurement, Legal matters, IT system and Capacity building business through RECIPMT. He is guiding the Program Management Division towards successful implementation of Govt. Programs. He has rich experience in transmission project development & management, TBCB process, procurement of goods & services, construction of EHV sub-stations and transmission lines, financial aspects like raising of bonds, commercial paper, ECB etc.	Shri Narayanan Thirupathy has been working for the development of poor, downtrodden people for more than 35 years and is a popular Television debater and Social worker from Tamil Nadu. Shri Narayanan Thirupathy is the founder of a social forum called "Theervu" which means Justice, through which he has created awareness about the socio economic and industrial policies of the country and popularised the concept of good governance with the people of Tamil Nadu. He is well known for his immense contribution to create peace, communal harmony and social justice.	Shri Manoj Sharma is a Chartered Accountant with a degree in law (LLB). He is currently working as Director (Commercial) in PFC. He has more than 31 years of experience in power sector. In PFC, he has handled multiple areas & domains including institutional appraisal & development, entity appraisal, legal & documentation, taxation, budget, audit, preparation of financial statements & audit reports, financial analysis, resource mobilization, debt syndication and consultancy assignments on financial/commercial aspects in power sector. During the last 3 decades, he has been associated with entire spectrum of PFC's loan assets, covering formulation of lending policies, putting in place a policy framework to guide appraisal with a structured format for financial analysis, compliance with applicable regulatory and statutory frameworks, monitoring conditions, facilitating disbursement, resolution mechanism for stressed accounts. He is Chairman of PFC Projects Limited, a subsidiary of PFC, an SPV for submission of lenders' backed resolution plan by PFC for resolution of stressed assets.
Nature of expertise in specific functional areas	Shri V.K. Singh brings in expertise in various areas such as financial management, power sector domain expertise, project appraisal, corporate planning & strategy, risk management, leadership, board practices & governance, business development, environment & social areas.	Shri Narayanan Thirupathy brings in expertise in various areas such as financial management, power sector domain expertise, corporate planning & strategy, leadership, board practices & governance, business development, environment & social areas.	Shri Manoj Sharma brings in expertise in various areas such as financial management, power sector domain expertise, project appraisal, corporate planning & strategy, risk management, leadership, board practices & governance, business development, environment & social areas.

Terms & conditions of appointment and proposed remuneration to be paid	Shri V.K. Singh has been appointed as Director (Projects), in the scale of pay of ₹180,000-340,000 (IDA), with effect from the date of his assumption of charge of the post (July 15, 2022) till the date of his superannuation i.e., June 30, 2025 or until further orders, whichever is earlier. The terms & conditions of his appointment will be governed by MoP Order dated July 15, 2022 and/or any other Order(s) etc. issued by the Government of India.	The terms & conditions of his appointment will be governed by MoP Order dated March 3, 2022 and/ or any other Order(s) etc. issued by the Government of India. He is entitled to receive sitting fee in connection with the Board or Committee meetings of REC attended by him, as decided by the Board from time to time. Further, payment / reimbursement towards air tickets, hotel accommodation, hiring of veichle, out-of- pocket expenses, local conveyance etc. in respect of him attending such Board or Committee meetings, would be borne by REC.	Nominated by the Ministry of Power, Government of India, vide letter dated July 11, 2023. He is entitled to receive sitting fee in connection with the Board or Committee meetings of REC attended by him, as decided by the Board from time to time. Further, payment / reimbursement towards air tickets, hotel accommodation, hiring of vehicle, out-of-pocket expenses, local conveyance etc. in respect of him attending such Board or Committee meetings, would be borne by REC.
Shareholding in the Company including as a beneficial owner	Not Applicable	Not Applicable	Not Applicable
Number of Board meetings attended during the FY 2022-23	8 out of 8 Board meeting attended during his tenure starting from July 15, 2022.	2 out of 2 Board meetings attended during his tenure starting March 6, 2023.	Not Applicable as appointed during FY 2023-24
Number of Committee meetings attended during the FY 2022-23	11 out of 11 Committee meeting attended during his tenure starting from July 15, 2022.	Not Applicable	Not Applicable
Directorship held in other companies / listed entities	REC Power Development and Consultancy Limited	Not Applicable	• Power Finance Corporation Limited • PFC Projects Limited • Jharkhand Infrapower Limited • PFC Consulting Limited • Bihar Mega Power Limited • Deoghar Mega Power Limited
Details of listed entities from which resigned in the past three years	Not Applicable	Not Applicable	Not Applicable
Membership/ Chairmanship of Committee across all public companies other than REC	REC Power Development and Consultancy Limited • CSR Committee (Member)	Not Applicable	Power Finance Corporation Limited • Risk Management Committee (Member) • Corporate Social Responsibility Committee (Member) • HR Committee (Member) • Investment Committee of Director (Member)
Relationship with Directors & KMP inter-se	No *inter-se* relationship with any other Director or KMP of the Company	No *inter-se* relationship with any other Director or KMP of the Company	No *inter-se* relationship with any other Director or KMP of the Company

Annexure to Notice

Instructions for members for remote e-voting, attending the 54th AGM through VC/OAVM and electronic voting during the AGM

A. Instructions for remote e-voting system prior to the 54th AGM

The remote e-voting period begins on Sunday, September 3, 2023 (0900 hours) and ends on Tuesday, September 5, 2023 (1700 hours). The remote e-voting module shall be disabled by NSDL for voting thereafter. The members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off) date i.e. August 30, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their shareholding as on the said cut-off date.

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

Step 1: Access to NSDL e-voting system

A) Login method for e-voting and joining virtual meeting for individuals holding shares in demat mode:-

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

(i) Login method for individuals holding shares in demat mode is given below:

Type of Shareholders	Login Method
Individual shareholders holding securities in demat mode with NSDL	1. Existing **IDeAS** user can visit the e-Services website of NSDL *viz.* https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under "Login" which is available under **'IDeAS'** section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-voting services under Value Added Services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on the company name i.e., REC Limited or e-voting service provider i.e., NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Visit the e-voting website of NSDL. Open web browser by typing the URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e., your 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL depository site, wherein you can see e-voting page. Click on company name i.e., REC Limited or e-voting service provider i.e., NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
Individual shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for CDSL Easi / Easiest, can login through their User ID and Password. Option will be made available to reach e-voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login of Easi/Easiest, the user will also be able to see the e-Voting option for eligible companies where e-voting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-voting page by providing demat account number and PAN from a link https://www.cdslindia.com available on home page. The system will authenticate the user by sending OTP on registered mobile and email, as recorded in the demat account. After successful authentication, user will be provided link for the respective ESP (E-voting Service Provider) i.e. NSDL where the e-voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. Upon logging in, please see if e-voting option is available. Click on the e-voting option, you will be redirected to NSDL/CDSL site after successful authentication, wherein you can see e-voting feature. Click on company name i.e., REC Limited or e-voting service provider i.e. NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

Note: Members who are unable to retrieve User ID / Password are advised to use "Forgot User ID" or "Forgot Password" option available at the above-mentioned website.

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33

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

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/ Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP 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.

4. Details of User ID and Password for logging on to NSDL e-voting Portal: Your User ID details are given below:-

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

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

   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 force 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 as mentioned below in process for those shareholders whose email ids are not registered.

6) If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) If you are holding shares in your demat account with NSDL or CDSL, click on "Forgot User Details/Password" option available on www.evoting.nsdl.com.

   b) If you are holding shares in physical mode, click on "Physical User Reset Password option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, PAN, Name and registered address.

   d) Members can also use OTP (One-Time Password) based login for casting the votes on the e-Voting system of NSDL.

7) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8) Now, you will have to click on "Login" button.

9) After you click on the "Login" button, Home page of e-Voting will open.

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

B. Instructions for members for attending the 54th AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com/ under shareholders/members login by using the remote e-voting credentials. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. 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.

2. Members are encouraged to join the Meeting through laptops for better experience.

3. Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that participants connecting from mobile devices or tablets or laptop connecting via mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches of such kind.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a 'Speaker' and may send their request mentioning their name, demat account number/folio number, email id, mobile number at complianceofficer@recl.in 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 54th AGM

1. Once discussion on all the items of Notice is completed in the Meeting, every Resolution will be put to vote through electronic voting system during the AGM. Corporate Members are requested to send a certified copy of the Board resolution/authorization letter to the Scrutinizer through e-mail at hemantsinghcs@gmail.com with a copy marked to evoting@nsdl.co.in.

2. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

3. Only those members/shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through electronic voting system during the AGM.

4. Members who have voted through Remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.

5. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same persons, as mentioned above for Remote e-voting.

D. Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to complianceofficer@recl.in.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to complianceofficer@recl.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

General Guidelines for shareholders

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to hemantsinghcs@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request at evoting@nsdl.co.in or contact Shri Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email IDs: evoting@nsdl.co.in or amitv@nsdl.co.in or pallavid@nsdl.co.in. Members may also write to the Company Secretary at the Company's email address at complianceofficer@recl.in.

Board's Report

To

The Shareholders,

Your Directors have pleasure in presenting the Fifty Fourth Annual Report together with the Audited Financial Statements of your Company for the financial year ended on March 31, 2023.

1. PERFORMANCE HIGHLIGHTS

1.1 Summary of performance

The highlights of performance of your Company for the financial year 2022-23, with comparative position of previous year's performance, were as under:

(₹ in crore)

Parameter	FY 2022-23	FY 2021-22
Loans Sanctioned	**2,68,460.54**	54,421.76
Disbursements	**96,846.30**	64,150.21
Recoveries (including interest)	**82,910.87**	91,681.72
Total Operating Income	**39,208.06**	39,132.49
Profit Before Tax	**13,738.77**	12,424.90
Profit After Tax	**11,054.64**	10,045.92
Total Comprehensive Income	**10,083.60**	9,986.85

1.2 Financial performance

The Total Operating Income of your Company for the financial year 2022-23 was ₹39,208.06 crore, as compared to ₹39,132.49 crore during the financial year 2021-22.

The Profit after Tax and Total Comprehensive Income for the financial year 2022-23 were ₹11,054.64 crore and ₹10,083.60 crore respectively, as compared to ₹10,045.92 crore and ₹9,986.85 crore for the financial year 2021-22.

Earnings Per Share (EPS) for the financial year ended March 31, 2023 was ₹41.85 per share of ₹10/- each, as against EPS of ₹38.02 per share for the last year. Net Worth of the Company as on March 31, 2023 has increased to ₹57,679.67 crore, i.e., 13.13% higher than the Net Worth of ₹50,985.60 crore as on March 31, 2022.

The Gross Loan Asset Book of your Company as on March 31, 2023 was ₹4,35,011.79 crore, as compared to ₹3,85,371.26 crore as on March 31, 2022. Further, the outstanding borrowings as on March 31, 2023 were ₹3,74,616.42 crore.

1.3 Share capital

As on March 31, 2023, the authorized share capital of the Company was ₹5,000 crore, consisting of 500 crore equity shares of ₹10/- each.

During the financial year, pursuant to comprehensive guidelines on Capital Restructuring by CPSEs issued by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India and based on the audited financial statements of the Company for the previous year, with the approval of shareholders, the Company had issued bonus shares to its shareholders in the month of August 2022, in the ratio of 1:3, i.e., one (1) bonus equity share of ₹10/- each fully paid-up for every three (3) existing equity shares of ₹10/- each fully paid-up and consequently issued 65,83,06,000 (sixty five crore eighty three lakh six thousand only) new equity shares of ₹10/- each, by capitalizing a sum not exceeding ₹658,30,60,000 out of the sum standing to the credit of its 'Securities Premium Account'. The said bonus shares rank *pari-passu* with the existing fully paid equity shares of the Company.

Accordingly, after above bonus issue, the issued and paid-up share capital of the Company increased to ₹2,633.22 crore, consisting of 2,63,32,24,000 equity shares of ₹10/- each. As on March 31, 2023, Power Finance Corporation Limited, a Government of India undertaking, held 52.63% of the paid-up equity share capital of the Company, comprising of 1,38,59,93,662 equity shares of ₹10/- each and the balance 47.37% paid-up equity share capital was held by public shareholders.

1.4 Dividend

For the financial year 2022-23, the Board of Directors of your Company recommended a final dividend of ₹4.35/- per equity share of face value of ₹10/- each (43.5% of the paid up share capital), which is subject to approval of the shareholders in the ensuing 54th Annual General Meeting. The above is in addition to the 1st Interim Dividend of ₹5.00/- per equity share (50% of the paid up share capital) paid on November 24, 2022 and 2nd Interim Dividend of ₹3.25/- per equity share (32.5% of the paid up share capital) paid on February 28, 2023.

The total dividend for the financial year 2022-23, including the proposed final dividend, amounting to ₹12.60 per share of face value of ₹10/- each, which is 126% (post bonus) of the paid-up share capital of the Company against a dividend of ₹11.48 per share of face value of ₹10/- each, paid in previous year, which was 114.8% of the post bonus paid-up share capital of the Company.

The total dividend pay-out for the financial year 2022-23, including the proposed final dividend, would be ₹3,317.86 crore. The dividend is paid in accordance with the Company's Dividend Distribution Policy, which is available at https://recindia.nic.in/uploads/files/Dividend_Distribution_Policy.pdf.

1.5 Policy initiatives

The policy framework of the Company is constantly reviewed, updated and strengthened, to enhance business value and to meet the statutory requirements and amendments thereto.

During the financial year 2022-23, the Company strengthened its corporate governance framework, with amendment in materiality of related party transactions & dealing with Related Party Transactions policy and adoption of Environment, Social and Governance (ESG) Policy.

In order to enhance the competitive position in the market, the Company has modified, updated or introduced business oriented policies e.g. 'financial assistance to DISCOMs for clearance of outstanding dues under late payment surcharge policy', 'long term investment policy', 'scale based regulations compliance policy and internal capital adequacy assessment process policy', 'investment of short term surplus funds policy', 'long term investment policy on Maharatna status', 'expected credit loss (ECL) policy along with assumption/ parameters for computation of ECL', 'interest rate policy for long term and short term loans', 'policy for extension in scheduled DCCO/COD', 'credit policy for power generation projects in state sector' and 'outsourcing policy for non-IT support & peripheral services' etc.

During the year under review, the Company also updated its HR related policies.

2. FINANCIAL REVIEW

2.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year 2022-23, *vis-à-vis* the previous financial year, is given as under:

(₹ in crore)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Revenue from Operations	39,208.06	39,132.49	39,478.26	39,269.05
Other Income	44.67	97.96	41.90	70.15
Total Income	**39,252.73**	**39,230.45**	**39,520.16**	**39,339.20**
Finance Costs	23,737.66	22,052.91	23,733.33	22,050.96
Net translation / transaction exchange loss	1,114.04	799.05	1,114.04	799.05
Fees and Commission Expense	16.29	16.73	16.29	16.73
Net loss on fair value changes	-	-	-	-
Impairment on financial instruments	114.91	3,473.31	142.17	3,470.02
Other Expenses	531.06	463.55	616.66	560.10
Total Expenses	**25,513.96**	**26,805.55**	**25,622.49**	**26,896.86**
Share of Profit / Loss of Joint Venture accounted for using equity method	-	-	-	(11.81)
Profit Before Tax	**13,738.77**	**12,424.90**	**13,897.67**	**12,430.53**
Tax Expenses	(2,684.13)	(2,378.98)	(2,730.69)	(2,394.83)
Profit After Tax	**11,054.64**	**10,045.92**	**11,166.98**	**10,035.70**
Other Comprehensive Income for the period	(971.04)	(59.07)	(971.04)	(57.90)
Total Comprehensive Income	**10,083.60**	**9,986.85**	**10,195.94**	**9,977.80**
Add: Opening Balance of Retained Earnings and Other Comprehensive Income	6,675.66	4,225.00	6,946.34	4,504.73
Amount available for appropriation	**16,759.26**	**14,211.85**	**17,142.28**	**14,482.53**
Less: Appropriations				
Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961	(2,674.96)	(3,080.70)	(2,674.96)	(3,080.70)
Reserve for bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	-	-	-	-
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(2,211.15)	(2,010.00)	(2,211.15)	(2,010.00)
Debenture Redemption Reserve	-	-	-	-
General Reserve	-	-	-	-
Impairment Reserve	-	-	-	-
Issue expenses on Perpetual Debt Instruments (net of taxes)	-	-	-	-
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	(33.30)	(34.12)	(33.30)	(34.12)
Sub-total: Appropriations	**(4,919.41)**	**(5,124.82)**	**(4,919.41)**	**(5,124.82)**
Less: Dividend payments to Owners	(3,120.37)	(2,411.37)	(3,120.37)	(2,411.37)
Closing Balance of Retained Earnings and Other Comprehensive Income	**8,719.48**	**6,675.66**	**9,102.50**	**6,946.34**

2.2 Contribution to National Exchequer

During the financial year 2022-23, the Company contributed an amount of ₹2,805.76 crore to the National Exchequer, which included ₹2,734.75 crore towards direct taxes and ₹71.01 crore towards GST.

2.3 Ratio analysis

A comparative statement of significant ratios of the Company for the financial year 2022-23 *vis-à-vis* the previous financial year, is given below:

Particulars	FY 2022-23	FY 2021-22
Earnings Per Share (₹)	**41.85**	38.02^
Return on Average Net Worth (%)	**20.35**	21.28
Book Value per Share (₹)	**219.05**	193.63^
Debt Equity Ratio (times)*	**6.49**	6.41
Price Earnings Ratio (times)#	**2.75**	2.42
Interest Coverage Ratio (times)	**1.58**	1.56

**Net debt represents principal outstanding, less cash and cash equivalent available.*

#PE Ratio is calculated based on closing price of REC's Equity Share at NSE, as on March 31, 2023 and as on March 31, 2022 respectively.

^Figures are adjusted on account of issue of bonus shares in the ratio of 1:3.

2.4 Resource mobilization

2.4.1 Total resource mobilization during the year

During the financial year 2022-23, the Company mobilized funds of ₹86,984 crore from the market. This included ₹10,036 crore from External Commercial Borrowings in different currencies, long and short rupee term loans from banks and financial institutions of ₹22,911 crore and ₹1,250 crore (including ₹100 crore short term loan rolled over for 1 year during FY 2022-23) respectively, ₹12,154 crore from Capital Gains Tax Exemption Bonds, ₹25,545 crore (after adjusting discount) from Institutional Bonds, ₹15,088 equivalent to USD 1,800.00 million and EUR 69.77 million from FCNR (B) loans.

2.4.2 Redemption and pre-payment

During the financial year 2022-23, the Company repaid a sum of ₹46,520.32 crore. This includes repayment amounting to ₹21,405.40 crore towards Institutional Bonds, ₹1,501.66 crore towards Tax-free Bonds, ₹3.36 crore towards Capital Gain Tax Exemption Bonds, ₹2,789.95 crore towards External Commercial Borrowings, equivalent of USD 350.00 Million, ₹10,383.72 crore of FCNR loans equivalent of USD 1300.00 Million and ₹146.23 crore of Official Development Assistance (ODA) loan equivalent of USD 12.00 Million, Euro 5.26 million and JPY 188.58 million. The Company also repaid long term loans amounting to ₹10,290 crore to various banks.

2.4.3 Cost of borrowing

The overall weighted average annualized cost of funds for the outstanding borrowing as on March 31, 2023 was 7.28% and for the funds raised during the financial year 2022-23 was 6.94%. Further, during the financial year 2022-23, your company had raised funds of ₹25,291.30 crore through listed bonds, at a cost 7.63% p.a., which is 16 bps lower than the rates of similarly rated instruments issued by other CPSEs/entities (margin over Reuters).

2.4.4 Cash credit facilities

The Company has an approved cash credit / working capital demand loan / overdraft limit of ₹10,657.65 crore from various banks for its day-to-day operations, out of which ₹3,679.75 crore was availed as on March 31, 2023.

2.4.5 Perpetual Debt Instruments

Your Company had raised an amount of ₹558.40 crore by issue of 5,584 Perpetual Debt Instruments (PDI) (Series 206) of face value of ₹10 lakh each, which carry coupon rate of 7.97%. As on March 31, 2023, the said instruments form 1.00% of the Tier-I capital of the Company. These PDI have no maturity and are callable only at the option of the Company after 10 years and relevant detailed disclosure on PDI is appearing in note no. 25 of the notes to accounts of the standalone financial statements forming part of this Annual Report.

2.4.6 Green Bonds issued by REC

In alignment with India's Climate action plan to increase the renewable energy capacity with an ultimate objective to reduce the carbon emissions and carbon intensity, REC raised USD 750 Million in April 2023 for a tenor of five years through USD Green Bonds. These bonds are listed exclusively at IFSC Stock exchanges, i.e., India INX and NSE IFSC in GIFT City, Gandhinagar, Gujarat. The bond issuance was the first Green Bond issuance by an Indian Company post India's G20 Presidency and the largest ever Green Bond Tranche by a South & South-East Asian issuer. The proceeds from these bonds are being utilized towards eligible green projects in accordance with REC's Green Finance Framework.

Annual Impact Reporting for Green Bonds

REC had raised USD 450 million Green Bond in July 2017 for a tenor of ten years, which are listed on the International Securities Market (ISM) segment of London Stock Exchange and 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.

Management of Proceeds: The net proceeds from the Bonds of USD 450 Million amounting to ₹2,894 crore were allocated against the following projects as on March 31, 2023:

(₹ in crore)

Sl. No.	Location	Capacity (in MW)	Loan sanction date	Annual energy generation in MWh	Sanction amount	Outstanding Amount
A.	**SOLAR**					
1	Karimnagar, Telangana	15	11.11.2016	26,554.53	89.84	59.20
2	Telangana	30	21.09.2016	54,073.69	179.62	124.12
3	Telangana	30	21.09.2016	57,251.93	179.62	124.39
4	Warangal, Telangana	15	11.11.2016	24,110.55	89.84	59.37
5	Andhra Pradesh	500	24.02.2016	6,55,195.74	2,480.00	1,486.80
6	Karimnagar, Telangana	15	11.11.2016	29,023.23	89.84	59.18
7	Ranga Reddy, Telangana	5	27.01.2016	6,181.16	26.90	17.93
8	Medak, Telangana	7	26.11.2015	12,018.33	39.90	25.93
9	Karimnagar, Telangana	15	11.11.2016	29,404.49	89.84	59.19
10	Chitradurga, Karnataka	30	17.04.2017	28,477.90	150.39	105.48
11	Mansa and Sangrur, Punjab	50	21.05.2016	78,675.84	169.69	112.16
12	Kudligi, Karnataka	20	31.12.2018	42,662.45	84.00	65.45
13	Belgaum, Karnataka	15	31.12.2018	32,079.46	63.86	49.87
14	Bagalkot, Karnataka	15	31.12.2018	32,141.35	64.08	50.05
15	Bagalkot, Karnataka	15	31.12.2018	32,521.15	66.41	52.17
16	Thoothukkudi, Tamil Nadu	252	29.12.2017	5,28,272.25	520.00	467.54
	Sub-total (A)			**16,68,644.05**	**4,383.83**	**2,918.81**
B.	**WIND**					
1	Mandsaur, Madhya Pradesh	20	28.01.2016	20,444.16	86.63	47.02
	Sub-total (B)			**20,444.16**	**86.63**	**47.02**
C.	**RENEWABLE PURCHASE OBLIGATIONS**					
1	Maharashtra	RPO	24.07.2017		500.00	62.50
	Sub-total (C)				**500.00**	**62.50**
	Grand total (A+B+C)			**16,89,088.20**	**4,970.46**	**3,028.33**

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 bonds.

2.4.7 International Cooperation & Development

Your Company has five lines of ODA (Official Development Assistance) credit with KfW, Germany, four of them have been fully drawn as on March 31, 2023. In financial year 2021-22, REC entered into a fifth loan agreement with KfW for financial assistance of USD 169.50 million. Apart from the above, REC has two lines of ODA credit with JICA, Japan. Both of them have also been fully drawn and repaid.

2.5 Domestic and International Credit Rating

The domestic debt instruments of REC continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-credit rating agencies throughout the financial year 2022-23.

Further, REC enjoys international credit rating from international credit rating agencies Moody's and FITCH of "Baa3" and "BBB-" respectively, which is at par with the sovereign rating of India. There was no revision in the ratings assigned to REC during the financial year 2022-23.

2.6 Investments made during the financial year 2022-23

In terms of RBI's circular on High Quality Liquid Assets (HQLAs) during the financial year 2022-23, Company has invested in State Development Loans and Perpetual Bonds.

Further, 24,91,604 no. equity shares held in NHPC Limited were sold through stock exchange mechanism, at prevailing market price higher than its purchase price, thus resulting in cumulative gain of ₹4.70 crore.

Other details of investments made by the Company are appearing in note no. 10 of the notes to accounts of the standalone financial statements.

2.7 Financial status at the close of the year

At the close of the financial year 2022-23, the total resources of your Company stood at ₹4,64,877.13 crore.

Out of this, equity share capital contributed ₹2,633.22 crore, instruments entirely equity in nature comprised ₹558.40 crore, other equity including Reserves & Surplus stood at ₹54,488.05 crore, financial liabilities including borrowings and other financial liabilities accounted for ₹4,06,987.95 crore and non-financial liabilities including provisions stood at ₹209.51 crore.

These funds were deployed as financial assets including long-term and short-term loans, investments etc. of ₹4,60,591.12 crore and non-financial assets including property, plant & equipment, tax assets etc. of ₹4,285.67 crore, besides asset classified as held for sale, amounting to ₹0.34 crore.

3. LOANS SANCTIONED

During the financial year 2022-23, the Company has sanctioned loans worth ₹2,68,460.54 crore.

The loans sanctioned for the financial year 2022-23 includes ₹34,529.33 crore towards generation projects, ₹21,371.11 crore towards renewable energy projects, ₹1,22,050.50 crore towards T&D projects including the loans under Revolving Bill Payment Facility and Late Payment Surcharge, ₹85,734.60

crore towards Infrastructure & Logistics projects and ₹4,775.00 crore towards other loans such as short-term, medium-term loans etc. Details of category-wise sanctions during the year are appearing subsequently in this report.

4. DISBURSEMENTS

During the financial year 2022-23, the Company disbursed an amount of ₹96,846.30 crore, as against ₹64,150.21 crore in the previous financial year.

The disbursements for financial year 2022-23 includes ₹25,049.27 crore towards generation projects, ₹12,984.89 crore towards renewable energy projects, ₹27,502.84 crore towards T&D projects, ₹1,453.29 crore towards Power Infrastructure projects and ₹29,621.37 crore towards other loans including short term, RBPF etc. The disbursements also included ₹234.64 crore of counter-part funding under DDUGJY (including DDG component) and SAUBHAGYA schemes of the Government of India.

Apart from above, during the financial year 2022-23, the Company also disbursed subsidy of ₹1,065.56 crore received from the Government of India under DDUGJY scheme (including DDG component) and SAUBHAGYA scheme of the Government of India.

5. RECOVERIES

5.1 Recoveries during the year

Your Company gives utmost priority to timely realization of its dues towards principal, interest, etc. During the financial year 2022-23, the amount due for recovery including interest for Standard Assets (Stage I & II) was ₹83,138.84 crore, as compared to ₹92,696.37 crore during the previous financial year. The Company recovered a total sum of ₹82,910.87 crore towards Standard Assets (Stage I & II) during the year, as against ₹91,681.72 crore in the previous financial year. The Company achieved recovery rate of 99.73% for the financial year 2022-23. The principal overdues from defaulting borrowers pertaining to Standard Assets (Stage I & II) as on March 31, 2023 were ₹167.74 crore. Further, an amount of ₹1,786.72 crore has been recovered from Credit Impaired Assets (Stage III) in the financial year 2022-23, as compared to ₹265.33 crore recovered in the previous financial year.

5.2 Credit Impaired Assets

Your Company's Credit Impaired Assets (Stage III) continue to be at low levels. The Company has created "Impairment Reserve" from its profits, which is higher than the minimum requirement specified under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI.

As on March 31, 2023 the Gross Credit Impaired Assets (Stage III) were ₹14,892.08 crore, which is 3.42% of Gross Loan Assets; and Net Credit Impaired Assets (Stage III) were ₹4,372.57 crore, which is 1.01% of the Gross Loan Assets.

5.3 Stressed Asset Management

REC continuously works towards resolution of stressed assets, through various frameworks including RBI framework and resolution under Insolvency and Bankruptcy Code (IBC). REC has been able to contain its NPAs at minimum level, i.e., one of the lowest among peer organizations in power sector. During the financial year 2022-23, REC has successfully resolved and upgraded six stressed power projects, as per the details given hereinafter:

(₹ in crore)

Sl. no.	Name of the borrower and project	REC's exposure	Remarks
1	South-East UP Transmission Company Limited (Transmission Project)	922.09	Resolved under IBC
2	Jhabua Power Limited (600 MW Thermal Power Plant in Madhya Pradesh)	321.04	Resolved under IBC
3	Ind Barath Energy (Utkal) Limited (700 MW Thermal Power Plant in Odisha)	777.00	Resolved under IBC
4	Gati Infrastructure Private Limited (110 MW Hydro Project in Sikkim)	178.26	Over-dues have been fully paid by the company
5	ATN International Limited	9.45	Resolved through OTS outside IBC
6	Silicon Valley Infotech Limited	2.91	Resolved through OTS outside IBC
	TOTAL	**2,210.75**	

6. APPRAISAL AND MONITORING SYSTEM

6.1 Appraisal system for financing private sector projects

Your Company has its own guidelines for appraisal of private sector projects. The appraisal of the promoter or entity is carried out on the basis of financial performance, credit-worthiness, management proficiency and sectoral experience of the promoter entities. The project appraisal is carried out on the basis of various technical parameters like statutory clearances, PPA, infrastructure etc. Thus, 'Integrated Rating' of the project is arrived at, on the basis of combined ratings of entity and project. REC's interest rates and security structure are linked to the grades or integrated ratings assigned to private sector projects. Further, during the financial year 2022-23, the Entity Appraisal Guidelines for financing the Private sector projects were also reviewed and modified as per the best market practices.

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

Your Company has a well-defined policy and guidelines for grading of State power utilities (excluding State Discoms, State Electricity Boards / Utilities with integrated operations and Power Departments). The grading of State power utilities (generation, transmission, trading, holding company etc.) is carried out twice during a year, based on the evaluation of the utility's performance against specific parameters, operational and financial performance, regulatory compliances, annual financial results etc. With regard to State power distribution utilities (including SEBs / utilities with integrated operations and Power Departments), your Company adopts the final annual integrated ratings carried out by independent rating agencies, after approval of framework and rating by the Ministry of Power, Government of India. The rating framework for integrated rating of discoms have been reviewed and modified by external consultant.

For the purpose of funding, your Company has classified the utilities/entities into A++, A+, A, B & C categories. During the financial year 2022-23, your Company has completed grading in respect of 143 utilities (excluding State Government), out of which 20 utilities were graded as A++, 38 as A+, 30 as A, 19 as B, 32 utilities as C category and 1 utility as D category. Further, 3 utilities were non-responsive, therefore not graded.

6.3 Project Monitoring

Being a leading financial institution, REC has developed an elaborate and comprehensive project-monitoring framework, which aims to ensure timely completion of projects, reduce risks and mitigate cost overruns in the projects. It is also the Company's endeavour to reduce the cost of electricity for the end consumer, benefitting nation in terms of industrial growth and increased per capita electricity consumption.

The Project Monitoring guidelines adopted by the company covers whole gamut of steps for overall rigorous monitoring of projects. The frequency of monitoring is finalised based on various factors like loan sector, type of project, construction stage and the size of disbursement, etc. Additionally, to ensure efficient monitoring of private sector projects, Lender's Engineers and Lender's Financial Advisors, being independent organizations, are also appointed.

7. FINANCING ACTIVITIES DURING THE YEAR

Your Company has been providing funding assistance for power generation (including conventional and renewable energy), transmission and distribution projects, Infrastructure and Logistics projects including for the electrification of villages and under the various schemes of the Government of India. Details of major financing activities during the year under review were as under:

7.1 Generation

During the financial year 2022-23, your Company sanctioned 76 nos. of loans towards generation projects including hydropower projects, implementation of pollution control equipment, renovation & modernization schemes, irrigation

REC financed 800 MW Dr. Narla Tata Rao Thermal Power Station Stage-V Project at Vijayawada

projects etc. and sanctioned total loan assistance of ₹34,529.33 crore, as per details given below:

(₹ in crore)

Particulars	No. of Loans	Loan amount
State Sector	**74**	**29,839.53**
- Fresh Loan(s)	69	25,684.10
- Additional Loan(s)	5	4,155.43
Private Sector	**2**	**4,689.80**
- Fresh Loan(s)	2	4,689.80
- Additional Loan(s)	0	-
Total	**76**	**34,529.33**

7.2 Renewable Energy

During the financial year 2022-23, your Company has sanctioned 35 nos. of Renewable Energy projects with installed generation capacity aggregating to 6,488 MW & some infra projects, with total loan assistance of ₹21,371.11 crore, as per details given below:-

(₹ in crore)

Particulars	No. of Loans	Loan amount
State Sector	**4**	**2,394.03**
- Fresh Loan(s)	4	2,394.03
Private Sector	**31**	**18,977.08**
- Fresh Loan(s)	14	14,508.53
- Takeout financing	17	4,468.55
Total	**35**	**21,371.11**

The above loans includes 16 solar energy projects with aggregate capacity of 3,099 MW, 9 wind energy projects with aggregate capacity of 449 MW, 1 solar wind hybrid project of 300 MW capacity with battery energy storage system, 1 Pumped Storage Project (PSP) with aggregate capacity of 1,440 MW, 2 Solar Park infra with aggregate capacity of 1,200 MW and 1 Electrical component of Airport Infra, 1 Compressed Biogas (CBG) production plant, 4 E-mobility projects for procurement of 2,350 electric vehicles.

REC funded 100 MW Wind Energy Project in Rajasthan

7.3 Transmission & Distribution

During the financial year 2022-23, your Company has sanctioned 408 nos. of Transmission & Distribution (T&D) schemes/projects involving a total loan assistance of ₹1,22,050 crore including projects under RDSS, LPS and RBPF schemes of the Government of India.

Details of loans sanctioned under T&D category during the financial year 2022-23 are given below:-

(₹ in crore)

Particulars	No. of Loans	Loan amount
State Sector	**408**	**1,22,050.50**
- Transmission Loan(s)	221	8,463.75
- Distribution Loan(s)	135	15,943.44
- Loans under LPS	21	57,190.31
- RBPF	31	40,453.00
Total	**408**	**1,22,050.50**

7.4 Infrastructure & Logistics

After completing the mammoth task of electrification of the whole country under the flagship Government programme, now your Company has been assigned with the mandate by Government of India to foray into financing the Infrastructure & Logistics sector in addition to the Power sector, subsequent to it becoming a Maharatna Company. With the strength of financial power that comes with 'Maharatna' status, your Company has sanctioned ₹85,734.60 crore in FY 2022-23 in several large-scale Infrastructure projects in areas such as development of Highway, Metro rail systems, Airports, IT Communication, Social & Commercial Infrastructure (Educational Institution, Hospitals), Ports, etc.

Details of Infrastructure & Logistics loans sanctioned during the financial year 2022-23 are given below:-

(₹ in crore)

Particulars	No. of Loans	Loan amount
State Sector	**28**	**82,734.60**
- Refinery	1	7,500.00
- Hospitals	1	2,785.00
- Education Institutions	2	675.51
- Metro		
◆ E&M	9	14,434.00
◆ Non- E&M	9	21,428.00
- Communication	2	2,810.57
- Highways	1	17,500.00
- Drinking Water	1	10,331.9
- Ports Shipping, Waterways	1	4,098.45
- Airport	1	1,171.17
Private Sector	**1**	**3,000.00**
- Steel	1	3,000.00
Total	**29**	**85,734.60**

REC funded Mumbai Metro Project

Further, there is a huge potential in development of Infrastructure & Logistics sector through GoI flagship programmes such as Bharatmala Yojana, Sagarmala Yojana, etc. Under National Infrastructure Pipeline (NIP), sectors such as Energy, Roads, Airports, Ports and Railways etc. will contribute to around 70% of the total projected capital expenditure of around ~₹111 Lakh crore in Infrastructure & Logistics sectors in India.

Your Company will further align its operations in achieving the infrastructure development objectives of the Government of India under various schemes, for the overall development of economy.

7.5 Short / Medium Term Loans and other loan assistance

Your Company has also sanctioned 14 nos. of short-term, medium term, special loans and other loans aggregating to ₹4,775 crore to various power utilities during the financial year 2022-23, towards their short-term or medium-term fund requirement, working capital requirement etc.

7.6 Financing activities in North Eastern States

The total financial assistance sanctioned by your Company during the financial year 2022-23 includes a sum of ₹751 crore towards various projects in the North Eastern States. The disbursement towards various projects in the North Eastern States during the financial year 2022-23, including against projects sanctioned in earlier years, were ₹250.56 crore.

8. PRESENT T&D SCENARIO AND REFORMS

As the country's installed generation capacity is at a high of more than 415.50 GW (as on March 31, 2023), with huge capacities planned in the renewable energy space, the Transmission & Distribution (T&D) sector is poised to witness growth. There is also a need to strengthen the technically old and aging distribution infrastructure. Need of the hour is to install a state-of-the-art robust and reliable evacuation and distribution system, capable of handling higher loads. Distribution is all the more focused area of power sector, with several reforms at the discoms level under the Government of India's flagship programme, such as Revamped Distribution Sector Scheme (RDSS). Therefore, T&D segment shall play a significant role in making the sector reliable, affordable and capable of absorbing envisaged future growth.

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

8.1 Major reforms in the Distribution Sector

The Government has implemented various schemes and programmes in the recent past, to improve the financial and operational performance of distribution companies (DISCOMs). The policy framework of Government to support distribution sector includes initiatives like Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), Ujwal DISCOM Assurance Yojana (UDAY), Integrated Power Development Scheme (IPDS), National Electricity Fund (NEF), Liquidity Infusion Scheme (LIS), Late Payment Surcharge (LPS) etc., to name a few.

While this has resulted in major infrastructure creation and bridging of supply gaps in the distribution sector, the management and governance related issues that manifest in operational & financial performance of discoms, still persist. Aggregate Technical & Commercial (AT&C) losses and the Average Cost of Supply-Average Revenue Realized (ACS-ARR) gap, continue to be high. The discoms need to focus on improving their operational efficiencies and financial sustainability, to meet the desired consumer service standards. For this, large scale reforms are required, including schemes to reduce losses and enhance discom efficiencies.

It is with this aim and the Government of India's commitment to provide 24x7 uninterrupted, quality, reliable and affordable power supply, that the reforms-based and results-linked Revamped Distribution Sector Scheme (RDSS) has been launched, for supporting discoms to undertake reforms and improve performance in a time-bound manner.

Your Company encourages discoms to expedite improvements and to adopt best practices, including modernization and automation of systems and smart grid, IT-enabled systems for metering and consumer services, and other technological interventions of the distribution sector. Your Company is the nodal agency for Government of India's flagship schemes, DDUGJY and SAUBHAGYA, which have been successfully completed in previous year and now, your Company is associated, *inter-alia*, with RDSS.

8.2 Revamped Distribution Sector Scheme (RDSS)

8.2.1 Overview

Your Company acts as one of the Nodal Agency for the reforms-based and results-linked Revamped Distribution Sector Scheme (RDSS) notified by the Government of India vide OM dated July 20, 2021, with an outlay of ₹3,03,758 crore and estimated Gross Budgetary Support (GBS) from the Central Government of ₹97,631 crore over a period of 5 years i.e., FY 2021-22 to FY 2025-26. REC, as nodal agency, has been assigned with 19 States/Union Territories for overseeing and monitoring of implementation of the scheme, namely Assam, Meghalaya, Arunachal Pradesh, Chhattisgarh, Jammu & Kashmir, Ladakh, Goa, Tamil Nadu, Karnataka, Bihar, Rajasthan, Uttar Pradesh, West Bengal, Andaman & Nicobar Islands, Sikkim, Mizoram, Manipur, Nagaland and Tripura.

All discoms and power departments of State/Union Territories, excluding private sector discoms, are eligible for financial assistance under this scheme. The scheme is optional to discoms and is to be implemented in urban and rural areas of all States/Union Territories (except private discoms). The scheme allows States to adopt customized reform measures and plan infrastructure works to meet specific needs of the State with the approval of the Government of India.

8.2.2 Objectives

The objectives of the scheme are to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector, reduce the AT&C losses to Pan-India levels of 12-15% by 2024-25; and reduce the ACS-ARR gap to zero by 2024-25.

The state-wise targets for reduction of AT&C losses/ACS-ARR revenue gap each year will depend on their current levels of AT&C losses and ACS-ARR gap.

8.2.3 Components

Part A – Metering & Distribution Infrastructure Works:

Component-I : Smart Metering

Component-II : Distribution Infrastructure Works

Component-III : Project Management

Part B – Training & Capacity Building and other enabling & supporting activities:

Including upgradation of human skills, process improvements, nodal agency fee, enabling components of Ministry of Power (communication plan, publicity, consumer survey, consumer awareness and other associated measures such as third-party evaluation etc.), augmentation of Smart Grid Knowledge Centre (including AI, training and capacity building for personnel involved in execution of the scheme at field level), awards and recognitions etc.

Ongoing approved projects: Projects sanctioned under PMDP 2015 in the erstwhile State of Jammu & Kashmir have been subsumed in RDSS.

8.2.4 Funding Pattern

The release of funds under the scheme will be linked to achievement of results and reforms laid down under an evaluation framework, as under:

Part A – Metering & Distribution Infrastructure Works

Component-I : Prepaid Smart metering solutions, including at consumer, DT and feeder level including integration of existing infrastructure, will be funded through GBS as under:

- for discoms in "Other than notified Special Category States", a fixed amount of ₹900 per consumer meter or 15% of the cost per consumer meter worked out for the whole project, whichever is lower;
- for discoms in "notified Special Category States", a fixed amount of ₹1,350 per consumer meter or 22.5% of the cost per consumer meter worked out for the whole project, whichever is lower.

To incentivize deployment of prepaid Smart meters within the targeted timeline of December 2023, the Scheme provide incentives as under:

- for discoms in "Other than notified Special Category States", a fixed amount of ₹450 per consumer meter or 7.5% of the cost per consumer meter worked out for the whole project, whichever is lower;
- for discoms in "notified Special Category States", a fixed amount of ₹675 per consumer meter or 11.25% of the cost per consumer meter, worked out for the whole project, whichever is lower.

Component-II: Distribution Infrastructure works, including SCADA, DMS, AB cables, feeder segregation etc. maximum financial assistance to be funded through GBS will be as under:

- for discoms in "Other than Special Category States", up to 60% of the approved project cost; and
- for discoms in "Special Category States", up to 90% of the approved project cost.

Part B – Training & Capacity Building and other Enabling & Supporting Activities:

- 100% of the approved project cost will be eligible for funding through GBS.

Ongoing approved projects: Projects sanctioned under PMDP 2015 subsumed in RDSS will be eligible to receive grant funds under RDSS in terms of extant guidelines and terms & conditions of sanction.

8.2.5 Promoting use of advanced technologies in power distribution sector

RDSS lays special emphasis on leveraging advanced technologies to analyse data generated through Information Technology (IT) / Operational Technology (OT) devices, including system meters and prepaid smart meters, to materialize the envisaged goal i.e., introducing advanced technologies like Artificial Intelligence (AI) / Machine Learning (ML) in power distribution by leveraging partnerships and consultations.

A competition named "POWERTHON" was launched by Hon'ble Union Minister of Power and New & Renewable Energy, with the key objective to create a forum for the participation of Technology Solution Providers (TSPs), start-ups, educational institutions, research institutes, equipment manufacturers, state power utilities and other state and central power sector entities for showcasing their technology driven solutions based on advanced emerging technologies like AI/ML, Blockchain etc. to solve the complex problems being faced in the power Distribution sector.

REC has partnered with Society for Innovation & Entrepreneurship, Indian Institute of Technology, Bombay (SINE IIT-Bombay) as the nodal incubator for implementation of the POWERTHON framework to identify key intervention areas, select TSPs through a competitive screening process, establishing governance mechanisms for the pilot projects and its scale-up.

Under this partnership, a total of 275 applications were received from TSPs offering solutions across identified 9 key problem/challenge areas identified by Discoms, like Demand/ Load Forecasting, AT&C Loss Reduction, Power Purchase Cost Optimization, Energy Theft Detection, Prediction of DT Failure Rate, Asset Inspection, Vegetation Management, Consumer Experience Enhancement and RE Integration. After a due diligence process, 17 nos. TSPs were selected for implementation of pilot projects at bed areas of selected DISCOM test. The pilot projects are under implementation.

8.3 National Electricity Fund (NEF)

REC is the nodal agency for operationalization of National Electricity Fund (NEF), an interest subsidy scheme having provision of ₹8,466 crore (against interest subsidy and other incidental expenses), to be provided over 14 years against interest paid on loan disbursements amounting to ₹23,973 crore for distribution schemes sanctioned during two financial years *viz.* 2012-13 and 2013-14. The Ministry of Power, Government of India provides interest subsidy on interest paid for loans availed by State power utilities & distribution companies, both in public and private sector, to improve the infrastructure in the distribution sector. In this reform-linked scheme, an interest subsidy in the range of 3% to 7% is payable to discoms, on achievement of reform-based parameters outlined in NEF Guidelines.

The utilities from the States of Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand and West Bengal have already benefited from this scheme, with interest subsidy of ₹2,030.33 crore released till March 31, 2023.

8.4 Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India's flagship programme, DDUGJY, for which REC is the nodal agency, has been completed in its sunset year FY 2021-22 i.e., on March 31, 2022. All un-electrified villages/habitations, irrespective of population criteria, have been covered for electrification in accordance with the Guidelines of the scheme. All erstwhile ongoing rural electrification (RE) schemes had been subsumed in DDUGJY. In a landmark achievement, all remaining un-electrified census inhabited villages in the country became electrified as on April 28, 2018.

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

a. Separation of agriculture and non-agriculture feeders facilitating continuous quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers;

b. Strengthening and augmentation of sub-transmission and distribution infrastructure;

c. Micro-grid and off-grid distribution network;

d. Metering of distribution transformers / feeders / consumers; and

e. Rural Electrification component (including the erstwhile RE projects).

Under the scheme, 60% of the project cost (85% for special category States) was provided as grant by the Government of India; and additional grant upto 15% (5% for special category States) was provided on achievement of prescribed milestones. The scheme had an approved outlay of ₹43,033 crore, including budgetary support of ₹33,453 crore from the Government of India. An amount of ₹48,185.67 crore (including grant of ₹30,668.11 crore) has been sanctioned by the Ministry of Power for DDUGJY in 33 States and Union Territories against which ₹33,801.79 crore (including grant of ₹25,748.90 crore) has been released under the scheme till March 31, 2023. On closures, the total executed cost under the scheme has arrived at ₹45,942.74 crore.

8.4.1 Erstwhile RE projects, subsumed under DDUGJY

Ministry of Power, Government of India has sanctioned an amount of ₹66,367.13 crore (including DDG projects) (grant involved: ₹59,730.42 crore) under erstwhile RE projects (i.e., Xth Plan, XIth Plan & XIIth Plan) subsumed under DDUGJY in 29 States including Union Territories, against which ₹59,651.89 crore (including grant of ₹54,496.44 crore) has been released till March 31, 2023. On closures, the total executed cost under erstwhile RE projects has arrived at ₹62,066.19 crore.

8.5 SAUBHAGYA - Pradhan Mantri Sahaj Bijli Har Ghar Yojana

Government of India's flagship programme, SAUBHAGYA (Pradhan Mantri Sahaj Bijli Har Ghar Yojana), for which REC is the nodal agency, has been completed in previous year. The scheme outlay was ₹16,320 crore, including gross budgetary support of ₹12,320 crore. The SAUBHAGYA scheme aimed at providing:

a. Last mile connectivity and electricity connection to all un-electrified households in rural areas;

b. 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;

c. Solar Photo-Voltaic (SPV) based standalone system for un-electrified households located in remote and inaccessible villages/habitations, where grid extension is not feasible or cost effective.

Under the scheme, ₹14,082.43 crore (including grant of ₹9,078.84 crore) was sanctioned by the Ministry of Power to 26 States and Union Territories, against which ₹8,815.12 crore (including Government of India's grant of ₹6,305.07 crore) has been released. It is noteworthy that 2.86 crore households have been electrified since the launch of SAUBHAGYA under various schemes *viz.* SAUBHAGYA, DDUGJY, RE, PMDP and other State RE schemes. On closures, the total executed cost of the projects has arrived at ₹9,246.22 crore.

8.5.1 Additional infrastructure under DDUGJY for enabling electrification of SAUBHAGYA households

The Ministry of Power, Government of India had sanctioned additional fund of ₹14,178.89 crore (grant involved: ₹9,399 crore) for creation of additional infrastructure for SAUBHAGYA scheme under DDUGJY, against which ₹7,809.15 crore (including grant of ₹7,555.17 crore) has been released on closures, the total executed cost under Additional Infra projects has been arrived at ₹11,334.01 crore.

8.6 Prime Minister Development Package (PMDP-2015)

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

Out of the above, project cost of ₹1,029.70 crore (Government of India's grant: ₹926.73 crore and PMA grant of ₹5.15 crore) has been sanctioned for distribution strengthening works in rural areas. Further, Ministry of Power has sanctioned additional project cost of ₹527.55 crore, PMA charges of ₹2.65 crore and PIA charges of ₹28.44 crore for distribution strengthening projects in rural areas under PMDP-2015. The funds are being channelized through REC. Under the scheme, an amount of ₹750.80 crore has been released till March 31, 2023. Projects under PMDP-2015 in the erstwhile State of Jammu & Kashmir have been subsumed in RDSS as per extant guidelines and terms & conditions, and are eligible to receive grant funds under RDSS.

8.7 DISCOM Consumer Service Rating

An exercise was undertaken by REC for grading of DISCOMs across the country (public/private) in terms of consumer centric service and operational parameters. Scoring is spread across four broad parameters i.e., (i) Operational reliability, (ii) Connections and other services, (iii) Metering, Billing and Collection, and (iv) Fault Rectification & Grievance Redressal. The 2nd Edition of the Consumer Service Rating of DISCOMs report (FY 2021-22) can be accessed at REC website https://recindia.nic.in/consumer-service-rating-of-discoms.

8.8 Regulatory Parameters Report

During the year 2022-23, REC has published periodical reports capturing key regulatory parameters across Generation, Transmission & Distribution segments in Power sector for the benefit of various stakeholders and assisting policy formulation. The published reports can be accessed at REC website https://recindia.nic.in/RegulatoryParameters.

8.9 Report on "The study of Organisational Structure & Recruitment process of DISCOMs"

Ministry of Power (MoP) constituted a Task Force on August 11, 2021 chaired by Additional Secretary (Power), to study the existing different organizational structures with a major emphasis on the role of efficient organisation structure and proper manpower planning in DISCOMs for effective implementation of various reform measures introduced from time to time. Under the guidance of MoP, REC had undertaken a detailed study on the existing organizational structure, processes and recruitment cycle & key challenges faced by various DISCOMs with a major focus on Governance and human resource management aspects and developed a compendium of best practices and suggested standard guidance frameworks to address legacy structural and manpower challenges. The report on "The study of Organisational Structure & Recruitment process of DISCOMs" was circulated by MoP on March 20, 2023 to all states for implementation of the recommendations of the report in the state DISCOMs to strengthen them organizationally, to proactively handle the changing sector dynamics.

8.10 Urja Mitra

Urja Mitra is a distribution sector initiative and a first of its kind application being implemented by your Company's wholly owned subsidiary, *viz.* REC Power Development and Consultancy Limited ("RECPDCL"), under the guidance of Ministry of Power, Government of India.

Urja Mitra provides a Central Outage Management and notification platform for State power distribution utilities, to disseminate power outage information to urban and rural power consumers across India through SMS, email or push notifications. The consumers get power outage update through integrated mobile application for Android and iOS platforms. Urja Mitra also provides a platform to view real time power outages in any part of the country and lodge complaints on power outages. Data of around 23.24 crore consumers from 53 discoms have been uploaded on the Urja Mitra App and so far, almost 705 crore SMS have been sent to the consumers.

8.11 11 kV Rural Feeder Monitoring Scheme

11 kV Rural Feeder Monitoring Scheme is being implemented by your Company's wholly owned subsidiary, RECPDCL. The objective of the scheme is to monitor quality and reliability parameters of rural power supply at feeder level, to ensure achievement of "24x7 Power for All". The scheme targets to develop a self-sustained, independent, web based automated system by installing Modem/DCUs for rural, agricultural and mixed (agriculture rural) feeders across the country. Data is acquired on 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 information is made available online for all stakeholders. Analysis of such data provides useful MIS to various stakeholders such as discoms and Central Electricity Authority (CEA).

8.12 National Feeder Monitoring System (NFMS)

Your Company's wholly owned subsidiary, RECPDCL is Project Implementing Agency for National Feeder Monitoring System (NFMS), which is a cloud based central IT platform for monitoring the reliability and quality of power of all 33/22/11 kV outgoing distribution feeders across the country. The legacy feeder monitoring systems of Discom(s) shall be integrated with NFMS. The platform will provide critical data on losses, essential power parameters, supply quality & reliability and make the information available to all stakeholders including Discoms on near Real-Time basis. Further, RECPDCL is also working to develop a mobile app for the Discom officials to view the reports and insights for monitoring the live progress and performance and will also help power sector stakeholders to have an integrated insight into a Discom's operation at individual feeder level, to take focused actions for further improving the distribution sector.

A pilot demonstration of NFMS portal has been successfully carried out and the operational Go-Live of the System is targeted in the financial year 2023-24.

8.13 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, Government of India, through your Company's wholly owned subsidiary RECPDCL. Tarang App is a real time repository of transmission system across the country. It provides an informative medium regarding Pan-India progress of the transmission system, which can be drilled down for analysis to month-wise, agency-wise, state-wise information etc. Tarang monitors the progress of both inter-state and intra-state transmission projects being implemented through Tariff Based Competitive Bidding (TBCB) process, as well as regulated tariff mechanism.

9. PERFORMANCE & ACHIEVEMENTS UNDER GOVERNMENT PROGRAMMES

The performance and achievements under various Government programmes during financial year 2022-23 and cumulatively till March 31, 2023, are given below:

9.1 Performance and achievement under RDSS, DDUGJY and PMDP-2015 during the FY 2022-23:

a. **Sanction and release:** During the financial year 2022-23, an amount of ₹47,242.38 crore was sanctioned under RDSS against smart metering and loss reduction works including PMA in the States assigned to REC, nodal agency.

The subsidy of Government of India is channelized through REC and the matching contribution is infused by the respective State Government or implementing agencies, through loan from any financial institution or from their own sources. During the financial year 2022-23, aggregate GBS funds amounting to ₹1,828.48 crore have been released to States [comprising of RDSS: ₹622.54 crore; DDUGJY (including additional infrastructure & RE): ₹916.46 crore; DDUGJY-DDG: ₹5.05 crore; PMDP-2015: ₹284.43 crore and SAUBHAGYA: Nil].

b. **Physical progress under RDSS:** 8,99,291 number of Smart meters installed under RDSS:

9.2 Cumulative performance upto March 31, 2023

a. **Sanction and release:** Under RDSS, an amount of ₹1,37,522.27 crore was sanctioned to the States allocated to REC (nodal agency) towards smart metering and loss reduction. Under DDUGJY including RE Projects and SAUBHAGYA schemes, an aggregate amount of ₹1,43,285.38 crore was sanctioned and on completion of the projects, aggregate executed cost arrived at ₹1,26,544.32 crore as on March 31, 2022. Under PMDP (Rural), an amount of ₹1,687.98 crore was sanctioned.

Since launch of the schemes, ₹95,567.12 crore of Government of India grant funds have been disbursed by REC as nodal agency to the implementing agencies up to March 31, 2023 [comprising of RDSS: ₹622.54 crore; DDUGJY (including additional infrastructure): ₹86,851.50 crore; DDG: ₹850.92 crore; PMDP-2015: ₹937.09 crore and SAUBHAGYA: ₹6,305.07 crore].

b. **Physical progress:**

i) **DDUGJY (incl. RE and Additional Infra)**

The following works have been completed cumulatively till completion of DDUGJY (incl. RE and Additional Infra) scheme since inception:

- Commissioning of sub-stations incl. augmentation: 7,231 nos.
- Commissioning of Distribution transformers (including augmentation): 16,57,999 nos.
- 11 kV lines (including Feeder Segregation): 8,02,484 cKm
- LT lines: 13,66,881 cKm
- 33 kV/66 kV lines: 41,138 cKm
- Installation of consumer metering: 1,87,97,312 nos.
- Metering of DTRs and Feeders: 2,54,307 nos.

ii) **RDSS**

Since inception of RDSS, cumulatively 15,13,349 number of Smart meters installed under RDSS upto March 31, 2023.

iii) **PMDP (Rural)**

The following works have been completed cumulatively upto March 31, 2023 under PMDP (Rural) since inception:

- Commissioning of sub-stations incl. augmentation: 126 nos.
- Commissioning of Distribution transformers (including augmentation): 2946 nos.
- 11 kV lines (including Feeder Segregation): 3181 cKm
- LT lines: 9240 cKm
- 33 kV/66 kV lines: 213 cKm

c. **SAUBHAGYA:** 2.86 crore households have been electrified since launch of SAUBHAGYA scheme under various schemes i.e., SAUBHAGYA, DDUGJY, RE, PMDP and other State RE schemes.

10. STANDARDIZATION, QUALITY CONTROL & MONITORING

Your Company has regularly handholding support and technical expertise in the distribution system, to State Power utilities for the implementation of Government schemes. The technical specifications, Guaranteed Technical Particulars (GTP), layout drawing, datasheet, and construction standards issued by the Company are being used by the state power utilities along with their state practices.

The Company has been adopting new emerging technologies in the distribution sector such as prepaid smart meters, consumer and system metering, Advanced Metering Infrastructure (AMI), (head-end system, metering data management, billing software/system, and communication technology), Supervisory Control and Data Acquisition (SCADA), Real-Time Data Acquisition System (RT-DAS), Distribution Management System (DMS), Information Technology/Operational Technology (IT/OT) related works including ERP software. State Power utilities are taking leverage of these new technologies for improving their operational efficiency and financial sustainability.

In line with the Quality Control Mechanism Guidelines of Government Programmes, REC Quality Monitors (RQMs) have been appointed for carrying out material and field works inspections for ensuring the quality of materials supplied at the site and field works during the implementation of such schemes.

During the financial year 2022-23, RQMs have undertaken field inspection of 1,478 nos. of villages, and 266 nos. of material testing at M/s ERDA and M/s NTH laboratories for ensuring the quality of materials supplied in village electricity infrastructures installed under the Government scheme. Impact Evaluation of already implemented schemes i.e., SAUBHAGYA & DDUGJY schemes are also being undertaken by third-party agencies *viz.* M/s RTI-UCLA & M/s E&Y respectively, in order to measure the direct & indirect impact of the scheme on general livelihood & growth of rural India.

11. RISK MANAGEMENT

The Company has a Comprehensive Risk Management Policy, which covers various risks including Credit Risk, Operational Risk, Liquidity Risk, and Market Risk. The Company has identified its various risks and is constantly taking appropriate steps to mitigate the same.

Brief description of the key risks and their mitigation measures is given below:-

(i) Credit Risk: Credit risk is the inherent risk 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 credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis REC loan book is categorized as high, moderate or low, depending upon the asset classification based on the ECL methodology.

(ii) Operational Risk: Operational risk arises from inadequate or failed internal processes, people and systems or external events.

The Company has implemented a comprehensive Risk Register, through which all operational risks are measured and categorised as high, moderate or low. Further, the operational risks of the Company are studied in all functional areas such as Business, Compliance, Finance, Human Resource, Cyber Security, Legal, Operational and Strategic.

Further, to ensure compliance of regulatory/supervisory directions in true letter and spirit in a time-bound and sustainable manner, the Company has appointed Chief Compliance Officer (CCO).

(iii) Liquidity Risk: Liquidity risk primarily arises due to the maturity mismatch associated with assets and liabilities of the Company. It is the risk of potential inability to meet liabilities as they become due. 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. The Company faces liquidity risks, which could require it to raise funds or liquidate assets on unfavourable terms.

In order to mitigate the liquidity risk, there is a mix of strategies including forward looking resource mobilization based on project disbursements and maturing obligations.

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

The Company has implemented various risk limits to mitigate the market risk. The Company has also constituted an Asset Liability Management Committee (ALCO) to monitor the components of market risk including interest rate risk, liquidity risk and forex risk.

(v) Interest Rate Risk: Interest rate risk is the potential loss arising from fluctuations in market interest rates.

In order to mitigate the interest rate risk, your Company periodically reviews its lending rates and the weighted average cost of borrowing based on prevailing market rates.

(vi) Forex Risk: Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements.

The Company manages foreign currency risk associated with exchange rate and interest rate through appropriate hedging strategies.

(vii) Environmental, Social & Governance (ESG) Risks: ESG risks emanates from environmental, social and governance factors that have an impact on the operations, financial performance and management of company. Owing to the rising climate concerns & impetus of governments in respective economies across the globe, ESG risks have attained great significance.

REC incorporates environmental impact considerations in its operational, financial and risk management linked decision making. In this regard, company has formulated & implemented an ESG policy covering the focus areas.

11.1 Risk Management Committee

The Company is having a Risk Management Committee (RMC) of its Directors in place, for monitoring the integrated risks of the Company. The Committee comprises of Chairman & Managing Director (CMD), one Independent Director, Director (Finance) and Director (Projects). Executive Directors of key divisions of the organization, are standing invitees to the meetings of RMC.

The main function of the RMC is to monitor various risks and also to suggest action for mitigation of risks arising in the operation and other related matters of the Company. Further, as required under RBI norms, the Company has appointed a Chief Risk Officer (CRO) who acts as the convener to the RMC.

11.2 Asset Liability Management Committee

To manage the market risk, the Company has constituted an Asset Liability Management Committee (ALCO) under the chairmanship of CMD, which comprises of Director (Finance), Director (Projects), Executive Directors and Chief General Managers from Finance and Operating Divisions as its members. The ALCO monitors risks related to interest rates, liquidity and currency rates.

12. RISK BASED INTERNAL AUDIT

Your Company has a Board-approved Risk Based Internal Audit (RBIA) policy/manual since April, 2022, which links the organization's overall risk management framework and provides an assurance to the Board of Directors, Audit Committee and senior management, on the quality and effectiveness of the organization's internal controls, risk management and governance related systems and processes. This is in line with the RBI mandate of the RBIA framework for all non-deposit taking NBFCs with asset size of ₹5,000 crore and above. RBIA will help the organization to identify the risks and address them based on the risk priority and direction provided by the Board. The activities under RBIA framework include independent risk assessment of the operation/activities, identification of audit universe, development of risk matrix, preparation of annual RBIA Plan and execution of internal audit as per the frequency defined in RBIA policy.

13. 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 criteria 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 / international seminars and training programmes organized by various external agencies, as well as RECIPMT Hyderabad.

14. INFORMATION TECHNOLOGY INITIATIVES

Your Company has revamped its Business ERP, which supports GST and Ind-AS, has advanced features which have facilitated further automation of business operation of the Company. The ERP system is continuously improved as per requirements. REC has also implemented NIC e-office solution, with automated workflow and electronic document management features. The NIC e-office has brought major transformation in the way of working of the Company by improving efficiency and transparency, besides reducing the use of paper.

Your Company wide MPLS VPN network infrastructure facility has been revamped with latest network and security devices, with high availability to meet the demanding requirements of operations. The secured VPN network has facilitated users to connect to REC network from remote locations to access business applications *viz.* ERP and NIC e-office, thus ensuring seamless operations without any disruption.

The Primary Data Centre and Disaster Recovery Center of REC are ISO/IEC 27001:2013 certified and also comply with the National Cyber Security Policy of the Government of India. REC has implemented IT Security directives of Master Direction of IT Framework as per RBI Guidelines. Further, the Company provides training and awareness to its employees on cyber security and information security and also has cyber security solutions along with mechanism for real-time log and security event analysis to identify anomalous activities in the REC environment.

Company has deployed systems as part of IT initiative to achieve better e-governance Single-sign-On solution, Centralized scanning solution, digitization of physical records etc. have been implemented. Further, Company in its day to day activities promotes the digital and go green initiatives.

REC's website is user friendly, dynamic, interactive and easily accessible, STQC certified and complying with Guidelines for Indian Government website (GIGW).

15. REC INSTITUTE OF POWER MANAGEMENT AND TRAINING

REC Institute of Power Management and Training (RECIPMT) is a premier power sector training institute under the aegis of REC. Established in 1979 at Hyderabad, the institute caters to the training and development needs of engineers and managers of power sector organizations. During the last four decades, RECIPMT has organized 3,114 training programmes and trained 68,525 engineers/managers from power utilities, including generation, transmission & distribution companies, electricity departments, rural electric cooperatives, electricity regulatory commissions, etc.

15.1 National Regular Programme (NRP)

Under the NRP training programme, RECIPMT successfully organized 8 training programmes through webinars and 7 programs in classroom mode on different topics such as, open access power exchange & trading, smart meters AMI & technologies, distribution loss reduction, pilferage of electricity issues, challenges & remedies, protection systems in EHV sub-stations and lines, earthing practices & protection in distribution system, concept of commissioning of solar power plants, O&M of EHV sub-station & lines including quality assurance, Labour laws & procedure in dealing Court cases, design, construction & quality control of EHV substation & lines, tariff policy, ARR & regulatory compliance, distribution transformers-operation & maintenance for failure minimization. A total of 137 participants took part in these programmes.

15.2 MEA, GoI sponsored international training programmes under Indian Technical & Economic Cooperation (ITEC)

RECIPMT is also a partner training institute with Ministry of External Affairs, Government of India (MEA) for organizing training programmes for the executives of International power sector organizations. Since 2005 until now, RECIPMT has organized 109 such training programmes and trained 1,839 executives from 98 countries.

During 2022-23, 1 webinar of 3-weeks duration was organized with participation of 22 executives and 4 classroom programmes each of 4 week duration was also organized. The countries participated in these programmes were Afghanistan, Algeria, Azerbaijan, Bangladesh, Bhutan, Cameroon, Cote d'Ivoire, Eritrea, Ethiopia, Fiji, Iraq, Maldives, Myanmar, Nepal, Niger, Oman, Peru, Seychelles, South Sudan, Sri Lanka, Sudan, Tajikistan, Tanzania, Trinidad & Tobago, Tunisia, Uganda, Zimbabwe.

15.3 REC sponsored programmes

In order to encourage training activities and bring in awareness among the executives of power utilities, the following training programmes were conducted free of cost by RECIPMT during the financial year 2022-23 with all India participation:

a. REC sponsored training programmes on Electrical Safety

Safety being the major concern of power utilities in the country, REC sponsored 60 batches on "Electrical Safety", under which 1,511 participants from different utilities were trained during the financial year 2022-23.

b. REC sponsored webinars on Techno-Commercial Improvement of DISCOM

RECIPMT organized 60 batches of 2-day webinars on "Techno-Commercial Improvement of DISCOM's Performance", covering subjects such as AT&C Loss Reduction techniques, O&M issues-challenges, Electricity Act amendments, ACR-ARR Aspects, etc. Under the same, RECIPMT trained 1,520 participants of power sector companies i.e., from gencos, transcos and discoms.

c. REC sponsored programme on Best Practices in Power Utilities

REC has sponsored 60 batches of 3-day Classroom programme on "Best Practices in Power Utility" and trained 1,202 participants of Power Sector including gencos, transcos and discoms.

15.4 REC executives (in-house) training programmes

During the financial year 2022-23, RECIPMT also organized 5 online webinars and 6 classroom sessions for the employees of REC, which were attended by 134 employees. The topics covered were Sustainability of Power Sector, Electricity Act amendments & its impacts; techno commercial improvements of DISCOM's, Goods & Services Tax (GST), Purchase Procedure & e-procurement through GeM, Performance Appraisal, Organization Behavioral Skills towards Managing Change in Power Sector, RDSS Scheme & Smart Metering Technologies & Application, Loan Documentation, Enterprise Resource Planning (ERP), MS Excel & Power Point, Leadership & Communication Skills.

15.5 Customized Programmes

During the financial year 2022-23, RECIPMT has organised 13 Customized Classroom mode programme on different subjects such as Power Transformer-Testing, Commissioning, Protection; Operation, Maintenance & Protection of 33/11 KV Substation & 33KV Lines; Distribution Transformer and Operation & Maintenance Practices for Failure minimization; O&M of Distribution Transformers; AT&C Loss Reduction & Regulatory Frame work & CRM for J&K, Leh & Ladakh. Further, the Safety training was also organized at Project Site of SECI, New Delhi. A total of 258 participants were trained from these programmes.

15.6 Total Training Programmes organized during the financial year 2022-23

During the financial year 2022-23, RECIPMT conducted an aggregate of 224 training programmes, which were attended by 4,854 participants, with achievement of 15,371 training man-days in total.

16. HUMAN RESOURCE MANAGEMENT

Under "Mission Recruitment" launched by the Government of India with the aim of employment generation and providing meaningful job opportunities to the youth, the company has recruited 38 officers across domains during financial year 2022-23 . The total manpower strength of the Company as on March 31, 2023 stood at 419 employees, which includes 379 executives and 40 non-executives. The company has further recruited 111 officers in various disciplines during 2023-24, so far, to enhance its professional capacity for meeting the corporation's ambitious growth and diversification plans for the future.

16.1 Reservation in Employment

The Directives issued by the Government of India regarding reservations for SC/ST/OBC etc. in appointment and promotion to various posts, were complied with. As on March 31, 2023, group-wise details of SC/ST/OBC employees against the total strength were as under:

		Number of Employees			
Year	**Category**	**Group A**	**Group B**	**Group C**	**Total**
2022-23	SC	41	3	12	**56**
	ST	20	0	0	**20**
	OBC	87	1	3	**91**
	General/ Others	231	8	13	**252**
	Total employees	**379**	**12**	**28**	**419**
	Overall women employees	59	0	5	**64**

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 Human Resource Development continued to receive priority during the financial year 2022-23.

The Training and Human Resource Policy of the Company aims in contributing to the current view and future expectations, requirement of resources, forecasting training needs on emerging opportunities and threats pertaining to the Company. To refine the required business skills and competencies for better employee performance, all possible opportunities and skill development trainings provided to all employees. 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 business of the Company operates. Trainings on topics of health, growth of spiritual well-being and attitudinal change process were also imparted.

During the financial year 2022-23, 315 employees attended various training programs, workshops etc., which enabled the Company to achieve 1,136 training man-days.

16.3 Employee Welfare

Your Company's ultimate goal is to keep employees happy, healthy and productive. 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 onsite medical facilities. The Company has also funded sports & recreation equipment for its employees to promote their well-being. Company has also extended crèche / day care facility for employees to foster a work-life balance for employees. To facilitate recreation and healthy life, Gymnasium is also available for employees in the premises. Various Yoga programs and Health Camps were organized by the company regularly for the employees for their better well-being.

16.4 Sports activities

Employee engagement in Sporting activities bring people and nations together while inculcating feelings of oneness, harmony, and tolerance. In an ideal scenario, one often looks for a perfect workplace. A place that provides a supportive setting and encourages a healthy work-life balance. Incorporating sports as an essential part of the office program can help in the quest of achieving that goal. With this fortitude during the financial year 2022-23, REC hosted an Inter-CPSU Badminton Tournament at Thyagaraj Sports Complex, 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.

REC's winner team of Inter-CPSU Badminton Tournament

16.5 Representation of Women Employees

Your company has been endeavouring to provide equal opportunities to our women employees and in this direction your Company was awarded with 'Best Organization for Women Empowerment' at Women Achievers Awards, 2022 by Exchange4Media. As on March 31, 2023, the Company had 64 permanent women employees, which represented 15.27% of the total work force. There is no discrimination of employees on the basis of gender. The Company has a Women's Cell to look after welfare and all round development of women employees. International Women's Day was celebrated by REC Women's Cell. To mark the celebration REC has organized an "Outbound Training Programme" for its female employees in Goa wherein they participated in various team-building activities, fun games, and interactive sessions. Company also believes in gender equality and provides a safe and conducive workspace for all its women employees.

Outbound Training Programme for female employees

16.6 Industrial Relations

Employer and Employees relations form foundation of all organization and in your Company the amiable relation prevail for years. The industrial relations scenario in the Company continued to be cordial and harmonious in the financial year 2022-23. There was no loss of man-days on account of industrial unrest. Regular interactions were held with REC Employees Union and REC Officers Association on issues of employee welfare. This has helped in building an atmosphere of trust and cooperation, resulting in a motivated workforce and continued improvement in performance.

16.7 Grievance Redressal

In accordance with the guidelines issued by the Government of India, the Company has constituted a Grievance Redressal Committee to ensure the clear and transparent framework for redressal the grievances of its employees.

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

17. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) initiatives of the Company are aimed at supporting socially beneficial projects, so as to maximize outreach through a wide spectrum of beneficiaries and empower economically and socially backward communities as a guiding principle, while giving priority to development issues of national concern. CSR initiatives have been undertaken in the fields of sanitation and hygiene, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, in order to promote and facilitate inclusive social development.

The Company's Corporate Social Responsibility Policy is aligned with the provisions of Companies Act, 2013 and Rules made thereunder, as amended; and is available at https://recindia.nic.in/csr-sustainability-policy.

In terms of guidelines issued by DPE for the year 2022-23, CPSEs were required to spend 60% of their CSR budget on the theme of "Health & Nutrition", preferably in aspirational districts. The Company stepped-up its efforts to support social welfare activities in health and related thematic areas, in different aspirational districts spread across India. The Company's CSR projects aimed at improving health services in Gajapati (Odisha), Mamit (Mizoram), Kiphire (Nagaland), Muzaffarpur (Bihar), Udham Singh Nagar (Uttarakhand), Chandel (Manipur) and West Sikkim (Sikkim) districts.

During the financial year 2022-23, the Board approved CSR budget of ₹202.65 crore, i.e., 2% of average of net profits of the last three financial years, in line with the applicable

provisions of the Companies Act and Rules made thereunder. Against the same, the Company has spent ₹210.35 crore during the year (including carry forward of excess spent of ₹0.40 crore from the previous year). The total expenditure included contribution of ₹50 crore to the PM CARES Fund and various other projects in different thematic areas, including:

- Distribution of 16,000 aids & assistive devices to persons with special abilities in various states of India.
- Operating mobile school for imparting free education to children of migrant construction labourers in Gurugram, Haryana and Hardoi, Uttar Pradesh.
- Broad basing of sports and promotion of excellence in sports across India, emphasizing on athletics badminton and boxing.
- Construction of 500 nos. toilets blocks at work place of Border Security Force (BSF) troops in Gurdaspur, Amritsar, Firozpur and Abhohar Districts in Punjab.
- Construction of 100 bedded 'REC Vishram Sadan' (G+3) at District Hospital, Ujjain for attendants of patients belongs to economic weaker sections.
- Construction of two multipurpose community halls in two villages of Krishna District, Andhra Pradesh and one multipurpose community hall at Asufii Punanamei Mao, Senapati District, Manipur.
- Providing 1,000 school benches in 50 schools in Gurgaon, Haryana and 1,000 school benches, 1,250 Bunk beds, 5,000 rPET (Recycled Polyester) T-Shirts in Government Childcare Institutions in Rajasthan made from recyclable plastic waste.

The detailed Annual Report on CSR activities for the financial year 2022-23, including particulars of impact assessment(s) carried out by the Company in respect of various CSR projects, forms part of this Annual Report.

Providing kitchen garden training to school going students in Meghalaya & Nagaland under REC CSR Project

18. VIGILANCE ACTIVITIES

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

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

- In compliance with the instructions of CVC/MoP, the matter of rotational transfers from the identified sensitive posts is constantly monitored.
- Sending prescribed periodical statistical returns to CVC and MoP on time.
- Regular review of audit reports i.e., Internal, Statutory and C&AG Audit Reports.
- Review of projects, tenders and contracts awarded. Wherever deviations were observed, the matter was taken up with the concerned divisions, which led to strengthening of appraisal system.
- Field inspections of regional offices, REC financed projects and scrutiny of APRs of executives.
- Thrust on use of IT systems and applications for loans, schemes, tenders, third party bills etc.
- It is ensured that major policies and information of the corporation are available on REC's website.

18.1 Complaints during the FY 2022-23:

During the financial year 2022-23, 10 complaints have been received (2 complaints through CVC) and all 10 complaints have been disposed of and no complaint was pending for investigation as on March 31, 2023.

18.2 Observance of Vigilance Awareness Week

REC observed Vigilance Awareness Week 2022 from October 31, 2022 to November 6, 2022, on the theme "Corruption free India for a developed Nation." During the week, various interesting activities and competitions were organized to spread awareness among the employees. The competitions included Paragraph Writing, Quiz, Poster/Collage Making and Poem Writing.

All employees of your Company were administered Integrity Pledge on October 31, 2022. Banners and Standees were also displayed at different locations at REC's Offices throughout India. The message of fighting corruption and focusing for a developed nation was widely extended.

An overwhelming participation was received from the employees in all the activities. CMD and CVO of your Company call forth the employees to assimilate the learnings of the week in their personality and make our country a Corruption free and Developed Nation.

19. IMPLEMENTATION OF OFFICIAL LANGUAGE

To promote the use of Hindi in official work, continuous efforts are made by the Company in terms of the Annual Programme issued by the Department of Official Language, Ministry of Home Affairs, Government of India. *'Hindi Pakhwada'* was organized at Corporate Office from September 14-28, 2022, wherein various competitions like Rajbhasha quiz, Hindi slogan writing, Hindi translation, Hindi essay writing, Hindi debate competition and other general knowledge competitions were organized. The participation of employees in such events and competitions was encouraging. Prizes were awarded to the winners, to motivate the employees to increase the use of Hindi in their day-to-day work. *'Hindi Pakhwada'* was also organized in various offices of the Company including RECIPMT, to provide hands-on exposure to participants in discharge of their official work in Hindi. During the year, use of Hindi was also promoted through various social media platforms by the Company.

During the financial year 2022-23, the Committee of Parliament on Official Language successfully conducted inspections at various regional offices of the Company *viz.*, Panchkula, RECIPMT, Trivandrum, Bhopal, Raipur, Ranchi and Jaipur. These inspection have inculcated a spirit of awareness amongst employees for enhanced adoption of Hindi in their routine work.

To mark the celebrations of *Azadi ka Amrit Mahotsav* an Official Language Conference-cum-Hindi Workshop was organized on May 5, 2022 by Corporate Office on the topic "role of Hindi in development of National Consciousness" *("Rashtriya Chetna ke Vikas mein Hindi ki Bhoomika")*. Further, Hindi Workshops were also organized in REC offices to give hands-on exposure and to guide the employees for use of Hindi.

Shri R. K. Singh, Hon'ble Minister of Power and Renewable Energy, in the meeting of Hindi Advisory Committee of Ministry of Power held on May 12, 2022 conferred REC with the First prize for the year 2018-19 and second prize for the year 2020-21 for Official Language Implementation.

Further, Shri Ajay Kumar Mishra, Hon'ble Minister of State (Ministry of Home Affairs), in a conference organized by the Ministry of Home Affairs regarding Department of Official Language, on March 3, 2023 at Raipur awarded First prize to REC Mumbai office for Official Language Implementation.

Additionally, REC was also felicitated with Rajbhasha Shikhar Samman on October 19, 2022 by Hon'ble Governor of Assam Prof. Jagdish Mukhi in Akhil Bhartiya Rajbhasha Sammelan organized by Antarrashtriya Hindi Parishad at Guwahati.

REC has been publishing a Hindi journal *Urjayan* containing interesting and useful articles as well as literary writings of its employees. To motivate the employees, the Company has adopted a policy to award prizes and incentives for write-ups, articles, poems, etc.

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

20.1 Conservation of Energy

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

The registered office of the Company is located in SCOPE Complex, Lodhi Road, New Delhi, where all civil, electrical installation and maintenance is carried out by SCOPE (Standing Conference of Public Enterprises).

REC Corporate Office situated in Gurugram is designed and constructed by using energy efficient facade and radiant cooling slabs to lower about 30% HVAC load requirement in the building in order to conserve energy. Further, a 979kWp solar plant has been installed at top of the building (supported by solar pergola structure) to cater to load requirement of REC office by using clean and renewable source of energy. Highly efficient solar panels (efficiency = 21.2%) have been installed and the solar plant is in operation since July, 2021. The solar plant is functional and connected to grid and has generated 13.19 lakh units of electricity during the financial year 2022-23, which has catered to around 50% of the total load requirement of Corporate Office.

20.2 Foreign Exchange Earnings & Outgo

During the financial year 2022-23, the Company had no foreign exchange earnings. Further, foreign exchange outflow aggregating to ₹16,531.22 crore was made during the year, on account of interest, principal repayment, finance charges and other expenses.

21. SUBSIDIARY COMPANIES

REC's wholly-owned subsidiary, *viz.*, REC Power Development and Consultancy Limited ("RECPDCL") (formerly known as REC Power Distribution Company Limited) [CIN U40101DL2007GOI165779], is engaged in the businesses of project implementation and consultancy services in power sector *viz.* implementation of distribution system strengthening works, implementation of grid/off-grid solar (PV) projects, installation of smart meters, preparation of detailed project reports, third party inspections, pre-dispatch material inspections and acting as project management consultant / project management agency under some projects of State-funded schemes such as DDUGJY, IPDS etc.

Further, RECPDCL also acts as "Bid Process Coordinator" for selection of Transmission Service Providers through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission projects assigned by the Ministry of Power and State Governments respectively from time to time.

In order to initiate development of each allocated independent inter-state / intra-state transmission project, RECPDCL incorporates a project-specific Special Purpose Vehicle (SPV) as its wholly-owned subsidiary, which also becomes the subsidiary of REC. After selection of the successful bidder in accordance with TBCB Guidelines, such subsidiaries are transferred by RECPDCL to the successful bidder, along with all assets and liabilities.

220kV Single Circuit Transmission Line from Drass to Padum on Double Circuit Tower at Kargil, Ladakh being implemented by RECPDCL

During the financial year 2022-23, RECPDCL transferred 13 project specific SPVs to the successful bidders:

Sl. no.	Name of the SPV	Date of transfer of SPV
1	Rajgarh Transmission Limited	30-May-2022
2	Neemuch Transmission Limited	24-Aug-2022
3	ER NER Transmission Limited	10-Oct-2022
4	Gadag II -A Transmission Limited	18-Nov-2022
5	WRSR Power Transmission Limited	17-Jan-2023
6	MP Power Transmission Package-I Limited	21-Jan-2023
7	ERWR Power Transmission Limited	21-Mar-2023
8	KPS2 Transmission Limited	21-Mar-2023
9	KPS3 Transmission Limited	21-Mar-2023
10	Khavda II- B Transmission Limited	21-Mar-2023
11	Khavda II- C Transmission Limited	21-Mar-2023
12	Khavda RE Transmission Limited	21-Mar-2023
13	Khavda II- A Transmission Limited	28-Mar-2023

As on March 31, 2023, RECPDCL had the following project-specific SPVs for various inter-state / intra-state transmission projects:-

(1) Chandil Transmission Limited
(2) Dumka Transmission Limited
(3) Mandar Transmission Limited
(4) Koderma Transmission Limited
(5) Bidar Transmission Limited
(6) Ramgarh II Transmission Limited
(7) Sikar Khetri Transmission Limited
(8) Beawar Transmission Limited
(9) Luhri Power Transmission Limited
(10) KPS1 Transmission Limited*
(11) Meerut Shamli Power Transmission Limited
(12) NERES XVI Power Transmission Limited
(13) Khavda II - D Transmission Limited#

Note: SPVs as referred at Sl. no. 6 to 13 were incorporated during the FY 2022-23.

**KPS1 Transmission Limited was transferred on April 20, 2023.*

#Striking off the name of project specific SPV, i.e. Khavda II-D Transmission Limited, is under process as the related inter-state Transmission Project is de-notified by Central Electricity Authority, Ministry of Power.

Further, after the end of financial year 2022-23, these new SPVs have been incorporated as wholly-owned subsidiaries of RECPDCL and REC, namely:

(1) Jalpura Khurja Power Transmission Limited
(2) Rajasthan Part I Power Transmission Limited
(3) Dhule Power Transmission Limited
(4) Ishanagar Power Transmission Limited
(5) Karera Power Transmission Limited
(6) Shongtong Power Transmission Limited
(7) Pachora Power Transmission Limited

21.1 During the financial year 2022-23, RECPDCL recorded an income of ₹307.26 crore, as compared to income of ₹177.20 crore in the previous financial year. The Profit After Tax for the financial year 2022-23 was ₹139.79 crore, as against ₹53.03 crore in the previous financial year. Further, the Net Worth of RECPDCL as on March 31, 2023 was ₹440.93 crore, as against the Net Worth of ₹328.59 crore as on March 31, 2022.

21.2 Smart Prepaid Metering

Your Company's wholly owned subsidiary, RECPDCL, is implementing Advanced Metering Infrastructure (AMI) projects across the country as Project Implementation Agency (PIA). The Company has already completed projects for installation of approx. 1.24 lakh smart meters in Jammu and Kashmir regions and approx. 25 thousand smart meters in Chandigarh.

In addition, projects for installation of approx. 5.5 lakh smart meters in Jammu and Kashmir and 60 thousand meters in Ladakh is ongoing out of which 2,33,000 Nos. of smart meters have already been installed. Under RDSS scheme, RECPDCL is also working as PIA for implementation of 42 lakh Smart meters in Gujarat and 14.95 lakh Smart meters in UT of Jammu & Kashmir.

21.3 Implementation of Transmission Projects:

Your Company's wholly owned subsidiary, RECPDCL, is acting as Project Implementing Agency (PIA)/Project Management Agency (PMA) in various Transmission utilities across country by providing services in terms of Project Implementation and Project Management. At present, RECPDCL is implementing various transmission projects including 220 kV Extra High Voltage (EHV) Transmission Lines (TL) project in UT of Ladakh at an altitude of approx. 5,359 meters above mean sea level, which is India's highest transmission line, as well as modern Gas Insulated Substation in Nubra & Zanskar valley of Ladakh under PMDP-15 on behalf of Ladakh Power Development Department (LPDD). These projects will connect Ladakh to uninterrupted grid power supply and will help in socio-economic development of the region and in reducing dependence of DG set for power supply, which in turn will result in decreasing the overall Carbon footprint and associated pollution problem in the entire Ladakh region.

RECPDCL is also acting as a Project Implementing Agency for construction of 2 nos. 220/33 kV substations (GIS & AIS) in Kashmir & Jammu regions, respectively. The work of GIS substation at Lassipora, Kashmir region has been completed, which is first of its kind in the region. It is extremely useful in catering present & future energy demand and providing quality and reliable power 24x7 to the entire region.

21.4 Other assignments:

a. Your Company's wholly owned subsidiary, RECPDCL continued to provide the IT Support services for R-APDRP (Part-A) System & Management and Technical Services for Commercial processes covering SAP support, Geographical Information System, Network Analysis Support, Revenue Assurance and AMR Support etc. along with Facility Management Services (FMS). Further, RECPDCL has prepared Action Plan & DPR under RDSS scheme and also executing PMC work under R-APDRP part-B having project cost of approx. ₹1,000 crore in 34 packages.

b. In terms of mandate under RE-Bundling scheme, as Bid Process Coordinator, RECPDCL has recently concluded the bidding process of 1,750 MW of Solar projects of NTPC (1,250 MW) & DVC (500 MW) amounting to ₹7,840 crore.

22. JOINT VENTURE & ASSOCIATE COMPANY

During the financial year 2022-23, Company does not have any Joint Venture & Associate Company, apart from investments, as detailed in the financial statements, forming part of this Annual Report. Further, in terms of the agreement executed amongst the Joint Venture partners i.e., NTPC Limited, REC Limited, Power Finance Corporation Limited and Power Grid Corporation of India Limited, EESL ceased to be a jointly controlled entity under Ind-AS framework.

23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Rules made thereunder and Indian Accounting Standards, the Company has prepared the Consolidated Ind-AS Financial Statements for the financial year 2022-23, that includes its wholly owned subsidiary company i.e., RECPDCL. The same shall also be laid before the ensuing 54th Annual General Meeting along with the Standalone Financial Statements of the Company.

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

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

असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

24. DIRECTORS, KMP & POLICY FRAMEWORK RELATED THERETO

Being a Government company within the meaning of the Companies Act, 2013 and in terms of Article 91 of the Articles of Association of the Company, all Directors on the Board of REC are nominated / appointed / reappointed by the President of India acting through the Administrative Ministry i.e., Ministry of Power, Government of India.

The nomination / appointment / reappointment of Directors and their eligibility criteria, qualifications, experience and selection procedure etc., is also subject to the prescribed norms of Department of Personnel & Training (DoPT), Department of Public Enterprises (DPE), Public Enterprises Selection Board (PESB) etc., as applicable from time to time, the compliance of which is taken care at the end of the Administrative Ministry.

Further, being a CPSE, the remuneration of Functional Directors, Key Managerial Personnel and other employees of the Company, including Senior Management Personnel, is determined as per the extant guidelines on pay, perquisites, allowances etc. issued by the Department of Public Enterprises (DPE) and/or Government of India from time to time. Non-executive Directors (including Independent Directors) are paid sitting fees for attending the meetings of Board or Committees thereof, which is well within the applicable provisions of the Companies Act, 2013. The Government Nominee Director is not entitled to receive any sitting fees from the Company, as per norms of the Government of India. Further, the Nominee Director of PFC is entitled to receive sitting fee for attending the Board or Committee meetings of REC, which is paid to PFC. However, Smt. Parminder Chopra, Nominee Director of PFC has convevyed that no sitting fee is to be paid in connection with Board or Committees meetings of REC attended by her.

The Company has adopted a policy on diversity and skills of the board, criteria for appointing senior management personnel and remuneration to directors, KMPs and other employees, which can be accessed at https://recindia.nic.in/uploads/files/Amended---Policy-on-Board-Diversity--Other-matters-dt-150722.pdf.

Further, being a NBFC, *inter-alia*, the appointment of Directors in REC is also subject to due diligence by the Nomination & Remuneration Committee (NRC), as per the Company's policy on fit & proper criteria of Directors, which can be accessed at https://recindia.nic.in/uploads/files/Amended---Policy-on-Fit--Proper-Criteria.pdf.

As per the provisions of the Companies Act, 2013, the Board of Directors of the Company has designated the Chairman and Managing Director (CMD), Director (Finance), Director (Projects) and Company Secretary as Key Managerial Personnel (KMPs) of the Company.

Being a Government Company, the role of CEO is being performed by CMD and the role of CFO is performed by Director (Finance) of the Company.

Particulars of Directors & KMP and changes made during and after the year are brought out below:

24.1 CMD and Whole-time Directors

- Pursuant to a communication dated May 13, 2022 issued by the Appointments Committee of the Cabinet (ACC) read with subsequent order issued by the Ministry of Power, Shri Vivek Kumar Dewangan, IAS (DIN 01377212) was appointed as the CMD of the Company, in the rank and pay of Additional Secretary to the Government of India, with effect from May 17, 2022.
- Due to the appointment of Shri Sudhir Kumar Gangadhar Rahate, IAS (DIN 05254178) as Secretary, Department of Justice, Ministry of Law & Justice, he ceased to be a CMD of the Company with effect from May 10, 2022. Accordingly, the MoP vide its order dated May 10, 2022, had assigned the additional charge of CMD-REC to Shri Ravinder Singh Dhillon (DIN: 00278074), the CMD of Power Finance Corporation Limited, for a period of three months or until further orders. Shri Dhillon handled the additional responsibility of CMD-REC during May 10 to 16, 2022, i.e., till the appointment of regular incumbent namely Shri Vivek Kumar Dewangan.
- Further, vide order dated July 15, 2022, MoP had conveyed approval of *ex post facto* entrustment of the additional charge of Director (Technical) to Shri Ajoy Choudhury, Director (Finance), for the period February 1, 2022 till the date of joining of regular incumbent i.e., July 14, 2022.
- Pursuant to order dated July 15, 2022, the MoP has appointed Shri Vijay Kumar Singh (DIN 02772733), who was earlier serving as Executive Director in the Company, as Director (Technical) of REC in the scale of pay of ₹1,80,000- 3,40,000 (IDA), with effect from the date of his assumption of charge of the post till the date of his superannuation i.e., June 30, 2025 or until further orders, whichever is earlier. Shri V.K. Singh assumed the charge of Director (Technical) w.e.f. July 15, 2022. Further, MoP vide its letter dated August 10, 2023, rechristened the existing post of Director (Technical) of the Company as Director (Projects).

24.2 Nominee Directors

- The Ministry of Power, vide its office order dated September 14, 2022, had appointed Shri Piyush Singh (DIN 07492389), Joint Secretary MoP as the Government Nominee Director on the Board of REC, vice Shri Vishal Kapoor (DIN 08700132), who was the earlier Government Nominee Director on the Board of REC.
- The Ministry of Power, vide its letter dated July 11, 2023, had appointed Shri Manoj Sharma (DIN 06822395) Director (Commercial) of Power Finance Corporation Limited as the PFC Nominee Director w.e.f. July 11, 2023 on the Board of REC, vice Smt. Parminder Chopra (DIN 08530587), who was the earlier PFC Nominee Director on the Board of REC. Accordingly, Smt. Parminder Chopra ceased to be PFC Nominee Director w.e.f. July 11, 2023.

24.3 Independent Directors

- The Ministry of Power, vide order dated March 3, 2023, had appointed Shri Narayanan Thirupathy (DIN 10063245) as

Part-time Non-official (Independent) Director on the Board of REC w.e.f. March 6, 2023, for a period of three years with effect from the date of notification or until further orders.

24.4 Director(s) retiring and seeking appointment / re-appointment at the ensuing AGM

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Vijay Kumar Singh, Director (Projects) shall retire by rotation at the ensuing 54th AGM of the Company and being eligible, offers himself for re-appointment. Further, pursuant to Regulation 17(1C) of SEBI LODR Regulation, the appointment of Shri Narayanan Thirupathy as Independent Director and Shri Manoj Sharma as PFC Nominee Director is also being submitted to the shareholders for approval. The Board recommends their appointment/re-appointment.

Brief resume and other particulars of Shri V.K. Singh, Shri Narayanan Thirupathy and Shri Manoj Sharma are annexed to the Notice of AGM forming part of this Annual Report.

24.5 Company Secretary

Shri J.S. Amitabh is Company Secretary of the Company.

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

Accordingly, being a Government company, REC is *inter-alia* exempted in terms of the above notifications, as the evaluation of performance of all members of the Board of the Company is being done by the Administrative Ministry i.e., the Ministry of Power and/or by the Department of Public Enterprises (DPE). It is understood that during the financial year 2022-23, the performance evaluation of Non-Executive Directors of the Company was carried out by the Administrative Ministry, as per their internal guidelines.

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

26. DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts for the year ended March 31, 2023, 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;

(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 & AWARDS

The performance of the Company in terms of MoU signed under the guidelines of the DPE, Government of India for the financial year 2023 is likely to be excellent, subject to final evaluation by DPE. For the financial year 2021-22 MoU rating of REC has been "Very Good", primarily due to a newly introduced parameter of stock price performance. During the financial year, REC has been:

- Accorded "Maharatna" status by the Department of Public Enterprise, Government of India for the Company's operational efficiency and financial strength;
- Awarded as the 'Best PSU' in the Financial Services category and also as the 'Best Navratna' by Dun & Bradstreet for financial year 2021-22;

Hon'ble Minister of Power and MNRE, Shri R.K. Singh felicitated Shri Vivek Kumar Dewangan, CMD REC, with Green Ribbon Champions Award for its Commitment to Environmental Sustainability

- Awarded with the Golden Peacock Award for Excellence in 'Corporate Governance' for the year 2022 by the Institute of Directors (IoD);
- Recognized as the 'Best Public Sector IT Project' award at the Technology Excellence Awards 2022;
- Awarded with Golden Award by Government e-Marketplace (GeM) for its notable contribution towards encouraging procurement from GeM for FY 2022-23;
- Awarded under category 'Operational Performance Excellence' at the 12th PSE Excellence Awards; and
- Felicitated with Green Ribbon Champions Award for its Commitment to Environmental Sustainability.

Apart from above, Shri Vivek Kumar Dewangan, CMD, REC has been conferred with the prestigious 'The Most Promising Business Leaders of Asia' Award, at the 7th edition of the Economic Times Asian Business Leaders Conclave 2022-23, for his stellar leadership in scaling up the operational business matters in the power sector value chain, path-breaking energy transition initiatives, remarkable achievement and contribution to the overall well-being of the economy.

28. 'THINK GREEN, GO GREEN' INITIATIVE

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

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

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

29. COMMITMENT TO *SWACHHTA*

REC has undertaken activities for creating awareness on *Swachhta*, like installation of dustbins at various public places, plantation drive nearby office premises, interactive session on waste management and cleanliness for employees, special cleanliness drive at public utilities by Regional Office's/State Offices, special cleanliness drive and fumigation in slum area near by corporate office premises and organizing best out of waste competitions in school, under the *Swachhta Action Plan*.

Interactive session on waste management and cleanliness for employees

30. RIGHT TO INFORMATION ACT, 2005

The purpose of the Right to Information Act, 2005 ('RTI Act') is to enable the citizens to seek information from the public authorities and to ensure transparency and accountability in their functioning. An RTI Cell is in existence in the Company to deal with applications received under the RTI Act. The Company has designated a Chief Public Information Officer (PIO) to respond to the RTI applications and a First Appellate Authority (RTI) to adjudicate on RTI First Appeals for effective implementation of the RTI Act. The RTI Cell also comprises of an Assistant Public Information Officer. The entire functioning of the RTI Cell and implementation of the RTI Act in REC is observed by the Transparency Officer.

REC is also associated with the online RTI Portal of Government of India, Department of Personnel & Training https://rtionline.gov.in/, which enables citizens of India, to file RTI applications/first appeals online along with a payment gateway. Below is the information pertaining to the number of applications and appeals received by the RTI Cell, during the period of April 1, 2022 to March 31, 2023:

Sl. no.	Particulars of RTI	Nos.
1.	Applications received	328
2.	Applications disposed of	303
3.	Applications received in March, 2023 were disposed of subsequently*	25
4.	First appeals received by Appellate Authority, REC	27
5.	First appeals disposed of by Appellate Authority, REC	27
6.	Appeals disposed of subsequently	-
7.	Second appeals received from Central Information Commission	1
8.	Second appeals disposed of by Central Information Commission	1

**The pending applications and appeals were disposed of within the time frame.*

Further, REC has placed the requisite information on its website, in compliance with the requirements specified by Department of Personnel & Training (DoPT). Further, in compliance of the said Guidelines, which provide for annual audit of *suo-moto* disclosures by a third party, third-party audit of RTI Disclosures has been carried out and the report is posted on REC's website.

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 by the Company. As an endeavor to foster the Government's ambitious initiatives for the promotion of MSME sector and in order to surpass the prescribed public procurement norms, revised with effect from November 2018, REC has already made it mandatory to procure 100% of certain common use goods and services valuing upto ₹10 lakh from MSE vendors and also to allow purchase preference upto 25% of the tendered value to MSEs, out of which 4% is reserved for MSEs owned by SC, ST and 3% is reserve MSEs owned by women entrepreneurs for all cases where L_1 vendor is other than MSE vendors by allowing MSE vendors for price matching with L_1 if MSE bidders have quoted price within the band of L_1+15%, wherever splitting is feasible. Further, REC is registered on GeM (Government e-Marketplace), *Sambandh, Samadhan* and *TReDS* (Trade Receivables Discounting System) portals of the Government of India (GoI) and all offices of REC, including regional offices, are effectively using the same.

During the financial year 2022-23, total procurement made by the Company was ₹56.13 crore and REC not only achieved, but exceeded its targets set by the Government. The procurement from GeM portal was ₹50.10 crore (achieved more than the target of 25%) and procurement from MSEs was ₹30.87 crore (achieved more than the target of 25%), out of which procurement from SC/ST was ₹0.33 crore and procurement from women entrepreneurs was ₹1.31 crore. The procurements from SC, ST and women entrepreneurs, highly depends on the claims lodged by vendors, on which REC has no control. It is also noteworthy, that there was no complaint against REC regarding delay in payments or any other grievance by any MSME vendor, on GoI's *Samadhan* portal during the year.

Your Company has made it compulsory for all its Pan-India offices to have 100% procurement of Common use Goods and Services available on GeM are required to be procured mandatorily through GeM only; and has conducted a comprehensive GeM procurement training programme for its employees, having specially featured sessions of faculty from GeM. The same were attended and praised overwhelmingly by the participants. REC has also conducted its Annual Vendor Development Programme (VDP) through online session, which was attended by various vendors.

All tenders of REC are in full compliance of GoI's 'Make in India' directions, as applicable. Further, as per GoI's directives, such compliance is being monitored quarterly by the Board of Directors; and on a case-to-case basis by the *Sub-committee to ensure compliance of GoI directives on 'Make in India',* for tenders valuing ₹250 crore or above.

REC's Public Procurement Policy for MSEs and Make in India is included in all the tenders duly published on the website of the Company and on the CPPP (Central Public Procurement Portal). The same is also being examined and monitored on quarterly and annual basis by the Independent External Monitor (IEM) appointed by CVC. The IEM has found that all procurement activities are in order and has appreciated the efforts and achievements of REC.

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

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

During the financial year 2022-23, the Company did not receive any complaint of sexual harassment.

33. ANNUAL RETURN

The Annual Return of the Company for the financial year 2021-22 filed with the Ministry of Corporate Affairs (MCA); and the draft Annual Return for the financial year 2022-23, are available on the website of the Company at https://www.recindia.nic.in/annual-returns.

After filing of the Annual Return for financial year 2022-23 with MCA, the same will be uploaded on the website at the same weblink.

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 2022-23 is annexed to this Report.

35. AUDITORS

35.1 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 2022-23 by the Comptroller & Auditor General (C&AG) of India. The Statutory Auditors have audited the standalone and consolidated financial statements of the Company for the financial year 2022-23 and have given their report without any qualification, reservation, adverse remark or disclaimer. The Auditors' Report(s) are forming part of this Annual Report.

Further, the appointment of the Statutory Auditors for the financial year 2023-24 is yet to be made by the C&AG of India. Approval of the Members will be obtained in the ensuing AGM, to authorize the Board of Directors to fix remuneration of the Statutory Auditors for the financial year 2023-24, as may be appointed by C&AG.

35.2 Secretarial Auditors

M/s Hemant Singh & Associates, Company Secretaries, Delhi (Certificate of Practice no. 6370), were appointed as Secretarial Auditors for carrying out Secretarial Audit of the Company for the financial year 2022-23. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2022-23 and the same is annexed to this Report.

35.3 Management's comments on the Auditors' Report(s)

The management's reply to the observations of the Secretarial Auditors is as under:

Observation of Secretarial Auditors	Management's Reply
The Company was not in compliance with the Regulation 17 (1) of the SEBI (LODR), in respect of the appointment of requisite number of Independent Directors, as the Board had a total of four Independent Directors against the requirement of five Independent Directors as on March 31, 2023.	REC is a Government Company and as per the provisions of Article 91 of Articles of Association of the Company, the power to appoint Directors on the Board of the Company vests with the President of India, acting through the Administrative Ministry, i.e. the Ministry of Power, Government of India and the Company has no role in the appointment of Directors on its Board. The Company has been requesting & following up with the Ministry of Power, Government of India, for appointment of requisite number of Independent Director on its Board. Further, MoP has also requested Department of Public Enterprises, Government of India, to expedite appointment of one more Independent Director on the Board of REC. The Company will be in due compliance with the applicable provisions of SEBI (LODR) 2015, on appointment of one more Independent Director by the Ministry of Power, Government of India, on the Board of REC Limited.

36. COMMENTS OF C&AG OF INDIA

The Comptroller & Auditor General (C&AG) of India, vide letter(s) dated July 31, 2023 have given 'NIL' comments on the Audited Financial Statements of the Company for the financial year ended March 31, 2023 under Section 143(6)(a) of the Companies Act, 2013.

The comments of C&AG for the financial year 2022-23 have been placed along with the report of Statutory Auditors of the Company in this Annual Report.

37. DEBENTURE TRUSTEES

In compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a list containing the details of Debenture Trustees appointed by the Company for different series of its bonds / debentures 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 2022-23. However, the Memorandum of Association of the Company has been amended by way of a Special Resolution passed on October 27, 2022 by the Shareholders through Postal Ballot of the Company. The amendment was done with a view to, *inter-alia*, enable the Company to lend to logistics and infrastructure sectors to the extent permitted by the Government of India.

b) The Company has not accepted any public deposits during the financial year 2022-23 and the Board of Directors of the Company has passed requisite resolution in this regard, in compliance of RBI Guidelines.

c) No orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

d) The Company maintains an adequate system of Internal Control, including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For details, please refer to the 'Management Discussion and Analysis Report' annexed to this report.

e) Information on composition, terms of reference and number of meetings of the Board and its Committees held during the year, establishment of Vigil Mechanism/ Whistle Blower Policy and web-links for familiarization programmes of Directors, Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, Policy for determining Material Subsidiaries, compensation to Key Managerial Personnel, sitting fees to Directors and details regarding IEPF etc. have been provided in the 'Report on Corporate Governance', prepared in compliance with the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance, 2010, as amended from time to time, which forms part of this Annual Report.

f) Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given, securities provided or investment made by a company engaged in the business of financing of companies or of providing infrastructural facilities in the ordinary course of its business are not applicable to the Company, hence no disclosure is required to be made. Further, details of investments are appearing at note no. 10 of the Notes to Accounts of the standalone financial statements.

g) The provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder relating to managerial remuneration are not applicable to Government companies, therefore no disclosure is required to be made.

h) There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year i.e., March 31, 2023 and the date of this report.

i) The Company has not issued any stock options to the Directors or any employee of the Company.

j) The details related to vigilance cases, replies to audit objections and RTI matters etc., as applicable, are duly incorporated in this report, as required vide OM dated January 24, 2018 of the Ministry of Parliamentary Affairs, Government of India.

k) The Central Government has not prescribed the maintenance of cost records for the products/services of the Company under the Companies (Cost Records and Audit) Rules, 2014 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, cost accounts and records are not required to be maintained by the Company.

l) During the year under review, the statutory auditors/ secretarial auditors have not reported to the Audit Committee, any instances of fraud committed against the Company by its officers or employees.

m) The Company is compliant with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

n) The Independent Directors of the Company are nominated/appointed by the President of India acting through the Administrative Ministry, i.e., MoP. Accordingly, the appointing authority considers the integrity, expertise and experience of the individual to be nominated/ appointed. In the opinion of the Board, the Independent Directors appointed during the year, are persons of integrity and possess the relevant expertise, proficiency and experience to contribute effectively to the Company. Further, during the year, all the Independent Directors have met the requirements specified under Section 149 (6) of the Companies Act, 2013 and necessary declaration from each Independent Director was also received as required.

o) The Company has adequate internal financial controls with reference to the financial statements.

p) There is neither any pending IBC (Insolvency & Bankruptcy Code) proceeding against REC, nor have we received any notice for initiation of any IBC proceedings against the Company.

q) During the financial year 2022-23, no event has taken place that give rise to reporting of details w.r.t. difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions.

39. ANNEXURES TO BOARD'S REPORT

In terms of the provisions of SEBI (Listing Obligations & Disclosure requirements) Regulations, 2015 and other applicable statutory provisions, separate sections containing Management Discussion & Analysis Report, Report on Corporate Governance, Business Responsibility & Sustainability Report, are enclosed to this Board's Report. The Company has prepared an Integrated Report for the financial year 2022-23 on a voluntary basis, as per SEBI Circular dated February 6, 2017.

Various statutory reports, information, certificates etc., in terms of the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines on Corporate Governance for CPSEs, 2010 and other applicable statutory provisions, are enclosed to the Board's Report as under:

Particulars	Annexure
Management Discussion & Analysis Report	I
Report on Corporate Governance	II
Business Responsibility & Sustainability Report	III
Integrated Report	IV
Secretarial Audit Report	V
Auditor's Certificate on Corporate Governance	VI
Annual Report on CSR Activities	VII
Particulars of Contracts or Arrangements with Related Parties	VIII
Details of Debenture Trustees appointed for different series of Bonds	IX

40. ACKNOWLEDGEMENTS

The Directors whole-heartedly thank the Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, NITI Aayog, Department of Investment and Public Asset Management, Department of Public Enterprises, Reserve Bank of India, Securities & Exchange Board of India and the Comptroller & Auditor General of India, for their guidance and support to the Company. The Directors also thank Power Finance Corporation Limited, the holding company, for their continued support.

The Directors extend their gratitude to all shareholders, investors, lenders and security holders for their faith in the Company. The Directors also thank all customers and borrowers, including State Governments, State Electricity Boards, State Power Utilities and Independent Power Producers, for reposing their trust and continuing their association with the Company.

The Directors are grateful to Statutory Auditors, Secretarial Auditors and other professionals associated with the Company, for their continuous support to the management. Last but not the least, the Directors thank the employees and staff, for working relentlessly in pursuit of excellence.

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

ANNEXURE-I TO BOARD'S REPORT

Management Discussion & Analysis Report

The management of the Company is pleased to present its report on the business environment & industry scenario, industry risks, opportunities and the Company's financial & operational performance during the financial year 2022-23.

BUSINESS ENVIRONMENT

Global Business Environment

Global economic recovery remain dim amid stubborn inflation, rising interest rates and heightened uncertainties. Instead, the world economy faces the risk of a prolonged period of low growth as the lingering effects of the CoVID-19 pandemic, ongoing conflict in Ukraine, the ever-worsening impact of climate change and macroeconomic structural challenges remain unaddressed. According to IMF World Economic Outlook report 2023, global growth will bottom out at 2.8 percent in 2023 before rising modestly next year. Further, emerging markets and developing economies are already powering ahead in many cases, with growth rates jumping from 2.8% in 2022 (Q-o-Q) to 4.5% this year. Advanced economies are expected to experience a significant slowdown in growth, dropping from 2.7% in 2022 to 1.3% in 2023. Growth in the volume of world trade is expected to decline from 5.1% in 2022 to 2.4% in 2023, echoing the slowdown in global demand.

During the financial year 2022-23, the world economy demonstrated growth driven by the resilience of labour markets, robust households consumption, business environment etc. However, the US Federal Reserve and Central Banks across the world reversed the quantitative easing measures implemented during the pandemic years, which consequentially ended the era of near zero interest rates. The Federal Reserve pulled back pandemic-era policies in the US and effected unprecedented rate hikes during the year to tame inflation, resulting in interest rate increase from 0.25% in March 2022 to 5% by the end of financial year 2023. As a result, inflation in the US decreased from 8.54% in March 2022 to 4.98% by the end of financial year 2023.

Going forward, investors have lowered their expectations of global interest rate hikes following the sudden failure of some mid-sized banks in certain advanced economies. The trust in the banking sector of these countries have not fully recovered and the global financial system has faced significant challenges.

Most commodity prices eased since mid-2022 to varying degrees, due to slowing global growth. Oil prices declined from their mid-2022 peak, as concerns about demand emerged; for the year as a whole, the price of Brent crude oil averaged $100/bbl. European natural gas prices surged to an all-time high in August 2022 but have since receded. Similarly, coal prices hit a record high during the same time before beginning to soften by the end of calendar year 2022. Although, energy prices are expected to ease in 2023, they are projected to remain higher than previously forecast, primarily reflecting an upward revision to coal prices.

In 2022, global electricity demand increased nearly by 2% and India and United States has contributed to this electricity demand specifically, although due to Covid related restrictions China's growth was affected. Further, India experienced a significant 8.4% increase in electricity demand in 2022, driven by a combination of its robust post-pandemic economic recovery and extreme weather conditions. The share of renewables in the global power generation mix was forecasted to rise from 29% in 2022 to 35% in 2025. The expansion of renewables will lead to a decline in the shares of coal and gas fired stations. Consequently, emissions of global power generation are expected plateau by 2025 and its CO_2 intensity will further decline in the coming years.

In a world where both the demand and supply of electricity are becoming increasingly weather-dependent, electricity security requires increased attention. Along with the high cost of electricity generation, the world's power systems also faced challenges from extreme weather events like heatwaves in India, drought in Europe, winter storms in United States etc. Mitigating the impacts of climate change requires faster decarbonisation and accelerated deployment of clean energy technologies. Accordingly, the share of weather-dependent renewables in the generation mix will continue to grow. In such a world, increasing the flexibility of the power systems while ensuring security of supply and resilience will be of paramount importance.

Indian Business Environment

India stands as one of the world's fastest-growing economies, benefitting from its diverse business environment and a vast consumer base and as per IMF, likely to transit from estimated level of USD 3.4 trillion to USD 5 trillion economy by 2027. The country is renowned for its large-scale manufacturing, IT services, and agriculture sectors. The Indian government has actively pursued reforms to facilitate a conducive business environment by implementing various reforms to promote ease of doing business, attracting foreign investments and nurturing the growth of start-ups. Supported by strong macroeconomic fundamentals, robust domestic demand, fiscal discipline, high saving rates and demographic trends, India has emerged as the fifth-largest economy globally.

According to the Economic Survey forecast and Reserve Bank of India (RBI), India is expected to achieve a growth rate of 6.5% in the financial year 2023-24. This projection indicates that India's economic growth next fiscal year will be the fastest among major economies. Therefore, in the upcoming years, increasing consumption and investments, both from domestic and foreign sources, will play a significant role in driving the nation's growth and potentially elevate India's position in the World GDP Ranking.

Government policies and investment focus in infrastructure sub-sectors including roads, railways, multi-modal logistics, ports, waterways, shipping, energy transition and renewable energy etc. are expected to keep India on track to achieve its aim of becoming a USD 5 trillion economy. It is noteworthy that Infrastructure sector was included as one of the "Saptarishi" (seven) priorities in Budget 2023-24 by the Government of India, with a substantial increase of 33.4% in capital investment outlay, amounting to ₹10 lakh crore.

In recent years, inflation has been significant concern for the Indian economy. However, in response to monetary policy actions and supply side measures, headline CPI inflation has gradually declined from its peak of 7.8% in April 2022 to 5.7% in March 2023 and is projected to ease further to 5.2% for the financial year 2023-24.

Foreign direct investment (FDI) plays a crucial role in India's economic growth. The Government has been implementing various reforms to attract foreign investments, including liberalizing foreign investment policies and simplifying the process of doing business in India. Over the past two decades, India has experienced a remarkable 20 fold increase in annual FDI inflows, positioning itself as a favored investment destination.

INDUSTRY STRUCTURE AND DEVELOPMENT

Industry Overview

In the post-pandemic recovery phase, the Power Sector has been buoyant, aided by rising demand and energy transition focus. In the financial year 2022-23 the total power generation reached 1624 BU, marking an 8.87 % growth compared to the previous year. Peak electricity demand continued to increase consistently over the years and reached 215.9 GW during financial year 2022-23. Renewable energy generation (excluding Hydro) during the year witnessed a significant increase of 18.72% i.e. 203 BU over the previous year. Non-fossil fuel power generation as a whole stood at 418 BU, reflecting a growth rate of 10.9% compared to the previous year. Consequently, the share of non-fossil energy stood at 26%. Further, the installed power capacity addition during the year was 17 GW, taking the total installed capacity to 415.50 GW by the end of financial year. It is noteworthy that renewable energy accounted for 90% of the added capacity. The share of non-fossil capacity also increased from 41% to 43% compared to the previous year. Peak electricity demand witnessed an all-time high of 215.9 GW, as compared to 203 GW in the previous year. Additionally, the overall Plant Load Factor (PLF) improved to 64.15% against 58.9% over last year.

Industry-Structure

Generation

As on March 31, 2023, the installed power generating capacity in the Country was 415.50 GW comprising of 100 GW in the Central Sector; 105.5 GW in the State Sector, 210 GW in the Private Sector. In terms of generation capacity by type, the conventional coal & lignite capacity was 211.9 GW, Renewable Energy capacity 172 GW, Nuclear capacity 6.8 GW and Gas based capacity 24.8 GW. The Plant Load Factor (PLF) for thermal power plants across the country improved to 64.15% compared to 58.9% in the previous year. Central sector thermal stations achieved a PLF of 74.67%, whereas state sector and IPP sector achieved PLF of 61.85% and 56.63% respectively.

Further, according to the Generation Expansion Planning studies conducted by the Central Electricity Authority (CEA), the share of non-fossil fuel-based generation capacity in India is expected to witness substantial growth. By the year 2029-30, the share of non-fossil fuel based generation capacity is likely to increase from current 43% to over 64%, thereby exceeding the energy transition goals of the country.

Renewable Energy Sources

Globally, India stands at 4th position in terms of Renewable Energy Installed Capacity (including large hydro), 4th in Wind Power capacity & 4th in Solar Power capacity. As on March 31, 2023, India's installed renewable energy capacity (including large hydro) stood at 172 GW. Out of which, Solar energy contributed 66.78 GW, followed by 42.63 GW from wind power, 42.1 GW from hydro and 20.49 GW from bio-power, waste, small hydro, etc. In terms of renewables capacity addition in the year, a total of 15.3 GW capacity was added, out of which Solar addition was 12.8 GW, wind 2.3 GW, Bio power & Small Hydro 0.2 GW respectively.

Transmission & Distribution

Transmission

Transmission is a crucial element in the power delivery value chain and facilitates evacuation of power from generating stations to the load centers, both inter-state and intra-state. Efficient dispersal of power to deficit regions requires commensurate strengthening of Intra-State Transmission System (ISTS) network; enhancing the Inter-State power transmission system and augmentation in the National Grid.

During the financial year 2022-23, a total of 14,625 cKM transmission lines were added together with 75,902 MVA of transformation (sub-station) capacity. As on March 2023, our country has one of the largest synchronous interconnected electricity grids in the world with 4,71,341cKM of transmission line and 11,80,352 MVA of transformation capacity.

As a significant step towards successfully achieving the planned renewable energy capacity of 500 Gigawatt (GW) by 2030, CEA portrayed the broad transmission system roadmap for reliable integration of 537 GW renewable energy capacity by the year 2030. The length of the transmission lines and sub-station capacity planned under ISTS for integration of additional wind and solar capacity by 2030 has been estimated as 50,890 cKM and 4,33,575 MVA respectively at an estimated cost of ₹2,44,200 crore. The transmission schemes have been planned considering energy storage, so as to meet the requirement of Round-The-Clock (RTC) power. Several HVDC transmission corridors have also been planned for the evacuation of power from large renewable energy potential zones.

Distribution

Distribution constitutes pivotal link within the power sector value, serving as the vital intermediary connectivity between utilities and consumer. Throughout history, the domain of power distribution had predominantly rested as the monopoly of Government-owned state utilities, with the private sector playing only a limited part. Recently this situation is reforming, as increasing number of private players are engaging in the sector.

The sector has been reeling under losses, making it crucial for the policy makers to devise various measures to make the State Discoms/ Utilities viable. Over the years, owing to, strong reform initiatives like revision of tariff, National Electricity Fund (NEF) and Ujwal Discom Assurance Yojana (UDAY) etc. progress has been made in the overall functioning of the Discoms. Schemes namely, the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for strengthening the distribution system in rural areas and Integrated Power Development Scheme (IPDS) for strengthening the distribution system in urban areas were implemented. Any gaps which were left in the distribution system were addressed under SAUBHAGYA. This has resulted in 100% village electrification and household electrification with significant and robust last mile electricity connectivity. These schemes also have enabled Discoms in improving their operational efficiency parameters such as billing efficiency, collection efficiency, AT&C losses and also the financial performance to some extent. ACS-ARR gap of Discoms at the national level has significantly reduced from 0.58 ₹/kWh in the financial year 2015 to 0.22 ₹/kWh in the financial year 2022. AT&C losses during the same period have also decreased from 25.72% to 17%.

As all these reform measures were largely aimed at improving the financial health of Discoms, this eventually lead to a reduction in outstanding dues to Power Generating Companies (GENCOS). The outstanding dues of DISCOMSs to GENCOs have declined considerably in the last one year which is expected to add to the overall health of the power sector.

Power Sector Policy Environment

India has demonstrated a firm commitment towards achieving the ambitious energy transition goals announced by the Prime Minister at COP26. These goals include an ambitious target of 500 GW installed renewable energy capacity by 2030 and increase the share of Green energy to 50% of total energy required by 2030. The government has also pledged to achieve net-zero emissions by 2070, which reflects its determination to promote sustainable development and reduce the country's carbon footprint. A major focus was laid on capturing emerging energy transition trends - from Renewables to Hydrogen and even Smart Metering.

On India's 75th Independence Day, Hon'ble Prime Minister Shri Narendra Modi introduced the concept of 'Amrit Kaal' which is his vision for a 'New India' by the 100th year of independence in 2047, giving a statement of nation's aspirations. The Union Budget 2023-24, the first budget of Amrit Kaal, provides a roadmap for promoting sustainable development through greener and futuristic (technology-driven) methods. The objective is to lay the building blocks for the forthcoming 25 years of the Indian economy and bifurcate principal policies into 7 co-dependent departments - termed as "Saptrishis" or seven sages with green growth being one of them. The Union Budget 2023 carried forward the momentum in the power sector by announcing various measures as under:

- In order to achieve the country's climate targets, a slew of measures for green growth chiefly fuelled by an outlay of ₹35,000 crore, to achieve energy transition and net zero objectives;
- The National Green Hydrogen Mission has been allocated an outlay of ₹19,700 crore, which is expected to play a significant role in helping India achieve its annual production target of 5 MMT (million metric tonnes) of green hydrogen by 2030;
- Incentives for manufacturing vital clean energy equipment, including solar modules, electrolysers used in making green hydrogen have been announced;
- Provision has been made for an inter-state transmission system for evacuation and grid integration of 13 GW of renewable energy to be generated in Ladakh. The project will be constructed with an investment of ₹20,700 crore, including the Central Government's support of ₹8,300 crore;
- Viability gap funding mechanism designed to provide capital support to Public Private Partnership (PPP) projects for battery energy storage systems with a capacity of 4,000 MWh; and
- Support to aid the green growth through PPPs, including support for scrapping and replacing old vehicles, ramping up battery storage systems, setting up compressed biogas plants and promoting coastal shipping to promote cheaper modes of transport.

Other measures announced by the Government included allowing 100% FDI under automatic route, waiver of Inter State Transmission charges for sale of power from solar and wind projects to be commissioned by June, 2025; declaration of trajectory for Renewable Purchase Obligation upto 2029-30; setting up ultra-mega renewable energy park; schemes such as PM-KUSUM; Solar Rooftop Phase-II; CPSU Scheme Phase-II; laying new transmission lines and creating sub-station capacity under the Green energy corridor scheme; standard TBCB guidelines for Photovoltaic & Wind projects and launch of Green Term Ahead Market to facilitate sale of Renewable Energy Power through exchanges.

As a step towards addressing the issue of mounting dues of the State power utilities, the Ministry of Power, (MoP) Government of India, has issued Electricity (Late Payment Surcharge and Related matters) Rules, 2022. This initiative works with the sole aim of financially strengthening the electricity suppliers and bringing financial discipline in the power sector. Furthermore, it will ensure that the end consumer not only gets reliable and quality power, but additionally it alleviates the interest burden on account of late payment of power purchases dues by the State Utilities. REC was advised by the MoP to extend its support to Discoms for timely payment of their dues under the new LPS rules. During the year, REC has disbursed financial assistance of approx. ₹16,177 crore to Discoms across states for clearing the outstanding dues.

National Green Hydrogen Mission

The National Green Hydrogen Mission was approved by the Union Cabinet on January 4, 2022, with the intended objectives of making India a leading producer and supplier of Green Hydrogen in the world; Creating export opportunities for Green Hydrogen and its derivatives; Reduction in dependence on imported fossil fuels and feedstock; development of indigenous manufacturing capabilities; attracting investment and business opportunities for the industry; creating opportunities for employment and economic development; and supporting R&D projects.

The National Green Hydrogen Mission will help in development of green hydrogen production capacity of at least 5 MMT per annum with an associated renewable energy capacity addition of about 125 GW in the country, with investment of over ₹8,00,000 crore and will

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create over 6,00,000 jobs, by 2030. Further, this will enable to reduce cumulatively fossil fuel imports over rupees one lakh crore and aid in abatement of nearly 50 MMT of annual greenhouse gas emissions.

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

PM-KUSUM scheme is one of the largest initiatives in the world to provide clean energy to more than 3.5 million farmers by solarizing their agriculture pumps.

PM-KUSUM is a demand driven scheme and quantities/capacities are allocated based on demand received from the states. As of June 30, 2023, grid-connected solar power plants of 113.08 MW capacity have been installed and 2.44 lakh agriculture pumps have been solarized under the scheme. This installed capacity is estimated to have reduced the CO_2 emissions by 0.67 million tonnes and reduced diesel consumption by 143 million liters of diesel per annum.

The Ministry of New and Renewable Energy has taken several steps to achieve the targets under the PM-KUSUM Scheme, including recent amendments. The amendments resulted in extention of scheme till March 31, 2026, feeder level solarization has been introduced under Component-C of the scheme, to support small farmers, the solar power projects smaller than 500 kW may be allowed by states, removal of penalty on solar power generator for shortfall in solar power generation under Component-A etc.

Revamped Distribution Sector Scheme (RDSS)

The Central Government has approved a Revamped Distribution Sector Scheme, a Reforms-based and Results-linked Scheme with an outlay of ₹3,03,758 crore over a period of five years from the financial year 2021-22 to financial year 2025-26 with the objective to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector. The scheme aims to reduce the AT&C losses Pan-India levels of 12-15% and ACS-ARR gap to zero by 2024-25, by improving the operational efficiencies and financial sustainability of all DISCOMs/Power Departments excluding private sector DISCOMs. DISCOMs/Power Departments would be able to access funds under the Scheme for Pre-paid Smart Metering, System Metering and Distribution infrastructure works for loss reduction and modernization.

The Scheme provides for annual appraisal of the DISCOM performance against pre-defined and agreed upon performance trajectories including AT&C losses, ACS-ARR gaps, infrastructure upgrade performance, consumer services, hours of supply, corporate governance, etc. DISCOMs have to score a minimum of 60% of marks and clear a minimum bar in respect to certain parameters in order to be eligible for funding against the Scheme in that year. Implementation of the Scheme would lead to consumer empowerment by way of prepaid smart metering, to be implemented in Public-Private-Partnership (PPP) mode and leveraging Artificial Intelligence to analyze data generated through IT/OT (Information Technology and Operational Technology) devices including System Meters, prepaid smart meters, to prepare system generated energy accounting reports every month to enable DISCOMs to take informed decisions on loss reduction, demand forecasting, Time of Day (ToD) tariff, Renewable Energy Integration and for other predictive analysis.

It is pertinent to mention that earlier schemes of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS) along with Prime Minister Development Package (PMDP-2015) for the erstwhile State of Jammu & Kashmir, have been subsumed in RDSS as per their extant guidelines and under their existing terms & conditions.

RDSS lays special emphasis on leveraging advanced technologies to analyze data generated through IT/OT devices, including system meters and prepaid smart meters, to materialize the envisaged goal i.e., introducing advanced technologies like AI/ML (Artificial Intelligence and Machine Learning) in power distribution, by leveraging partnerships and consultations.

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India's flagship programme, Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), for which REC was the nodal agency, has been completed in its sunset year 2021-22 i.e., on March 31, 2022. The MoP had notified DDUGJY in 2014, as an integrated scheme covering all aspects of rural power distribution. The scheme had an approved outlay of ₹43,033 crore, including budgetary support of ₹33,453 crore from the Government of India. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidyutikaran Yojana i.e., RGGVY) were subsumed in DDUGJY and after March 31, 2022, the DDUGJY scheme has been subsumed in RDSS. On closure, the total executed cost under the scheme has arrived at ₹45,942.74 crore.

Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

The Hon'ble Prime Minister of India launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) scheme on September 25, 2017 with the objective of achieving universal household electrification in the country. REC was the nodal agency for SAUBHAGYA scheme.

To expedite and monitor the electrification process under SAUBHAGYA, a web portal was launched to monitor electrification status across the country. A feature named SAMVAD was also provided on the portal to facilitate the general public to raise their queries and interact with officials of discoms, thus establishing transparency and accountability. A special vehicle, 'Saubhagya Rath', was deployed in villages/towns so that the public may approach them to avail electricity connections under the scheme. SAUBHAGYA scheme has been completed successfully.

Solar Parks Scheme

To facilitate large scale grid-connected solar power projects, a scheme for "Development of Solar Parks and Ultra Mega Solar Power Projects" is under implementation with a target capacity of 40 GW capacity by March, 2024. Solar Parks provide solar power developers with a plug and play model, by facilitating necessary infrastructure like land, power evacuation facilities, road connectivity, water facility etc. along with all statutory clearances. As on February 28, 2023, 57 Solar Parks have been sanctioned with a cumulative capacity of 39.28 GW. Out of these 57 Solar Parks, 9 parks are fully complete and additional 8 parks are partially complete, with a cumulative capacity of 10.11 GW solar projects commissioned in these parks.

Rooftop Solar Programme Phase-II

With an objective to achieve 40 GW of Rooftop Solar (RTS) capacity in the country, the Government of India launched Rooftop Solar Programme Phase-II on March 8, 2019. The Programme envisaged installation of 4,000 MW of RTS capacity in the residential sector by providing Central Financial Assistance and incentives to DISCOMs for achievement of additional RTS capacity in a year over and above the installed capacity of the previous year. A provision of total central financial support of ₹11,814 crore, including service charges to the implementing agencies, has been made under the programme, which was initially scheduled for completion by 2022 but later the Programme has been extended till March 31, 2026.

As on February 28, 2023, against the target capacity of 4000 MW for residential sector under Rooftop Solar Programme Ph-II, around 3,377 MW capacity has been allocated to various state implementing agencies based on the demand received from them and an amount of ₹2,917.59 crore has been released to them under the Programme. 4.3 lakh beneficiaries have benefited under Rooftop Solar Programme Phase-II. An aggregate 8.03 GW rooftop solar capacity is reported installed in the country as on February 28, 2023.

National Electricity Fund

The National Electricity Fund (NEF) was launched in financial year 2012-13 with interest subsidy outlay of ₹8,466 crore, to promote capital investment in distribution infrastructure for reducing distribution losses in the country with REC as the nodal agency. As on March 31, 2023, interest subsidy of ₹1,475 crore has been released under NEF.

Infrastructure Sector

Robust infrastructure is critically linked to growth in the GDP of any economy. While continuing to accord high priority to the development of Infrastructure, Ministry of Finance on October 11, 2022, announced an "Updated Harmonized Master List of Infrastructure Sub-sectors" by adding some large emerging sectors and broadly categorizing them into 5 segments:

i. Transport and Logistics – Roads and bridges, Ports, Shipyards, Inland Waterways, Airports, Railways, Urban Public Transport, Logistics Infrastructure, Bulk Material Transportation pipelines;

ii. Energy – Electricity Generation, Electricity Transmission, Electricity Distribution, Oil/Gas/Liquified Natural Gas (LNG) storage facility, Energy Storage Systems (ESS);

iii. Water and Sanitation – Solid Waste Management, Water treatment plants, Sewage collection, treatment and disposal system, Irrigation (dams, channels, embankments, etc.), Storm Water Drainage System;

iv. Communication – Telecommunication, Telecommunication towers, Telecommunication & Telecom Services, Data Centers; and

v. Social and Commercial Infrastructure – Education Institutions, Sports Infrastructure, Hospitals, Common infrastructure for Industrial Parks and other parks with industrial activity such as food parks, textile parks, Special Economic Zones, tourism facilities and agriculture markets, Terminal markets, Soil-testing laboratories, Cold Chain, Affordable Housing etc.

Supportive macroeconomic factors and policy initiatives like the National Logistics Policy, PM Gati Shakti, Make-in-India and Production Linked Incentive (PLI) Scheme are creating huge space for infrastructure investments. REC obtained the necessary permissions to finance the Infrastructure & Logistics sector which presents a significant financing opportunity for REC over the long term.

OPPORTUNITIES AND STRENGTHS

Opportunities

- REC plays a key role in implementation of flagship Government of India schemes and financing India's power sector;
- Rising energy demand in a fast growing economy augurs well for future business growth;
- Significant investments are required as per the generation capacity expansion planning report by CEA. Installed generation capacity by end of financial year 2027 is projected to be 610 GW requiring investments of 14.54 lakh Crore. In further period of five years, i.e. by financial year 2032 the generation capacity is expected to be 900 GW which corresponds to additional fund requirement of ₹19.06 lakh crore;
- Counter-part funding in schemes like RDSS (~₹2 lakh crore); and
- Ministry of Power has permitted REC to lend to infrastructure & logistics sector also subject to certain limits. This opens up another large universe of financing avenues for REC.

Strengths

- REC holds a strategic position, given REC's role in financing power sector & implementing policies and flagship programs of the Government of India;
- REC continues to maintain a strong financial position, is well capitalised with high asset quality, to meet future business growth;
- REC has a diversified asset portfolio with no single borrower with more than 10% asset portfolio; and
- Strong relationship and network with stakeholders in Central & State Government enables REC to access new strategic initiatives.

THREATS, RISKS AND CONCERNS

- Competition from other banks and financial institutions in power, infrastructure and logistics sector may require lending at fine rates; and
- Financial and operational health of the distribution utilities continues to be an area of concern.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

REC is a leading non-banking financial company (NBFC) categorized as Infrastructure Finance Company (IFC) by the RBI, servicing the financing needs of entire power sector value chain.

REC's principal products are interest-bearing loans to state utilities, private sector borrowers etc. Further, during the year, REC has actively started financing/exploring to Infrastructure and Logistics sector as well. The Company does not have any separate reportable segment.

During the financial year 2022-23, the Company has sanctioned loans worth ₹2,68,460.54 crore. The loans sanctioned for the financial year 2022-23 includes ₹34,529.33 crore towards generation projects, ₹21,371.11 crore towards renewable energy projects, ₹1,22,050.50 crore towards T&D projects including the loans under Revolving Bill Payment Facility and Late Payment Surcharge, ₹85,734.60 crore towards Infrastructure & Logistics projects and ₹4,775 crore towards other loans such as short-term, medium-term loans etc.

During the financial year 2022-23, the Company has disbursed an amount of ₹96,846.30 crore, which includes ₹25,049.27 crore towards generation projects, ₹12,984.89 crore towards renewable energy projects, ₹27,502.84 crore towards T&D projects, ₹1,453.29 crore towards Power Infrastructure projects and ₹29,621.37 crore towards other loans including short term, RBPF etc. The disbursements also included ₹234.64 crore of counter-part funding under DDUGJY (including DDG component) and SAUBHAGYA schemes of the Government of India.

Apart from the above, the Company also disbursed total subsidy of ₹1,065.56 crore received from the Government of India under DDUGJY scheme (including DDG component) and SAUBHAGYA schemes of the Government of India

OUTLOOK

The power sector in India, is on course for a long period of high growth and transformation which is visible in the increasing deployment of clean renewables. Comprehensive transmission planning and execution to evacuate power from renewable-rich regions to the rest of the nation is well in progress. Utility-scale energy storage and pumped storage projects are likely to play an important role in enhancing the flexibility of the system. With Government of India, setting and pursuing the target of achieving 500 GW of renewable energy capacity by 2030, energy transition is expected to drive significant investment in the sector. The global trend towards Electric Vehicles (EVs) and its fast adoption in India is likely to see an increased demand for electricity. The National Smart Grid Mission, which aims to modernize the country's power grid is expected to improve grid stability and reduce power losses. The government is also promoting the use of smart meters and digital technologies to improve the efficiency of the distribution network. The government is promoting measures such as cost-reflective tariffs, improved collection efficiency, and reduction in AT&C losses to improve the financial health of distribution companies. As Indian economy continues to grow fast, with a growing population and the current low level of per-capita electricity consumption, the future outlook for investments in power sector is quite promising over the long term.

MoU RATING AND AWARDS

During the financial year 2022-23, REC has received various awards and recognition including "Maharatna" status by the Department of Public Enterprise, Government of India for the Issuer's operational efficiency and financial strength. The performance of the Company in terms of MoU signed under the guidelines of the DPE, Government of India for the financial year 2023 is likely to be excellent, subject to final evaluation by DPE. For the financial year 2021-22 MoU rating of REC has been "Very Good", primarily due to a newly introduced parameter of stock price performance.

Apart from above, Shri Vivek Kumar Dewangan, CMD, REC has been conferred with the prestigious 'The Most Promising Business Leaders of Asia' Award, at the 7th edition of the Economic Times Asian Business Leaders Conclave 2022-23, for his stellar leadership in scaling up the operational business matters in the power sector value chain, path-breaking energy transition initiatives, remarkable achievement and contribution to the overall well-being of the economy.

Environment, Social and Governance Risks

The Board approved Environment, Social & Governance (ESG) Policy framework of company serves as a guiding document for all ESG initiatives and activities undertaken by REC. It articulates the Company's commitment to ESG by incorporating environmental impact considerations in its operational, financial and risk management linked decision-making. Further, to ensure the financing of clean energy, suitable conditions related to Environmental, Health, Safety and Social (EHSS) aspects, are being added in the loan agreement/sanction.

With this, long term value creation is also ensured for internal and external stakeholders including customers, employees, investors, regulators, business partners and community members.

Environment:

REC aspires to play a key role in financing the green energy transition goals of the country whereby share of renewable capacity is targeted to be 50% by 2030. REC recorded higher business in renewables as compared to previous year. Renewable sanctions were up by over 45% while disbursement was increased manifold. Going forward the share of renewables is likely to expand faster, thus improving the share of renewables in total loan portfolio of REC. Further, the Corporate Office building of REC in Gurugram named "REC World Headquarters" is a GRIHA-5 rated green building with solar rooftop capacity of 964 kwp and many energy efficiency features. The building received award at the 9th GRIHA summit (Green Rating for Integrated Habitat Assessment) under the category "Integrated Water and Energy Management". Further, REC has taken steps to make the office free of single-use plastics. As an initiative to sensitise the employees towards environment issues, awareness lectures on Green Energy and online quiz among REC employees on "Environment and Mission Life" were also organized.

Social:

REC periodically reviews and updates its policies in line with DPE guidelines to achieve non-discrimination and fair treatment amongst employees, career progression and employee benefits, employee health and well-being, women safety etc. REC maintains an "employee ethics and code of conduct" manual to promote integrity, ethics and good conduct among all employees. A well laid out grievance redressal mechanism is put in place to resolve employee concerns if any. REC is mindful of the customer experience in service delivery and regularly take feedback from all its borrowers with a view to enhance the same. Besides providing loans, REC has played a key role in successful implementation of Government Schemes such as DDUGJY, SAUBHAGYA which have ensured 100% village electrification and last mile connectivity resulting in lighting of every rural household. Feedback reports suggest that these schemes, besides other things, have improved rural prosperity and inclusiveness. Further, REC has also been nominated as the nodal agency for implementation of the Revamped Distribution Sector Scheme which aims at loss reduction, and improving operational efficiency of Discoms. REC has a well defined "Corporate Social Responsibility" policy to fulfill its obligations as a socially responsible corporate.

Governance:

REC believes that high standards of corporate governance combined with ethical and transparent business processes leads to greater effectiveness and efficiency, and superior business outcomes. REC is fully compliant with the prescribed disclosure requirements by regulatory bodies and also voluntarily discloses data as per statutory requirements. In recognition of REC's efforts in this direction, it was awarded with the Golden Peacock Award for excellence in 'Corporate Governance' by the Institute of Directors on November 10, 2022. REC also has in force, a "Whistle Blower Policy" which encourages its stakeholders to report any issues involving violation of its employee code of conduct/ethics, corruption etc. REC ensures security of data and strictly follows the information security guidelines issued from time to time by the Ministry of Electronics and Information Technology.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains an adequate system of internal controls including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegation of powers and guidelines for accounting have been issued for uniform compliance. REC also has in place its ERP operations and e-office system, to ensure IT based operations with minimum manual interventions. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive internal audits of various divisions and offices are conducted by in-house Internal Audit division and through external professional audit firms.

Further, review audits of various Regional and State offices are also conducted by the in-house Internal Audit division, for those offices where internal audit is being outsourced continuously for three years. The internal audit covers all the major areas of operations of the Company including identified critical/risk areas, as per the Annual Internal Audit Programme. The Audit Committee periodically reviews the significant findings of audits, as prescribed in the Companies Act, 2013 and in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Further, Company has a Board-approved Risk Based Internal Audit (RBIA) framework which includes independent risk assessment of the operation / activities, identification of audit universe, development of risk matrix, preparation of annual RBIA Plan and execution of internal audit as per the frequency defined in the said policy.

FINANCIAL & OPERATIONAL PERFORMANCE

The Company achieved impressive performance during the financial year 2022-23. The operating income of the Company on a standalone basis was ₹39,208.06 crore, which was 0.19% higher than last year (₹39,132.49 crore). The Profit Before Tax for the financial year 2022-23 was ₹13,738.77 crore, which was 10.57% higher than last year (₹12,424.90 crore). Net Profit for the financial year 2022-23 stood at ₹11,054.64 crore, which was 10.04% higher than last year (₹10,045.92 crore). The Net Worth as on March 31, 2023 stood at ₹57,679.67 crore, which was 13.13% higher than last year (₹50,986.60 crore).

The Company gives utmost priority to timely realization of its dues towards principal, interest, etc. During the financial year 2022-23, the Company recovered ₹82,910.87 crore, against the total sum of ₹83,138.84 crore due for recovery, including interest for Standard Assets (Stage I & II), thereby achieving a recovery rate of 99.73%.

KEY FINANCIAL RATIOS

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

Particulars	FY 2022-23	FY 2021-22
Interest Coverage ratio (times)	**1.58**	1.56
Debt Equity ratio (times)	**6.49**	6.41
Operating Profit Margin (%)	**34.93**	31.50
Net Profit Margin (%)	**28.16**	25.61
Return on Net Worth (PAT/Average Net Worth) (%)	**20.35**	21.28
Gross Credit Impaired Assets (Stage-III) (%)	**3.42**	4.45
Net Credit Impaired Assets (Stage-III) (%)	**1.01**	1.45

There was no significant change in the key financial ratios for financial year 2022-23 *vis-à-vis* the last financial year 2021-22.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

As on March 31, 2023, total manpower of the Company was 419 employees, which included 379 executives and 40 non-executives. The industrial relations scenario continued to be on a cordial and harmonious note. During the financial year 2022-23, there was no loss of man-days on account of industrial unrest.

Employee training and development continued to receive key focus. During the year, 315 employees of the Company attended various training programmes, workshops, webinars etc. during the financial year 2022-23, achieving 1,136 training man-days.

In order to equip the employees professionally, 19 executives were also deputed for training programmes abroad.

CSR INITIATIVES

REC's Corporate Social Responsibility and Sustainable Development initiatives are pursued with key focus on addressing community based, social and environmental concerns. The Company undertakes its CSR activities through 'REC Foundation', a not-for-profit society, registered under the Societies Registration Act, 1860.

During the financial year 2022-23, the Company sanctioned a total amount ₹190.20 crore towards various CSR initiatives in the fields of safe drinking water and sanitation facilities, employment enhancing vocational skills, education, environmental sustainability, rural development projects etc. The implementation of CSR projects is done in project mode with baseline survey, specific project period, 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 2022-23, the Company spent a total amount of ₹210.35 crore (including disbursements in ongoing projects, other expenses and carry forward of excess spent of ₹0.40 crore from previous year).

RISK MANAGEMENT FRAMEWORK

The Company has a comprehensive Risk Management Policy, covering credit risk, operational risk, liquidity risk and market risk. The Company has constituted a Risk Management Committee, the main functions of which are to identify and monitor various risks of the organization and to suggest actions for mitigation of the same. Further, the Company has appointed Chief Risk Officer (CRO) and Chief Compliance Officer (CCO), as per the requirement of RBI norms.

The risks faced by REC have been categorized and are being monitored systematically. Credit risk is an inherent risk of the financing industry and involves risk of loss arising from the diminution in credit quality of the borrower and the risk of the borrower defaulting on contractual repayments under a loan or an advance. Operational risk, on the other hand, arises from inadequate or failed internal processes, people and systems or external events. Liquidity risk is the risk of potential inability to meet the liabilities as they become due; and the inability to fund increase in assets, manage unplanned changes in the funding sources and to meet obligations when required. Market risk is defined as the risk to the Company's earnings and capital due to changes in the interest rates or prices of securities, foreign exchange changes as well as volatilities of changes. ESG risk is the risk due to environmental, social and governance factors on company's operations, financial performance and management.

In order to mitigate credit risk, the Company follows institutional appraisal and project appraisal processes, which include detailed appraisal methodology, identification of risks, suitable structuring and mitigation. The operational risks are measured and categorized as 'High', 'Moderate' or 'Low', through a comprehensive risk register covering all functional areas, namely business, compliance, finance, human resource, information technology, legal, operational and strategy. The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. Further, to mitigate market risk, the Company has an Asset Liability Management Committee (ALCO) with CMD, Whole-time Directors and Senior Officials as its members, which meets regularly for review. The Company also has in place an Asset Liability Management Policy and Hedging Policy, as part of Comprehensive Risk Management Policy. To mitigate the relevant ESG risks, the Company has formulated & implemented an ESG policy covering the focus areas inter alia including climate change strategy, corporate governance etc.

STRATEGY

While continuing to finance the power sector requirements in generation, transmission and distribution segments, REC is poised to capitalize on the Indian Government's focus on energy transition and finance upcoming renewable energy projects such as solar, wind, biomass, hydro EV's / charging infrastructure, manufacturers of EVs; financing of equipment manufacturing for clean technologies, funding of solar parks, solar SEZ, solar pump-sets, energy storage systems etc.

Further, during the year, Ministry of Power has permitted REC to lend to non-power Infrastructure and Logistics sector subject to annual sanction in Infrastructure not exceeding 1/3rd of total sanctions including for power infrastructure and green energy projects and subject to a ceiling of 30% of outstanding loan book. As a result, REC has actively started financing to sectors like Airports, Metro Rail, Roads & Highways, Green Hydrogen/Green Ammonia, Irrigation/Water resources, Multi-Modal Logistics Parks, Cold Chains, Railway Stations redevelopment, Ports, Healthcare Infrastructure etc. Necessary permissions in this regard are in place and projects aggregating ₹85,735 crore were approved during the year. The pipeline of approvals built during the later part of the financial year, will result in robust disbursement in the balance part of the year.

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

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

REC Limited has been at the forefront of providing funding to the power sector of the country for over five decades now. This longevity and sustained success are the result of several key factors, including robust corporate governance practices, active stakeholder participation, and a long-term vision for growth and development. Further, Company has entered in new sector for funding to infrastructure & logistics projects. REC strives to ensure that its practices and policies align with the interests of society and promote the greater good. This approach is evident in the company's focus on responsible resource utilization, environmental sustainability, and community engagement. REC takes its role in the power sector and in society seriously, and strives to make a positive impact through sound corporate governance practices, stakeholder engagement, and a long-term vision for growth and development.

REC strives to create value for all its stakeholders, including shareholders, non-convertible security holders, customers, vendors, employees, communities, and the general public. The company complies with all mandatory requirements for corporate governance as outlined by the Companies Act, 2013, ("the Act"), SEBI's Listing Obligations and Disclosure Requirements Regulations, 2015 ("SEBI LODR Regulations"), the Department of Public Enterprises' Guidelines on Corporate Governance for Central Public Sector Enterprises ("DPE Guidelines") and the Institute of Company Secretaries of India's Secretarial Standards ("Secretarial Standards"). Additionally, REC goes beyond these minimum requirements and meets most of the non-mandatory guidelines set forth by SEBI.

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

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 and spirit. The Company's systems, policies and frameworks are regularly reviewed and upgraded to meet the challenges of a dynamic business environment.

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

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

The above principles help in achieving the following objectives:

- To protect and enhance shareholder value;
- To protect the interest of all other stakeholders such as customers, employees and society at large;

*REC was conferred **'Golden Peacock Award 2022'** for excellence in Corporate Governance*

- 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.

As a Non-Banking Financial Company (NBFC), the Company has established its own "Internal Guidelines on Corporate Governance" in accordance with the norms set by the Reserve Bank of India (RBI). These guidelines codify the Company's approach to corporate governance, outlining its philosophy, structure, and framework. The Internal Guidelines on Corporate Governance can be accessed at https://recindia.nic.in/uploads/files/Final---Internal-Guidelines-on-Corporate-Governance.pdf.

2. BOARD OF DIRECTORS

As per the Articles of Association of REC, the number of Directors on the Board of the Company shall not be less than 3 (Three) and not be more than 15 (Fifteen). As on March 31, 2023, the Board of Directors of REC comprised of 9 (Nine) Directors, including the Chairman & Managing Director (CMD); Director (Finance); Director (Technical); a Government Nominee Director from the Administrative Ministry i.e., the Ministry of Power (MoP), Government of India; a Nominee Director of Power Finance Corporation Limited (PFC), which holds majority equity stake in the Company; and 4 (Four) Part-time Non-Official Independent Directors, including a Woman Independent Director.

Being a Government Company within the meaning of Section 2(45) of the Companies Act, 2013, the power to appoint Directors on the Board of REC vests with the President of India acting through the Administrative Ministry i.e., MoP.

The matter of appointment of remaining 1 (one) Independent Director is under consideration of the Administrative Ministry. Once the requisite (one) number of Independent Director is appointed, the Company will be in compliance with the applicable statutory provisions.

The Directors of REC are equipped with the necessary skills and knowledge to efficiently and effectively run the Company's operations. They work together to offer the strategic direction and support needed to achieve the Company's goals and objectives.

The Board has adopted a Policy on, *inter-alia*, Diversity and Skills of the Board, on recommendation of the Nomination & Remuneration Committee (NRC), which has been submitted to the MoP for suitable consideration in matters of nomination/appointment/reappointment of Directors in REC. The said policy is available at https://recindia.nic.in/uploads/files/Amended---Policy-on-Board-Diversity--Other-matters-dt-150722.pdf.

Additionally, following the RBI's Master Directions and based on the recommendation of the NRC, the Board has implemented a "Policy on 'fit & proper' criteria for Directors". This policy outlines the internal process for assessing Directors' qualifications, expertise, track record, integrity, and other relevant factors to determine their suitability as a Director. The "fit & proper" criteria specified in the policy are checked during the appointment or reappointment of Directors and annually thereafter. The policy can be accessed at https://recindia.nic.in/uploads/files/Amended---Policy-on-Fit--Proper-Criteria.pdf.

(a) Composition of Board

The composition of the Board as on March 31, 2023 and other relevant information, is outlined below:

Sl. no.	Name of the Director	DIN	Position in the Company	No. of other Directorships in Indian public limited companies	Directorships held in other listed entities, category of Directorship	No. of Committee positions held in other companies[a]	
						Chair-person	Member
Whole-time Directors (Executive Directors)							
1	Shri Vivek Kumar Dewangan	01377212	Chairman & Managing Director *(w.e.f. May 17, 2022)*	1	-	-	-
2	Shri Ajoy Choudhury	06629871	Director (Finance)	1			
3	Shri Vijay Kumar Singh	02772733	Director (Technical) *(w.e.f. July 15, 2022)*	2	-	-	-
Part-time Directors (Non-Executive Directors)							
4	Shri Piyush Singh	07492389	Government Nominee Director *(w.e.f. Sept 14, 2022)*	2	NTPC Limited (Nominee Director)	-	-
5	Smt. Parminder Chopra	08530587	Nominee Director of PFC	7	Power Finance Corporation Limited (Whole-time Director) PTC India Limited (Nominee Director)	Nil	2[b]
6	Dr. Gambheer Singh	02003319	Independent Director	1	-	-	-
7	Dr. Manoj Manohar Pande	09388430	Independent Director	-	-	-	-
8	Dr. Durgesh Nandini	09398540	Independent Director	-	-	-	-
9	Shri Narayanan Thirupathy	10063245	Independent Director *(w.e.f. March 6, 2023)*	-	-	-	-

a. In line with Regulation 26 of SEBI LODR Regulations, only chairpersonship / membership in Audit Committee and Stakeholders Relationship Committee in Indian public limited companies (other than REC) have been taken into consideration. Further, none of the Director is a member of more than 10 (ten) such committees nor a Chairperson of more than 5 (five) such committees.

b. Smt. Parminder Chopra is a member of the Stakeholders Relationship and Shareholders'/Investors' Grievance Committee of PFC and Audit Committee of PTC India Limited.

(b) Changes in the composition of the Board during FY 2022-23

1. Ministry of Power *vide* its Order dated May 10, 2022 read with resolution passed by the Board, appointed Shri Ravinder Singh Dhillon (DIN: 00278074), Chairman & Managing Director (CMD) of Power Finance Corporation Limited, to look after the work of CMD, REC Limited w.e.f. May 10, 2022 (F/N), in addition to his the then current post responsibilities for three months or until further orders, whichever is earlier. Accordingly, Shri Sudhir Kumar Gangadhar Rahate (DIN: 05254178) ceased to be CMD of the Company w.e.f. May 10, 2022.

2. Further, in terms of communication dated May 13, 2022 of Appointment Committee of the Cabinet (ACC), Ministry of Personnel Public Grievances and Pensions, Department of Personnel and Training (DoPT), Government of India read with MoP Order dated May 18, 2022 and with resolution passed by the Board, Shri Vivek Kumar Dewangan (DIN: 01377212) had assumed the charge of CMD of REC w.e.f. May 17, 2022.

3. Pursuant to MoP Order dated July 15, 2022 read with resolution passed by the Board, Shri Vijay Kumar Singh (DIN: 02772733) was appointed as Director (Technical) on the Board of REC Limited with effect from July 15, 2022 till the date of his superannuation i.e., June 30, 2025, or until further orders, whichever is earlier. Further, *vide* order dated July 15, 2022, MoP had conveyed approval of *ex post facto* entrustment of the additional charge towards the post of Director (Technical) to Shri Ajoy Choudhury, Director (Finance), from February 1, 2022 till a regular incumbent was appointed i.e., July 15, 2022. Further, MoP vide its letter dated August 10, 2023, rechristened of the existing post of Director (Technical) of the Company as Director (Projects).

4. Shri Piyush Singh, (DIN: 07492389) Joint Secretary, MoP, was appointed as the Government Nominee Director on the Board of REC w.e.f. September 14, 2022, pursuant to MoP office order of even date read with resolution passed by the Board, vice Shri Vishal Kapoor (DIN 08700132).

5. Shri Narayanan Thirupathy (DIN: 10063245) was appointed as Part-time Non-official (Independent) Director on the Board w.e.f. March 6, 2023, pursuant to MoP Order dated March 3, 2023 read with resolution passed by the Board, for a period of three years from the date of MoP Order or until further orders.

(c) Changes in the composition of the Board after March 31, 2023

Pursuant to MoP letter dated July 11, 2023 read with resolution passed by the Board Shri Manoj Sharma, Director (Commercial) of PFC has been appointed as Nominee Director of PFC on the Board of REC in place of Smt. Parminder Chopra w.e.f. July 11, 2023.

(d) Other provisions as to Board and its Committees

(i) Board procedures

The Company follows a structured approach of holding Board and Committee meetings, with the aim of maximizing participation, promoting a paperless environment, and ensuring compliance with statutory provisions. The Company operates with a systematic process for conducting board and committee meetings. In order to ensure the full participation and presence of all directors, the meeting dates are agreed upon well in advance through consultation with all the Directors. The agenda notes are sent to the directors within the time frame set by relevant statutory provisions, using either electronic or physical methods based on the director's preference. For added convenience and to promote a paperless environment, the company uses a secure platform to send the electronic agenda notes to the directors. Additionally, any information that is deemed price-sensitive is distributed separately before the meeting in accordance with applicable legal provisions.

Resolutions, if required, are being passed through circulation as required by business needs, and are recorded in the next board meeting. In cases of pressing business needs, meetings may be called on short notice, following the prescribed procedures.

The inclusion of any item on the agenda for board or committee meetings is determined through an established internal process, and decided by the CMD. The agenda notes include an executive summary in a standard format, as well as detailed information about the proposal, including draft resolution(s) to be approved.

Board and Committee meetings are ordinarily held at the Registered/Corporate office in Delhi/Gurugram and video conferencing technology is used extensively in order to facilitate participation. Whenever required, senior management officials are invited to attend and make presentations or offer additional insights on any agenda items. A comprehensive system of follow-up in the form of an Action Taken Report (ATR) is employed after each meeting, which chronicles the steps taken based on earlier decisions and discussions by the Board or Committees. The Company strictly adheres to the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

(ii) Details of Board meetings held during the year

During the financial year 2022-23, the Board of Directors met 12 (Twelve) times on these dates:

Q1	Q2	Q3	Q4
27-Apr-2022	4-Aug-2022	27-Oct-2022	30-Jan-2023
13-May-2022	15-Sep-2022	5-Dec-2022	9-Mar-2023
28-May-2022	-	30-Dec-2022	30-Mar-2023
30-Jun-2022	-	-	-

The minimum and maximum gap between any two Board meetings held during the financial year was 14 (Fourteen) days and 41 (Forty-one) days, respectively. Further, gap between the first Board meeting of financial year 2022-23 from the last Board meeting of financial year 2021-22, was 36 (Thirty-Six) days.

(iii) Information placed before the Board of Directors

The Board of Directors has complete and unrestricted access to all information within the company, surpassing the minimum information requirements outlined in the SEBI LODR regulations. The company goes above and beyond in ensuring that the Board has a comprehensive and in-depth understanding of the information provided.

The information provided to the Board includes, *inter-alia*, the following:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds.
4. Proposals relating to sanction of financial assistance.
5. Quarterly, half yearly and annual financial results of the Company.
6. Board's Report alongwith its annexures.
7. Minutes of meetings of Audit Committee and other Committees of the Board.
8. Minutes of Board meetings of all 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, if applicable.
10. Show cause, demand, prosecution notices and penalty notices which are materially important, if any.
11. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
12. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company, if any.
13. Issues which involve possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company, if any.
14. Details of any joint venture or collaboration agreement, formation of subsidiaries, strategic alliances, etc., if any.
15. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
16. Significant labour problems, if any and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc., if any.
17. Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business, if any.
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, etc., if applicable.
20. Quarterly report on compliance of various applicable laws.
21. Quarterly report on reconciliation of share capital audit, corporate governance report as per SEBI LODR Regulations and status of investor grievances.
22. Quarterly report on borrowings and redemption.
23. Quarterly report on deployment of short-term surplus funds.
24. Quarterly report on loan portfolio quality and diversification.
25. Quarterly report on cost of funds.
26. Quarterly report on ECL based credit risk categorization of loan book.
27. Half yearly report on long term investments.
28. Half yearly report on compliance of Whistle Blower Policy.
29. Half yearly report on compliance of Fair Practices Code.
30. Periodic reports under the Delegation of Powers.
31. Action Taken Report on earlier decisions / deliberations of the Board.
32. Any other information, as may be required to be presented to the Board.

(iv) Details of Directors' attendance at Board meetings and Annual General Meeting (AGM) held during the financial year 2022-23:

Sl. no.	Name of the Director	Date of meeting and attendance thereat												Total number of meetings			Attendance at 53rd AGM held on 16-Sep-22
		27-Apr-2022	13-May-2022	28-May-2022	30-Jun-2022	4-Aug-2022	15-Sep-2022	27-Oct-2022	5- Dec-2022	30-Dec-2022	30-Jan-2023	9-Mar-2023	30-Mar-2023	Held during tenure	Attended by Director	% of attendance	
1	**Shri Vivek Kumar Dewangan** *CMD w.e.f. 17-May-2022*	N.A.	N.A.	👤	👤	👤	👤	👤	👤	👤	👤	👤	🎥	10	10	100	👤
2	**Shri Ravinder Singh Dhillon** *CMD from 10-May-2022 to 16-May-2022*	N.A.	👤	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100	N.A.
3	**Shri Sudhir Kumar Gangadhar Rahate** *CMD upto 9-May-2022*	👤	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1	1	100	N.A.
4	**Shri Ajoy Choudhury** *Director (Finance)*	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	🎥	👤	12	12	100	👤
5	**Shri Vijay Kumar Singh** *Director (Technical) w.e.f. 15-July-2022**	N.A.	N.A.	N.A.	N.A.	🎥	👤	👤	👤	👤	👤	👤	👤	8	8	100	👤
6	**Shri Piyush Singh** *Government Nominee Director w.e.f. 14-Sept-2022*	N.A.	N.A.	N.A.	N.A.	N.A.	🎥	🎥	LoA	🎥	🎥	LoA	👤	7	5	71.40	👤
7	**Shri Vishal Kapoor** *Government Nominee Director ceased w.e.f. 14-Sept-2022*	🎥	🎥	🎥	👤	🎥	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	5	5	100	N.A.
8	**Smt. Parminder Chopra** *PFC Nominee Director*	🎥	🎥	LoA	👤	👤	LoA	👤	👤	👤	🎥	👤	🎥	12	10	83.33	👤
9	**Dr. Gambheer Singh** *Independent Director*	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	12	12	100	👤
10	**Dr. Manoj Manohar Pande** *Independent Director*	👤	👤	🎥	👤	🎥	👤	👤	👤	👤	👤	👤	🎥	12	12	100	👤
11	**Dr. Durgesh Nandini** *Independent Director*	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	12	12	100	👤
12	**Shri Narayanan Thirupathy** *Independent Director w.e.f. 6-Mar-2023*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	👤	👤	2	2	100	N.A.

👤 Present in person   🎥 Present through video conferencing   N.A. Not Applicable   LoA Leave of Absence

**MoP vide its letter dated August 10, 2023, rechristened the existing post of Director (Technical) of the Company as Director (Projects).*

(v) Retirement by rotation at the ensuing 54th AGM

In accordance with the provisions of the Companies Act, 2013 and Article 91 (iv) of the Articles of Association of the Company, Shri Vijay Kumar Singh, (DIN: 02772733), Director (Projects) shall retire by rotation at the ensuing 54th AGM of the Company and being eligible, offers himself for re-appointment. The brief resume of Shri Vijay Kumar Singh, including his expertise in various functional areas and other relevant information, is appearing in the Notice of the 54th AGM forming part of this Annual Report.

(vi) Resume of Directors

Brief resume of directors seeking appointment or reappointment at the Annual General Meeting is appended to the Notice calling the Annual General Meeting.

(vii) *Inter-se* relationship between Directors

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

(viii) Share and convertible instruments held by Non-Executive Directors

As on March 31, 2023, none of the Non-Executive Directors held any shares or convertible instruments in the Company.

(ix) Information related to Independent Directors

The tenure of Independent Directors appointed during the year was compliant with the regulations outlined in the Companies Act, 2013. During the financial year 2022-23, none of the Independent Directors resigned.

All Independent Directors of REC are registered in the database for Independent Directors maintained by the Indian Institute of Corporate Affairs. Further, all Independent Directors have submitted the requisite declaration(s), that they meet the criteria of independence specified under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI LODR Regulations.

In view of the Board, the Independent Directors of the Company have strong moral character and the necessary skills and experience to make valuable contributions to the company, and to be free from any ties or connections to the management.

(x) Separate meeting of Independent Directors

In accordance with the provisions of SEBI LODR Regulations and the Companies Act, 2013, a separate meeting of the Independent Directors of REC was held on December 31, 2022, which was attended by all the then Independent Directors of the Company.

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

The Board of Directors at REC is comprised of highly qualified individuals who possess the necessary skills, expertise, and competence to effectively manage the company and make valuable contributions to the Board and its committees. The Board members are dedicated to ensure that REC adheres to the highest standards of corporate governance. In light of the complexities of REC's business and the broader power sector, the Board has identified key skills, expertise, competencies, and attributes that are critical for its effective functioning:

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

In the table set out below, the specific areas of expertise of individual Board members as on March 31, 2023 and the Board members appointed subsequently, have been highlighted:

KEY QUALIFICATIONS OF THE BOARD

Name of the Director	Area of expertise								
	Financial Management	Power sector domain expertise	Project appraisal	Corporate Planning & Strategy	Risk Management	Leadership	Board practices & Governance	Business Development	Environment & Social
Shri Vivek Kumar Dewangan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shri Ajoy Choudhury	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shri Vijay Kumar Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shri Piyush Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓
Smt. Parminder Chopra	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shri Manoj Sharma*	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Gambheer Singh	✓	✓		✓	✓	✓	✓	✓	✓
Dr. Manoj Manohar Pande	✓	✓		✓	✓	✓	✓	✓	✓
Dr. Durgesh Nandini	✓	✓		✓		✓	✓	✓	✓
Shri Narayanan Thirupathy	✓	✓		✓		✓	✓	✓	✓

**Appointed w.e.f. July 11, 2023 in place of Smt. Parminder Chopra.*

The absence of tick mark against a member's name, does not necessarily mean that the said member does not possess the corresponding skill or expertise.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors functions either as full Board, or through various Committees constituted to oversee specific areas of business and governance. Each Committee is guided by its terms of reference approved by the Board, which define its composition, scope and powers. The Committees meet regularly and as per requirement, to make informed decisions under their assigned area of work, within the authority delegated to them.

As on March 31, 2023, 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. Committee for Investment/Deployment of Surplus Funds
7. Asset Liability Management Committee
8. IT Strategy Committee
9. Sub-committee to ensure compliance of GoI directives on 'Make in India'

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

3.1 Audit Committee

The Company has constituted an Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The 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.

The Audit Committee carries out its role as per its terms of reference and reviews the information prescribed under the applicable statutory provisions.

During the year under review, the Audit Committee met 6 (six) times. The composition of Audit Committee as on March 31, 2023 and details of attendance at its meetings held during the year, were as under

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attandance thereat							Total number of meetings		
			13-May-2022	30-Jun-2022	4-Aug-2022	26-Oct-2022	27-Oct-2022 *(Adjourned)*	30-Jan-2023	9-Mar-2023	Held during tenure	Attended by Director	% of attendance
1	Dr. Gambheer Singh Independent Director	Chairperson	👤	👤	👤	👤	👤	👤	👤	6	6	100
2	Dr. Manoj Manohar Pande Independent Director	Member *upto 29-Dec-2022*	👤	👤	🎥	👤	👤	N.A.	N.A.	4	4	100
3	Dr. Durgesh Nandini Independent Director	Member	👤	👤	👤	👤	👤	👤	👤	6	6	100
4	Smt. Parminder Chopra PFC Nominee Director	Member	🎥	👤	👤	👤	👤	🎥	👤	6	6	100

👤 Present in person 🎥 Present through video conferencing N.A. Not Applicable

The maximum gap between any two meetings of the Audit Committee was not more than 120 days.

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

All the members of the Audit Committee are financially literate and at least one member of the Audit Committee had accounting or related financial management expertise. Further, the then Chairperson of Audit Committee was present at the last AGM held on September 16, 2022, to answer the queries of shareholders.

3.2 Nomination & Remuneration Committee

REC being a Central Public Sector Enterprise (CPSE), as per the Articles of Association of the Company, the appointment, tenure and remuneration of CMD, Whole-time Directors and other Directors are decided by the President of India and communicated by the Administrative Ministry i.e., MoP.

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

a. 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;

b. To comply with the requirements relating to Nomination and Remuneration Committee as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time; and

c. 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.

During the year under review, the NRC met 10 (ten) times. The composition of NRC as on March 31, 2023 and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attandance thereat										Total number of meetings		
			27-Apr-2022	13-May-2022	28-May-2022	30-Jun-2022	4-Aug-2022	15-Sep-2022	26-Oct-2022	05-Dec-2022	30-Jan-2023	9-Mar-2023	Held during tenure	Attended by Director	% of attendance
1	Dr. Manoj Manohar Pande Independent Director	Chairperson	👤	👤	🎥	👤	🎥	👤	👤	👤	👤	👤	10	10	100
2	Dr. Gambheer Singh Independent Director	Member	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	10	10	100
3	Dr. Durgesh Nandini Independent Director	Member	👤	👤	👤	👤	👤	👤	👤	👤	👤	👤	10	10	100
4	Shri Narayanan Thirupathy Independent Director	Member w.e.f. *9-Mar-2023*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

👤 Present in person 🎥 Present through video conferencing N.A. Not Applicable

The quorum for meetings of NRC is two members, including the Chairperson of the Committee. Further, Director (Finance), Director (Projects) and Executive Director (HR) / Head of Division (HR), are also standing invitees to the meetings of NRC. The Company Secretary acts as the Secretary to the Committee.

The Ministry of Corporate Affairs (MCA) vide notification dated June 5, 2015, had exempted Government companies from the requirement related to formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of Directors and policy relating to remuneration of Directors. Further, MCA *vide* notification dated July 5, 2017, had prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, as prescribed in Schedule IV of the Companies Act, 2013, are also not applicable to Government companies. The performance evaluation of Non-Executive Directors of the Company was carried out by the Administrative Ministry, as per its internal guidelines. Moreover, the Company enters into Memorandum of Understanding (MoU) for the financial year with its holding company, PFC, the key parameters of which are finalized in consultation with the MoP. The performance of the Company is evaluated *vis-à-vis* the MoU parameters, as per the framework prescribed under MoU Guidelines issued by DPE.

Being a CPSE, the remuneration of functional directors, key managerial personnel and other employees of the Company including senior management personnel, is determined as per the extant guidelines on pay, perquisites, allowances etc. issued by the Department of Public Enterprises (DPE) and/or Government of India from time to time. Non-executive Directors (including Independent Directors) are eligible to receive sitting fees for attending the meetings of Board or Committees thereof, which is within the limits prescribed under the Companies Act, 2013. The Government Nominee Director is not entitled to receive any sitting fees from the Company, as per the norms of Government of India. On recommendation of NRC, the Board has adopted a Policy on, *inter-alia*, Policy on diversity and skills of the Board, criteria for appointing senior management personnel and remuneration to Directors, KMPs and other employees, which is available at https://recindia.nic.in/uploads/files/Amended---Policy-on-Board-Diversity--Other-matters-dt-150722.pdf.

Details regarding remuneration paid to Functional Directors and Key Managerial Personnel (KMPs) of the Company during the financial year 2022-23, are given below:

(Amount in ₹)

Sl. no.	Name & Designation	Salary & Allowances	Performance Linked Incentive	Perquisites	Other Benefits included in Form 16	Leave Encashment	CPF Contribution	Pension Fund Contribution	Total
1	**Shri Sudhir Kumar Gangadhar Rahate[1]** CMD upto May 9, 2022	-	-	-	-	-	-	-	-
2	**Shri Ravinder Singh Dhillon[2]** CMD upto May 16, 2022	-	-	-	-	-	-	-	-
3	**Shri Vivek Kumar Dewangan[3]** CMD w.e.f. May 17, 2022	29,19,661	-	-	56,338	-	-	-	**29,75,999**
4	**Shri Ajoy Choudhury** Director (Finance)	55,88,585	29,93,799	87,382	58,767	-	4,60,564	2,68,664	**94,57,761**
5	**Shri V. K. Singh[4]** Director (Technical) w.e.f. July 15, 2022	40,24,283	13,35,448	90,332	41,428	-	3,32,657	1,94,051	**60,18,199**
6	**Shri J.S. Amitabh** Executive Director & Company Secretary	56,25,627	20,88,208	1,572	2,643	-	4,59,030	2,67,771	**84,44,851**

Notes:

1. *Shri Sudhir Kumar Gangadhar Rahate, was holding additional charge of CMD during February 22, 2022 to May 9, 2022, while serving as Additional Secretary in the Ministry of Power, Government of India. No remuneration was paid to him by REC.*
2. *Shri Ravinder Singh Dhillon, CMD of PFC Limited was appointed as CMD of REC in addition to his current post responsibilities during May 10, 2022 to May 16, 2022. No remuneration was paid to him by REC.*
3. *Shri Vivek Kumar Dewangan, was appointed as CMD of REC w.e.f. May 17, 2022 (F/N). Accordingly, salary details are from May 17, 2022 to March 31, 2023.*
4. *Shri. V. K. Singh was appointed as Director (Technical) of REC w.e.f. July 15, 2022. Accordingly salary details are from July 15, 2022 to March 31, 2023.*
5. *Performance Linked Incentive is paid in line with the guidelines issued in this regard by the DPE.*
6. *Other benefits included in Form 16 exclude the reimbursement(s) towards uniform, entertainment, electricity, water and attendant charges and exempt medical expenses/reimbursement.*
7. *In the financial year 2022-23, pension contribution was deposited in NPS account. Hence, the Employer Pension Contribution is part of salary u/s 17(1) of the Income Tax Act, 1961 in Form 16.*
8. *Total remuneration includes allowances exempt u/s 10 of the Income Tax Act, 1961 and excludes employer's contribution into REC Gratuity Fund, based on actuarial valuation.*
9. *The Company has not given any stock options.*
10. *The appointment of Directors and terms of appointment including remuneration, notice period, severance fees etc., if any, are decided by President of India.*

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Endless energy. Infinite possibilities.

Remuneration of Non-Executive Directors

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

During the financial year 2022-23, the details of remuneration paid to Non-Executive Directors towards sitting fee (excluding GST), were as under: -

(Amount in ₹)

Sl. no.	Name of Non-Executive Director	Sitting fee		Total
		Board meetings	Committee meetings	
1	Dr. Gambheer Singh Independent Director	4,80,000	8,40,000	13,20,000
2	Dr. Manoj Manohar Pande Independent Director	4,80,000	9,00,000	13,80,000
3	Dr. Durgesh Nandini Independent Director	4,80,000	5,70,000	10,50,000
4	Shri Narayanan Thirupathy Independent Director	80,000	-	80,000
	Total	**15,20,000**	**23,10,000**	**38,30,000**

Note: *The Nominee Director of PFC is entitled to receive sitting fee for attending the Board or Committee meetings of REC, which is paid to PFC. However, Smt. Parminder Chopra, Nominee Director of PFC has conveyed that no sitting fee is to be paid in connection with Board or Committees meetings of REC attended by her.*

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

3.3 Stakeholders Relationship Committee

The Company has constituted a Stakeholders Relationship Committee (SRC), in terms of the provisions of Section 178 of the Companies Act, 2013, Regulation 20 of SEBI LODR Regulations and other applicable laws. The SRC looks specifically into the redressal of requests, complaints or grievances from various security holders including shareholders and debenture-holders, such as non-receipt of dividend credit / warrants, non-receipt of interest on debentures etc.

During the year under review, the SRC met 2 (two) times. The composition of SRC as on March 31, 2023 and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat		Total number of meetings		
			13-May-2022	26-Oct-2022	Held during tenure	Attended by Director	% of attendance
1.	Dr. Durgesh Nandini Independent Director	Chairperson	👤	👤	2	2	100
2.	Dr. Manoj Manohar Pande Independent Director	Member *upto 29-Dec-2022*	👤	👤	2	2	100
3.	Shri Ajoy Choudhury Director (Finance)	Member	👤	👤	2	2	100
4.	Shri Vijay Kumar Singh Director (Technical)	Member *w.e.f. 15-July-2022*	N.A.	👤	1	1	100

👤 Present in person N.A. Not Applicable

Shri J. S. Amitabh, Executive Director & Company Secretary, acts as the Secretary to the Committee. He is also the Compliance Officer of the Company in terms of SEBI LODR Regulations.

The quorum for meetings of SRC is two members including the Chairperson of the Committee. Further, representatives of the Registrar & Transfer Agents appointed by the Company for various securities including shares, debentures, bonds etc., are Invitees to the meetings of the SRC. The then Chairperson of the Committee, was present at the last AGM of the Company held on September 16, 2022, to answer the queries of security holders.

Requests & grievances of shareholders / debenture-holders

To promptly redress the requests & grievances of shareholders, debenture-holders etc., the Company has established a three-tier mechanism i.e., support service from the respective Registrars, in-house investor cell and direct supervision by the SRC, which has resulted in timely resolution of all requests & grievances.

NSE and BSE have a web-based complaints redressal system and a separate platform of SEBI 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. Through this system, the investors are also able to check the status of the complaints, such as with whom the complaint is pending, upon whom the responsibility has been fixed and for how much time the complaint is pending. An investor, who is not familiar with SCORES or NSE and BSE web based system or does not have access to SCORES, can lodge a complaint in physical form or alternatively can send an e-mail to the R&TA of the Company and Company for redressal of compliant.

The Company and its R&TA attends to all investor requests & grievances promptly and on an expeditious basis, to the satisfaction of the investors. A quarterly update on the status of investor requests & grievances is filed with the Stock Exchanges and also placed before the Board. Pursuant to Regulation 13(3) of SEBI LODR Regulations, the status of shareholders' / investors' requests & grievances for the financial year 2022-23 was as under:

Particulars of requests / grievances	Equity Shares	Listed debt securities	Total
Pending as on 1-Apr-2022	**3**	**0**	**3**
Received during the financial year	2,464	1,217	3,681
Disposed of during the financial year	2,461	1,217	3,678
Remaining unresolved as on 31-Mar-2023	**6***	**0**	**6***

** The said 6 requests / grievances remaining unresolved as on March 31, 2023, have since been resolved.*

3.4 Risk Management Committee

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

a. To manage the integrated risk;

b. To identify various risks likely to arise, evaluate overall risks faced by the Company including liquidity risk, monitor and review the risk management plan, policies and practices followed by the Company from time to time;

c. To oversee the mitigation of various risks and to perform all other risk management functions, which shall also cover cyber security; and

d. To perform any other function, as may be required for compliance of applicable statutory provisions issued by RBI, SEBI, MCA and/or any other agencies, from time to time.

During the financial year 2022-23, the Risk Management Committee met 3 (three) times. The composition of Risk Management Committee as on March 31, 2023 and details of attendance at its meetings held during the financial year 2022-23, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat			Total number of meetings		
			28-Jun-2022	16-Dec-2022	28-Mar-2023	Held during tenure	Attended by Director	% of attendance
1	Shri Vivek Kumar Dewangan *Chairman & Managing Director*	*Chairperson w.e.f. 05-Dec-22*	N.A.	👤	📹	2	2	100
2	Dr. Gambheer Singh *Independent Director*	Chairperson *upto 04-Dec-22* Member *till 29-Dec-22*	📹	📹	N.A.	2	2	100
3	Dr. Manoj Manohar Pande *Independent Director*	Member	📹	📹	📹	3	3	100
4	Shri Ajoy Choudhury *Director (Finance)*	Member	👤	👤	📹	3	3	100
5	Shri V. K. Singh *Director (Technical)*	Member *w.e.f. 15-Jul-22*	N.A.	👤	📹	2	2	100

👤 Present in person   📹 Present through video conferencing   N.A. Not Applicable

The Company has appointed a Chief Risk Officer (CRO) as prescribed by RBI. The CRO also acts as the convener to RMC.

The quorum for meetings of Risk Management Committee is three members, including the Chairperson of the Committee. Further, Executive Director (Finance-Resources), Executive Director (Private Sector Project Management), Executive Director (State Operations) and Executive Director (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 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:

a) 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;

b) To monitor the Corporate Social Responsibility Policy of the Company from time to time;

c) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a);

d) To recommend / review CSR projects / programs / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;

e) To institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken by the Company;

f) To assist the Board of Directors to formulate strategies on CSR initiatives of the Company;

g) 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;

h) To periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and

i) To comply with the other requirements on Corporate Social Responsibility Policy, as amended from time to time.

During the year under review, the CSR Committee met 10 (ten) times. The composition of CSR Committee as on March 31, 2023 and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name of the Director	Position in the Committee	Date of meeting and attendance thereat										Total number of meetings		
			27-Apr-22	13-May-22	4-Aug-22	15-Sep-22	26-Oct-22	5-Dec-22	30-Dec-22	30-Jan-23	9-Mar-23	28-Mar-23	Held during tenure	Attended by Director	% of attendance
1	Dr. Manoj Manohar Pande Independent Director	Chairperson	👤	👤	📹	👤	👤	👤	👤	👤	👤	📹	10	10	100
2	Dr. Gambheer Singh Independent Director	*Member* *upto 29-Dec-2022*	👤	👤	👤	👤	👤	👤	👤	N.A.	N.A.	N.A.	7	7	100
3	Shri Ajoy Choudhury Director (Finance)	Member	👤	👤	👤	👤	👤	👤	👤	👤	📹	👤	10	10	100
4	Shri Vijay Kumar Singh Director (Technical)	Member *w.e.f. 15-July-2022*	N.A.	N.A.	📹	👤	👤	👤	👤	👤	👤	📹	8	8	100

👤 Present in person   📹 Present through video conferencing   N.A. Not Applicable

The quorum for meetings of CSR Committee is two members, including the Chairperson of the Committee. The Company Secretary acts as the Secretary to the Committee. The Corporate Social Responsibility & Sustainability Policy of the Company is available at https://recindia.nic.in/uploads/files/REC-CSR-Policy-07-12-2021.pdf.

3.6 Committee for Investment / Deployment of Surplus Funds

The Committee for Investment / Deployment of Surplus Funds has been constituted for the purpose of approving investment / deployment of short-term surplus funds of ₹1,000 crore and above in single instance in Certificate of Deposits or ₹2,000 crore and above in Mutual Funds and Fixed Deposits at any time. The Committee comprises of the CMD as Chairperson; and Director (Finance) and Director (Projects) as members. The quorum for meetings of the said Committee is two members, including CMD. However, no meeting of the said Committee was held during the financial year 2022-23.

3.7 Asset Liability Management Committee (ALCO)

In pursuance to RBI guidelines on Asset Liability Management (ALM) system for NBFCs, the Company has constituted an Asset Liability Management Committee (ALCO). The ALCO monitors risks related to liquidity, interest rates and currency rates with the help of ALM support group, which provides various reports on liquidity gap analysis, interest rate sensitivity analysis and foreign currency movements etc. ALCO meets every quarter to review the position of above risks. ALCO is headed by the CMD, with members including Director (Finance), Director (Projects) and Executive Directors (EDs) or Chief General Managers (CGMs) from the finance and operating divisions of the Company.

During the year under review, the ALCO met 4 (four) times. The composition of ALCO as on March 31, 2023 and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name/Designation of the Director / Member	Position in the Committee	Meetings and attendance of ALCO				Total number of meetings		
			9-Jun-2022	13-Sep-2022	16-Dec-2022	21-Mar-2023	Held during tenure	Attended by Director/ Member	% of attendance
1	Shri Vivek Kumar Dewangan Chairman & Managing Director	Chairperson *w.e.f. 17-May-2022*	👤	👤	👤	👤	4	4	100
2	Shri Ajoy Choudhury Director (Finance)	Member	👤	👤	👤	👤	4	4	100
3	Shri Vijay Kumar Singh Director (Technical)	Member *w.e.f. 15-July-2022*	N.A.	👤	👤	👤	3	3	100
4	ED (Resources)	Member	👤	👤	👤	👤	4	4	100
5	ED / CGM (PSPM / State Operations)	Member	👤	👤	👤	👤	4	4	100
6	ED / CGM (ALM)	Member	👤	👤	👤	👤	4	4	100

👤 Present in person N.A. Not Applicable

The quorum for meetings of ALCO is three members, including CMD and the Director (Finance). The ED/CGM (ALM) acts as the convener of ALCO. Other senior officials of the Company are also invited to meetings of ALCO, as per requirement. The CMD may authorize a Whole-time Director to chair the meeting of ALCO in his absence. The CMD may also authorize a backup executive for each of the members and convener of ALCO, in case of need.

3.8 IT Strategy Committee

In compliance of RBI's Master Directions for NBFCs, the Board of Directors has constituted an IT Strategy Committee (ITSC). The ITSC comprises of an Independent Director as the Chairperson; and Chief Information Officer (CIO), Chief Technology Officer (CTO)/ISMS Officer and one external Technical Expert as its members. The role of ITSC includes monitoring the methods to determine the IT resources needed to achieve strategic goals and to provide high-level direction for sourcing and use of IT resources & approving IT strategy and policy documents.

During the year under review, the ITSC met 1 (one) time. The composition of ITSC as on March 31, 2023 and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name / Designation of the Director / Member	Position in the Committee	Date of meeting and attendance thereat	Total number of meetings		
			16-Sep-2022	Held during tenure of Member	Attended by the Member	% of attendance
1	Shri Narayanan Thirupathy Independent Director	*Chairperson w.e.f. 9-Mar-2023*	N.A.	N.A.	N.A.	N.A.
2	Dr. Gambheer Singh Independent Director	*Chairperson upto 8-Mar-2023 Member w.e.f. 9-Mar-2023*	👤	1	1	100
3	Executive Director (IT) (CIO)	Member	👤	1	1	100
4	HOD (IT)/ISMS Officer/CTO	Member	👤	1	1	100
5	External Technical Expert	Member	👤	1	1	100

👤 Present in person N.A. Not Applicable

3.9 Sub-committee to ensure compliance of GoI directives on 'Make in India'

The Board of REC has constituted Sub-committee to ensure compliance of GoI directives on 'Make in India', comprising of the Government Nominee Director as Chairperson and Director (Finance) and Nominee Director of PFC as its members, to *inter-alia*, scrutiny/review the tender notices, as and when being floated by REC or its subsidiaries, valuing ₹250 crore or above. Further, one (1) meeting of the said Sub-committee was held on September 8, 2022 during the financial year 2022-23.

4. OTHER COMMITTEES

In addition to the abovementioned Committees, the Board of Directors has also constituted some additional Committees to look into specific matters, details of which are as follow:

4.1 Perpetual Debt Instrument Committee

In line with the Board-approved "Perpetual Debt Instrument Policy", the Company has raised Perpetual Debt Instruments to the tune of ₹558.40 crore in January, 2021, which are unsecured, subordinated, non-convertible instruments. In compliance of the said policy, a Committee comprising of CMD, Director (Finance) and Director (Projects) has been constituted, to decide upon the payment/non-payment of coupon on the Perpetual Debt Instruments after taking into account different factors. The quorum for meetings of the Committee is at least two members.

During the financial year 2022-23, one (1) meeting of the Perpetual Debt Instrument Committee was held on December 6, 2022, which was attended by CMD, Director (Finance) and Director (Technical).

4.2 Share Transfer Committee

The Share Transfer Committee considers requests for transmission, transposition, splitting and consolidation of shares exceeding 500 equity shares per individual in each case under the physical segment and for issue of duplicate share certificates. As on March 31, 2023, 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 (Executive Director - Finance), as members. However, no meeting of the said Committee was held during the financial year 2022-23.

4.3 Bonus Issue Committee

The Board in its meeting held on June 30, 2022 had constituted a Bonus Issue Committee for deciding/approving the allotment of bonus shares and deal with related matters thereto. The Bonus shares were allotted to shareholders on August 20, 2022 and admitted for trading on stock exchanges on August 26, 2022.

During the year under review, the Bonus Committee met 1 (one) time. The composition of Bonus Committee and details of attendance at its meetings held during the year, were as under:

Sl. no.	Name / Designation of the Director / Member	Position in the Committee	Date of meeting and attendance thereat	Total number of meetings		
			20-Aug-2022	Held during tenure of Member	Attended by the Member	% of attendance
1	Shri Vivek Kumar Dewangan Chairman & Managing Director	Chairperson	👤	1	1	100
2	Shri Ajoy Choudhury Director (Finance)	Member	👤	1	1	100
3	Dr. Gambheer Singh Independent Director	Member	👤	1	1	100

👤 Present in person

The Company Secretary acts as the Secretary to the Committee.

The work assigned to Bonus Committee was completed on successful allotment and admission for trading on stock exchanges. Henceforth, the Board in its meeting held on December 30, 2022 dissolved the Bonus Committee.

5. SUBSIDIARY COMPANIES

REC has a wholly owned subsidiary, namely, REC Power Development and Consultancy Limited (RECPDCL) (formerly known as REC Power Distribution Company Limited). RECPDCL *inter-alia* acts as the "Bid Process Coordinator" for selection of Transmission Service Provider through Tariff Based Competitive Bidding (TBCB) process, for independent inter-state and intra-state transmission project assigned by the Ministry of Power and State Governments from time to time. In order to initiate development of each independent inter-state / intra-state transmission project, RECPDCL incorporates project specific Special Purpose Vehicle (SPVs), as its wholly owned subsidiary.

Such wholly owned subsidiaries (project specific SPVs) are also wholly owned subsidiaries of REC, pursuant to Section 2(87) of the Companies Act, 2013. After selection of the successful bidder in accordance with the TBCB guidelines, such subsidiaries are transferred to the successful bidder along with all assets & liabilities.

As on March 31, 2023, RECPDCL had the following project specific SPVs / wholly owned subsidiaries, which were also wholly-owned subsidiaries of REC:

(1) Chandil Transmission Limited
(2) Dumka Transmission Limited
(3) Mandar Transmission Limited
(4) Koderma Transmission Limited
(5) Bidar Transmission Limited
(6) Ramgarh II Transmission Limited
(7) Sikar Khetri Transmission Limited
(8) Beawar Transmission Limited
(9) Luhri Power Transmission Limited
(10) Khavda II- D Transmission Limited*
(11) Meerut Shamli Power Transmission Limited
(12) NERES XVI Power Transmission Limited
(13) KPS1 Transmission Limited**

**Striking off the name of project specific SPV i.e. Khavda II-D Transmission Limited is under process as the related inter-state Transmission Project is de-notified by Central Electricity Authority, Ministry of Power.*

***KPS1 Transmission Limited was transferred on April 20, 2023.*

Further, after March 31, 2023 till the date of this report RECPDCL has incorporated the following project specific SPVs :

(1) Jalpura Khurja Power Transmission Limited
(2) Rajasthan Part - I Power Transmission Limited
(3) Dhule Power Transmission Limited
(4) Ishanagar Power Transmission Limited
(5) Karera Power Transmission Limited
(6) Shontong Power Transmission Limited
(7) Pachora Power Transmission Limited

The minutes of Board meetings of all subsidiary companies are placed before the Board of Directors of REC. The financial statements of unlisted subsidiary companies, in particular the investments made by them, are reviewed by the Audit Committee of REC. The audited financial statements and related information of RECPDCL and other subsidiaries, is available on the website of the Company at https://recindia.nic.in/recpdcl-annual-accounts.

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

6. GENERAL BODY MEETINGS

The details of the last three AGMs of the Company and special resolutions passed thereat, are as follows:-

AGM no.	Financial year	Date	Time	Venue	Special Resolution passed
51st	2019-20	25-Sep-2020	11:00 A.M.	Through VC/ OAVM	1. To increase the overall Borrowing Limit of the Company. 2. To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company. 3. Approval for Private Placement of Securities.
52nd	2020-21	24-Sep-2021	11:00 A.M.	Through VC/ OAVM	1. Approval for private placement of securities. 2. Alteration of Objects Clause of Memorandum of Association of the Company.
53rd	2021-22	16-Sep-2022	11:00 A.M.	Through VC/ OAVM	1. To increase the overall Borrowing Limit of the Company 2. To create mortgage and/or charge on all or any of the movable and/or immovable properties of the Company. 3. Approval for private placement of securities.

Note: In terms of the General Circular no. 20/2020 dated May 5, 2020, General Circular no. 02/2021 dated January 13, 2021 and General Circular no. 02/22 dated May 5, 2022 issued by the Ministry of Corporate Affairs in light of Covid-19 pandemic, the 51st, 52nd and 53rd AGMs of REC were held through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), and the deemed venue of meeting was registered office of the Company.

Pursuant to the Ministry of Corporate Affairs (MCA) Circular no. 10/22 dated December 28, 2022 read along with other relevant circular(s), pursuant to which the ensuing 54th AGM of REC will be held on Wednesday, September 6, 2023 through VC/OAVM mode. The Company will provide the facility of electronic participation and e-voting for the said AGM to the shareholders, relevant details of which are appearing in the Notice of the 54th AGM forming part of this Annual Report.

Further, in light of the said MCA General Circular read with SEBI Circular dated January 5, 2023, the Annual Report of the Company for financial year 2022-23 is being sent in soft copy to those shareholders and holders of non-convertible securities of the Company, whose email addresses are registered with the Company / Registrars / Depositories / Depository Participants.

6.1 Postal Ballot

Details of postal ballot conducted during the financial year 2022-23 are as follows:

Financial year	Brief description of the resolution	Type of Resolution	Votes cast in favour (%)	Votes cast against (%)	Procedure for postal ballot					Person who conducted the postal ballot exercise
					Date of Postal Ballot Notice	Cut-off date	Newspaper in which advertisement was printed	Remote e-voting period & E-voting Agency	Result Date	
2021-22 (March - April, 2022)	Appointment of Smt. Parminder Chopra (DIN: 08530587) as Nominee Director of PFC	Ordinary	85.95%	14.05%	March 25, 2022	March 23, 2022	Business Standard newspaper (English and Hindi editions) on Monday, March 28, 2022	Tuesday, March 29, 2022 (0900 hours) India Standard Time (IST) to Wednesday, April 27, 2022 (1700 hours) (IST) E-voting agency: NSDL	Friday, April 29, 2022	CS Hemant Kumar Singh (FCS no. 6033, Certificate of Practice no. 6370), from M/s Hemant Singh & Associates, Company Secretaries
	Appointment of Shri Sudhir Kumar Gangadhar Rahate (DIN: 05254178) as CMD	Ordinary	93.70%	6.30%						
2022-23 (July - August, 2022)	Appointment of Shri Vivek Kumar Dewangan (DIN: 01377212) as CMD.	Ordinary	93.68%	6.32%	July 8, 2022	July 5, 2022	Business Standard newspaper (English and Hindi editions) on Saturday, July 9, 2022	Monday, July 11, 2022 (0900 hours) India Standard Time (IST) to Tuesday, August 9, 2022 (0900 hours), both days inclusive E-voting agency: NSDL	Tuesday, August 9, 2022	
	To capitalize the reserves and issue Bonus shares to the shareholders of the Company.	Ordinary	98.39%	1.61%						
2022-23 (September - October, 2022)	Alteration of Objects Clause of Memorandum of Association of the Company.	Special	99.99%	0.01%	September 26, 2022	September 20, 2022	Business Standard newspaper (English and Hindi editions) on Tuesday, September 27, 2022	Wednesday, September 28, 2022 (0900 hours) India Standard Time (IST) to Thursday, October 27, 2022 (1700 hours) (IST) E-voting agency: NSDL	Thursday, October 27, 2022	
	Appointment of Shri Piyush Singh (DIN: 07492389) as Government Nominee Director.	Ordinary	85.77%	14.23%						

The results of Postal Ballot were displayed on the website and at the registered and corporate office(s) of the Company and communicated to Stock Exchanges, Depositories and Registrar and Share Transfer Agents within the stipulated timelines. More details with respect to this postal ballot process are appearing at https://recindia.nic.in/postalballot.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

REC has been effecting electronic delivery of documents such as Notice of AGM, Annual Report etc. for more than of decade now, to those shareholders whose email IDs are registered with the respective Depository Participants (DPs) or Registrar & Share Transfer Agent (R&TA). The intimation of Dividend Payment (interim or final) is also being sent electronically to those shareholders, whose email IDs are registered.

In line with the circulars issued by MCA and SEBI, Notice of the 54th AGM of the Company along with Annual Report for the financial year 2022-23, would be sent by e-mail to all those shareholders and holders of non-convertible securities, whose e-mail IDs are registered with the Company.

The Company has published advertisements in newspapers, to encourage the shareholders holding shares in physical and electronic form to register or update their email IDs, for receiving Annual Report of the Company for financial year 2022-23. Further, the Company has also sent SMSes to the shareholders whose mobile numbers were registered with the concerned Depository, for updation of e-mail IDs. Despite the above efforts, those shareholders who have still not registered or updated their e-mail IDs, may follow the process mentioned in the Notice of 54th AGM, for registration of e-mail ID and procuring the User ID and Password for e-voting at the ensuing AGM.

8. SECRETARIAL AUDIT

M/s Hemant Singh & Associates, Company Secretaries, Delhi have conducted the Secretarial Audit of the Company for the financial year 2022-23 and have submitted their report to the Company. A copy of the Secretarial Audit Report is annexed in this Annual Report for information of the stakeholders. Further, observations of the Secretarial Auditor and Management's Reply thereto, are appearing in the Board's Report forming part of this Annual Report.

9. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on "Materiality of Related Party Transactions and Dealing with Related Party Transactions", as per the latest provisions of SEBI LODR Regulations. In line with the said Policy, all related party transactions are approved by the Audit Committee and / or the Board of Directors or Shareholders, as the case may be. The transactions with related parties are included in the Notes to Accounts as per the applicable provisions of the Companies Act, 2013. A status report on Related Party Transactions is periodically put up for information of the Audit Committee and the Board of Directors. The Policy is available at https://recindia.nic.in/uploads/files/RPT-Policy-of-REC-dated-150722.pdf. Further, the particulars of Related Party Transactions are given in form AOC-2 annexed to the Boards' Report.

10. DISCLOSURES

1. There were no instances of non-compliance related to the Capital Markets during the last three years. For the financial year ended on March 31, 2023, the Company has complied with all requirements of SEBI (LODR) Regulations, the Companies Act, 2013 and rules made thereunder, applicable Secretarial Standards issued by ICSI and DPE Guidelines on Corporate Governance, as amended from time to time, except with respect to Regulation 17(1) of SEBI (LODR) Regulations related to requirement of at least 50% Independent Directors in composition of Board, as the composition of the Board of Directors of the Company as on March 31, 2023, was falling short by one Independent Director.

   Due to such non-compliances, NSE and BSE have imposed a total fine of ₹43,07,000/- including GST (₹21,53,500/- each), for all the four quarters of FY 2022-23. Prior to this, NSE and BSE had also imposed total fine of ₹1,82,14,480/- including GST (₹97,07,240/- each including GST) from the quarter ended on March 31, 2020 to quarter ended on March 31, 2022.

   It is pertinent to mention that the power to appoint Directors on the Board of the Company vests with the President of India, acting through the Administrative Ministry i.e. Ministry of Power, Government of India. The Company has been requesting the appointing authority, i.e. MoP, for appointment of requisite number of Independent Directors and the Company has no role in the appointment of Directors or maintaining the Composition of its Board. In view of the same, the Company has requested the Stock Exchanges to waive off the fines imposed on the Company. BSE has already waived off the fine imposed on the Company for the quarters ended on September and December 2020.

2. As required under statutory provisions, all returns, reports and disclosures were filed with the stock exchanges and other authorities within the stipulated time.

3. The Company has complied with the requirements of Regulation 17 to 27 of SEBI LODR Regulations relating to Board, Committees and Corporate Governance, as amended from time to time; and maintaining and updating the website of the Company as required under Regulation 46 of SEBI LODR Regulations, except where the Company did not have requisite number of Independent Directors, 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 and Regulation 62 of SEBI LODR Regulations, the Company has *inter-alia*, disclosed the relevant information on its website at https://recindia.nic.in/disclosures-under-regulation-46-of-sebi.

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, through the use of various hedging techniques. Appropriate disclosures regarding the foreign currency risks are made in the Notes to Accounts, forming part of the Audited Financial Statements. The nature of business

of the Company is not such, as may give rise to any commodity price risk.

5. The Company has laid down the procedure to inform the Board about risk assessment and mitigation. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework. Further, a Risk Management Committee of the Board is also in place.

6. To indemnify the Directors and Officers, the Company has obtained a 'Director's and Officer's (D&O) Liability Insurance Policy', which comprehensively covers the liabilities that may arise against Directors and Officers of the Company. The insurance policy covers the Board of Directors of REC including Independent Directors, Company Secretary, other Key Managerial Personnel and all Manager and above level Officials of the Company.

7. There were no materially significant transactions with related parties i.e., Promoters, Directors or Management, conflicting with the Company's interest. Further, the Independent Directors does not hold any equity shares of the Company.

8. 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.

9. All members of senior management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g., dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.) and there was no such instance of conflict for financial year 2022-23.

10. During the financial year 2022-23, the Company and its subsidiaries did not provide any loans or advances in the nature of loans to firms & companies in which the Directors are interested.

11. The administrative and office expenses for the financial year 2022-23 have increased to ₹122.69 crore as compared to ₹115.31 crore during the previous financial year, which is a minor variation in line with normal increase in business activities of the Company. Administrative and office expenses as a percentage of total expenses for the financial year 2022-23 were 0.48% (previous year 0.43%); and as a percentage of financial expenses for the financial year 2022-23 were 0.52% (previous year 0.52%).

12. 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 Senior Management.

13. The Balance Sheet, Statement of Profit & Loss, Statement of Changes in Equity and Cash Flow Statement for the financial year 2022-23 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.

14. There are no audit qualifications by the Statutory Auditors in their report pertaining to financial year 2022-23. Further, the Company has informed the Stock Exchanges that the Statutory Auditors have furnished Audit Report on Standalone and Consolidated Financial Results with unmodified opinion, in line with the provision of the SEBI LODR Regulations.

15. The Company has not issued any Stock Options / ESOPs during the financial year 2022-23.

16. Pursuant to the DPE Guidelines on Corporate Governance, quarterly compliance report is being submitted to the Ministry of Power, through DPE, within the stipulated time. The details of submission of the compliance report to DPE during the financial year 2022-23 were as under:

Report for Quarter ended	Date of submission of report
June 30, 2022	July 13, 2022
September 30, 2022	October 11, 2022
December 31, 2022	January 5, 2023
March 31, 2023	April 12, 2023

Further, the Report containing Annual Score (consolidated score of four quarters) was submitted to DPE on May 16, 2023, within the prescribed timeline.

The Company has also submitted to the Stock Exchanges, quarterly compliance reports on Corporate Governance under Regulation 27(2)(a) of SEBI LODR Regulations, for all the quarters of financial year 2022-23 within the stipulated time.

17. In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the disclosure regarding complaints under the said Act during the financial year 2022-23, is as under:

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

18. During the financial year 2022-23 and in the last three years, the Company has not received any Presidential Directives.

19. The Company familiarizes its Independent Directors about the nature of business & operations, strategy and performance of the Company, their role & responsibilities as Independent Directors and other relevant information from time to time. During the financial year 2022-23, the Company conducted 4 (four) such training programmes for its Independent Directors. In addition to the same, the Company also provided them with necessary documents, reports, internal policies etc., to familiarize them with the Company's procedures and practices.

Further, with the help of presentations at the Board & Committee meetings, regular interactions with Directors, senior management personnel and other officials of the Company, efforts are made to provide all relevant information to the Independent Directors. The details of familiarization programmes conducted for Independent Directors of the Company are available at https://recindia.nic.in/uploads/files/Familriztn-progrm-for-indpndt-dircetor-dt300423.pdf.

Further, as per the requirement of DPE Guidelines on Corporate Governance, the Company has formulated a Policy for Training of Board Members. Based on their requirement, the Board members attended various seminars, conferences and training programmes etc. from time to time.

20. The Company has adopted all mandatory items (except for having requisite number of Independent Directors on the Board); and also some of the non-mandatory items on Corporate Governance, as prescribed under SEBI LODR Regulations, status of which is as under:

a) The Board: The Company is headed by an Executive Chairman;

b) Shareholder Rights: The Company is making all relevant information available to the shareholders / investors in a timely manner, to enable them to be sufficiently informed of the major decisions of the Company;

c) Modified opinion in audit report: There are no audit qualifications / modified opinion pertaining to financial year 2022-23. It is always the Company's endeavour to maintain unqualified financial statements;

d) Separate posts of Chairman and MD or CEO: Being a Government Company, the role of CEO is performed in REC by the Chairman & Managing Director and the role of CFO is performed by Director (Finance). Accordingly, there are no separate posts of Chairman and CEO;

e) 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.

21. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) and Regulation 52(7) of SEBI LODR Regulations was not applicable during the year under review. Further, there was no variation in use of issue proceeds of private placement of bonds in the financial year 2022-23.

22. The domestic debt instruments of REC continued to enjoy "AAA" rating, the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA, credit rating agencies throughout the financial year 2022-23. 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 2022-23. There is no revision in the ratings assigned to REC during the financial year 2022-23.

23. On an annual basis, the Company obtains from each Director, *inter-alia*, the details of Board and Committee positions occupied by them in other companies and changes therein, if any. Further, M/s Hemant Singh & Associates, Practicing Company Secretaries, have provided a certificate confirming that none of the Directors on the Board of the Company is debarred or disqualified from being appointed or continuing as Director of the Company by SEBI, Ministry of Corporate Affairs or any other statutory authority. Copy of the said certificate is placed at Annexure-A to this report.

24. To oversee specific operational areas, the Board of Directors of the Company has constituted various Board-level Committees and delegated certain functions to these Committees. The respective Committee(s) focus on their assigned areas and make informed decisions and wherever required, make recommendations for further consideration of the Board of Directors. During the financial year 2022-23, there was no instance where the Board of Directors did not accept the recommendation given by any Board-level Committee of the Company.

11. COMPLIANCE WITH APPLICABLE LAWS

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

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

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

Based on the affirmations received from all Board members and Senior Management Personnel, a declaration by the Chairman and Managing Director of the Company regarding compliance of said Code is as under:

Declaration under Code of Business Conduct and Ethics for Board Members and Senior Management

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, 2023.

Sd/-

Place : Gurugram
Date : June 8, 2023

Vivek Kumar Dewangan
Chairman & Managing Director
DIN: 01377212

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

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

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

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

14. POLICY FOR PREVENTION OF FRAUD

The Company has framed a "Policy for Prevention of Fraud", to *inter-alia* 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. The said policy is available at https://recindia.nic.in/uploads/files/Revised-Fraud-Prevention-Policy-310122.pdf.

The Policy 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.

vi. Fraud in any form against REC will not be tolerated.

15. WHISTLE BLOWER POLICY

The Company has in place a "Whistle Blower Policy", in compliance of the provisions of the Companies Act, 2013, SEBI LODR Regulations and DPE Guidelines on Corporate Governance. The Whistle Blower Policy enables the Directors / employees of REC and/or its subsidiaries to raise concerns regarding any alleged malpractice or wrong doing, which could affect the business or reputation of the Company. The manner and competent authority for making complaint is prescribed under the Policy. The policy is available at https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf.

Pursuant to the Whistle Blower Policy, no complaint was received during the year under review. Further, a declaration by the CMD that no person has been denied access to the Competent Authority under the said policy during the financial year 2022-23 and that 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 2022-23, 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.

Sd/-

Place : Gurugram
Date : April 15, 2023

Vivek Kumar Dewangan
Chairman & Managing Director
DIN: 01377212

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.

16. TOTAL FEES PAID TO AUDITORS

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

(₹ in crore)

Sl. no.	Particulars	FY 2022-23	FY 2021-22
A.	**Fee paid to Statutory Auditor:**		
(i)	As Auditor	0.58	0.58
(ii)	For Taxation matters	0.15	0.15
(iii)	For Company law matters/ limited review fees	0.35	0.33
(iv)	For other services	0.25	0.32
(v)	For reimbursement of expenses	0.11	0.03
	Sub-total	**1.44**	**1.41**
B.	**Non-recoverable tax credit in respect of fees paid to auditors**	0.11	0.12
	Total - Auditors fees and Expenses	**1.55**	**1.53**

17. MEANS OF COMMUNICATION

The Company recognizes that timely communication of relevant information with all stakeholders, is a key element of its overall Corporate Governance framework. The Company communicates with its shareholders, bondholders and other stakeholders through various means including through its website, filings made on stock exchanges, ads published in the media, social media updates and publication of annual reports. The Company also communicates with its institutional investors through associate meets and press releases from time to time.

Latest updates and relevant corporate disclosures made to the Stock Exchanges from time to time, quarterly and annual financial results, shareholding pattern, annual reports and other relevant information, including official news releases and result presentations made to institutional investors or analysts, are available on REC's website i.e., https://recindia.nic.in/disclosures-under-regulation-46-of-sebi, under the Investor section. Further, financial results of the Company are published in national newspapers like Economic Times (English & Hindi), Mint (English), Hindustan (Hindi) etc.

The Company has designated telephone numbers and e-mail IDs for addressing the queries of its shareholders and bondholders. Such details can be accessed at https://recindia.nic.in/investors-contact.

18. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI LODR Regulations, a Certificate on financial reporting and internal controls to the Board, duly signed by the Chairman and Managing Director and Director (Finance) of the Company, was placed before the Board in its meeting held on May 17, 2023, along with the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2023. A copy of the said certificate is enclosed at Annexure-B to this report.

19. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting for the financial year 2022-23.

The ensuing 54^{th} Annual General Meeting (AGM) of shareholders of the Company will be held through video conferencing / other audio visual means on the following day, date and time:-

Day, date	Wednesday, September 6, 2023.
Time	11:00 AM

Details regarding participation in the said meeting and other relevant information of shareholders, are appearing in the Notice of the 54^{th} AGM of the Company forming part of this Annual Report.

ii. Financial Calendar (FY 2022-23 *vis-à-vis* FY 2023-24)

The financial calendar for the last / completed financial year (FY 2022-23) *vis-à-vis* the next / ongoing financial year (FY 2023-24), is as under:-

Financial year	FY 2022-23		FY 2023-24	
Accounting Period	**1-Apr-2022 to 31-Mar-2023**		**1-Apr-2023 to 31-Mar-2024**	
Announcement of Financial Results	Q1	4-Aug-2022	Q1	Within 45 days from end of quarter
	Q2	27-Oct-2022	Q2	
	Q3	30-Jan-2023	Q3	
	Q4 & Annual	17-May-2023	Q4 & Annual	Within 60 days from end of financial year
Date of AGM	Wednesday, September 6, 2023.		August/September, 2024	

iii. Dividend

(a) Dividend Distribution Policy

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

(b) Dividend for the financial year 2022-23

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 interim dividend for the financial year 2022-23, as detailed hereunder:

Particulars	Date of Dividend Payment	Dividend per Equity Share (in ₹)
1^{st} Interim Dividend	24-Nov-2022	**5.00**
2^{nd} Interim Dividend	28-Feb-2023	**3.25**
Final Dividend*	30 days from the date of declaration	**4.35**
TOTAL		**12.60**

*Subject to the approval of shareholders in 54^{th} AGM.

Dividend history for the last five financial years

Financial year	Total paid-up Share Capital as on record date (₹ in crore)	Total Dividend paid (₹ in crore)	Rate of Dividend (%)	Date of payment	Dividend per Equity Share of ₹10/- each
2017-18	1,974.92	1,807.05	91.50	27-Feb-2018	Interim Dividend (₹7.40)
				15-Oct-2018	Final Dividend (₹1.75)
2018-19	1,974.92	2,172.41	110.00	19-Mar-2019	Interim Dividend (₹11.00)
2019-20	1,974.92	2,172.41	110.00	24-Feb-2020	Interim Dividend (₹11.00)
2020-21	1,974.92	2,510.12	127.10	3-Dec-2020	1st Interim Dividend (₹6.00)
				30-Mar-2021	2nd Interim Dividend (₹5.00)
				21-Oct-2021	Final Dividend (₹1.71)
2021-22	1,974.92	3,021.63	153.00	2-Sep-2021	1st Interim Dividend (₹2.00)
				25-Nov-2021	2nd Interim Dividend (₹2.50)
				3-Mar-2022	3rd Interim Dividend (₹6.00)
				13-Oct-2022	Final Dividend (₹4.80)

Pursuant to comprehensive guidelines on capital management restructuring by CPSEs issued by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India and based on the financial statements of the Company for the financial year ended on March 31, 2023, the Company issued bonus shares to its shareholders, in the ratio of 1:3, i.e., one (1) bonus equity share of ₹10/- each fully paid-up for every three (3) existing equity shares of ₹10/- each fully paid-up, by capitalizing a sum not exceeding ₹658,30,60,000 out of the sum standing to the credit of its 'Securities Premium Account'. After, the said bonus issue, the paid up share capital of the Company has been increased to ₹2,633.22 crore, consisting of 2,63,32,24,000 equity shares of ₹10/- each.

(c) Unpaid/Unclaimed Dividend w.r.t Equity Shares and Unpaid/Unclaimed Principal/Interest w.r.t Debentures etc. and Equity Shares and Debentures' Principal and Interest transferred to the Investor Education & Protection Fund (IEPF)

Amounts transferred to IEPF

Pursuant to Section 124(5) of the Companies Act 2013, the dividend amounts and amounts of principal and interest thereon in respect of debt securities, which remain unpaid/unclaimed for a period of seven years, are transferred to the Investor Education & Protection Fund (IEPF) of the Central Government.

During the financial year 2022-23, the following amounts of dividend became due for transfer to IEPF, which were deposited as per details given below:

Particulars	Date of IEPF Transfer	Amount (₹)
Final Dividend FY 2014-15	10-Nov-2022	8,82,001.00
Interim Dividend FY 2015-16	24-Mar-2023	50,67,000.00
TOTAL		**59,49,001.00**

As per Section 125 of Companies Act, 2013 read with Rules of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 {IEPF Rules}, all the matured debentures alongwith interest accrued on the debentures which has remained unclaimed and unpaid for a period of seven years from the date it became due for payment shall be transferred to IEPF. Accordingly, the following amount has been transferred to IEPF in FY 22-23 w.r.t Unclaimed Principal/Interest on Debentures

Particulars	Date of IEPF Transfer	Amount (₹)
Principal & Interest of 54 EC Bonds	20-Apr-2022	95,64,193.00
Interest of 54 EC Bonds	13-May-2022	3,00,000.00
Principal & Interest of 54 EC Bonds	13-Jun-2022	1,53,686.00
Interest of 54 EC Bonds	18-Aug-2022	8,59,874.00
Interest of 54 EC Bonds	14-Sep-2022	1,38,000.00
Interest of 54 EC Bonds	19-Oct-2022	39,965.00
Principal & Interest of 54 EC Bonds	28-Nov-2022	57,02,760.00
Principal & Interest of 54 EC Bonds	14-Feb-2023	48,98,302.00
Interest of 54 EC Bonds	10-Mar-2023	7,13,425.00
TOTAL		**2,23,70,205.00**

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 to write to the R&TA of the Company for revalidation or issue of Demand Drafts in place of old warrants.

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 13,558 Equity Shares of ₹10/- each, including fractional bonus shares, to the IEPF in December, 2022. As on March 31, 2023, the number of equity shares held in Demat account of IEPF Authority were 1,87,928. Subsequently, 2,927 Equity Shares of ₹10/- each have been transferred to the IEPF Authority in April, 2023, in line with the statutory provisions.

The members who have a claim on the above dividends and/or shares or Interest and/or Principal of Debentures may write an e-mail at complianceofficer@recl.in/virender@alankit.com, stating the requirement of issuing an entitlement letter. The entitlement letter will contain the information of amounts/dividend amount and/or share transferred by the Company to IEPF having completed 7 years. After issuance of the entitlement letter, an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in shall be filed and self-attested physical copy of the form, challan, Indemnity Bond and all other requisite documents enumerated in Form No. IEPF-5, shall be sent in an envelope marked "Claim for refund from IEPF Authority", to the Company Secretary at the Corporate Office for shares and/or dividend and to CGM (Fin.) - Resources for interest and/or principal for Debentures.

Claim forms complete in all aspects will be verified and on the basis of Company's verification report, refund will be processed by IEPF Authority in favor of claimants' Aadhaar-linked bank account, through electronic transfer and credit of shares in the demat account. No claims shall lie against the Company in respect of the dividends / shares so transferred to the IEPF Authority, as per the provisions of the Companies Act, 2013.

Nodal Officer

Pursuant to Rule 7(2A) of the IEPF Rules, as on March 31, 2023, the following persons are the Nodal Officers/Deputy Nodal Officer of the Company in respect of IEPF matters:

Designation	Name and Designation
Nodal Officer	Shri J. S. Amitabh Executive Director & Company Secretary
Deputy Nodal Officer for Debentures/ Bonds	Shri Daljeet Singh Khatri Executive Director (Fin) Shri Koshal Puri Senior General Manager (Fin.)
Deputy Nodal Officer for Equity Shares	Shri M. L. Kumawat Senior General Manager (Fin.) & HoD (CS)

The Company will upload 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 https://recindia.nic.in/unpaid-dividend, within 60 days from AGM. The shareholder-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., https://recindia.nic.in/iepf-details.

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 https://recindia.nic.in/iepf-details. 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., https://recindia.nic.in/iepf-details.

iv. Listing of Equity Shares & Debt Securities

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

Particulars	NSE	BSE
Scrip Code	RECLTD	532955
Address	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai-400051	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai-400001
Telephone	+91-22-2659 8100/8114	+91-22-2272 1233/34
Email	cmlist@nse.co.in	corp.comm@bseindia.com
Website	www.nseindia.com	www.bseindia.com

Further, various Non-Convertible Debt Securities of the Company are also listed on the Stock Exchanges, details of which are appearing as an Annexure to the Board's Report.

v. International Securities Identification Number (ISIN)

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

vi. Registrar and Transfer Agent (R&TA) contact details

With effect from April 1, 2023, the Company has changed its R&TA for Equity Shares from KFin Technologies Limited to Alankit Assignments Limited. Further, necessary intimations, in this regard were sent to respective stock exchanges and was also made available on the website of the Company. Updated contact details of R&TA is referred as follows:

R&TA for Equity Shares	
Address	**Alankit Assignments Limited** 205-208, Anarkali Complex, Jhandewalan Extension New Delhi -110055
Telephone	011 – 42541234
Email	rta@alankit.com; virender@alankit.com
Website	www.alankit.com

R&TA(s) for various Debt Securities		
Address	**KFin Technologies Limited** Selenium Tower B, Plot 31&32, Gachibowli, Financial District Nanakramguda, Hyderabad-500032	**Beetal Financial & Computer Services (P) Limited** Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, New Delhi-110062
Telephone	1-800-309-4001	+91-11-2996 1281-83
Email	einward.ris@kfintech.com gopalakrishna.kvs@kfintech.com	recbonds3@gmail.com, spgupta123@gmail.com
Website	https://www.kfintech.com/	www.beetalfinancial.com

vii. Market Price Data for the financial year 2022-23:

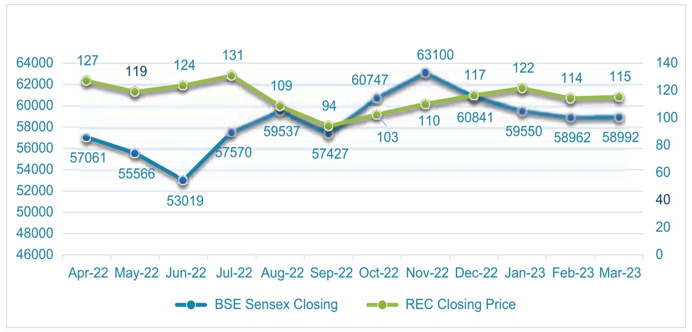
Monthly Performance of REC's Equity Share *vis-à-vis* movement of NSE NIFTY and BSE SENSEX during the financial year 2022-23, was as under:

Month	REC Share at NSE (₹)			Movement of NSE NIFTY		
	High	Low	Close	High	Low	Close
Apr' 2022	135.80	122.90	127.00	18,114.65	16,824.70	17,102.55
May' 2022	127.65	113.25	119.15	17,132.85	15,735.75	16,584.55
Jun' 2022	124.00	109.65	123.75	16,793.85	15,183.40	15,780.25
Jul' 2022	131.55	120.10	131.00	17,172.80	15,511.05	17,158.25
Aug' 2022	138.55	102.50	108.75	17,992.20	17,154.80	17,759.30
Sep' 2022	109.25	92.85	94.00	18,096.15	16,747.70	17,094.35
Oct' 2022	103.10	91.05	102.55	17,112.35	16,855.55	18,012.20
Nov' 2022	113.80	99.00	110.35	18,816.05	18,616.55	18,758.35
Dec' 2022	118.50	108.00	116.50	18,887.60	17,774.25	18,105.30
Jan' 2023	126.25	112.05	121.75	18,251.95	17,405.55	17,662.15
Feb' 2023	123.35	110.45	114.30	18,134.75	17,255.20	17,303.95
Mar' 2023	128.45	113.20	115.45	17,799.95	16,828.35	17,359.75

Month	REC Share at BSE (₹)			Movement of BSE SENSEX		
	High	Low	Close	High	Low	Close
Apr' 2022	135.80	123.00	127.05	60,845.10	56,009.07	57,060.87
May' 2022	127.65	113.40	119.20	57,184.21	52,632.48	55,566.41
Jun' 2022	123.95	109.70	123.75	56,432.65	50,921.22	53,018.94
Jul' 2022	131.50	120.10	130.95	57,619.27	52,094.25	57,570.25
Aug' 2022	139.00	99.20	108.70	60,411.20	57,367.47	59,537.07
Sep' 2022	109.20	92.80	94.00	60,676.12	56,147.23	57,426.92
Oct' 2022	103.05	91.00	102.50	60,786.70	56,683.40	60,746.59
Nov' 2022	113.70	98.10	110.25	63,303.01	60,425.47	63,099.65
Dec' 2022	118.50	108.05	116.55	63,583.07	59,754.10	60,840.74
Jan' 2023	126.30	112.00	121.70	61,343.96	58,699.20	59,549.90
Feb' 2023	123.30	110.50	114.25	61,682.25	58,795.97	58,962.12
Mar' 2023	128.40	113.15	115.45	60,498.48	57,084.91	58,991.52

Monthly Performance of REC Share vis-à-vis NSE Nifty

Monthly Performance of REC Share vis-à-vis BSE Sensex



viii. Share transfer system

SEBI, through its Press Release dated December 3, 2018, has prescribed that with effect from April 1, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. Further, transmission or transposition of securities, whether in physical or dematerialized form, is also required to be done in dematerialized form only. Accordingly, all shareholders are requested to convert their shareholdings from physical form to demat form at the earliest, to reap the benefits of dematerialization and considering that transfer/ transmission of physical shares has been stopped as per SEBI's instructions.

SEBI *vide* Circular dated November 3, 2021, has *inter-alia* made it mandatory for holders of physical securities to furnish/update PAN, email address, mobile number, bank account and nomination details, besides linking their PAN with Aadhar. Further, SEBI vide Circular dated March 16, 2023 prescribed that those folios wherein any one or more of the aforesaid details are not available on or after October 1, 2023 shall be frozen and the investor will not be eligible to lodge grievance or avail service request from R&TA and will not be eligible for receipt of dividend in physical mode. In view of the same, members holding shares in physical mode are requested to furnish PAN, KYC details and nomination forms immediately to the Company / R&TA in the prescribed forms (as under), to ensure that their folios are not frozen on or after October 1, 2023 and if the frozen folio remain frozen as on December 31, 2025 it would be reported to Benami Transactions (Prohibitions) Act, 1988:

Forms	Particulars	Web-link for download
Form ISR-1	Request for registering PAN, KYC details or changes/ updation thereof	https://recindia.nic.in/uploads/files/Form-ISR-1.pdf
Form ISR-2	Confirmation of signature of securities holder by the Banker (in case of major mismatch in signatures)	https://recindia.nic.in/uploads/files/Form-ISR-2.pdf
Form ISR-3	Declaration form for opting-out of nomination by holders of physical securities	https://recindia.nic.in/uploads/files/Form-ISR-3.pdf
Form SH-13	Nomination form	https://recindia.nic.in/uploads/files/Form-no-SH-13.pdf
Form SH-14	Cancellation or variation of nomination	https://recindia.nic.in/uploads/files/Form-No-SH-14.pdf

The duly filled forms along with the signed documents/ details (self-attested with date) may be furnished to the R&TA through 'In Person Verification' (IPV) by R&TA, through hard copies or through electronic mode with e-sign. The e-signed documents are required to be sent from your registered e-mail ID, to virender@alankit.com with a copy marked to complianceofficer@recl.in. Further, for details/queries w.r.t bonds, please visit https://recindia.nic.in/Forms.

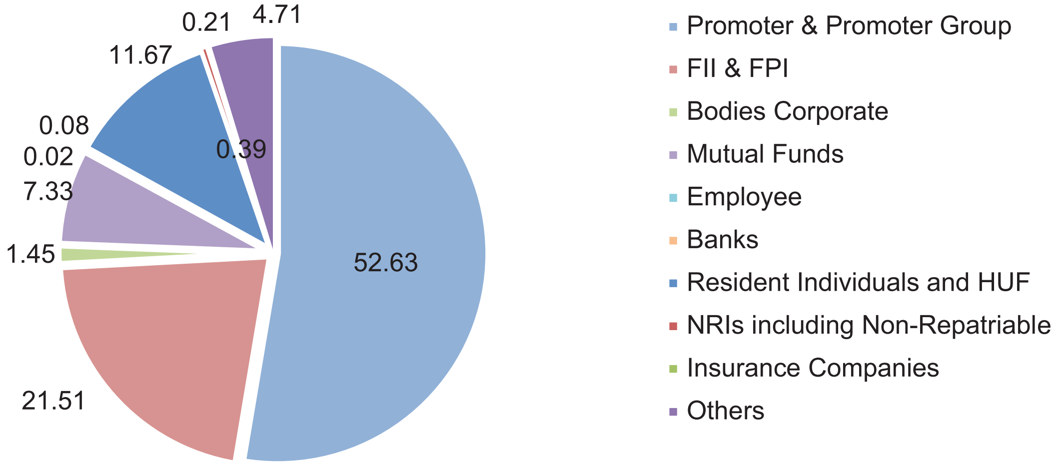
Pursuant to Regulation 40(9) & (10) of the SEBI LODR Regulations, Certificate from Practicing Company Secretary confirming due compliance of share transfer formalities by the Company, has been submitted to the Stock Exchanges on yearly basis within the stipulated time. Further, it is also confirmed that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

Shareholding Pattern / Distribution of Shareholding

(a) Shareholding Pattern on the basis of Ownership

The category-wise shareholding pattern of the Company as on March 31, 2023, *vis-à-vis* last year i.e., as on March 31, 2022, was as follows:

Particulars	As on March 31, 2023		As on March 31, 2022	
	Number of Shares	% of Total Shares	Number of Shares	% of Total Shares
Promoter & Promoter Group	1,38,59,93,662	52.63	1,03,94,95,247	52.63
FPI, FPC & FII	56,65,14,684	21.51	47,93,18,179	24.27
Mutual Funds	19,30,01,898	7.33	18,24,09,568	9.24
Resident Individuals	29,07,67,284	11.04	15,56,83,646	7.88
Insurance Companies	56,52,957	0.21	24,53,392	0.12
Bodies Corporates	3,80,56,997	1.45	1,87,36,424	0.95
Clearing Members	3,39,652	0.01	20,02,781	0.10
Banks	19,97,782	0.08	14,39,838	0.07
HUF	1,65,76,501	0.63	87,73,935	0.45
Trusts	18,88,592	0.07	8,93,577	0.05
Non Resident Indians	1,03,91,386	0.39	53,46,627	0.27
Indian Financial Institutions/QIB	11,13,75,000	4.24	7,55,52,364	3.83
NRI-Non Repatriable	94,19,528	0.36	22,34,359	0.11
Employees	5,87,291	0.03	4,44,669	0.02
Others (IEPF, AIF)	6,47,778	0.02	1,29,038	0.01
NBFCs	13,008	Negligible	4,356	Negligible
TOTAL	**2,63,32,24,000**	**100**	**1,97,49,18,000**	**100**



(b) Distribution of Shareholding as on March 31, 2023

The distribution of shareholding as on March 31, 2023 by number of shares held, was as under:

Particulars	Number of Shareholders	% of Shareholders	Number of Shares held	% of Total Shares
1-5000	5,10,488	84.23	6,27,30,263	2.38
5001 -10000	45,696	7.54	3,33,67,244	1.27
10001-20000	26,478	4.36	3,82,41,475	1.45
20001-30000	7,865	1.30	1,99,72,607	0.76
30001-40000	3,993	0.66	1,42,97,296	0.54
40001-50000	2,251	0.38	1,04,35,809	0.41
50001-100000	5,079	0.84	3,66,45,824	1.39
100001 & above	4,157	0.69	2,41,75,33,482	91.80
TOTAL	**6,06,007**	**100.00**	**2,63,32,24,000**	**100.00**

ix. Liquidity

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

Particulars	NSDL	CDSL
Address	Trade World, A Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400 013	Marathon Futurex, A-Wing, 25th Floor, NM Joshi Marg, Lower Parel, Mumbai - 400 013
Telephone	+91-22-2499 7000 +91-22-4886 7000	+91-22-2305 8640/24/39/42/63 1-800-22-5533
Email	relations@nsdl.co.in info@nsdl.co.in	helpdesk@cdslindia.com complaints@cdslindia.com
Website	https://nsdl.co.in/	www.cdslindia.com

The details of number of shares held in dematerialized & physical form and email registered/not registered as on March 31, 2023 were as under:

Particulars	Number of Shareholders			Number of Shares held	% of Total Shares
	Email Registered	Email not Registered	Total		
Physical	88	12,188	12,276	24,549	Negligible
NSDL (Demat)	2,32,254	13,148	2,45,402	2,48,40,12,974	94.33
CDSL (Demat)	3,24,683	23,646	3,48,329	14,91,86,477	5.67
TOTAL	**5,57,025**	**48,982**	**6,06,007**	**2,63,32,24,000**	**100.00**

x. Reconciliation of Share Capital Audit Report

In terms of Regulation 76 of SEBI (Depositories & Participants) Regulations, 2018, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad had issued *Reconciliation of Share Capital Audit Report* for every quarter of the financial year 2022-23, after carrying out audits to reconcile the total admitted, issued and listed share capital of the Company with NSDL and CDSL. 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. The said reports were submitted by the Company to the Stock Exchanges within the stipulated time.

xi. Details of Demat Suspense Account

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

The details of Equity Shares of the Company in Demat Suspense Account during April 1, 2022 to March 31, 2023, in accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI LODR Regulations, were as follows:

Particulars	Number of cases	Number of shares involved
Aggregate number of shareholders and outstanding unclaimed shares in the Suspense Account as on 1-Apr-2022	32	4,988
Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year	Nil	Nil
Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year	Nil	Nil
Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on 31-Mar- 2023	32*	6,644*

**The number of cases and shares in the demat suspense account include Bonus shares.*

Notes:

1. *The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain frozen till the time rightful owner of such shares claims the same.*
2. *All the above cases are pertaining to IPO and there are no case of unclaimed shares pertaining to the FPO.*

xii. 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.

xiii. Annual Listing Fee to Stock Exchanges

The Company has paid the Annual Listing Fee for the financial year 2023-24 to National Stock Exchange of India Limited and BSE Limited, in relation to its listed securities.

xiv. Annual Custodial Fee to Depositories

The Company has paid the Annual Custodial Fee for the financial year 2023-24 to National Securities Depository Limited and Central Depository Services (India) Limited.

xv. Plant Locations

The Company is a Non-Banking Financial Institution (NBFC) categorized as Infrastructure Financial Company (IFC) and it does not have any plant location(s).

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

xvi. Corporate Identification Number (CIN)

The CIN of the Company is L40101DL1969GOI005095.

xvii. Legal Entity Identifier

The legal entity identifier of the Company is 335800B4YRYWAMIJZ374

xviii. Corporate Website

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

xix. Address for correspondence

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

Registered Office	
Address	Core-4, SCOPE Complex, 7, Lodhi Road New Delhi - 110003
Telephone	+91-11-4309 1500 +91-11-4309 1501
Email	contactus@recl.in
Corporate Office	
Address	REC World Headquarters, Plot no. I-4, Sector 29 Gurugram, Haryana-122001
Telephone	+91-124-271 1000 +91-124-444 1300
Email	contactus@recl.in

xx. Compliance Officer and Public Spokesperson

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

Compliance Officer and Public Spokesperson	
Name	Shri J. S. Amitabh Executive Director & Company Secretary
Address	REC Limited REC World Headquarters, Plot no. I-4, Sector 29, Gurugram, Haryana-122001
Telephone	+91-124-444 1331
Email	complianceofficer@recl.in jsamitabh@recl.in

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

ANNEXURE-A

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

We have examined the relevant registers, records, forms, returns maintained by the Company and the disclosures received from the Directors of **REC Limited** having **CIN: L40101DL1969GOI005095** and having its registered office at Core 4, SCOPE Complex, 7, Lodi Road, New Delhi -110003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Director Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as on March 31, 2023, 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:

Details of the Directors of REC Limited as on March 31, 2023

Sl. no.	Name of Director	Director Identification Number (DIN)	Date of Appointment*
1.	Shri Vivek Kumar Dewangan	01377212	May 17, 2022
2.	Shri Ajoy Choudhury	06629871	June 1, 2020
3.	Shri Vijay Kumar Singh	02772733	July 15, 2022
4.	Shri Piyush Singh	07492389	September 14, 2022
5.	Smt. Parminder Chopra	08530587	February 4, 2022
6.	Dr. Gambheer Singh	02003319	November 15, 2021
7.	Dr. Manoj Manohar Pande	09388430	November 15, 2021
8.	Dr. (Smt.) Durgesh Nandini	09398540	December 30, 2021
9.	Shri Narayanan Thirupathy	10063245	March 6, 2023

**As per details verified from MCA portal.*

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

Sd/-
Hemant Kumar Singh
(Partner)
Membership No.: F6033
CP No : 6370
UDIN: F006033E000392496

Date : 26-05-2023
Place : New Delhi

ANNEXURE-B

CERTIFICATE

Under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

May 17, 2023

This is to certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit Committee:

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-
(Ajoy Choudhury)
Director (Finance)
DIN: 06629871

Sd/-
(Vivek Kumar Dewangan)
Chairman & Managing Director
DIN: 01377212

ANNEXURE-III TO BOARD'S REPORT

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L40101DL1969GOI005095
2.	Name of the Listed Entity	REC Limited
3.	Year of incorporation	1969
4.	Registered office address	Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003
5.	Corporate address	REC World Headquarters, Plot no. I-4, Sector 29, Gurugram-122001
6.	E-mail	complianceofficer@recl.in
7.	Telephone	+91-124-444 1300
8.	Website	www.recindia.nic.in
9.	Financial year for which reporting is being done	FY 2022-23
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited BSE Limited
11.	Paid-up capital	₹2,633.22 crore (As on March 31, 2023)
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shri V.K. Singh (DIN: 02772733) Director (Projects) +91-124-271 5517 dtsectt@recl.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosures are made in this report on a standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Sl. no.	Description of main activity	Description of business activity	% of turnover of the entity
1.	Financial and Insurance Service	Financial and Credit leasing activities	99.89%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sl. no.	Product/Service	NIC Code	% of total turnover contributed
1	Other Financial Services and Activities - Other Credit Granting	64920	99.57%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	-	24	24
International	-	-	-

Note: Addresses of REC offices are appearing separately in this Annual Report.

17. Markets served by the entity

a. Number of locations

Location	Number
National (No. of States)	28
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The Company is a Non-Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC) by the Reserve Bank of India. The contribution of exports to the turnover of the Company was Nil for the financial year 2022-23.

c. A brief on types of customers

REC's principal products are interest-bearing loans to state utilities, private sector borrowers etc. The Company's business activities involve financing projects in the entire power sector value chain, be it power generation (both conventional and renewable energy), transmission, distribution, rural electrification, e-mobility, financing equipment manufacturing for power sector and activities having forward / backward linkage with power projects.

Further, during the year, Ministry of Power has permitted REC to lend to Infrastructure and Logistics sector as well. As a result, REC has actively started financing/exploring sub-sectors like Airports, Metro Rail, Roads and Highways, Green Hydrogen/Green Ammonia, Irrigation/Water resources, Multi-Modal Logistics Parks, Cold Chains, Railway Stations Redevelopment, Ports, Healthcare Infrastructure etc. Various infrastructure & logistics projects aggregating ₹85,735 crore were approved during the year under review.

The key products of the Company include long term loans, medium term loans, short terms loans, debt refinancing, revolving bill payments etc. for the entire of power and infrastructure & logistics sector value chain. Customers of the Company include State Governments, Central/State utilities, independent power producers, rural electric cooperatives, joint ventures, private sector borrowers etc.

IV. Employees

18. Details as at the end of financial year:

a. Employees and workers (including differently abled):

Sl. no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	417	353	84.65%	64	15.35%
2.	Other than Permanent (E)	2	2	100%	-	-
3.	Total employees (D + E)	419	355	84.73%	64	15.27%
Workers						
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)					
6.	Total workers (F + G)					

b. Differently abled Employees and workers:

Sl. no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Differently Abled Employees						
1.	Permanent (D)	13	12	92.30%	1	7.70%
2.	Other than Permanent (E)	Not Applicable				
3.	Total differently abled employees (D + E)	13	12	92.30%	1	7.70%
Differently Abled Workers						
4.	Permanent (F)	Not Applicable				
5.	Other than Permanent (G)					
6.	Total differently abled workers (F + G)					

19. Participation/Inclusion/Representation of women:

	Total (A)	No. and Percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22.22%
Key Management Personnel	4	0	0

20. Turnover rate for permanent employees and workers *(Disclose trends for the past 3 years)*

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees (%)	9.32	1.86	11.18*	8.25	7.00	15.25*	9.70	12.00	21.70*
Permanent Workers	Not Applicable								

** including superannuation*

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

Sl. no.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Power Finance Corporation Limited	Holding company	52.63%	Yes
2	REC Power Development and Consultancy Limited	Subsidiary	100%	Yes
3	Chandil Transmission Limited	Subsidiary	100%	Yes
4	Dumka Transmission Limited	Subsidiary	100%	Yes
5	Mandar Transmission Limited	Subsidiary	100%	Yes
6	Koderma Transmission Limited	Subsidiary	100%	Yes
7	Bidar Transmission Limited	Subsidiary	100%	Yes
8	Ramgarh II Transmission Limited	Subsidiary	100%	Yes
9	Sikar Khetri Transmission Limited	Subsidiary	100%	Yes
10	Beawar Transmission Limited	Subsidiary	100%	Yes
11	Luhri Power Transmission Limited	Subsidiary	100%	Yes
12	Khavda II- D Transmission Limited*	Subsidiary	100%	Yes
13	Meerut Shamli Power Transmission Limited	Subsidiary	100%	Yes
14	NERES XVI Power Transmission Limited	Subsidiary	100%	Yes
15	KPS1 Transmission Limited**	Subsidiary	100%	Yes

**Striking off the name of project specific SPV i.e. Khavda II-D Transmission Limited is under process as the related inter-state Transmission Project is de-notified by Central Electricity Authority, Ministry of Power.*
***KPS1 Transmission Limited was transferred on April 20, 2023.*

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes

(ii) Turnover (in ₹): ₹39,208.06 crore

(iii) Net worth (in ₹): ₹57,679.67 crore

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes https://recindia.nic.in/grievances	59	1	-	98	1	-
Investors (other than shareholders)	Yes https://recindia.nic.in/bonds-grievances	1,217	0	-	18,042	0	-
Shareholders	Yes https://recindia.nic.in/investors-contact	2,464	6	The pending cases have since been resolved	4,670	3	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes Available on intranet	-	-	-	-	-	-
Customers	Yes https://recindia.nic.in/uploads/files/co-cs-contact-griev-redresl-officr-undr-fair-practice-code-dt020523.pdf	-	-	-	-	-	-
Value Chain Partners	Yes https://recindia.nic.in/independent-external-monitor-iem-for-rural-electrification-corporation-ltd	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sl. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Gradual shift from conventional power sources to renewable power sources	Opportunity	Thrust for cleaner power shall provide additional financing avenues for the corporation.	-	REC shall experience positive financial implication due to additional revenues because of financing towards cleaner power.
2.	Shift to paperless environment to further the sustainability	Opportunity	Shift to digital means of communication & record management shall enhance speed, accuracy, efficiency, cost saving, accountability & preservation of records.	-	REC shall experience positive financial implication due to cost saving & increase in swiftness of operations.
3.	Climate conscious measures to ensure the sustainability	Risk	Growing climate concerns may pose a threat to operations of the Company.	REC has taken an "Adapt" approach to address the climate concerns. REC has built a climate conscious "Green" building for its corporate office. Further, REC has focused on financing towards cleaner & environment friendly projects.	REC shall experience positive financial implication due to cost saving & additional revenues.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c. Web Link of the Policies, if available	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Being a Central Public Sector Enterprise, the operational and financial targets for REC for financial year 2022-23 are fixed under the MoU guidelines of the Department of Public Sector Enterprises (DPE), Government of India. The MoU framework contains 12 parameters with marks allocated to each, aggregating a maximum of 100. A number of compliances are also spelt out as part of the MoU, which carry negative marks for non-compliance. Total score achieved above 90 results in excellent rating. The MoU document is available at the following link https://recindia.nic.in/mou								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	REC enters into Memorandum of Understanding (MoU) with its holding company, PFC, under the framework prescribed in MoU Guidelines issued by the Department of Public Enterprises (DPE). The MoU demarcates key performance parameters for the Company finalized in consultation with the Ministry of Power, Government of India and the performance of the Company is evaluated *vis-à-vis* the MoU parameters. The performance of the Company in terms of MoU signed under the guidelines of the DPE, Government of India for the financial year 2023 is likely to be excellent, subject to final evaluation by DPE. For the financial year 2021-22 MoU rating of REC has been "Very Good", primarily due to a newly introduced parameter of stock price performance.								
Governance, leadership and oversight										
7.	**Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)** REC is striving towards developing frameworks and methodologies to effectively assess and integrate ESG factors into its decision-making processes. To counter these challenges, Company has already adopted Board approved ESG Policy. REC has made notable achievements in the realm of ESG initiatives, showcasing its commitment to sustainability and responsible practices. The company has undertaken extensive plantation activities, contributing to environmental conservation and biodiversity. Additionally, REC has implemented a 979 kWp rooftop solar plant at its corporate office, harnessing renewable energy to meet its electricity requirements, thus reducing its carbon footprint. The procurement of electric vehicles (EVs) and the establishment of EV charging stations further demonstrate the company's efforts to promote clean transportation and reduce emissions. These achievements exemplify REC Limited's dedication to integrate ESG principles into its operations and fostering a more sustainable future. REC aspires to be a major lender for large grid connected Renewable Energy projects, thus enabling the energy transition of the country towards green energy. REC appraisal process for loans ensures that the required pollution and environmental clearances are obtained by its borrowers. REC ensures that it is compliant with all the statutory and regulatory requirements and the appropriate reporting / filings in this regard are done timely without any lapse. REC follows a well defined procurement policy for procurement of goods and services. The IT infrastructure security and management systems are well deployed including disaster recovery. The HR Policies of the Corporation ensure holistic employee well being and benefits, career progression, adequate training, safety and encouragement for women employees and well defined grievance redressal mechanism, thus ensuring proper governance.									

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Board of Directors
9.	Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. Shri V.K. Singh (DIN: 02772733) Director (Projects) +91-124-271 5517 dtsectt@recl.in

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P 8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	On quarterly and annual basis								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	On quarterly and annual basis								

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note: The relevant explanation/information/links are mentioned in the Annexure to this Report.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated.

Not applicable.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	4	Familiarization programme of Independent Directors to acquaint the Directors with business and operations of the Company, industry structure, nature of services offered.	33.33%
Key Managerial Personnel	3	Experiential Learning Programme, Solar power conference and training programme on Public Procurement.	53.85%
Employees other than BoD and KMPs	19	Various technical and financial topics including experiential learning and personal effectiveness which are relevant for day to day work.	50.91%
Workers	N.A.	N.A.	N.A.

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Principle 1	SEBI (LODR) National Stock Exchange of India Limited BSE Limited	₹43,07,000/- including GST (₹21,53,500/- each including GST).	For the financial year ended on March 31, 2023, the Company has complied with all requirements of SEBI LODR Regulations, the Companies Act, 2013 and rules made thereunder, applicable Secretarial Standards issued by ICSI and DPE Guidelines on Corporate Governance, as amended from time to time, except compliance related to composition of Board of the Company. Due to such non-compliances, NSE and BSE have imposed a total fine of ₹43,07,000/- including GST (₹21,53,500/- each including GST) by each stock exchanges, for all the four quarters of FY 2022-23.	Yes.
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
In connection with fine levied by NSE and BSE for non-appointment of Independent Director, as stated in the previous question, since the power to appoint Directors on the Board of the Company vests with the President of India, acting through the Administrative Ministry i.e. Ministry of Power (MoP), Government of India, therefore the Company has been requesting the appointing authority, i.e. MoP, for appointment of requisite number of Independent Director. Accordingly, the Company has no control in the appointment of Directors. In view of the same, the Company had requested / is requesting the stock exchanges to waive off the said fines. It is pertinent to mention, that BSE has already waived off the fine imposed on the Company for earlier quarters ended on September, 2020 and December, 2020. The Company is following up with the Stock Exchanges for waiving off the balance fine(s) as well.	1. National Stock Exchange of India Limited (NSE) 2. BSE Limited (BSE)

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link of the policy.

REC follows procedures and norms of CVC regarding anti-corruption and anti-bribery and also the PIDPI Resolution (GoI Resolution on Public Interest Disclosure and Protection of Informers) relating to complaints for disclosure on any allegation of corruption or misuse of office wherein CVC is Designated Agency. Apart from the above, REC also adopted Whistle Blower Policy.

Further, the Company's *Conduct, Discipline and Appeal (CDA) Rules* define the code of conduct for all employees and recognizes acts of bribery, corruption, etc. as misconduct.

The Company also has a Policy for Prevention of Frauds, which sets forth obligation on part of every employee of the Company for prevention, detection and reporting of any act of fraud, bribery or corruption.

5. **Number of Directors / KMPs / employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2022-23	FY 2021-22
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. **Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable.

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
2	Vigilance Division of REC conducted training program/ workshop for employees of REC including Regional Offices, Subsidiary & Training Centre, on following topics: • Procurement and Contracts Management • Preventive Vigilance	Nil

2. **Does the entity have processes in place to avoid / manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

The Company has a Code of Conduct for Board members and senior management, which covers *inter-alia* the process of dealing with conflict of interests. The Policy is available at https://recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe.

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	-	₹12.22 crore	REC has installed a 979kWp roof top solar plant in its corporate office, to cater to its electricity requirement. The solar plant is functional and connected to grid and has generated 13.19 lakh units of electricity, which has catered to around 50% of the total load requirement of Corporate Office. The building also has radiant cooling for slabs, Integrated Building Management System (IBMS), automated sensor controlled lighting, bio-climatic glass façade with motorized blinds, etc. for energy saving.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Considering the business activities of the Company, this question has limited applicability. As a NBFC, REC's resource use is mainly limited to electricity, office supplies and communication or IT equipment.

Being a NBFC, REC is less resource-intensive in terms of material requirements. 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 MSE vendors. All procurement / sourcing of material and services is done as per the procedure defined in the Procurement Guidelines of the Company.

Further, REC required its borrowers of conventional energy projects, to follow all applicable environmental norms, as a part of its loan disbursement conditions. REC also finances renovation and modernization of old thermal power plants and installation of pollution control equipment, with the overall objective of safeguarding the environment and reducing emission of harmful oxides and particular matter.

b. **If yes, what percentage of inputs were sourced sustainably?**

In terms of material requirements, REC has made it mandatory to procure common use goods & services available on GeM (Government e-Marketplace) portal, with purchase preference to MII/MSEs as per Government directives. During the financial year 2022-23, REC not only achieved but exceeded its target for procurement from GeM. The procurement from GeM portal was 89.28% in respect of MoU and procurement from MSEs was 55.01%.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Given the nature of business and operations, the Company does not have material plastic waste, e-waste and other waste. Further, the Company does not have any hazardous waste.

Further, the Company has such mechanism in which most of the products are used made of recycled plastic and also reduced plastic use to very minimal and encourages use of substitutes such as jute bags, cloth bags etc.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable, since REC is a NBFC and is not involved in manufacturing of any kind of product.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective/ Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Being a NBFC categorized as IFC, the main products offered by REC include rupee term loans, short-term and medium-term loans etc. to borrowers for schemes and projects in the entire power and infrastructure & logistics sector value chain. Further, as nodal agency for various programmes of the Government of India, REC contributes towards the overall development of power sector.

The loan products are developed in line with the market norms, borrower requirements and applicable statutory and regulatory provisions of RBI and/or any other regulators. Details of loan products offered by the Company are available at the website at https://recindia.nic.in/financial-products.

REC has prepared Environmental Social Impact Analysis (ESIA) report, under Official Development Assistance - KfW-III, which is applicable for financing renewable energy projects. The same serves as the roadmap for REC to address environmental & social issues in financing renewable power projects.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Other Financial Services and Activities - Other Credit Granting	No significant social or environmental concern / risk is envisaged from production or disposal of the Company's products / services.	REC is not a manufacturing Company. However, as a part of its appraisal process for all the power project it finances, REC identifies and assess the potential environmental risks of the projects. Environmental issues, if any, are identified through due diligence, site visits and review of applicable complaines etc. REC is also financing installation of pollution control equipment in thermal power plants, in line with Government directives. This includes installation of Flue Gas Desulphurization (FGDs), Selective Catalytic Reduction (SCR) and Electrostatic Precipitators (ESP), which contribute towards curbing of harmful emissions and particulate matter. During the financial year, REC has sanctioned 7 projects for installation of pollution control equipment, with total loan amount of ₹1,647.08 crore.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Considering the nature of business and operations, the percentage of recycled or reused input material used by the Company is negligible.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-waste*	-	-	140	-	-	140
Hazardous waste	-	-	-	-	-	-
Other waste	-	-	-	-	-	-

** Denotes number of IT units safely disposed which were identified last year i.e. FY 2021-22 for disposal.*

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not Applicable

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	353	-	-	353	100	-	-	353	100	353	100
Female	64	-	-	64	100	64	100	-	-	64	100
Total	417	-	-	417	100	64	15.35	353	84.65	417	100
Other than Permanent employees											
Male	2	-	-	-	-	-	-	2	100	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total*	2	-	-	-	-	-	-	2	100	-	-

**On deputation from other organization/entity.*

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	Not Applicable										
Female											
Total											
Other than Permanent Workers											
Male	Not Applicable										
Female											
Total											

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2. **Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

Benefits		FY 2022-23			FY 2021-22		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF		100%	N.A.	Yes	100%	N.A.	Yes
Gratuity		100%	N.A.	Yes	100%	N.A.	Yes
ESI		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Others - please specify	NPS	100%	N.A.	Yes	100%	N.A.	Yes
	PRMS	100%*	N.A.	Yes	100%*	N.A.	Yes

** subject to eligibility conditions prescribed by DPE*

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the premises are accessible to differently abled employees, with elevators and ramps, wheel chair accessible restrooms and direction signs in braille at various points.

Further, the corporate website of REC complies with World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0 level AA. This will enable people with visual impairments access the website using assistive technologies, such as screen readers. The information of the website is accessible with different screen readers, such as JAWS, NVDA, SAFA, Supernova and Window-Eyes. Further information about the same can be accessed at https://recindia.nic.in/screen-reader-access.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the Company has an Equal Opportunity policy and the same is available on intranet of the Company.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave:**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	Not Applicable	
Female	100%	100%		
Total	100%	100%		

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief:**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable
Other than Permanent Workers	
Permanent Employees	Yes. A detailed grievance redressal mechanism is in place. It is available on the intranet of the Company.
Other than Permanent Employees	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Yes, REC has recognized a union of its non-supervisory permanent employees and an association of its executives. Regular employees of the Company are members of either the Employee Union or the Executive Association of REC.

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	255	8	3.14	247	96.86	188	25	13.30	163	86.70
Female	60	1	1.67	59	98.33	36	02	5.56	34	94.44
Total	315	9	2.86	306	97.14	224	27	12.05	197	87.95
Workers										
Male	Not Applicable									
Female										
Total										

9. Details of performance and career development reviews of employees and worker:

	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	100	76	76.00%	71	27	38.03%
Female	21	16	76.19%	13	10	76.92%
Total	121	92	76.03%	84	37	44.05%
Workers						
Male	Not Applicable					
Female						
Total						

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes, coverage system includes the safety management in work planning, process & in execution while handling chemicals, machine & cleaning equipment.

In order to identify work related hazards, checklist & list of reported incident are taken into account on routine & regular training are organized for staff to mitigate the worked related risked.

Further, prior commencement of any new work, safety officer do safety audit of the work site, tools & ensure additional safety measures if required, to carry out the work safely.

Also, medical camps are organized where all workers have opportunity to avail the benefits of free medical camp. Annual health check-ups are conducted by entity of all employees on their rolls.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Not applicable

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Not applicable

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, 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 onsite medical facilities. To facilitate recreation and healthy life, Gymnasium is available for employees in the premises. Various Yoga programs and Health Camps were organized by the company regularly for the employees for better well-being.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Not Applicable	
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No. of fatalities	Employees		
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Yes, 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 onsite medical facilities. To facilitate recreation and healthy life, Gymnasium is available for employees in the premises. Various Yoga programs and Health Camps were organized by the company regularly for the employees for better well-being.

13. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	-
Working Conditions	-

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable, as such, no restricted area in the corporate building of REC in respect of safety related incident.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Employees-Yes, the Company provides rehabilitation package in case of death or permanent disability to the employee and/or his/her family member.

(B) Worker- Not applicable.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Being NBFC, the Company includes in the terms & conditions of loans granted to its borrowers, necessary conditions stipulating timely deposit of their statutory dues, obtaining of statutory clearances and meeting such other similar obligations as per statutory requirements etc. The borrowers are also required to furnish compliance of the same to the Company at various stages.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	-	-	-	-
Workers	-	-	-	-

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Company is a CPSE, which follows employment norms of DPE in cases of retirement or termination of employment. The Company also provides post-retirement medical benefits and other welfare measures to its retired employees.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Yes. The Company has mapped its internal and external stakeholders. Internal stakeholders include employees and staff of the Company; and external stakeholders include equity shareholders, bondholders, creditors, bankers, borrowers and customers from both public and private sectors, Governmental bodies and regulatory authorities including State Government(s), Reserve Bank of India, Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges etc.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	Email/SMS/Website/ Letters/Telephone/ Newspaper etc.	On quarterly basis, through AGM, Postal Ballot and as and when required.	Communication of financial results, adoption of financial statement and transaction of ordinary and special business from time to time. Addressing requests/ grievances of shareholders from time to time.
Bondholders	No	Email/SMS/Website/ Letters/Telephone/ Newspaper etc.	As and when required.	Allotment, Interest Servicing, Redemption Payment, Bond Certificate/Demat Credit. Addressing requests/ grievances of bondholders from time to time.
Vendors	No	Email/SMS/Website/ Letters/Telephone /GeM, Tender Wizard and other portals of Government.	As and when required.	Vendor Development Programmes are organised from time to time.
Customers	No	Email/SMS/Website/ Letters/Telephone	On a regular basis.	Customer Satisfaction Survey, 2022 conducted through Administrative Staff College of India, Hyderabad.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Company already has various Board-approved policies in place, to address the economic, environmental, and social topics relating to its business. The said policies have been developed over a period of time based on the inputs from relevant stakeholders.

Further, to serve as a guiding document for all ESG initiatives and activities undertaken by REC, the Board of Directors of the Company in its 498th Board Meeting held on January 30, 2023 have approved Environment, Social & Governance (ESG) Policy of REC.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

During the financial year 2022-23, REC had approved its Environment Social and Governance Policy to contribute towards society. The ESG policy framework of the Company, *inter-alia*, comprises environmental impact considerations in its operational, financial and risk management linked decision-making. Further, to ensure the financing of clean energy, suitable conditions related to Environmental, Health, Safety and Social (EHSS) aspects, are being added in the loan agreement/sanction.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

REC is registered on GeM (Government e-Marketplace), Sambandh, Samadhan and TReDS (Trade Receivables Discounting System) portals of the Government of India (GoI) and all offices of REC, including regional offices, are effectively using the same and Company also promotes procurement from MSEs & women entrepreneurs and extends certain facilities in its procurement procedures to registered MSEs. It is also noteworthy, that there was no complaint against REC regarding delay in payments or any other grievance by any MSE vendor, on Government of India's Samadhan portal during the year. The Company also makes efforts on a regular basis to reach out to those equity shareholders and bondholders, who have unclaimed / unpaid dividends amounts/shares or unclaimed redemption amounts lying with the Company, so that such investors do not miss out on getting their rightful dues.

PRINCIPLE 5 Businesses should respect and promote human rights.

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
Total Employees	-	-	-	-	-	-
Workers						
Permanent	Not Applicable					
Other than permanent						
Total Workers						

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees*										
Permanent										
Male	Not Applicable									
Female										
Other than Permanent										
Male	Not Applicable									
Female										
Workers										
Permanent										
Male	Not Applicable									
Female										
Other than Permanent										
Male	Not Applicable									
Female										

** all permanent employees are paid remuneration as per the guidelines of DPE which are higher than the minimum wages*

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	1	89,97,197	-	-
Key Managerial Personnel	1	79,85,821	-	-
Employees other than BoD and KMP	332	27,43,211	63	28,59,602
Workers	-	-	-	-

Notes:

1. *The above schedule includes only permanent employees who have worked for the entire period of 12 months during the financial year 2022-23.*
2. *Remuneration/salary/wages includes allowances exempt u/s 10 of the Income Tax Act, 1961 and Employer contribution towards Pension scheme. Further, it excludes employer's contribution into REC Gratuity Fund, Leave Encashment Provision based on actuarial valuation, various reimbursements given to employees for e.g. uniform, entertainment, conveyance, electricity, water and attendant charges and exempt medical expenses.*
3. *The above remuneration is paid in line with the guidelines issued by the DPE in this regard.*
4. *The Company has not given any stock options during the financial year 2022-23.*

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

Company has a detailed grievance redressal mechanism in place. Any aggrieved employee can sought relief through the said mechanism. The said policy is available to the employees on the intranet.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-					
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

Pursuant to the Whistle Blower Policy of the Company, necessary mechanism has been put in place to provide protection to the complainant, wherever required. The Whistle Blower Policy is available at https://recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf.

REC believes that a sustainable organization rests on the foundation of ethics and respect for human rights. The Company ensures diversity and equal opportunities in workplace and upholds that career advancement is based on talent and performance.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Business agreements and contracts are primarily in nature of loan documentation, which are executed on the basis of specific terms sanctioned to Borrowers. Human right requirements do not form part of said loan documents. To protect the human rights of employees, REC has adopted employee-oriented policies, in line with general laws and sound ethical practices.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Not Applicable
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

Not applicable.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints:

Not applicable.

2. Details of the scope and coverage of any Human rights due-diligence conducted:

Not applicable.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the corporate office premises are accessible to differently abled visitors, with elevators and ramps, wheel chair accessible restrooms and direction signs in braille at various points.

Further, the corporate website of REC Limited complies with World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0 level AA. This will enable people with visual impairments access the website using assistive technologies, such as screen readers. The information of the website is accessible with different screen readers, such as JAWS, NVDA, SAFA, Supernova and Window-Eyes. Further information about the same can be accessed at https://recindia.nic.in/screen-reader-access.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	-
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others - please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:

Not applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment.

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

REC is a NBFC and does not have any production / manufacturing facility, therefore its energy intensity is limited.

However, REC has installed a 979kWp roof top solar plant, which has catered to around 50% of the total load requirement of Corporate Office. The solar plant is functional and connected to grid and has generated 13.19 lakh units of electricity. The building also has radiant cooling for slabs, Integrated Building Management System (IBMS), automated sensor controlled lighting, bio-climatic glass façade with motorized blinds, etc. for energy saving.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:

Not Applicable.

3. Provide details of the following disclosures related to water, in the following format:

REC is a NBFC and does not have any production / manufacturing facility, therefore its water intensity is negligible.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:

As REC is not a manufacturing Company or a production company. However, the Corporate Office Building of REC, located in Gurugram is zero liquid discharge building designed to use waste water drained after Reverse Osmosis (ROs), Solar cleaning, Toilets & floor washing & water bodies etc. in HVAC / Chillers. Further, Building is designed to use water treated through STP, for Horticulture purpose.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

REC is not a manufacturing or a production company, therefore air emission is negligible. Further, as a part of its appraisal process for all the power projects it finances, REC identifies and assesses the potential environmental risks of the projects. Environmental issues, if any, are identified through due diligence, site visits and review of applicable compliances etc.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Not Applicable.

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details:**

Not Applicable.

REC in line with the Government's outlook for renewable energy sector has been promoting competitive financing for renewable projects. REC has introduced various policies for competitive financing of clean energy projects across the country, including solar, wind, biomass projects and e-mobility. The total sanctions for renewable energy projects during the financial year 2022-23 were ₹21,371.11 crore towards 35 renewable energy projects, with aggregate installed generation capacity of 6,488 MW.

The Company's policies for renewable energy projects are reviewed from time to time, to meet the ever- evolving needs of this dynamic sector. Till date, REC has funded nearly 18.1 GW of renewable energy projects, to support the country's movement towards a greener future for the country. REC's financing norms for renewable energy projects can be accessed from the corporate website at https://recindia.nic.in/renewables.

REC is also the first Indian PSU to raise money from the international markets through Green Bonds listed on International Securities Market segment of London Stock Exchange in year 2017, with tenure of 10 years, the proceeds of which are applied for financing or re-financing of eligible green projects as per the Climate Bond Standards.

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	180 kg per month	-
E-waste (B)	140 units disposed off as identified in previous year.	140 units identified to be disposed as e-waste.
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	**180 kg per month and 140 units disposed off as identified in previous year.**	**140 units identified to be disposed as e-waste.**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Denotes number of IT units safely disposed which were identified last year i.e. FY 2021-22 for the disposal.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Disposal of old, un-serviceable & obsolete IT equipment, identified as e-waste, is done through registered recyclers/ re-processors under Central Pollution Control Board, Government of India and State Pollution Control Committee/ Board Electronic waste, by following the procedure defined under REC's Procurement Guidelines.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Sl. no.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
-	-	-	-

The Company is an NBFC with pan-India operations. Its registered office is in New Delhi and corporate office is in Gurugram. The Company has regional/state offices across India, which are located in State capitals. Offices of the Company are not located in ecologically sensitive areas.

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

REC being a NBFC, finances infra projects but does not own or execute/implement any project.

For renewable energy projects funded by REC, the Company requires the borrowers to submit Environmental and Social Impact Assessment (ESIA) as per applicable rules and regulations.

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

REC is not a manufacturing company. Hence, the given question has limited relevance. However, the Company complies with applicable environmental regulations in respect of its premises and operations. The Company also covers environmental concerns in the due diligence of the projects it finances.

LEADERSHIP INDICATORS

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

REC has installed a 979kWp roof top solar plant in its corporate office, to cater to its electricity requirement. The solar plant is functional and connected to grid and has generated 13.19 lakh units of electricity during the financial year 2022-23, which has catered to around 50% of the total load requirement of Corporate Office. The building also has radiant cooling for slabs, Integrated Building Management System (IBMS), automated sensor controlled lighting, bio-climatic glass façade with motorized blinds, etc. for energy saving.

2. **Provide the following details related to water discharged:**

Not Applicable.

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

Not Applicable.

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Not Applicable.

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities:**

Not Applicable.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Since your Company does not own any manufacturing facility, there are less significance of this question. However, REC Corporate Office Building located in Gurugram is designed and constructed by using energy efficient façade and radiant cooling slabs to lower about 30% HVAC load requirement in the building in order to conserve energy. Further, 979 kWp solar plant has been installed at top of the building (supported by solar pergola structure) to cater REC office load requirement by using clean and renewable source of energy. The solar plant has generated 13.19 lakh units of electricity during the financial year 2022-23, which has catered to around 50% of the total load requirement of Corporate Office.

For minimizing paper consumption, REC uses 'E-office' system in all its offices across the country. REC has actively used remote working methods through secure IT systems and processes, especially after onset of the pandemic, for ensuring business continuity while taking precautions for the health of its employees.

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link:**

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

Requisite training programmes have been conducted for the teams to be prepared to respond in a crisis. Disaster drills and table top exercises are conducted at regular intervals to test whether the set procedures are working as defined within the pre-defined RTO and RPO and people understand and follow it appropriately. Such drills are audited through external CERT-In (Indian Computer Emergency Response Team) certified auditors. Observations received from such audits are considered as a part of continuous improvements. The plan is reviewed at periodic intervals and the management and board are kept abreast of any developments or changes in the BCP.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard:**

REC is also financing installation of pollution control equipment in thermal power plants, in line with Government directives. This includes installation of Flue Gas Desulphurization (FGDs), Selective Catalytic Reduction (SCR) and Electrostatic Precipitators (ESP), which contribute towards curbing of harmful emissions and particulate matter. During the financial year, REC has sanctioned 7 projects for installation of pollution control equipment, with total loan amount of ₹1,647.08 crore.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:**

REC being a NBFC, does not own or execute/implement project. For renewable energy projects funded by REC, the Company requires its borrowers to get Environmental and Social Impact Assessment (ESIA) as per applicable rules and regulations.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/ associations:**

4 (Four)

b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

Sl. no.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Central Board of Irrigation & Power (CBIP)	National
2.	World Energy Council (WEC), India	National
3.	Standing Conference of Public Enterprises (SCOPE)	National
4.	Press Club of India	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:**

No adverse orders were passed from regulatory authorities.

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

REC is a member of World Energy Council (WEC), which functions under the patronage of MoP with the support of energy ministries and leading organizations in the energy sector. It is chaired by Secretary, Power with Secretaries of MoPNG, Coal, MNRE, MEA and CEA, Department of Atomic Energy acting as Vice Chairman of the body. The Board of Directors and Senior Officials of REC contribute towards the formulation of various policies relating to power sector, as part of various committees/working groups constituted by Ministry of Power, Government of India.

The Company has advocated for clean technology, energy efficiency and renewable energy through various platforms from time to time. The Company raises public awareness on matters relating to the power sector through its social media handles.

With dedicated efforts of many years, REC has contributed towards achieving village and household electrification in the country, especially in the far-flung areas. The Company has been the nodal agency for key power sector schemes such as *Deen Dayal Upadhyaya Gram Jyoti Yojana* (DDUGJY), *Pradhan Mantri Sahaj Bijli Har Ghar Yojana* (SAUBHAGYA) and *Ujwal* DISCOM *Assurance Yojana* (UDAY).

REC is currently playing the role of nodal agency for Revamped Distribution Sector Scheme (RDSS). In this regard, REC's wholly owned subsidiary, REC Power Development and Consultancy Limited (RECPDCL) is doing significant work in the fields of smart metering, 11 kV Rural Feeder Monitoring Scheme and other Government Programs.

A Regulatory Compliance and Monitoring Cell has been established for supporting the distribution utilities for such works. REC has begun publishing a compilation of "Key Regulatory Parameters of Utilities" booklet. Further, Consumer Service Rating of DISCOMs (CSRD) report is also being published by REC.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:**

Not Applicable.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not Applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

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

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	55.01%	36.60%
Sourced directly from within the district and neighbouring districts	-	-

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not applicable.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by Government bodies:**

Sl. no.	State	Aspirational District	Amount spent (In crore)
1	Bihar	Muzaffarpur	0.89
2	Bihar	Purnea	0.30
3	Bihar	Khagaria	0.34
4	Manipur	Chandel	0.54
5	Mizoram	Mamit	8.25
6	Nagaland	Kiphire	2.56
7	Uttarakhand	Shrawasti	0.15
8	Sikkim	West Sikkim	5.00
9	Himachal Pradesh	Chamba	0.63
10	Karnataka	Yadgir	0.43
	Total		**19.09**

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

Yes, REC has a policy to support public procurement from MSMEs. The policy is available at https://recindia.nic.in/uploads/files/RECPolicy-for-MSME-11022022.pdf.

(b) **From which marginalized /vulnerable groups do you procure?**

REC has made it mandatory to procure 100% of certain common use goods & services valuing upto ₹10 lakh from MSE vendors and also to allow purchase preference upto 25% of the tendered value to MSEs, out of which 4% is reserved for MSEs owned by SC, ST and 3% is reserve MSEs owned by women entrepreneurs for all cases where L_1 vendor is other than MSE vendors by allowing MSE vendors for price matching with L_1 if MSE bidders have quoted price within the band of L_1+15%, wherever splitting is feasible. The Company extends various facilities in its procurement procedures to registered MSEs, such as supply of tender sets free of cost, exemption from payment of earnest money etc.

(c) **What percentage of total procurement (by value) does it constitute?**

Government mandate is for minimum 25% from MSE out of which 4% is to be from SC/ST vendors and 3% from Woman vendors. For financial year 2022-23, REC has achieved its MoU target set by Government of India for procurement from GeM (achieved 89.28% against the target of 25%) and for MSMEs (achieved 55.01% against the target of 25%). It is noteworthy that the bifurcation of procurements from SC, ST and women entrepreneurs, highly depends on the claims lodged by vendors, on which REC has no control.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

Not applicable.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

No adverse orders were passed in relation to intellectual property related disputes.

6. **Details of beneficiaries of CSR Projects:**

Sl. no.	Purpose of CSR Funding	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Providing Safe Drinking Water facility in rural areas in 15 villages of three states.	10,000	100%
2	Construction of Building in SVNIRTAR to establish the Institute as a 'REC Centre of Excellence for Deformity Correction'.	2,000	100%
3	Construction of elevator room & installation of elevator at OPD building & Gynaecology building Civil Hospital.	2,000	100%
4	Providing better health facilities to leprosy affected and other poor people by constructing and equipping operation theatre and maternity block in The Leprosy hospitals.	50,000	100%
5	Installation of 275 nos. of hand pumps in district Shrawasti.	2,750	100%
6	Installation of 250 hand pumps in district Allahabad.	2,500	100%
7	Construction & renovation of Gandhi Memorial Hospital (a Government Hospital) affiliated to Shyam Shah Medical College in Rewa (unspent amount refunded).	1,00,000	100%
8	Supporting for installation of 20 nos. of water ATM machines at Kumbh Mela site & at various iconic places in India.	10,000	100%
9	Construction of 12 kms road from Yaingangpokpi to Laikoiching in Ukhrul district, Manipur.	10,000	100%
10	Adopting a slum for ensuring cleanliness of the slum-drinking water, sanitation, toilets, IEC campaigning, etc. under Swachhta Action Plan (SAP).	500	100%
11	Training for manufacturing affordable sanitary napkin and awareness generation on menstrual hygiene amongst rural girls/ adolescents/ women.	1,000	100%
12	Transformation of health by providing nursing training, infrastructure support in district hospital, strengthen hospital staff to improve maternal & child health care, procurement of generators, infrastructure development etc.	10,000	100%
13	Construction / extension of staff quarter for medical department and Modular prefabricated housing (quarter) for teachers.	10,000	100%
14	Installation of 200 nos. of Reverse Osmosis water treatment plant with overhead storage tank and electrical pump in 200 nos. of Aanganwadi Kendra/ primary school.	9,000	100%
15	Construction of Sewage Treatment Plant in Advanced Center for Treatment, Research and Education in Cancer (ACTREC), Tata Memorial Center.	10,000	100%
16	Providing food to migrant labourers/ family members engaged at construction/ sub stations, poor people, daily wage labourers etc. due to lockdown in view of the outbreak of pandemic corona virus COVID-19.	NA	NA
17	Distribution of 3400 nos. of aids and appliances to specially-abled persons across the country.	3,400	100%
18	Procurement, installation & commissioning of blood bank equipment/items at Indian Red Cross Society (IRCS).	5,000	100%
19	Distribution of approx. 9,000 aids & assistive devices to persons with disabilities by conducting camps at 25 locations in various districts in the country.	9,000	100%
20	Strengthening health facilities by providing medical equipment, ambulances, air conditioners, RO water plants, generator set, laptop, projector and office chairs in various Community Health Centres and Primary Health Centres.	1,000	100%
21	Strengthening cancer screening and basic cancer care services in 14 districts of Bihar.	1,00,000	100%
22	Repair of the 132 toilets in the Government Schools constructed under REC CSR support.	4,000	100%
23	Construction of 140 bedded home (Block-B & Part Block-C of Anandam) - A home for the homeless sick, destitute, unknown & elderly people.	140	100%
24	Renovation 50 nos. Anganwadi Centers (AWCs) and providing containers for storing food grains, LPG gas connection & setting up of Antenatal care corners in 1,125 nos. AWCs.	18,000	100%
25	Procurement, installation & commissioning of Digital Substraction Angiography machine.	100	100%
26	Installation of oxygen generation plant and DG set at Civil Hospital, Dalhousie.	200	100%
27	Procurement, installation & commissioning of Neuro navigation (Cranial + Spinal) machine.	200	100%
28	Setting up 2 Nos. of electrical cum gas operated (Hybrid) Crematorium.	200	100%
29	Up-gradation of the District Hospital, Mon by procurement of the medical equipment.	2,000	100%
30	Establishment of Oxygen ventilators, ALS Ambulance, and ICU patients beds at Govt. Charak Hospital, Ujjain.	2,000	100%
31	Setting up of 10 Bedded ICU for paediatric and neo natal section, Medical equipment for 20 bedded service in District Hospital.	2,000	100%
32	Procurement, installation and commissioning of 32 slice CT Scan Machine at New District Hospital.	500	100%
33	Upgrading the Uro Science Centre for Kidney Transplant in Sardar Patel (SP) Medical College, Prince Bijay Singh Memorial (PBM) Hospital.	200	100%
34	Improving Screening for Cervical Cancer through Empowering Communities.	4,000	100%
35	Survey and repair of 12,347 toilets constructed during 2014-15 under Swachh Vidyalaya Abhiyan (SVA) by REC in 5 states Uttar Pradesh, Bihar, Rajasthan, Telangana and Madhya Pradesh.	4,00,000	100%
36	To reduce the prevalence of Gender-Based Violence (GBV) in the urban slums of Mysore (Karnataka) and Bareilly (UP).	200	100%
37	Procurement and installation of medical equipment to strengthen health care service in B.K. Civil Hospital, Faridabad.	5,000	100%
38	Procurement of 15 nos. of ambulances to be run in tribal areas of various districts in Madhya Pradesh.	5,000	100%
39	Improving cleanliness and public conveniences in and around 7 Chhath Ghats and ensuring covid appropriate behaviour.	100	100%
40	Setting up of 20 bedded ICU facility in District Hospital and multi gas pipeline facility in the District Hospital.	200	100%
41	Installation of various Medical equipment's at Kamptee Cantt Board Hospital.	500	100%
42	Providing medical equipment at various government hospitals in Alwar.	2,000	100%
43	Modernization and Digitization of Psychiatric Rehabilitation Services.	1,000	100%
44	Procurement, operation and maintenance of 10 nos. of mobile health clinics for primary health care services.	5,000	100%

Sl. no.	Purpose of CSR Funding	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
45	2-days free Health Camp on Sept 17-18, 2022 in Barhara block, Bhojpur.	1,400	100%
46	Construction of 500 nos. toilet blocks at work place of BSF troops in Gurdaspur, Amritsar, Ferozpur and Abhohar.	5,000	N/A
47	Provide 4,300 nos. of aids and appliances to specially-abled persons.	4,300	100%
48	Construction of 100 bedded 'REC Vishram Sadan' (G+3) at District Hospital.	100	100%
49	Contribution to PM CARES Fund.	NA	NA
50	Expanding infrastructure for SSMI school.	550	100%
51	Construction of compound walls and providing gates in 24 nos. of Government Schools.	1,200	100%
52	Raising young innovators through the conceptual research experience to 1,800 students and 150 teachers.	1,800	100%
53	Transforming school education by providing projectors, water facilities, furniture, white boards & markers, infrastructure support in schools & hostels, improvement of science laboratories, etc.	3,000	100%
54	Transforming school education by providing equipment, teachers' training, increasing female literacy, providing drinking water in Government schools, etc.	5,000	100%
55	Transforming school education by upgrading the infrastructure of 15 Government primary schools, 1 Government higher school & 1 Government senior secondary school by repairing, renovating classrooms, redesigning kitchen, boundary walls, electrical wiring/ providing internet, procurement of water cooler, almirahs, cutlery, converting class rooms in to smart class rooms, providing play equipment, school library, science/ mathematics laboratory, etc.	3,000	100%
56	Strengthening of Science and computer laboratories by providing lab equipments, information & communication technology equipments & refurbishment of infrastructure in 7 nos. for Government schools, conversion of 60 nos. of class rooms into Digital class rooms in 60 nos. of Government Schools and installation of 43 nos. of 50 LPH Reverse osmosis water treatment system in 43 nos. of Government Schools.	2,200	100%
57	Job oriented Skill Development training to 1,100 unemployed youths belonging to SC/ST/OBC/Women/Minority/ EWS/ Underprivileged.	1,100	100%
58	Job oriented skill development training to 1,000 nos. of beneficiaries belonging to economically weaker section.	1,000	100%
59	Skill development training and distribution of equipment kit for self-employment to 500 nos. of women belonging to economically weaker section.	500	100%
60	Transforming school education in West Sikkim by strengthening school library, science laboratory, organizing science & technology fair, recruitment of mathematic teachers, providing smart class, renovation of hostel, providing furniture, training of teachers & exposure visit of teachers & students etc.	5,000	100%
61	Construction of auditorium in Government Higher Secondary School.	250	100%
62	Job oriented skill development training to 2,500 nos. of people belonging to SC/ST/OBC/Women/Minority/EWS at various locations.	2,500	100%
63	Job-oriented Skill development training to 360 nos. of beneficiaries belonging to SC/ST/OBC/Women/ EWS etc.	360	100%
64	Improving quality of education through Demonstration Vans and Smart Teaching.	3,000	100%
65	Providing firefighting equipment in a building for providing value education.	500	100%
66	Operating mobile school for imparting free education to 462 children of migrant construction labourers in Gurugram, Haryana and Hardoi, Uttar Pradesh.	462	100%
67	Construction of 2 hostel tower (G+8) with furniture, fixtures, landscaping, external lighting & approach road for post graduate students and installation of grid connected 100kWp roof top solar PV Panel under School of Medical Research and Technology.	NA	NA
68	Construction of hostel building for Scheduled Tribes/ vulnerable/ weaker section of the society in Kelwada (Kumbhalgarh) village.	100	100%
69	Installation of 0.25 MW SPV system and LED lights at various locations at Sambalpur University Campus.	200	100%
70	Installation of solar roof-top power panel and micro grids under Smartgram project.	5,000	100%
71	Installation of 50KWp grid connected solar PV at Information Technology Institute for the Tribes of India (ITITI).	50	100%
72	Installation of 1 MWp SPV system at various locations at campus of Madurai Kamaraj University.	800	100%
73	Setting up 1,650 nos. of Solar Street Lights in rural and tribal areas.	10,000	100%
74	Establishment of biodiversity and wildlife conservation laboratory and training center.	500	60%
75	Setting up 500 nos. of Solar Street Lighting system of 12 Watt with Remote Monitoring System (RMS).	3,000	100%
76	Contribution to Clean Ganga Fund.	NA	NA
77	Development of rural areas by deepening of wells, renovation & construction of check dams and organizing medical camps.	500	100%
78	Construction of multipurpose hall cum indoor stadium in Somdal village of Ukhrul district.	100	100%
79	Rural Development Works like construction of community hall, PCC Road, Conduits, Yatri Shed, installation of LED Lights, RO Plants etc.	10,000	100%
80	Construction of 3 community center with toilet complex in 3 villages.	300	100%
81	Construction of 4 nos. of community hall/centre in 4 villages of Patan and Nainwa block of Bundi.	400	100%
82	Construction of Community Hall at Asufii Punanamei Mao.	100	100%
83	Construction and operation of shelter home with wellness facility (60 seaters) for the care of the elderly.	60	100%
84	Construction of REC Motorsports Race Track and Sports Complex.	100	100%
85	Broad basing of Sports and promotion of excellence in sports in India.	2,500	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Being a NBFC, the Company has adopted a Fair Practices Code in line with the statutory requirements prescribed by RBI. The Code covers in detail a grievance redressal mechanism for consumers to submit their complaints if any. The Board of Directors periodically reviews the status of compliance of Fair practices code and also grievances received under the same. For the financial year 2022-23, no complaints were received under the Fair Practices Code.

The Fair Practices Code of REC can be accessed at https://recindia.nic.in/uploads/files/Fair-Practices-Code.pdf

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	100%
Recycling and/or safe disposal	Not Applicable

The products of the Company are mainly loans for the power sector and hence, the necessary terms & conditions and other legally binding clauses etc. are incorporated in the loan documentation in each case.

3. **Number of consumer complaints in respect of the following:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-		-	-	-
Advertising	-	-		-	-	-
Cyber-security	-	-		-	-	-
Delivery of essential services	-	-		-	-	-
Restrictive Trade Practices	-	-		-	-	-
Unfair Trade Practices	-	-		-	-	-
Other: Consumer Cases	1	0	The said matter was disposed as the same was withdrawn by consumer	4	3	4 Consumer cases were received during FY 2021-22 of which 3 cases, filed by the investors, are pending resolution

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

5. **Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

The Company has a comprehensive risk management policy which essentially covers cyber security and related aspects. The policy is an internal document of the Company available on its intranet.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Not Applicable.

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

REC offers a gamut of financial services to the entire power and infrastructure & logistics sector value chain, for setting up power infrastructure in generation, transmission & distribution, bolstering operational efficiency and implementing innovative technology solutions, by financing State power utilities, State Governments and private sector power developers. The product portfolio, interest rates and related information for customers is available on the Company's website at https://recindia.nic.in/financial-products.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

REC has a pan-India presence, with regional offices across the country. At each regional office, the Senior Chief Program Manager/Chief Program Manager (CPM) is the single point of contact for all borrowers in the State and for any concern over the products and services offered by the Company. Contact details of regional offices/Sr. CPMs/CPMs are available at https://recindia.nic.in/contact. The Company has also displayed consumer awareness literature on its website at https://recindia.nic.in/financial-products.

REC had developed DISCOM Consumer Service Rating based on four key dimensions (operational reliability; connection and other services; metering, billing, collection linked services; fault rectification and grievance redressal) which are central to enhancing level of consumer services. This will enable the DISCOMs to introspect their performance across various service parameters, undertake a comparative performance assessment with peer DISCOMs and take corrective measures. The Key objectives for the Consumer Service Index are:

- To create a minimum set of parameters related to quality and reliability of electricity supply and consumer service
- Track performance of DISCOMs across these aspects over a period of time
- Develop a spirit of healthy competition amongst DISCOMs to enhance consumer experience
- Nudge the DISCOMs to assess the gap areas, share best practices and promote *inter-se* learning.

Further, REC has an in-house training institute REC Institute of Power Management and Training (RECIPMT), which caters to the training and development needs of engineers and managers of power sector organizations across the country and beyond. RECIPMT undertakes various training programmes including on electrical safety, techno commercial improvement of DISCOMs performance, sustainability of power utilities etc.

In order to promote innovation and technology practices in the distribution sector, REC put in place a framework to enable Artificial Intelligence / Machine Learning Use cases in power distribution. Pilot projects are being supported through IITs and Technology Service Providers.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

REC has implemented Business Continuity and Disaster Recovery Plan for its data center and disaster recovery operations and is also ISO 27001:2013 certified.

Further, under the guidance of Ministry of Power, REC's wholly owned subsidiary, *viz.* REC Power Development and Consultancy Limited ("RECPDCL") has implemented the *Urja Mitra* App, which provides a Central Outage Management and notification platform for State power distribution utilities, to disseminate power outage information to urban and rural power consumers across India through SMS, email or push notifications.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Company is a NBFC offering financial products, hence it is ensured that adequate disclosures of all its financial products offered are made to its borrowers/customers and to its investors through the corporate website at https://recindia.nic.in/financial-products. Also during the loan approval process we undertake declaration regarding knowing of full details of the type of loan applied.

Being a NBFC, the Company also adheres to Fair Practices Code mandated by RBI, which sets out the fair lending practices to be followed with borrowers, in matters relating to application for loans and their processing, loan sanction, disbursement, post-disbursement supervision and grievance redressal mechanism etc. The Fair Practices Code is available at https://recindia.nic.in/uploads/files/Fair-Practices-Code.pdf.

The Corporation continuously conducts customer satisfaction surveys to seek feedback from its borrowers at various stages of the loan transaction such as at the time of the loan application, approval, disbursement and closure. This feedback is used to improve systems, processes and enable better focus on training and development of staff. REC has conducted Customer Satisfaction Survey 2022 of its esteemed customers across the country, comprising of Central and State Government power entities and private players in power space, through Administrative Staff College of India, Hyderabad. The overall Customer Satisfaction Index (CSI) score of the survey was 80%, reposing faith and confidence in the consumer-friendly services being extended by REC to its borrowers.

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

   b. **Percentage of data breaches involving personally identifiable information of customers**

Such instances were Nil for the financial year 2022-23.

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

REC conducts its business activities with utmost importance to ethics, transparency and accountability. The various policies, codes and rules framed in this regard include:-

Name of the Policy	Weblink
Internal Guidelines on Corporate Governance	https://recindia.nic.in/uploads/files/Final---Internal-Guidelines-on-Corporate-Governance.pdf
Policy for Prevention of Fraud	https://www.recindia.nic.in/uploads/files/Revised-Fraud-prevention-policy-of-REC-13082020.pdf
Whistle Blower Policy	https://www.recindia.nic.in/uploads/files/Whistle_Blower_Policy.pdf
Code of Business Conduct and Ethics	https://www.recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf
Fair Practices Code	https://recindia.nic.in/uploads/files/co-cs-fair-practic-code-dt020523.pdf
Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	https://www.recindia.nic.in/uploads/files/cs-policy-on-related-party-transactions-dealing-with-rpt-dt230719.pdf
Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and their Immediate Relatives and for Fair Disclosure	https://www.recindia.nic.in/uploads/files/cs-revised-insider-trading-code-submitted-to-stock-exchanges-dt070619.pdf
Policy on 'fit & proper' criteria of Directors	https://recindia.nic.in/uploads/files/Amended---Policy-on-Fit--Proper-Criteria.pdf

In addition to the above, there are other policies and rules, which are internal documents of the Company and are accessible to the employees of the Company on Intranet.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company is a NBFC offering financial products, which include loans to renewable energy projects for environmental sustainability. Details of the Company's products & services are available at https://recindia.nic.in/financial-products

Further, CSR Policy of the Company is available at https://recindia.nic.in/uploads/files/REC-CSR-Policy-07-12-2021.pdf

P3 Businesses should promote the well-being of all employees

The Company has adopted various employee-oriented policies in line with the general laws and regulations and sound ethical practices. Such policies are normally approved by the Board of Directors and are accessible to the employees of the Company on the intranet.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The Company respects the interest of all its stakeholders, including those who are disadvantaged, vulnerable & marginalized. The Company works towards inclusive growth through its CSR Policy approved by the Board of Directors. The CSR Policy is available at https://recindia.nic.in/uploads/files/REC-CSR-Policy-07-12-2021.pdf

P5 Businesses should respect and promote human rights

REC strives to safeguard and uphold human rights in all ways possible. The Company has a Code of Business Conduct & Ethics for its Board Members and Senior Management, which, *inter-alia*, casts moral imperative on the members of senior management to keep in mind the safety and protection of human life and environment and also to avoid discrimination on any grounds. The said Code is available at https://recindia.nic.in/uploads/files/Code_Business_Conduct_Ethics.pdf

P6 Businesses should respect, protect and make efforts to restore the environment

As a financial institution in the power sector, REC has been increasingly supporting the development of renewable energy space. REC's financing norms for renewable energy are available at https://recindia.nic.in/renewables

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

REC plays an active and responsible role in matters concerning public & regulatory policy. Further, REC's interactions with public at large can be followed through its various social media handles.

P8 Businesses should support inclusive growth and equitable development

REC has various policies to support inclusive growth and equitable development of all its stakeholders, including public procurement policy for MSMEs (https://recindia.nic.in/uploads/files/RECPolicy-for-MSME-11022022.pdf), equal opportunity policy for its employees (available on REC intranet), attractive lending rates for green-energy projects (https://www.recindia.nic.in/renewables) and also CSR policy (https://recindia.nic.in/uploads/files/REC-CSR-Policy-07-12-2021.pdf).

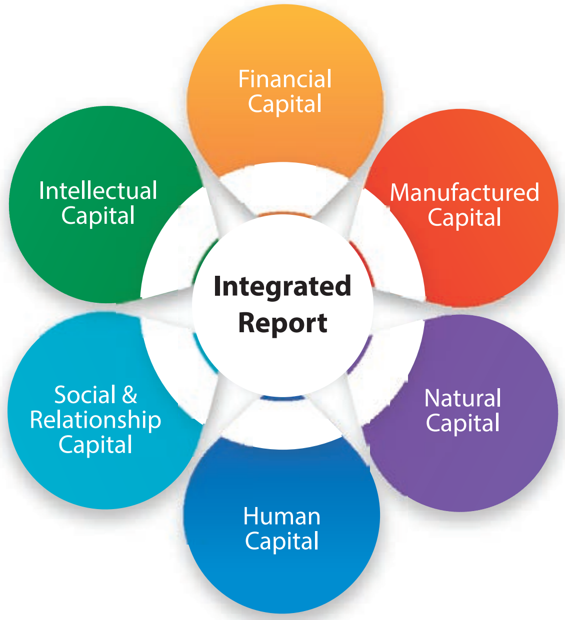
P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

REC has a Board-approved 'Fair Practices Code' in place, to ensure that fair and transparent practices are followed by the Company while dealing with customers in its lending operations. The Code is available at https://www.recindia.nic.in/uploads/files/Fair-Practices-Code.pdf

All policies & processes are reviewed by the Board of Directors/senior management from time to time.

Integrated Report

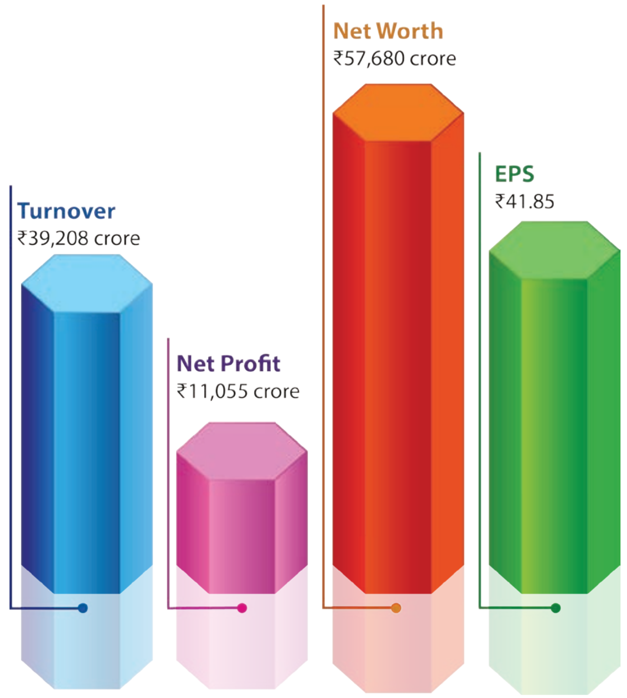
An Integrated Report is a concise communication about an organization's strategy, governance, performance and prospects, in the context of external environment leading to creation of value over short, medium and long term. It provides insight about the resources and relationships used by an organization and seeks to explain how an organization creates value over time. An Integrated Report enhances transparency and accountability, by disclosing a holistic view of value created by an entity beyond the financial capital, contributing to the economic, social and environmental system. REC has prepared this report voluntarily on the basis of International Integrated Reporting Council (IIRC) framework, relying on business disclosures through six capitals that guide businesses in long term decision making and planning.



The Company is a Non-Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC), lending the gamut of activities in power sector including generation, transmission & distribution, for renewable as well as conventional sources of energy, in public as well as private sector. Further, during the financial year 2022-23, with approval of shareholders, the mandate of Company has been extended to lend to non-power Infrastructure and logistics sector to contribute to the accelerated development of our nation. REC also acts as nodal agency, project implementation/management agency for various Government programmes of national importance.

REC is a Government company and comes under control of Ministry of Power (MoP), Government of India. Since the financial year 2018-19, the Company's majority equity stake is held by Power Finance Corporation Limited (PFC), Central Public Sector Enterprise (CPSE) under the aegis of MoP. REC's yearly targets are set by way of a Memorandum of Understanding (MoU) entered with PFC (earlier with MoP), which are evaluated through a mechanism established by the Department of Public Enterprises (DPE) and the administrative ministry. The performance of the Company in terms of MoU signed under the guidelines of the DPE, Government of India for the financial year 2023 is likely to be excellent, subject to final evaluation by DPE. For the financial year 2021-22 MoU rating of REC has been "Very Good", primarily due to a newly introduced parameter of stock price performance.

The governance framework of REC complies with the statutory requirements of applicable laws and regulations, except for a shortfall in appointment of Independent Directors, which has been explained in the Report on Corporate Governance. Being a NBFC, the Company also complies with various directives of Reserve Bank of India (RBI). REC's Internal Guidelines on Corporate Governance, which codify its governance philosophy and framework, can be accessed at https://recindia.nic.in/uploads/files/Final---Internal-Guidelines-on-Corporate-Governance.pdf REC has posted an impressive performance during the financial year 2022-23, as detailed below:

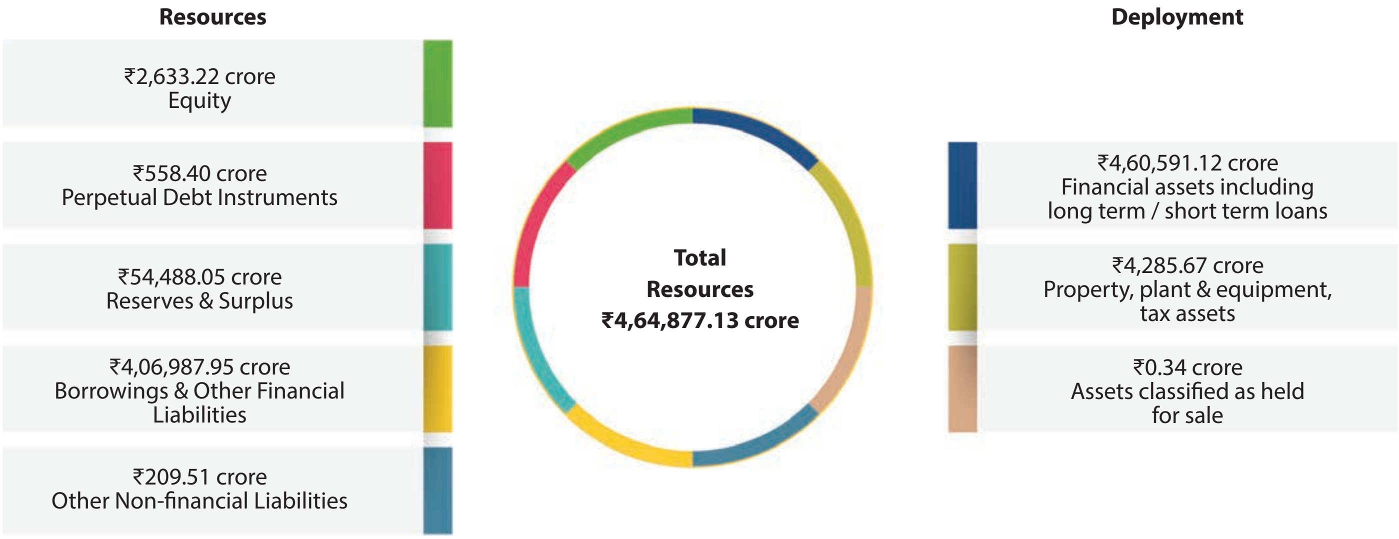


REC aspires to increase the share of clean energy portfolio to around 30% of its loan book by March 2030 and the same will be achieved through investment in the six capitals namely Financial Capital, Manufactured Capital, Intellectual Capital, Social & Relationship Capital, Human Capital and Natural Capital, which are explained hereinafter.

Financial Capital

Financial Capital, in respect of REC, refers to the pool of funds available for use in the provision of its services, i.e., lending to power and Infrastructure & Logistics sector.

As on March 31, 2023, the total resources of the Company stood at ₹4,64,877.13 crore and the breakup of same is as under:



Given the nature of business of the Company, borrowings form the most substantial part of source of funds, including Institutional Bonds, Foreign Currency Borrowings, FCNR (B) Loans, Capital Gain Bonds, Tax Free Bonds, Infra Bonds, Commercial Paper and loans from banks, financial institutions & multilateral agencies. Raising of funds at competitive rates forms the basis of profitability in financing business. REC has been raising funds at consistently competitive rates. The overall weighted average annualized cost of funds for the outstanding borrowing as on March 31, 2023 was 7.28%. REC also enjoys "AAA" rating from CRISIL, CARE, India Ratings & Research and ICRA for its domestic debt instruments and international rating of "Baa3" and "BBB-" rating from Moody's and FITCH respectively, which is at par with the sovereign rating of India. The deployment of these resources is done primarily in the form of loans sanctioned by the Company towards various projects of power and Infrastructure & Logistics sector. As on March 31, 2023, REC's loan portfolio was categorized as 39% into generation projects, 11% into transmission projects, 37% into distribution projects, 7% into renewable energy projects and 6% in STL/RBPF.

Further, 90% of REC's loan portfolio is in State sector schemes/ projects and 10% in private sector projects. Non-Performing Assets (NPAs) of REC are one of the lowest in the industry. Through its financial capital, REC has been able to create value not only for its shareholders and investors, but for overall development of country. REC has maintained its profitability and is also consistently paying dividend to its shareholders.

Manufactured Capital

Being a NBFC, REC does not own any manufacturing facility. However, the Company is a pioneer institution in the field of financing to power sector. Further, it had also started financing in the Infrastructure and Logistics sector and during the first year itself, the Company has sanctioned more than ₹85,700 crore towards various Infrastructure and Logistics projects. Power being a critical input into industrial activity, services sector as well as in the day-to-day life of common man, REC's contribution lies in significant creation of power infrastructure across the country.

Owing to its nature, REC's asset use is limited to IT & communication infrastructure and office supplies. Further, all material requirements are sourced as per Procurement Guidelines of the Company, including through GeM (Government e-Marketplace) portal.

The Company uses revamped Business ERP containing advanced features and the ERP system is continuously improved as per requirements of the Company. The ERP hardware is migrated to private cloud environment at REC Datacenter. The Company has revamped its network and security devices to meet the requirement of operations. The secured VPN network facilitates remote location access to critical business applications for seamless operations. The Primary Data Center and Disaster Recovery Center of REC is ISO/ IEC 27001:2013 certified and comply with National Cyber Security Policy of Government of India. REC has also implemented IT security directives of RBI prescribed for NBFCs. The Company was one of the early adopters of 'e-office' system amongst power sector PSUs, which facilitates paperless working. Further, the website of the Company is user friendly, dynamic, interactive, STQC certified and complies with the Guidelines for Indian Government Website (GIGW).

Intellectual Capital

The Company has deployed a number of in-house developed systems as part of its IT initiatives, towards achieving better e-governance. Further, the Company has implemented Data Leakage & Prevention (DLP) system at Data Center and Disaster Recovery Center for preventing sharing of confidential and critical information outside the corporate network. Since 1979, REC has under its umbrella, a training institute i.e., REC Institute of Power Management and Training (RECIPMT), dedicated for training human resources of power sector in technical as well as non-technical areas. RECIPMT has been engaged by Ministry of Power and various power sector organizations for conducting training programmes. It is also conducting training programmes under Indian Technical and Economic Co-operation (ITEC) scheme of Ministry of External Affairs.

During the financial year 2022-23, RECIPMT has been able to achieve 15,371 training man days for 4,854 personnel through Classroom and Webinar (Online) mode.

Human Capital

Company has professionally qualified, experienced and skilled workforce along with congenial culture and supportive environment, which not only motivates its human capital but also retains them. The Company has a robust system to ensure effective management of human resources and to enhance their productivity. The human resources are trained on the organization's mission and policy framework right from the beginning. At work also, sharpening of skills and business acumen is given a special focus, through various training & development programmes. REC's HR pool is diversified with representation of various categories. REC empowers its women employees through various initiatives and policies; and endeavors towards gender parity, promoting a fruitful work environment making it conducive for its employees to grow as professionals and as individuals. Work life balance is given special focus through welfare-oriented policies. Regular health checkups for employees and talks on preventive health issues are organized from time to time. The Company has a well-equipped gymnasium at its corporate office for its employees. The Company always motivate employees for participation in various sports, cultural and literary events, which also promote their overall development.

Social and Relationship Capital

REC is not only a financial institution, but an organization striving for overall development of Indian power sector and the country as a whole and now it has extended its footstep in the Infrastructure & Logistics sector also. Being a nodal agency of the Government of India Revamped Distribution Sector Scheme (RDSS) and other schemes, the Company has contributing the collective development agenda of the Government.

REC is also supporting various social causes through its CSR arm, CSR Foundation. During the financial year 2022-23, REC spent more than ₹210 crore towards various CSR projects, including contribution of ₹50 crore towards PM CARES Fund, development of various aspirational districts, distribution of aids to Divyang persons, supporting studies and basic necessities for disadvantaged students and construction of multipurpose community hall, vishram sadan and toilets, to name of a few. REC has also supported the development of sports facilities across India, emphasizing on badminton, boxing and athletics.

Natural Capital

REC always endeavors to protect environment by minimizing consumption of natural resources and also by minimizing wastage of the same. As a leading financing organization in power sector, REC has been consistently improving its renewable energy portfolio. During the financial year 2022-23, *inter-alia* the Company sanctioned loans aggregating to ₹21,371.11 crore towards 35 renewable energy projects, with total generation capacity of 6,488 MW. Till date, REC has funded nearly 18.1 GW of capacity under renewable energy projects supporting a greener future for the country.

REC has prepared Environmental Social Impact Analysis (ESIA) report under Official Development Assistance - KfW-III which is applicable for financing renewable energy projects. The same serves as the roadmap for REC to address environmental & social issues in financing renewable power projects.

REC is also financing installation of pollution control equipment in thermal power plants, in line with Government directives. This includes installation of Flue Gas Desulphurization (FGDs), Selective Catalytic Reduction (SCR) and Electrostatic Precipitators (ESP), which contribute towards curbing of harmful emissions and particulate matter. During the financial year, REC has sanctioned total loan amount of ₹1,647.08 crore for installation of pollution control equipment in 7 thermal power projects.

The ESG policy framework of the Company, *inter-alia*, comprises environmental impact considerations in its operational, financial and risk management linked decision-making. Further, to ensure the financing of clean energy, suitable conditions related to Environmental, Health, Safety and Social (EHSS) aspects, are being added in the loan agreement/sanction.

REC has installed a 979 kWp (kilowatts peak) rooftop solar plant on its corporate office building, to cater to its electricity requirement. The building also has energy saving features like radiant cooling for slabs to reduce power consumption for air conditioning by 30%, Integrated Building Management System (IBMS), automated sensor controlled lighting and bio-climatic glass facade with motorized blinds. The plant has generated 13.19 lakh units of electricity during the financial year 2022-23, which has catered to around 50% of the total load requirement of the building.

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

ANNEXURE-V TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
REC LIMITED
Registered Office:
Core 4, SCOPE Complex, 7,
Lodi Road, New Delhi - 110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **REC LIMITED** having **CIN: L40101DL1969GOI005095 (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the representation made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and 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, 2023, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company during the Audit Period);**

  e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client with respect to issue of securities;

  f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company during the Audit Period);**

  g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);** and

  h. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

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 to power, logistics and infrastructure sectors. As confirmed and certified by the management, following laws are specifically applicable to the Company based on the Sector(s)/ Business(es):

- 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 [SEBI (LODR)].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that *the Company was not in compliance with the Regulation 17 (1) of the SEBI (LODR), in respect of the appointment of requisite number of Independent Directors, as the Board had a total of four Independent Directors against the requirement of five Independent Directors as on March 31, 2023.*

Being a Government Company, in terms of Article 91 of Articles of Association of the Company, all Directors on the Board of REC Limited are appointed by President of India acting through Ministry of Power and the Company has no role in appointment of Directors on its Board.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including Women Independent Director except that the Company was falling short only by one Independent Director as on March 31, 2023, as stated above. The changes, in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all Directors to schedule the Board meetings. Agenda and detailed notes on agenda were sent at least seven days in advance (except for meetings conducted at shorter notice after complying with the necessary provisions) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board and/or Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or respective Committee of the Board, as the case may be.

We further report that based on the review of the compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by various departments and taken on record by the Board of Directors at their meetings, we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following specific activities took place in the Company having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

1. The Company has raised long term/short term funds by issue of different debt instruments for financing various projects as listed below:

Sl. no.	Type of Debt Instruments	Amount (₹ in crore)
(A)	**Long Term Borrowings**	
1.	54 EC Capital Gains Tax Exemption bonds	12,154.00
2.	Institutional Bonds/ Subordinate Bonds	25,545.00
3.	Term Loans from Banks/ FIs	22,911.00
4.	Foreign Currency Borrowings	10,036.00
(B)	**Short Term Borrowings**	
4.	FCNR (B) Loan	15,088.00
5.	Loans from Banks (Tenor more than 6 months)	1,150.00
	Total Funds Raised during the period	86,884 .00

2. Pursuant to provisions of the Companies Act, 2013 and Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018 and in line with the approval of shareholders on August 9, 2022 through Postal Ballot, 65,83,06,000 (Sixty Five Crore Eighty Three Lakh Six Thousand only) equity shares of ₹10/- each, were allotted as bonus shares in the ratio of 1:3 i.e. one (1) new equity share of ₹10/- each for every three (3) equity shares of ₹10/- each.

3. After the necessary approvals, a new sub-clause (9) was added in the Objects Clause [Clause III(a)] of Memorandum of Association of REC Limited i.e. "To lend to logistics and infrastructure sectors to the extent permitted by the Government of India".

For Hemant Singh & Associates
Company Secretaries

Sd/-
Hemant Kumar Singh
(Partner)
Membership No: F6033
COP No : 6370
UDIN: F006033E000457231

Date : June 5, 2023
Place : Delhi

This report is to be read with Annexure A, which forms an integral part of this report.

Annexure-A

The Members
REC LIMITED
Registered Office:
Core 4, SCOPE Complex, 7,
Lodi Road, New Delhi -110003

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS-1 to CSAS-4 ("CSAS") prescribed by the ICSI. These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Hemant Singh & Associates
Company Secretaries

Sd/-
Hemant Kumar Singh
(Partner)
Membership No: F6033
COP No : 6370
UDIN: F006033E000457231

Date : June 5, 2023
Place : Delhi

ANNEXURE-VI TO BOARD'S REPORT

Auditors' Certificate on Corporate Governance

To,

The Members,
REC Limited
New Delhi

We have examined the compliance of conditions of Corporate Governance by REC Limited ("the Company") for the financial year ended March 31, 2023, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended) executed with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Finance, Government of India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that as on March 31, 2023, 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 for the appointment of requisite number of Independent Director on the Board. Further, REC being a Government Company, all the Director are appointed by the President of India, acting through administrative ministry, i.e., Ministry of Power and this is beyond the control of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Sd/-
Name - Gaurav Mittal
Designation: Partner
Membership Number: 099387
UDIN: 23099387BGWDLQ9832

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Sd/-
Name - Atul Aggarwal
Designation: Partner
Membership Number: 092656
UDIN: 23092656BGUFQD1300

Date : August 11, 2023
Place : New Delhi

Annual Report on CSR

1. Brief outline on CSR policy of the Company:

The Company has its Corporate Social Responsibility Policy, in consonance with Section 135 of the Companies Act, 2013 and rules made thereunder. REC CSR policy has been amended from time to time in compliance with the Companies (Corporate Social Responsibility Policy) Amendment Rules.

In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company made during the three immediately preceding financial years shall be spent in pursuance of Corporate Social Responsibility Policy. The Company ensures that CSR projects are carried out in line with activities prescribed under Schedule VII of the said Act.

The Company endeavors to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the activities, in a focused manner to the extent possible. CSR projects are chosen in 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).

A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which at least one Director shall be an Independent Director. Role & Responsibilities of the Corporate Social Responsibility Committee shall *inter-alia* include, formulating and recommending to the Board the activities to be undertaken by the Company in areas or subject, specified in Schedule VII, monitor corporate responsibility policy, and recommend the amount of expenditure to be incurred, periodically submit the reports to the Board of Directors.

REC Limited undertakes its CSR activities through 'REC Foundation', a registered society. The foundation is governed by Governing Body wherein officials of REC Limited are nominated.

CSR Projects:

During the year, 24 CSR projects were approved with aggregate assistance of ₹190.20 crore and an amount of ₹210.35 crore during the year (including carried forwarded of excess spent of ₹0.40 crore from previous year) on CSR projects. The assistance has broadly been channelized to the various projects including the following:

i. Procurement, operation and maintenance of 2 nos. of mobile medical units for primary health care services in Gadchiroli, Maharashtra.

ii. Procurement, operation and maintenance of 10 nos. of mobile health clinics for primary health care services in Bhojpur, Bihar.

iii. Construction of 500 nos. toilets blocks at work place of Border Security Force (BSF) troops in Gurdaspur, Amritsar, Firozpur and Abhohar Districts in Punjab.

iv. Construction of 100 bedded 'REC Vishram Sadan' at District Hospital, Ujjain for attendants of patients belongs to economic weaker sections.

v. Distribution of 4,300 nos. of aids and appliances to specially-abled persons in Assam, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Rajasthan, Uttar Pradesh and Tamil Nadu.

CSR Assistance of ₹100 crore given by REC to Broad base Sports like boxing, badminton & athletics and promotion of excellence in sports in India

vi. Procurement and installation of Bhabhatron Multi Leaf Collimator (MLC) Radiotherapy equipment at Virat Hospice, Jabalpur, Madhya Pradesh.

vii. Providing 1000 school benches made from recyclable plastic waste in 27 government schools and conducting awareness programme in 50 schools towards climate change & sustainability in Gurugram, Haryana.

viii. Providing 1,000 school benches, 1,250 Bunk beds, 5,000 rPET (Recycled Polyester) T-Shirts made from recyclable plastic waste in Government Childcare Institutions in Rajasthan.

ix. Setting up 500 nos. of Solar Street Lighting system with Remote Monitoring System (RMS) in Bilaspur district of Himachal Pradesh.

x. Construction of two multipurpose community halls in two villages of Krishna District, Andhra Pradesh and one multipurpose community hall at Asufii Punanamei Mao, Senapati District, Manipur.

xi. Construction of "REC Girls Hostel" at Kohima Science College, Jotsoma, Nagaland.

xii. Procurement & installation of 8 nos. Ultrasound Scanning Machines with Twin View in eight District Hospitals in Manipur.

CSR Assistance for ₹2.50 crore for construction of G+2 School building for expanding school infrastructure under REC CSR project

2. Composition of the CSR Committee:

In line with the Companies Act 2013, CSR committee of the company constituted and as on March 31, 2023, the Composition of the same is as under:

Sl. no.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the tenure	Number of meetings of CSR Committee attended by Director
1	Dr. Manoj M. Pande (Independent Director)	Chairperson	10	10
2	Shri Ajoy Choudhury Director (Finance)	Member	10	10
3	Dr. Gambheer Singh (Independent Director)	Member *(upto Dec 29, 2022)*	7	7
4	Shri Vijay Kumar Singh Director (Techincal)	Member *(w.e.f. July 7, 2022)*	8	8

Aids and appliances provided to specially abled, under REC CSR project

3. Web-links detailing composition of CSR Committee, CSR Policy and CSR projects approved by the Board:

https://www.recindia.nic.in/our-csr-initiatives

4. Executive summary along with web-link of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8:

The impact assessment was carried out as per CSR Amendment Rules effective from 22 January 2021, of projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.

M/s Genesis Management & Market Research Private Limited carried out the Impact assessment study. The tables below provide name of projects, key findings of the impact of the projects.

Sl. no.	Project details	Key findings of the impact of the project
1	₹2.48 crore for installation of 1,700 LPM oxygen generation plant and generator plant in Dalvi Hospital, Pune, Maharashtra by Pune Municipal Corporation (PMC)	a. Provided uninterrupted oxygen supply in the hospital. b. About 15,000 patients have been cured during Covid in the hospital. c. The hospital is a 170 bedded capacity. d. The plant is well maintained and in working condition. The oxygen supply is not restricted in the said hospital but to other hospitals in the Pune city.
2	₹1.10 crore for construction of Integrated muscular dystrophy and Rehabilitation center 'Manav Mandir' (3rd floor) in Solan, Himachal Pradesh by Indian Association of Muscular Dystrophy, (IAMD)	a. Centre established under one roof for the persons living with muscular dystrophy. b. Only centre for muscular dystrophy in India. c. Boccia – a Paralympic game is played on the 3rd floor of the centre.
3	₹1.61 crore for providing medical equipment and instrument in District Hospital and Public Health Center in West Sikkim, Sikkim by District Magistrate, West Sikkim (DM, WS)	a. The infrastructure has been strengthened in the district hospital and public health centres. b. All equipment were in working condition and the facilities were provided to needy patients.

Sl. no.	Project details	Key findings of the impact of the project
4	₹13.24 crore for Installation of 2 MWp SPV system at various locations on campus of Acharya Nagarjuna University in Guntur, Andhra Pradesh by New & Renewable Energy Development Corporation of Andhra Pradesh Ltd. (NREDCAP)	a. Reduction in campus carbon footprint & dependency on non-renewable energy sources. b. Earlier there were frequent power cuts which caused disruption while performing experiments, working on projects, etc.
5	₹1.99 crore for Setting up Research & Rehabilitation Center (3rd floor), boundary wall with gate and playground at Research and Rehabilitation Centre for specially abled children at Vijaypur village, Bilaspur, Himachal Pradesh by Chetna Himachal Pradesh (CHP)	a. Quality education, medical & vocational rehabilitation & residential services are being provided to intellectually challenged children. b. The children are referred by state health department. c. The facilities are provided to specially abled children, free of cost.
6	₹1.75 crore for installation of 1,000 LPM oxygen generation plant, procurement of 22 oxygen concentrators and 200 semi fowlers beds at Base Hospital, Pithoragarh, Uttarakhand, by Chief Medical Officer, Pithoragarh, Uttarakhand (CMO)	a. Provided uninterrupted oxygen supply in the hospital. b. Around 1,500 patients were admitted during Covid and around 250 required uninterrupted oxygen supply. c. It is one of the largest hospital in the district. d. The hospital is a 280 bedded capacity.
7	₹1.40 crore for Procurement of Cold Chain Equipment (CCE, D &NH) for COVID-19 Vaccination program in Dadra & Nagar Haveli, Nagaland and West Bengal by RECF(CCE, N&WB)	The cold chain equipment has been provided to DNH, Nagaland and West Bengal to preserve the Covid 19 vaccine during the surge of Covid across the nation.
8	₹1.53 crore for Construction of blood bank cum administrative block and upgradation of blood bank Equipment of backward districts of Ananthapuram district, Andhra Pradesh by Indian Red Cross Society (IRCS)	a. A full-fledged blood bank with component separation facilities has been established. b. Safe and sustainable blood supply to needy population has been provided. c. 24 hrs blood bank in the town, availability of infection free blood units, blood components such as packed RBCs, frozen plasma & platelets. d. Free supply of blood units to poor sections and thalassemia & haemophilia.
9	₹3.10 crore for Construction of radiotherapy unit in Virat Hospice, run under Brahmrishi Mission Samiti, to support the terminally ill cancer patients in Jabalpur, Madhya Pradesh by Brahmrishi Mission Samiti, Jabalpur (BMS)	a. Provided accessible health care services through integration of oncology and palliative care to cancer patients and terminally ill people. b. The institution provides free services to poor & needy patients. c. The hospice is 18 bedded capacity.
10	₹9.21 crore for Community Development awareness program for ultimate utilization of the naturally available nutrition, food and energy around the communities, in Meghalaya and Nagaland by North East Slow Food & Agrobiodiversity Society (NESFAS)	a. Promoted indigenous food systems to improve nutrition & sustainable livelihood of indigenous communities. b. Better occupation opportunities are created after the project in the region. c. Scientific & technical skills were imparted to the community in traditional cultivation making farmers a focal point. d. There have been rise in the income among the people benefitted under the project.
11	₹9.83 crore for distribution of 9,000 aids & assistive devices to persons with special abilities in various states of India by Artificial Limbs Manufacturing Corporation of India (ALIMCO)	a. Provided aids & assistive devices to the persons with special abilities to restore their confidence. b. Encouraged community involvement by empowering persons with special abilities.
12	₹1.35 crore for providing sustainable energy systems for SMARTGRAM initiative of Rashtrapati Bhawan in 45 villages of Haryana, by Skill Council for Green Jobs (SCGJ)	a. Provided clean & environmental friendly technologies, which are self-sustainable & efficient. b. Most of the beneficiaires are agricultural labourers or working on petty jobs belonging to under privileged categories.

Sl. no.	Project details	Key findings of the impact of the project
13	₹1.19 crore for providing training to 10,000 candidates for appearing in competitive exams in 5 districts in Ambala, Jhajjar, Jind, Kaithal & Yamuna Nagar of Haryana by Haryana CSR Advisory Board (HCSRAB)	a. Provide training to 10,000 candidates to access job opportunities. b. Access to online information and helped them prepare for competitive exams. c. Access to mock tests for better preparation and self-examination.

The detailed impact assessment report is available at https://recindia.nic.in/impact-assessment-reports

The table below provides the ratings for 13 projects on different parameters namely (i) Inclusiveness (ii) Relevance, (iii) Effectiveness, (iv) Convergence and (v) Sustainability. Each project has been assessed on the above key parameters and further categorized into High/Medium/ Low basis the impact generated:

High	This category highlights that the project has been able to meet the key evaluation parameters of impact within the said IRECS framework.
Medium	This category highlights that the project has been able to partially meet the key evaluation parameters of impact within the said IRECS framework.
Low	This category highlights that the project has yet to meet the key evaluation parameters of impact within the said IRECS framework.

Sl. no.	Project/IRECS Parameters	Inclusiveness	Relevance	Effectiveness	Convergence	Sustainability
1	PMC	High	High	Medium	High	Medium
2	IAMD	High	High	High	High	High
3	DM, WS	High	High	High	High	Medium
4	NREDCAP	High	High	High	High	High
5	CHP	High	High	Medium	High	High
6	CMO	Medium	High	High	High	Medium
7	CCE, D&NH	Medium	Medium	Medium	Medium	Medium
	CCE, N&WB	High	High	High	High	Medium
8	IRCS	High	High	High	High	High
9	BMS	High	High	High	High	High
10	NESFAS	High	High	Medium	High	Medium
11	ALIMCO	Medium	High	High	High	Medium
12	SCGJ	High	Medium	Medium	Medium	Medium
13	HCSRAB	High	High	Medium	High	Medium

(₹ in crore)

5.	(a)	Average net profit of the company as per section 135(5)	:	10,132.36
	(b)	Two percent of average net profit of the company as per section 135(5)	:	202.65
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	:	Nil
	(d)	Amount required to be set-off for the financial year, if any.	:	0.40
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)].	:	202.25

(₹ in crore)

6.	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project as detailed in Annexure-A)	:	204.31
	(b)	Amount spent in Administrative Overheads	:	5.30
	(c)	Amount spent on Impact Assessment, if applicable	:	0.34
	(d)	Total amount spent for the Financial Year [(a)+(b)+(c)].	:	209.95
	(e)	CSR amount spent or unspent for the Financial Year:		

Total Amount Spent for the Financial Year. (₹ in crore)	Amount Unspent (₹ in crore)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
209.95	Nil	NA	Nil	NA	NA

(f) Excess amount for set-off, if any:

Sl. No	Particulars	Amount (₹ in crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135(5)	₹202.65
(ii)	Total amount spent for the Financial Year (including carried forwarded of excess spent of ₹0.40 crore from previous year)	₹210.35
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹7.70
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	₹0.00
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹7.70

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years :

Sl. no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in crore)	Amount spent in the reporting Financial Year (₹ in crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in crore)
				Name of the Fund	Amount (₹ in crore)	Date of transfer	
1	FY2019-20	Nil	Nil	Nil	Nil	Nil	Nil
2	FY2020-21	Nil	Nil	Nil	Nil	Nil	Nil
3	FY2021-22	Nil	Nil	Nil	Nil	Nil	Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : Nil

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : The Company has fully spent its CSR Budget for the Financial Year 2022-23.

Sd/-
(Ajoy Choudhury)
Director (Finance)
DIN : 06629871

Sd/-
(Dr. Manoj Manohar Pande)
Independent Director and
Chairperson of CSR Committee
DIN : 09388430

Place : Gurugram
Date : August 11, 2023

Annexure-A: Details of CSR expenditure during the year 2022-23

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project		Amount spent in for the project (₹ in crore)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation-Through implementing Agency	
				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
1	Providing Safe Drinking Water facility in rural areas in 15 villages of three states.	Health care	NA	Jaipur, Pathankot, Sangrur, Nalgonda, YSR Kadapa	Telangana, Rajasthan & Punjab	0.10	No	Naandi Foundation, Hyderabad	NA
2	Construction of Building in SVNIRTAR to establish the Institute as a 'REC Centre of Excellence for Deformity Correction'.	Health care	NA	Cuttack	Odisha	2.98	No	Swami Vivekanand National Institute of Rehabilitation Training and Research, Cuttack, Odisha.	NA
3	Construction of elevator room & installation of elevator at OPD building & Gynaecology building Civil Hospital.	Health care	NA	Aizawl	Mizoram	0.32	No	Medical Superintendent, Civil hospital, Aizawal	NA
4	Providing better health facilities to leprosy affected and other poor people by constructing and equipping operation theatre and maternity block in The Leprosy hospitals.	Health care	NA	Champa, Faizabad, Vadathorasalur	Tamilnadu, UP, Chhattisgarh	1.16	No	The Leprosy Mission Trust India, New Delhi	CSR00001796
5	Installation of 275 nos. of hand pumps in district Shrawasti.	Health care	NA	Shrawasti	Uttar Pradesh	0.14	No	District Magistrate, Shrawasti	NA
6	Installation of 250 hand pumps in district Allahabad.	Health care	NA	Allahabad	Uttar Pradesh	0.03	No	District Magistrate, Allahabad	NA
7	Construction & renovation of Gandhi Memorial Hospital (a Government Hospital) affiliated to Shyam Shah Medical College in Rewa (unspent amount refunded).	Health care	NA	Rewa	Madhya Pradesh	(0.42)	No	Shyam Shah Medical College, Rewa	NA
8	Supporting for installation of 20 nos. of water ATM machines at Kumbh Mela site & at various iconic places in India.	Health care	NA	Prayagraj, Agra, Gorakhpur, Varanasi, Chitrakoot, Haridwar, Deoghar, Delhi	Uttar Pradesh, Uttrakhand, Delhi, Jharkhand	0.19	No	Bisnouli Sarvodaya Gramodaya Sewa Sansthan	CSR00001405
9	Construction of 12 kms road from Yaingangpokpi to Laikoiching in Ukhrul district, Manipur.	Health care	NA	Ukhrul	Manipur	5.74	No	North Eastern Region Community Resource Management Society (NERCRMS)	CSR00040556
10	Adopting a slum for ensuring cleanliness of the slum- drinking water, sanitation, toilets, IEC campaigning, etc. under Swachhta Action Plan (SAP).	Health care	NA	PAN India	PAN India	0.10	Yes	Respective CPM, RO & Admin Division, REC Ltd.	CSR00005016
11	Training for manufacturing affordable sanitary napkin and awareness generation on menstrual hygiene amongst rural girls/ adolescents/ women.	Health care	NA	Palwal	Haryana	0.02	No	Society for Promotion of Youth & Masses (SPYM)	NA
12	Transformation of health by providing nursing training, infrastructure support in district hospital, strengthen hospital staff to improve maternal & child health care, procurement of generators, infrastructure development etc.	Health care	NA	Kiphire	Nagaland	1.06	No	Deputy Commissioner, Kiphire	NA
13	Construction / extension of staff quarter for medical department and Modular prefabricated housing (quarter) for teachers.	Health care	NA	Kiphire	Nagaland	1.50	No	Deputy Commissioner, Kiphire	NA
14	Installation of 200 nos. of Reverse Osmosis water treatment plant with overhead storage tank and electrical pump in 200 nos. of Aanganwadi Kendra/ primary school.	Health care	NA	Purnea	Bihar	0.30	No	Society for Advancement of Villagers Empowerment and Rehabilitation of All (SAVERA)	CSR00022145
15	Construction of Sewage Treatment Plant in Advanced Center for Treatment, Research and Education in Cancer (ACTREC), Tata Memorial Center.	Health care	NA	Navi Mumbai	Maharashtra	2.32	No	Tata Memorial Center	CSR00001287

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Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project		Amount spent in for the project (₹ in crore)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation-Through implementing Agency	
				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
16	Providing food to migrant labourers/ family members engaged at construction/ sub stations, poor people, daily wage labourers etc. due to lockdown in view of the outbreak of pandemic corona virus COVID-19.	Health care	NA	PAN India	PAN India	0.01	Yes	REC Volunteers/ Power utilities/ Local administration/ Police	CSR00005016
17	Distribution of 3400 nos. of aids and appliances to specially-abled persons across the country.	Health care	NA	Bangalore, Patna, Ranchi, Noida and Hyderabad	Karnataka, Bihar, Jharkhand, Uttar Pradesh and Andhra Pradesh	1.02	No	Shri Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS), Jaipur, Rajasthan	CSR00004300
18	Procurement, installation & commissioning of blood bank equipment/items at Indian Red Cross Society (IRCS).	Health care	NA	Warangal	Telangana	0.54	No	Indian Red Cross Society (IRCS), Warangal, Telangana	CSR00014677
19	Distribution of approx. 9,000 aids & assistive devices to persons with disabilities by conducting camps at 25 locations in various districts in the country.	Health care	NA	PAN India	PAN India	7.87	No	Artificial Limbs Manufacturing Corporation of India (ALIMCO)	CSR00000532
20	Strengthening health facilities by providing medical equipment, ambulances, air conditioners, RO water plants, generator set, laptop, projector and office chairs in various Community Health Centres and Primary Health Centres.	Health care	NA	Barmer	Rajasthan	0.12	No	Chief Medical & Health Officer, Barmer	NA
21	Strengthening cancer screening and basic cancer care services in 14 districts of Bihar.	Health care	NA	Patna, Gaya, Bhojpur, Nalanda, Aurangabad, Begusarai, Vaishali, Muzaffarpur, Samastipur, Siwan, Darbhanga, Madhubani, Supaul, Bhagalpur	Bihar	0.35	No	Tata Memorial Cancer Hospital	CSR00001287
22	Repair of the 132 toilets in the Government Schools constructed under REC CSR support.	Health care	NA	Pathankot, Gurdaspur	Punjab	0.04	No	Department of School Education, Government of Punjab	NA
23	Construction of 140 bedded home (Block-B & Part Block-C of Anandam) - A home for the homeless sick, destitute, unknown & elderly people.	Health care	NA	Alwar	Rajasthan	0.79	No	SAPNA	CSR00000235
24	Renovation 50 nos. Anganwadi Centers (AWCs) and providing containers for storing food grains, LPG gas connection & setting up of Antenatal care corners in 1,125 nos. AWCs.	Health care	NA	Muzaffarpur	Bihar	0.89	No	DC Muzaffarpur/ PMA	NA
25	Procurement, installation & commissioning of Digital Substraction Angiography machine.	Health care	NA	Jaipur	Rajasthan	0.11	No	SMS Hospital, Jaipur	NA
26	Installation of oxygen generation plant and DG set at Civil Hospital, Dalhousie.	Health care	NA	Chamba	Himachal Pradesh	0.03	No	Chief Medical Officer, Chamba, Himachal Pradesh	CSR00005997
27	Procurement, installation & commissioning of Neuro navigation (Cranial + Spinal) machine.	Health care	NA	Jaipur	Rajasthan	2.46	No	SMS Hospital	NA
28	Setting up 2 Nos. of electrical cum gas operated (Hybrid) Crematorium.	Health care	NA	Jhansi	Uttar Pradesh	0.38	No	Nagar Nigam, Jhansi	CSR00012233
29	Up-gradation of the District Hospital, Mon by procurement of the medical equipment.	Health care	NA	Mon	Nagaland	0.90	No	Deputy Commissioner Mon	CSR00006825
30	Establishment of Oxygen ventilators, ALS Ambulance, and ICU patients beds at Govt. Charak Hospital, Ujjain.	Health care	NA	Ujjain	Madhya Pradesh	0.10	No	Indian red cross Society	CSR00008070
31	Setting up of 10 Bedded ICU for paediatric and neo natal section, Medical equipment for 20 bedded service in District Hospital.	Health care	NA	Chaibasa	Jharkhand	0.31	No	District CSR Fund Chaibasa, Jharkhand.	CSR00006981

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				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
32	Procurement, installation and commissioning of 32 slice CT Scan Machine at New District Hospital.	Health care	NA	Yadgir	Karnataka	0.43	No	Arogya Raksha Samithi District Hospital (ARSDH), Yadgir, Karnataka.	CSR00012195
33	Upgrading the Uro Science Centre for Kidney Transplant in Sardar Patel (SP) Medical College, Prince Bijay Singh Memorial (PBM) Hospital.	Health care	NA	Bikaner	Rajasthan	5.00	No	Rajasthan Medicare Relief Society, Bikaner	CSR00012285
34	Improving Screening for Cervical Cancer through Empowering Communities.	Health care	NA	Barabanki	Uttar Pradesh	0.28	No	Progressive Foundation	CSR00013216
35	Survey and repair of 12,347 toilets constructed during 2014-15 under Swachh Vidyalaya Abhiyan (SVA) by REC in 5 states Uttar Pradesh, Bihar, Rajasthan, Telangana and Madhya Pradesh.	Health care	NA	Ghazipur, Ballia, Jalaun, Dhar Ratlam, Vidisha, Jhabua, Udaipur, Ajmer, Jodhpur, Bharatpur, Rangareddi, Khammam, Mahbubnagar, Nalgonda, Warangal, Adilabad, Khagaria, Begusarai, Nalanda, Munger, Gopalganj, Gaya, Madhepura, Sheikhpura, Nawada, Jamui, Kishanganj, Patna, Muzaffarpur, Lakhisarai, Bhagalpur	Uttar Pradesh, Bihar, Rajasthan, Telangana and Madhya Pradesh	21.87	No	Bharat Sevashram Sangha (BSS)	CSR00000812
36	To reduce the prevalence of Gender-Based Violence (GBV) in the urban slums of Mysore (Karnataka) and Bareilly (UP).	Health care	NA	Mysore and Bareilly	Karnataka and UP	0.61	No	Public Health Research Institute of India (PHRII), Mysore & REC Foundation	CSR00011722
37	Procurement and installation of medical equipment to strengthen health care service in B.K. Civil Hospital, Faridabad.	Health care	NA	Faridabad	Haryana	1.23	No	District Health and Family Welfare Society Faridabad	CSR00018609
38	Procurement of 15 nos. of ambulances to be run in tribal areas of various districts in Madhya Pradesh.	Health care	NA	Anuppur, Barwani, Betul, Dhar, Harda, Khandwa, Khargaone, Seoni, Shahdol, Siddhi, Vidisha	Madhya Pradesh	1.06	No	Parivaar Education Society (PES)	CSR00000052
39	Improving cleanliness and public conveniences in and around 7 Chhath Ghats and ensuring covid appropriate behaviour.	Health care	NA	Bhojpur	Bihar	0.09	Yes	REC Foundation	NA
40	Setting up of 20 bedded ICU facility in District Hospital and multi gas pipeline facility in the District Hospital.	Health care	NA	Khagaria	Bihar	0.33	No	District Rural Development Agency (DRDA), Khagaria	CSR00012540
41	Installation of various Medical equipment's at Kamptee Cantt Board Hospital.	Health care	NA	Kamptee	Maharashtra	1.81	No	Cantonment Board Kamptee (Cantt board), Nagpur, Maharashtra	CSR00018641
42	Providing medical equipment at various government hospitals in Alwar.	Health care	NA	Alwar	Rajasthan	0.51	No	Rajasthan Medicare Relief Society	CSR00008981
43	Modernization and Digitization of Psychiatric Rehabilitation Services.	Health care	NA	Bengaluru	Karnataka	0.13	No	National Institute of Mental Health and Neurosciences (NIMHANS)	CSR00006218
44	Procurement, operation and maintenance of 10 nos. of mobile health clinics for primary health care services.	Health care	NA	Bhojpur	Bihar	4.00	No	Doctors For You	CSR00000608
45	2-days free Health Camp on Sept 17-18, 2022 in Barhara block, Bhojpur.	Health care	NA	Bhojpur	Bihar	0.32	Yes	RECF	NA

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				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
46	Construction of 500 nos. toilet blocks at work place of BSF troops in Gurdaspur, Amritsar, Ferozpur and Abhohar.	Health care	NA	Gurdaspur, Amritsar, Ferozpur and Abhohar	Punjab	2.35	No	Border Security Force (BSF), Punjab.	CSR00048288
47	Provide 4,300 nos. of aids and appliances to specially-abled persons.	Health care	NA	Sonitpur, Vaishali, Bilaspur, Bokaro, Chandrapur, Dausa, Etah, Thoothukudi	Assam, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Rajasthan, Uttar Pradesh and Tamil Nadu	0.60	No	Shri Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS)	CSR00004300
48	Construction of 100 bedded 'REC Vishram Sadan' (G+3) at District Hospital.	Health care	NA	Ujjain	Madhya Pradesh	1.51	No	Ujjain Jila Aspatal Rogi Kalyan Samiti (UJARKS)	CSR00043963
49	Contribution to PM CARES Fund.	PM CARES	NA	PAN India	PAN India	50.00	No	Government of India	NA
50	Expanding infrastructure for SSMI school.	Education	NA	Punjabi Bagh	Delhi	0.85	No	Swami Sivananda Memorial Institute of Fine Arts & Crafts (SSMI)	NA
51	Construction of compound walls and providing gates in 24 nos. of Government Schools.	Education	NA	Mahbubnagar	Andhra Pradesh	1.24	No	District Magistrate, Mahbubnagar	NA
52	Raising young innovators through the conceptual research experience to 1,800 students and 150 teachers.	Education	NA	Kanpur	Uttar Pradesh	0.35	No	IIT Kanpur	CSR00004774
53	Transforming school education by providing projectors, water facilities, furniture, white boards & markers, infrastructure support in schools & hostels, improvement of science laboratories, etc.	Education	NA	Chandel	Manipur	0.54	No	Deputy Commissioner, Chandel	NA
54	Transforming school education by providing equipment, teachers' training, increasing female literacy, providing drinking water in Government schools, etc.	Education	NA	Mamit	Mizoram	2.75	No	Deputy Commissioner, Mamit	NA
55	Transforming school education by upgrading the infrastructure of 15 Government primary schools, 1 Government higher school & 1 Government senior secondary school by repairing, renovating classrooms, redesigning kitchen, boundary walls, electrical wiring/ providing internet, procurement of water cooler, almirahs, cutlery, converting class rooms in to smart class rooms, providing play equipment, school library, science/ mathematics laboratory, etc.	Education	NA	Kangra	Himachal Pradesh	0.48	No	Deputy Commissioner, Kangra	NA
56	Strengthening of Science and computer laboratories by providing lab equipments, information & communication technology equipments & refurbishment of infrastructure in 7 nos. for Government schools, conversion of 60 nos. of class rooms into Digital class rooms in 60 nos. of Government Schools and installation of 43 nos. of 50 LPH Reverse osmosis water treatment system in 43 nos. of Government Schools.	Education	NA	Secunderabad	Telangana	0.78	No	District Collector, Hyderabad	NA
57	Job oriented Skill Development training to 1,100 unemployed youths belonging to SC/ST/OBC/ Women/Minority/ EWS/Underprivileged.	Education	NA	PAN India	PAN India	0.26	No	The Apparel Training & Design Centre	CSR00000938
58	Job oriented skill development training to 1,000 nos. of beneficiaries belonging to economically weaker section.	Education	NA	Mirzapur	Uttar Pradesh	0.15	No	Matrix Society for Social Service (MASS)	CSR00000323

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project		Amount spent in for the project (₹ in crore)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation-Through implementing Agency	
				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
59	Skill development training and distribution of equipment kit for self-employment to 500 nos. of women belonging to economically weaker section.	Education	NA	Aurangabad	Maharashtra	0.68	No	Rajureshwar Ganesh Bahudeshiya Sevabhavi Sanstha (RGBSS)	CSR00001405
60	Transforming school education in West Sikkim by strengthening school library, science laboratory, organizing science & technology fair, recruitment of mathematic teachers, providing smart class, renovation of hostel, providing furniture, training of teachers & exposure visit of teachers & students etc.	Education	NA	West Sikkim	Sikkim	5.00	No	District Magistrate, West Sikkim	NA
61	Construction of auditorium in Government Higher Secondary School.	Education	NA	Kannur	Kerala	0.80	No	District Panchayat, Kannur	NA
62	Job oriented skill development training to 2,500 nos. of people belonging to SC/ST/OBC/Women/ Minority/EWS at various locations.	Education	NA	PAN India	PAN India	0.93	No	Confederation of Indian Industry (CII)	CSR00001013
63	Job-oriented Skill development training to 360 nos. of beneficiaries belonging to SC/ST/OBC/Women/ EWS etc.	Education	NA	Chhatarpur	Madhya Pradesh	0.26	No	Indian Institute for Higher Education and Research Trust (IIHERT)	CSR00003571
64	Improving quality of education through Demonstration Vans and Smart Teaching.	Education	NA	Chamba	Himachal Pradesh	0.60	No	Deputy Commissioner, Chamba	NA
65	Providing firefighting equipment in a building for providing value education.	Education	NA	Gurugram	Haryana	0.14	No	RK Mission	CSR00006101
66	Operating mobile school for imparting free education to 462 children of migrant construction labourers in Gurugram, Haryana and Hardoi, Uttar Pradesh.	Education	NA	Gurugram and Hardoi	Haryana and Uttar Pradesh	0.13	No	All India Citizens Alliance for Progress & Development (AICAPD),	CSR00002627
67	Construction of 2 hostel tower (G+8) with furniture, fixtures, landscaping, external lighting & approach road for post graduate students and installation of grid connected 100kWp roof top solar PV Panel under School of Medical Research and Technology.	Education	NA	Kanpur	Uttar Pradesh	6.44	No	IIT Kanpur	CSR00004774
68	Construction of hostel building for Scheduled Tribes/ vulnerable/ weaker section of the society in Kelwada (Kumbhalgarh) village.	Education	NA	Rajsamand	Rajasthan	0.74	No	Rajasthan Vanvasi Kalyan Parishad (RVKP)	CSR00008067
69	Installation of 0.25 MW SPV system and LED lights at various locations at Sambalpur University Campus.	Environment Sustainbility	NA	Sambalpur	Odisha	0.32	No	Sambalpur University, Odisha	NA
70	Installation of solar roof-top power panel and micro grids under Smartgram project.	Environment Sustainbility	NA	Gurugram and Mewat	Haryana	0.29	No	Skill Council for Green Jobs	CSR00001359
71	Installation of 50KWp grid connected solar PV at Information Technology Institute for the Tribes of India (ITITI).	Environment Sustainbility	NA	Dehradun	Uttarakhand	0.09	No	Swatantrata Senani Lokbandhu Rammurti Pawsey Sewa Nyas, Dehradun	NA
72	Installation of 1 MWp SPV system at various locations at campus of Madurai Kamaraj University.	Environment Sustainbility	NA	Madurai	Tamil Nadu	0.29	No	Madurai Kamaraj University (MKU), Madurai	CSR00039862
73	Setting up 1,650 nos. of Solar Street Lights in rural and tribal areas.	Environment Sustainbility	NA	Nashik	Maharashtra	1.58	No	DC Nasik & REIL	NA
74	Establishment of biodiversity and wildlife conservation laboratory and training center.	Environment Sustainbility	NA	Srinagar and Ladakh	Kashmir, Srinagar and Ladakh.	0.72	No	Atal Incubation Center - Centre for Cellular & Molecular Biology (AIC-CCMB), Hyderabad	CSR00014767

Sl. no.	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes/No)	Location of the Project	Location of the Project	Amount spent in for the project (₹ in crore)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation-Through implementing Agency	
				State	District			Implementing Agency	CSR Registration No.
1	2	3	4	5a	5b	6	7	8	
75	Setting up 500 nos. of Solar Street Lighting system of 12 Watt with Remote Monitoring System (RMS).	Environment Sustainbility	NA	Bilaspur	Himachal Pradesh	0.50	No	Himachal Pradesh Energy Development Agency (HIMURJA)	CSR00020953
76	Contribution to Clean Ganga Fund.	Environment Sustainbility	NA	PAN India	PAN India	20.00	No	Clean Ganga Fund , Ministry of Jal Shakti, GoI	NA
77	Development of rural areas by deepening of wells, renovation & construction of check dams and organizing medical camps.	Rural Development	NA	Udaipur, Banswara and Pratapgarh	Rajasthan	0.15	No	Rajasthan Vanvasi Kalayan Parishad (RVKP), Udaipur	CSR00008067
78	Construction of multipurpose hall cum indoor stadium in Somdal village of Ukhrul district.	Rural Development	NA	Ukhrul	Manipur	0.99	No	North Eastern Region Community Resource Management Society (NERCRMS)	CSR00040556
79	Rural Development Works like construction of community hall, PCC Road, Conduits, Yatri Shed, installation of LED Lights, RO Plants etc.	Rural Development	NA	Bhojpur	Bihar	0.08	No	NHPC Limited (NHPC), New Delhi	NA
80	Construction of 3 community center with toilet complex in 3 villages.	Rural Development	NA	Mayurbhanj	Odisha	0.11	No	District Collector, Mayurbhanj	NA
81	Construction of 4 nos. of community hall/centre in 4 villages of Patan and Nainwa block of Bundi.	Rural Development	NA	Bundi	Rajasthan	0.42	No	Rajasthan Medicare Relief Society, Bundi	CSR00019253
82	Construction of Community Hall at Asufi Punanamei Mao.	Rural Development	NA	Senapati	Manipur	0.69	No	District Rural Development Agency, Manipur.	CSR00031715
83	Construction and operation of shelter home with wellness facility (60 seaters) for the care of the elderly.	Setting up old age homes	NA	Leh	Ladakh	0.86	No	Helpage India, New Delhi	CSR00000901
84	Construction of REC Motorsports Race Track and Sports Complex.	Sports	NA	Mamit	Mizoram	5.50	No	Mizoram State Sports Council, (MSSC)	CSR00017572
85	Broad basing of Sports and promotion of excellence in sports in India.	Sports	NA	PAN India	PAN India	25.00	No	National Sports Development Fund (NSDF), Ministry of Youth Affairs & Sports (MYAS), GoI	CSR00016457
	Total disbursements in CSR projects					**204.31**			
	Impact Assessment cost					**0.34**			
	Admin expenses					**5.30**			
	Total CSR expenditure in FY 2022-23					**209.95**			

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
REC Power Development & Consultancy Limited (RECPDCL) (Wholly - Owned Subsidiary of REC)	Redeployment of existing manpower, engaged through RECPDCL.	17 months or earlier	Re-deployment of contract manpower who were earlier deployed under Saubhagya scheme has been redeployed under RDSS Scheme & for REC Business purposes, on cost plus basis up to an amount of ₹6.69 crore.	Existing manpower was well-versed and considering recruitment of fresh manpower would take time, the existing manpower engaged through RECPDCL was redeployed under RDSS and for REC's business in various states.	August 4, 2022	NIL	Not required
REC Power Development & Consultancy Limited (RECPDCL) (Wholly - Owned Subsidiary of REC)	Appointment of M/s RECPDCL for work of Quality inspection of villages under DDUGJY new scheme in JVVNL, Rajasthan state.	-	Appointment of M/s RECPDCL for Quality inspection of villages against Additional Households works carried out under DDUGJY new scheme in JVVNL, Rajasthan state, having financial implication of approximately ₹2.55 lakh, excluding taxes.	Due to unwillingness to complete work by the then agency and considering lower rate of per inspection of villages, the work was allocated to RECPDCL.	January 30, 2023	NIL	Not required
PFC Projects Limited (PPL) [Wholly-Owned Subsidiary of Power Finance Corporation Limited (PFC)]	Issuance of letter of comfort to Bank for necessitating issuance of Performance Bank Guarantee (PBG) to PFC Projects Limited (PPL) in favour of PFC.	-	Issuance of letter of comfort of ₹100 crore by REC Limited to Bank for necessitating issuance of PBG to PFC Projects Limited (PPL) in favour of PFC in respect of Resolution Plan of PFC Projects Limited and REC along-with DVC & SJVNL as Technical-cum-Equity Partner.	PPL is a wholly owned subsidiary of Power Finance Corporation Limited (PFC) and being lead member of the bidding consortium, it was not possible for PFC to provide necessary comfort to PPL due to conflict of interest.	March 9, 2023	NIL	Not required

2. Details of material contracts or arrangements or transactions at Arm's length basis: No material contracts or arrangements or transactions were entered by the Company with any Related Party, during the period under review.

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

Details of Debenture Trustees Appointed by the Company for Different Bond Series as on March 31, 2023

In terms of Regulation 53 of SEBI LODR 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 Asian Building, Ground Floor, 17 R, Kamani Marg, Ballard Estate, Mumbai-400001	Shri Krishnakant Sharma Phone: +91-22-4080 7000 Email: krishnakant@idbitrustee.com, response@idbitrustee.com Website: www.idbitrustee.com	INE020B08427	94	Unsecured	9-Jun-2025	8.75%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd floor, 99 Madangir, Behind LSC, Opp. Dada Harsukhdas Mandir, New Delhi-110062 Contact Person: Shri Sanjay Rastogi Phone: +91-11-2996 1281-83 Email: recbonds1@gmail.com, beetalrta@gmail.com Website: www.beetalfinancial.com
			INE020B08443	95-II	Unsecured	14-Jul-2025	8.75%	Yes	No	
			INE020B08831	114	Unsecured	12-Apr-2023	8.82%	Yes	Yes	
			INE020B08849	115	Unsecured	31-May-2023	8.06%	Yes	Yes	
			INE020B07IZ5	123-III-10yrs	Secured	23-Aug-2024	9.34%	Yes	Yes	KFin Technologies Limited Selenium Tower B, Plot nos. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Shri Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfintech.com, gopalakrishna.kvs@kfintech.com Website: https://www.kfintech.com/
			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	
2	Beacon Trusteeship Limited 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai-400051	Shri Vitthal Naawandhar Phone: +91-22-2655 8759 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in	INE020B08BA1	162	Unsecured	9-Aug-2028	8.55%	Yes	Yes	KFin Technologies Limited Selenium Tower B, Plot nos. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Shri Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfintech.com, gopalakrishna.kvs@kfintech.com Website: https://www.kfintech.com/
			INE020B08BB9	163	Unsecured	25-Aug-2028	8.63%	Yes	Yes	
			INE020B08BG8	168	Unsecured	29-Nov-2028	8.56%	Yes	Yes	
			INE020B08BH6	169	Unsecured	7-Dec-2028	8.37%	Yes	Yes	
			INE020B08BP9	175	Unsecured	28-Mar-2029	8.97%	Yes	Yes	
			INE020B08BQ7	176	Unsecured	16-Apr-2029	8.85%	Yes	Yes	
			INE020B08BS3	178	Unsecured	14-May-2029	8.80%	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	
			INE020B08DY7	184-A (Partly paid up)	Unsecured	26-Sep-2029	8.25%	Yes	Yes	
			INE020B08CC5	184-B (D)	Unsecured	26-Sep-2023	7.55%	Yes	Yes	
			INE020B08CF8	186-B	Unsecured	26-Nov-2024	7.40%	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	
			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	
			INE020B08CT9	195	Unsecured	22-Apr-2023	6.92%	Yes	Yes	
			INE020B08CU7	197	Unsecured	11-May-2030	7.55%	Yes	Yes	
			INE020B08CW3	198B	Unsecured	21-May-2030	7.79%	Yes	Yes	
			INE020B08CX1	199	Unsecured	15-Jun-2030	7.96%	Yes	Yes	
			INE020B08CY9	200 PP-MLD	Unsecured	30-Jun-2023	5.36%	Yes	Yes	
			INE020B08CZ6	201A	Unsecured	31-Mar-2025	5.90%	Yes	Yes	
			INE020B08DA7	201B	Unsecured	31-Mar-2031	6.90%	Yes	Yes	
			INE020B08DB5	202A	Unsecured	30-Sep-2030	7.25%	Yes	Yes	
			INE020B08DC3	202B	Unsecured	30-Sep-2023	5.69%	Yes	Yes	
			INE020B08DE9	203A	Unsecured	20-Dec-2030	6.80%	Yes	Yes	
			INE020B08DF6	203B	Unsecured	20-Dec-2025	5.85%	Yes	Yes	
			INE020B08DG4	204A	Unsecured	31-Jan-2031	6.90%	Yes	Yes	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series no.	Secured / Unsecured	Redemption date	Coupon Rate	Listed at NSE	Listed at BSE	Registrar & Transfer Agent
			INE020B08DH2	204B	Unsecured	31-Dec-2025	5.81%	Yes	Yes	
			INE020B08DJ8	205A	Unsecured	31-Jan-2024	4.99%	Yes	Yes	
			INE020B08DK6	205B	Unsecured	31-Jan-2026	5.94%	Yes	Yes	
			INE020B08DL4	206-PDI	Unsecured	Not Applicable*	7.97%	Yes	Yes	
			INE020B08DM2	207	Unsecured	31-Jan-2036	7.02%	Yes	Yes	
			INE020B08DO8	208	Unsecured	15-Mar-2036	7.40%	Yes	Yes	
			INE020B08DP5	209	Unsecured	20-Mar-2024	5.79%	Yes	Yes	
			INE020B08DR1	210	Unsecured	20-Jun-2024	5.74%	Yes	Yes	
			INE020B08DT7	211	Unsecured	31-Oct-2031	6.23%	Yes	Yes	
			INE020B08DU5	212	Unsecured	31-Oct-2024	Floating (7.07%)	Yes	Yes	
			INE020B08DV3	213	Unsecured	20-Mar-2032	6.92%	Yes	Yes	
			INE020B08DW1	214-A	Unsecured	28-Feb-2026	7.32%	Yes	Yes	
			INE020B08DX9	214-B	Unsecured	28-Feb-2033	7.50%	Yes	Yes	
			INE020B08DX9	214-B(reissue)	Unsecured	28-Feb-2033	7.50%	Yes	Yes	
			INE020B08DZ4	215	Unsecured	30-Nov-2037	7.65%	Yes	Yes	
			INE020B08EA5	216 A	Unsecured	31-Mar-2028	7.55%	Yes	Yes	
			INE020B08EB3	216 B	Unsecured	30-Nov-2037	7.67%	Yes	Yes	
			INE020B08EC1	217	Unsecured	31-Mar-2033	7.53%	Yes	Yes	
			INE020B08ED9	218-A	Unsecured	30-Jun-2026	7.56%	Yes	Yes	
			INE020B08EE7	218-B	Unsecured	31-Jan-2033	7.69%	Yes	Yes	
			INE020B08EF4	219	Unsecured	28-Feb-2026	7.60%	Yes	Yes	
			INE020B08EH0	220 A	Unsecured	31-Mar-2028	7.77%	Yes	Yes	
			INE020B08BC7	GOI-IV	Unsecured	28-Sept-2028	8.70%	Yes	Yes	
			INE020B08EG2	220 B	Unsecured	31-Mar-2033	7.69%	Yes	Yes	
			INE020B08BE3	GOI-V	Unsecured	15-Nov-2028	8.54%	Yes	Yes	
			INE020B08BJ2	GOI-VI	Unsecured	22-Jan-2029	8.80%	Yes	Yes	
			INE020B08BL8	GOI-VII	Unsecured	8-Mar-2029	8.60%	Yes	Yes	
			INE020B08BO2	GOI-VIII	Unsecured	25-Mar-2029	8.30%	Yes	Yes	
			INE020B08CO0	GOI-IX	Unsecured	2-Mar-2030	7.14%	Yes	Yes	
			INE020B08CR3	GOI-X	Unsecured	26-Mar-2030	8.25%	Yes	Yes	
			INE020B08CS1	GOI-XI	Unsecured	31-Mar-2030	7.20%	Yes	Yes	
			INE020B08DI0	GOI-XII	Unsecured	7-Jan-2031	6.45%	Yes	Yes	
			INE020B08DN0	GOI-XIII	Unsecured	28-Jan-2031	6.63%	Yes	Yes	
			INE020B08DQ3	GOI-XIV	Unsecured	26-Mar-2031	6.50%	Yes	Yes	
3	Vistra ITCL (India) Limited The IL&FS Financial Centre G Block, Plot C-22, BKC, Bandra (East) Mumbai-400051	ITCL Compliance Officer Phone: +91-22-26593535 Email: itclcomplianceofficer@vistra.com Website: www.vistraitcl.com	INE020B08724	Infra Bonds Series-II (2011-12)	Unsecured	15-Feb-2027	9.15%	Yes	No	Beetal Financial & Computer Services (P) Limited, Beetal House, 3rd floor, 99 Madangir, Behind LSC, Opp. Dada Harsukhdas Mandir, New Delhi-110062 Contact Person: Shri Sanjay Rastogi Phone: +91-11-2996 1281-83 Email: recbonds3@gmail.com Website: www.beetalfinancial.com
			INE020B08732							
			INE020B07GH7	2011-12 Public Issue Tranche-1	Secured	29-Mar-2027	8.12%	No	Yes	
							8.32%			KFin Technologies Limited Selenium Tower B, Plot nos. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Shri Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfintech.com, gopalakrishna.kvs@kfintech.com Website: https://www.kfintech.com/

** Perpertual Det Instruments*

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	SBICAP Trustee Company Limited Mistry Bhavan, 4th Floor, 122 Dinshaw Vachha Road, Churchgate, Mumbai-400020	Shri Prashant A. Joshi. Phone: +91-22-4302 5555 Email: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com	INE020B07GU0	2012-13 Private Placement	Secured	21-Nov-2022	7.21%	Yes	Yes	KFin Technologies Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Shri Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfintech.com, gopalakrishna.kvs@kfintech.com Website: https://www.kfintech.com/
			INE020B07GV8	2012-13 Private Placement	Secured	22-Nov-2027	7.38%	Yes	Yes	
			INE020B07GW6	2012-13 Public Issue Tranche-1	Secured	19-Dec-2022	7.22%	Yes	Yes	
							7.72%	Yes	Yes	
			INE020B07GX4	2012-13 Public Issue Tranche-1	Secured	20-Dec-2027	7.38%	Yes	Yes	
							7.88%	Yes	Yes	
			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	
			INE020B07HP8	2013-14 Public Issue Tranche-1	Secured	25-Sep-2028	8.46%	Yes	Yes	
			INE020B07HS2	2013-14 Public Issue Tranche-1	Secured	25-Sep-2028	8.71%	Yes	Yes	
			INE020B07HQ6	2013-14 Public Issue Tranche-1	Secured	26-Sep-2033	8.37%	Yes	Yes	
			INE020B07HT0	2013-14 Public Issue Tranche-1	Secured	26-Sep-2033	8.62%	Yes	Yes	
			INE020B07HU8	2013-14 Private Placement-2	Secured	11-Oct-2023	8.18%	Yes	Yes	
			INE020B07HV6	2013-14 Private Placement-2	Secured	11-Oct-2028	8.54%	Yes	Yes	
			INE020B07IC4	2013-14 Public Issue Tranche-2	Secured	22-Mar-2024	8.19%	Yes	Yes	
			INE020B07IF7	2013-14 Public Issue Tranche-2	Secured	22-Mar-2024	8.44%	Yes	Yes	
			INE020B07ID2	2013-14 Public Issue Tranche-2	Secured	23-Mar-2029	8.63%	Yes	Yes	
			INE020B07IG5	2013-14 Public Issue Tranche-2	Secured	23-Mar-2029	8.88%	Yes	Yes	
			INE020B07IE0	2013-14 Public Issue Tranche-2	Secured	24-Mar-2034	8.61%	Yes	Yes	
			INE020B07IH3	2013-14 Public Issue Tranche-2	Secured	24-Mar-2034	8.86%	Yes	Yes	
			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	
			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	
			INE020B07LS4	54EC Series XIV (2020-21)	Secured	30-Apr-2025	5.75%	No	No	

Sl. no.	Name of Debenture Trustee	Contact Details	ISIN	Series no.	Secured / Unsecured	Redemption date	Coupon Rate	Listed at		Registrar & Transfer Agent
								NSE	BSE	
		Shri Prashant A. Joshi Phone: +91-22-4302 5576, +91-22-2204 0465 Email: corporate@sbicaptrustee.com, investor.cell@sbicaptrustee.com Website: www.sbicaptrustee.com	INE020B07LT2	54EC Series XIV (2020-21)	Secured	31-May-2025	5.75%	No	No	KFin Technologies Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal Hyderabad-500032 Contact Person: Shri Gopala Krishna Phone: 1-800-309-4001 Email: einward.ris@kfintech.com, gopalakrishna.kvs@kfintech.com Website: https://www.kfintech.com/
			INE020B07LU0	54EC Series XIV (2020-21)	Secured	30-Jun-2025	5.75%	No	No	
			INE020B07LV8	54EC Series XIV (2020-21)	Secured	31-Jul-2025	5.75%	No	No	
			INE020B07LW6	54EC Series XIV (2020-21)	Secured	31-Aug-2025	5.00%	No	No	
			INE020B07LX4	54EC Series XIV (2020-21)	Secured	30-Sep-2025	5.00%	No	No	
			INE020B07LY2	54EC Series XIV (2020-21)	Secured	31-Oct-2025	5.00%	No	No	
			INE020B07LZ9	54EC Series XIV (2020-21)	Secured	30-Nov-2025	5.00%	No	No	
			INE020B07MA0	54EC Series XIV (2020-21)	Secured	31-Dec-2025	5.00%	No	No	
			INE020B07MB8	54EC Series XIV (2020-21)	Secured	31-Jan-2026	5.00%	No	No	
			INE020B07MC6	54EC Series XIV (2020-21)	Secured	28-Feb-2026	5.00%	No	No	
			INE020B07MD4	54EC Series XIV (2020-21)	Secured	31-Mar-2026	5.00%	No	No	
			INE020B07ME2	54EC Series XV (2021-22)	Secured	30-Apr-2026	5.00%	No	No	
			INE020B07MF9	54EC Series XV (2021-22)	Secured	31-May-2026	5.00%	No	No	
			INE020B07MG7	54EC Series XV (2021-22)	Secured	30-Jun-2026	5.00%	No	No	
			INE020B07MH5	54EC Series XV (2021-22)	Secured	31-Jul-2026	5.00%	No	No	
			INE020B07MI3	54EC Series XV (2021-22)	Secured	31-Aug-2026	5.00%	No	No	
			INE020B07MJ1	54EC Series XV (2021-22)	Secured	30-Sep-2026	5.00%	No	No	
			INE020B07MK9	54EC Series XV (2021-22)	Secured	31-Oct-2026	5.00%	No	No	
			INE020B07ML7	54EC Series XV (2021-22)	Secured	30-Nov-2026	5.00%	No	No	
			INE020B07MM5	54EC Series XV (2021-22)	Secured	31-Dec-2026	5.00%	No	No	
			INE020B07MN3	54EC Series XV (2021-22)	Secured	31-Jan-2027	5.00%	No	No	
			INE020B07MO1	54EC Series XV (2021-22)	Secured	28-Feb-2027	5.00%	No	No	
			INE020B07MP8	54EC Series XV (2021-22)	Secured	31-Mar-2027	5.00%	No	No	
			INE020B07MQ6	54EC Series XVI (2022-23)	Secured	30-Apr-2027	5.00%	No	No	
			INE020B07MR4	54EC Series XVI (2022-23)	Secured	31-May-2027	5.00%	No	No	
			INE020B07MS2	54EC Series XVI (2022-23)	Secured	30-Jun-2027	5.00%	No	No	
			INE020B07MT0	54EC Series XVI (2022-23)	Secured	31-Jul-2027	5.00%	No	No	
			INE020B07MU8	54EC Series XVI (2022-23)	Secured	31-Aug-2027	5.00%	No	No	
			INE020B07MV6	54EC Series XVI (2022-23)	Secured	30-Sep-2027	5.00%	No	No	
			INE020B07MW4	54EC Series XVI (2022-23)	Secured	31-Oct-2027	5.00%	No	No	
			INE020B07MX2	54EC Series XVI (2022-23)	Secured	30-Nov-2027	5.00%	No	No	
			INE020B07MY0	54EC Series XVI (2022-23)	Secured	31-Dec-2027	5.00%	No	No	
			INE020B07MZ7	54EC Series XVI (2022-23)	Secured	31-Jan-2028	5.00%	No	No	
			INE020B07NA8	54EC Series XVI (2022-23)	Secured	29-Feb-2028	5.00%	No	No	
			INE020B07NB6	54EC Series XVI (2022-23)	Secured	31-Mar-2028	5.00%	No	No	
			INE020B08930	133	Unsecured	10-Apr-2025	8.30%	Yes	Yes	
			INE020B08963	136	Unsecured	7-Oct-2025	8.11%	Yes	Yes	
			INE020B08AA3	140	Unsecured	7-Nov-2026	7.52%	Yes	Yes	
			INE020B08AC9	142	Unsecured	30-Dec-2026	7.54%	Yes	Yes	
			INE020B08AH8	147	Unsecured	12-Mar-2027	7.95%	Yes	Yes	
			INE020B08AQ9	156	Unsecured	10-Dec-2027	7.70%	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	

For and on behalf of the Board of Directors

Vivek Kumar Dewangan
Chairman & Managing Director
(DIN: 01377212)

Place : Gurugram
Date : August 11, 2023

आरईसी REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

Balance Sheet as at 31st March 2023

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31-03-2023	As at 31-03-2022
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	**6**	39.00	126.40
(b)	Bank balances other than (a) above	**7**	1,948.34	2,295.30
(c)	Derivative financial instruments	**8**	8,981.61	5,510.17
(d)	Loans	**9**	422,083.91	371,930.54
(e)	Investments	**10**	3,137.98	2,157.97
(f)	Other financial assets	**11**	24,400.28	24,396.94
	Total - Financial Assets (1)		**460,591.12**	**406,417.32**
(2)	**Non-Financial Assets**			
(a)	Current tax assets (net)	**12**	295.78	179.64
(b)	Deferred tax assets (net)	**13**	3,276.99	3,134.74
(c)	Property, Plant & Equipment	**14**	638.91	623.67
(d)	Capital Work-in-Progress	**14**	2.72	6.07
(e)	Other Intangible Assets	**14**	1.62	4.25
(f)	Other non-financial assets	**15**	69.65	46.06
	Total - Non-Financial Assets (2)		**4,285.67**	**3,994.43**
(3)	**Assets classified as held for sale**	**16**	0.34	0.86
	Total ASSETS (1+2+3)		**464,877.13**	**410,412.61**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Derivative financial instruments	**8**	976.95	553.14
(b)	Debt Securities	**17**	236,948.99	219,633.57
(c)	Borrowings (other than debt securities)	**18**	137,114.13	106,651.59
(d)	Subordinated Liabilities	**19**	6,773.30	6,816.47
(e)	Other financial liabilities	**20**	25,174.58	25,575.84
	Total - Financial Liabilities (1)		**406,987.95**	**359,230.61**
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)	**21**	-	10.25
(b)	Provisions	**22**	110.94	104.51
(c)	Other non-financial liabilities	**23**	98.57	81.64
	Total - Non-Financial Liabilities (2)		**209.51**	**196.40**
(3)	**EQUITY**			
(a)	Equity Share Capital	**24**	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	**25**	558.40	558.40
(c)	Other equity	**26**	54,488.05	48,452.28
	Total - Equity (3)		**57,679.67**	**50,985.60**
	Total - LIABILITIES AND EQUITY (1+2+3)		**464,877.13**	**410,412.61**
	Company Overview and Significant Accounting Policies	**1 to 5**		

Accompanying Notes to Financial Statements **1 to 67**

For and on behalf of the Board

J.S. Amitabh **ED & Company Secretary**	**Ajoy Choudhury** **Director (Finance)** **DIN - 06629871**	**Vivek Kumar Dewangan** **Chairman & Managing Director** **DIN - 01377212**

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: Mumbai
Date: 17th May 2023

Statement of Profit and Loss for the year ended 31st March 2023

(₹ in Crores)

Sl. no.	Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
	Revenue from Operations			
(i)	Interest Income	**27**	38,836.24	38,186.46
(ii)	Dividend Income	**28**	39.34	26.64
(ii)	Fees and Commission Income	**29**	287.17	572.82
(iv)	Net gain/ (loss) on fair value changes	**34**	45.31	346.57
I.	**Total Revenue from Operations (i to iv)**		**39,208.06**	**39,132.49**
II.	**Other Income**	**30**	44.67	97.96
III.	**Total Income (I+II)**		**39,252.73**	**39,230.45**
	Expenses			
(i)	Finance Costs	**31**	23,737.66	22,052.91
(ii)	Net translation/ transaction exchange loss	**32**	1,114.04	799.05
(iii)	Fees and commission Expense	**33**	16.29	16.73
(iv)	Impairment on financial instruments	**35**	114.91	3,473.31
(v)	Employee Benefits Expenses	**36**	181.63	159.61
(vi)	Depreciation and amortization	**37**	24.09	17.96
(vii)	Corporate Social Responsibility Expenses	**38**	202.65	170.67
(viii)	Other Expenses	**39**	122.69	115.31
IV.	**Total Expenses (i to viii)**		**25,513.96**	**26,805.55**
V.	**Profit before Tax (III-IV)**		**13,738.77**	**12,424.90**
VI.	**Tax Expense**	**40**		
(i)	Current Tax			
	- Current Year		2,668.58	3,051.33
	- Earlier Years		(147.29)	(3.96)
(ii)	Deferred Tax		162.84	(668.39)
	Total Tax Expense (i+ii)		**2,684.13**	**2,378.98**
VII.	**Profit for the period**		11,054.64	10,045.92
	Other comprehensive Income/(Loss)			
(i)	**Items that will not be reclassified to profit or loss**			
(a)	Re-measurement gains/(losses) on defined benefit plans		(5.99)	(8.33)
	- Tax impact on above		1.51	2.10
(b)	Changes in Fair Value of Equity Instruments measured at Fair Value through Other Comprehensive Income (FVOCI)		(58.16)	22.19
	- Tax impact on above		(0.32)	2.55
	Sub-Total (i)		***(62.96)***	***18.51***
(ii)	**Items that will be reclassified to profit or loss**			
(a)	Effective portion of gains and loss on hedging instruments in cash flow hedges		542.33	480.84
	- Tax impact on above		(136.49)	(121.02)
(b)	Cost of hedging reserve		(1,755.82)	(584.51)
	- Tax impact on above		441.90	147.11
	Sub-Total (ii)		**(908.08)**	**(77.58)**
VIII.	**Other comprehensive Income/(Loss) for the period (i+ii)**		**(971.04)**	**(59.07)**
IX.	**Total comprehensive Income for the period (VII+VIII)**		**10,083.60**	**9,986.85**
X.	**Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)**	**41**		
(1)	For continuing operations		**41.85**	**38.02**
(2)	For discontinued operations		**-**	**-**
(3)	For continuing and discontinued operations		**41.85**	**38.02**
	Company Overview and Significant Accounting Policies	**1 to 5**		

Accompanying Notes to Financial Statements **1 to 67**

For and on behalf of the Board

J.S. Amitabh **ED & Company Secretary**	**Ajoy Choudhury** **Director (Finance)** **DIN - 06629871**	**Vivek Kumar Dewangan** **Chairman & Managing Director** **DIN - 01377212**

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: Mumbai
Date: 17th May 2023

Statement of Cash Flows for the year ended 31st March 2023

(₹ in Crores)

Particulars	Year ended 31-03-2023		Year ended 31-03-2022	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	13,738.77		12,424.90	
Adjustments for:				
1. Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	6.64		0.97	
2. Loss/ (Gain) on derecognition of Assets held for sale (net)	(4.08)		(30.19)	
3. Loss/ (Gain) on cessation of significant influence in Joint Venture (EESL)	-		(29.01)	
4. Depreciation & Amortization	24.09		17.96	
5. Impairment losses on Financial Instruments	114.91		3,473.31	
6. Loss/ (Gain) on Fair Value Changes (net)	(43.76)		(338.58)	
7. Effective Interest Rate (EIR) in respect of Loan Assets and Borrowings	(15.58)		(88.22)	
8. Interest on Commercial Paper	-		14.76	
9. Unrealised Foreign Exchange Translation Loss/ (Gain)	963.93		943.16	
10. Interest on Investments	(39.53)		(51.88)	
Operating Profit/ (Loss) before Changes in Operating Assets & Liabilities	**14,745.39**		**16,337.18**	
Inflow / (Outflow) on account of :				
1. Loan Assets	(50,424.82)		(9,877.12)	
2. Derivatives	790.33		(2,510.91)	
3. Other Financial and Non- Financial Assets	193.95		(580.37)	
4. Other Financial and Non- Financial Liabilities & Provisions	(151.53)		(1,186.90)	
Cash flow from Operations	**(34,846.68)**		**2,181.88**	
1. Income Tax Paid (including TDS)	(2,734.77)		(3,076.64)	
2. Income Tax refund	99.79		23.26	
Net Cash Flow from Operating Activities		**(37,481.66)**		**(871.50)**
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.02		0.10	
2. Sale of assets held for sale	4.60		31.24	
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(17.62)		(47.84)	
4. Investment in Intangible Assets (including intangible assets under development & Capital Advances)	(0.01)		(0.25)	
5. Finance Costs Capitalised	(0.03)		(5.10)	
6. Sale/ (Investment) in Equity Shares	10.13		431.17	
7. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	(457.82)		(716.17)	
8. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(343.14)		96.53	
Net Cash Flow from Investing Activities		**(803.87)**		**(210.32)**
C. Cash Flow from Financing Activities				
1. Issue/ (Redemption) of Rupee Debt Securities (net)	14,823.67		(20,827.69)	
2. Issue/ (Redemption) of Commercial Paper (net)	-		(14.76)	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Banks/ FIs (net)	14,808.94		2,164.16	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	11,643.52		21,203.01	
5. Expenses on issue of Bonus Equity Shares	(0.71)		-	
6. Coupon payment on Perpetual Debt Instruments entirely equity in nature	(44.50)		(45.60)	
7. Payment of Dividend on Equity Shares	(3,120.37)		(2,411.37)	
8. Repayment towards Lease Liability	(0.01)		(0.02)	
Net Cash flow from Financing Activities		**38,110.54**		**67.73**
Net Increase/ (Decrease) in Cash & Cash Equivalents		**(174.99)**		**(1,014.09)**

Statement of Cash Flows for the year ended 31st March 2023 (Contd.)

(₹ in Crores)

Particulars	Year ended 31-03-2023		Year ended 31-03-2022	
Cash & Cash Equivalents as at the beginning of the period		**126.40**		**1,140.49**
Cash & Cash Equivalents as at the end of the period		**(48.59)**		**126.40**

During the year, the Company has received Dividend of ₹39.34 crores (previous year ₹26.64crores). Further, during the year, the Company has paid an amount of ₹209.95 crores (previous year ₹167.61 crores) towards Corporate Social Responsibility.

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

Particulars	As at 31-03-2023	As at 31-03-2022
- Cash on Hand (including imprest)	-	0.02
- Balances with Banks	31.31	124.01
- Short-term Deposits with Scheduled Banks	7.69	2.37
- Bank Overdraft	(87.59)	-
Total Cash & Cash Equivalents	**(48.59)**	**126.40**

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	Ind AS Adjustments	
Year ended 31-03-2023						
Rupee Debt Securities	189,606.42	14,823.67	(33.08)	-	(138.56)	**204,258.45**
Commercial Paper	-	-	-	-	-	**-**
Rupee Term Loans/ WCDL / Overdrafts	61,460.56	14,896.53	65.87	-	-	**76,422.96**
Foreign Currency Debt Securities & other Borrowings	75,218.18	11,643.52	199.88	6,328.39	(8.26)	**93,381.71**
Subordinated Liabilities	6,816.47	-	(0.01)	-	(43.16)	**6,773.30**
Total	**333,101.63**	**41,363.72**	**232.66**	**6,328.39**	**(189.98)**	**380,836.42**
Year ended 31-03-2022						
Rupee Debt Securities	211,267.66	(20,827.69)	(859.84)	-	26.29	**189,606.42**
Commercial Paper	-	(14.76)	-	-	14.76	**-**
Rupee Term Loans/ WCDL/ Overdrafts	59,281.36	2,164.16	15.04	-	-	**61,460.56**
Foreign Currency Debt Securities & other Borrowings	52,286.40	21,203.01	44.68	1,770.70	(86.61)	**75,218.18**
Subordinated Liabilities	6,946.89	-	(2.54)	-	(127.88)	**6,816.47**
Total	**329,782.31**	**2,524.72**	**(802.66)**	**1,770.70**	**(173.44)**	**333,101.63**

** Movement in Interest Accrued has been considered in 'Operating Liabilities' as Cash Flow from Operating Activities.*

Note : Previous year figures have been rearranged and regrouped wherever necessary.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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: Mumbai
Date: 17th May 2023

Statement of Changes in Equity for the year ended 31st March 2023

A Equity share capital

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Balance at the beginning of the year	**1,974.92**	**1,974.92**
Changes in equity share capital during the year*	658.30	-
Balance at the end of the year	**2,633.22**	**1,974.92**

Refer note 24 for detail

** During the year, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022.*

B Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Balance at the beginning of the year	**558.40**	**558.40**
Changes in instruments entirely equity in nature during the year	-	-
Balance at the end of the year	**558.40**	**558.40**

Refer note 25 for detail

C. Other Equity

(₹ in Crores)

Particulars	Reserves & Surplus								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) (viia) of the Income Tax Act, 1961	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings	FVOCI- Equity Instruments			
Balance as at 31st March 2021	**19,222.23**	**2,128.41**	**3,804.00**	**2,236.54**	**(573.16)**	**9,850.03**	**4,325.09**	**24.07**	**(165.61)**	**41.45**	**40,893.05**
Profit for the year							10,045.92				10,045.92
Remeasurement of Defined Benefit Plans (net of taxes)							(6.23)				(6.23)
Recognition through Other Comprehensive Income (net of taxes)								24.74	359.82	(437.40)	(52.84)
Total Comprehensive Income for the year	-	-	-	-	-	-	**10,039.69**	**24.74**	**359.82**	**(437.40)**	**9,986.85**
Transferred to/ (from) Retained Earnings	3,080.70	-	2,010.00			-	(5,090.70)				-
Transferred to General Reserve		(1,931.59)				1,931.59	-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)							86.79	(86.79)			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the year					(216.94)						(216.94)
Amortisation during the year					234.81						234.81
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)							(34.12)				(34.12)
Sub-total	**3,080.70**	**(1,931.59)**	**2,010.00**	-	**17.87**	**1,931.59**	**(5,038.03)**	**(86.79)**	-	-	**(16.25)**
Dividends							(2,411.37)				(2,411.37)
Sub-total- Transaction with owners	-	-	-	-	-	-	**(2,411.37)**	-	-	-	**(2,411.37)**
Balance as at 31st March 2022	**22,302.93**	**196.82**	**5,814.00**	**2,236.54**	**(555.29)**	**11,781.62**	**6,915.38**	**(37.98)**	**194.21**	**(395.95)**	**48,452.28**

आरईसी REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

C. Other Equity (Contd.)

(₹ in Crores)

Particulars	Reserves & Surplus								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) (viia) of the Income Tax Act, 1961	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings	FVOCI- Equity Instruments			
Balance as at 31st March 2022	**22,302.93**	**196.82**	**5,814.00**	**2,236.54**	**(555.29)**	**11,781.62**	**6,915.38**	**(37.98)**	**194.21**	**(395.95)**	**48,452.28**
Profit for the year							11,054.64				11,054.64
Remeasurement of Defined Benefit Plans (net of taxes)							(4.48)				(4.48)
Recognition through Other Comprehensive Income (net of taxes)								(58.48)	405.84	(1,313.92)	(966.56)
Total Comprehensive Income for the year	-	-	-	-	-	-	**11,050.16**	**(58.48)**	**405.84**	**(1,313.92)**	**10,083.60**
Transferred to/ (from) Retained Earnings	2,674.96	-	2,211.15			-	(4,886.11)				-
Transferred to General Reserve	-	(196.82)				196.82	-				-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)							5.01	(5.01)			-
Foreign Currency Translation gain/ (loss) on long term monetary items during the year					(487.03)						(487.03)
Amortisation during the year					251.88						251.88
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)							(33.30)				(33.30)
Sub-total	**2,674.96**	**(196.82)**	**2,211.15**	-	**(235.15)**	**196.82**	**(4,914.40)**	**(5.01)**	-	-	**(268.45)**
Utilised for issue of Bonus Equity Shares				(658.30)			-				(658.30)
Expenses incurred on issue of Bonus Equity Shares				(0.71)							(0.71)
Dividends							(3,120.37)				(3,120.37)
Sub-total- Transaction with owners	-	-	-	**(659.01)**	-	-	**(3,120.37)**	-	-	-	**(3,779.38)**
Balance as at 31st March 2023	**24,977.89**	-	**8,025.15**	**1,577.53**	**(790.44)**	**11,978.44**	**9,930.77**	**(101.47)**	**600.05**	**(1,709.87)**	**54,488.05**

Refer Note No. 26.1 for details regarding drawdown/ transfers from Reserves

Accompanying Notes to Financial Statements 1 to 67

In terms of our Report of even date

For S.K. Mittal & Co.
Chartered Accountants
Firm Reg. No.: 001135N

S. Murthy
Partner
M.No. : 072290

For O.P. Bagla & Co. LLP.
Chartered Accountants
Firm Reg. No.: 000018N/N500091

Atul Aggarwal
Partner
M.No. : 092656

Place: Mumbai
Date: 17th May 2023

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

Notes to Accounts

1. Company Overview

REC Limited ("REC" or the "Company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The books of accounts are maintained at the Corporate Office situated at Plot no. I-4, Sector-29, Gurugram, Haryana, in addition to the registered office of the Company. The Company has offices spread across the country, mainly in the State Capitals and one training center at Hyderabad.

The Company is a Government of India Enterprise 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). Being an NBFC, the company is regulated by Reserve Bank of India.

The company has been accorded with the status of a 'Maharatna' Central Public Sector Enterprise by the Department of Public Enterprises, under the Ministry of Finance.

REC is a leading Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges

2. Statement of Compliance and Basis of Preparation

These Standalone Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines including those issued by RBI.

The financial statements for the year ended 31st March 2023 were authorized and approved for issue by the Board of Directors on 17th May 2023.

3. Significant Accounting Policies

The significant accounting policies applied in preparation of the financial statements are as given below:

3.1 Basis of Preparation and Measurement

The financial statements have been prepared on going concern basis following accrual system of accounting on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the financial statements.

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company.

3.2 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Unless otherwise specified, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) delayed and penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal; the oldest being adjusted first, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head interest income.

Interest income on credit-impaired loan assets, unless realized, is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on accrual basis when right to receive payment is established.

Provided that in case of final dividend, the right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in the Annual General Meeting.

Notes to Accounts

Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Company in the year of receipt.

3.3 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such qualifying asset becomes ready for its intended use, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year 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 year 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 1st April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.6 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not amortized.

Land also includes land treated as a Right of Use asset under lease agreement earlier classified as finance lease and is amortized over the lease term.

Other Tangible assets

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days. Depreciation on assets purchased during the year up to ₹5,000/- is provided @ 100%.

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Notes to Accounts

Capital Work-in-Progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

3.7 Intangible assets

Recognition and initial measurement

Intangible assets are initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the company.

Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.8 Lease accounting:

Right-of-use asset and related lease liability in connection with all former operating leases are recognised except for those identified as short-term or low-value lease.

An assessment at contract inception is made 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 contract is assessed for 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
- 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
- right to direct the use of the identified asset throughout the period of use and right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, a right-of-use asset and a lease liability is recognized 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, 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 right-of-use assets are depreciated 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 right-of-use asset is also assessed for impairment when such indicators exist.

At the commencement date, the lease liability is measured 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 Company'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.

3.9 Assets held for sale

Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Company; are available for

immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such assets are measured at lower of carrying amount or fair value less selling costs.

Assets held for sale are presented separately from other assets in the Balance Sheet and are not depreciated or amortised while they are classified as held for sale.

3.10 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)

All financial assets except for those at FVTPL or 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.

Impairment allowance (expected credit loss) 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 either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in Other Comprehensive

Notes to Accounts

Income (OCI) and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Company may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All host contracts which are in nature of a financial liability and separated from embedded derivative are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

All derivative financial instruments designated under hedge accounting are recognised initially at fair value and reported subsequently at fair value at each reporting date. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

At the inception of each hedging relationship, the Company formally designates and documents the hedge relationship, in accordance with the Company's risk management objective and strategies. The documentation includes identification of the hedged item, hedging instrument, the nature of risk(s) being hedged, the hedge ratio and how the hedging relationship meets the hedging effectiveness requirements.

Fair Value Hedges

In line with the recognition of change in the fair value of the hedging instruments in the Statement of Profit & Loss, the change in the fair value of the hedged item attributable to the risk hedged is recognised in the Statement of Profit and Loss. Such changes are made to the carrying amount of the hedged item and are adjusted in Effective Interest Rate in the period when the hedging instrument ceases to exit. If the hedged item is derecognised, the unamortised fair value is recognised immediately in Statement of Profit and Loss.

3.11 Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment in the form of Expected Credit Loss (ECL) based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

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 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 or as directed by the order of the Judicial Authority.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Dividend and Other Payments to holders of Instruments classified as Equity

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders and the Board of Directors respectively. Liability for the payments to the holders of instruments classified as equity are recognized in the period when such payments are authorized for payment by the Company.

3.14 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.15 Prepaid Expenses

A prepaid expense up to ₹1,00,000/- is recognized as expense upon initial recognition.

3.16 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is

Notes to Accounts

probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.17 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Company towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

The Company has an obligation towards gratuity, Post Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee benefits, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee benefits on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.18 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Notes to Accounts

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.19 Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.20 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.21 Business Combination under Common Control

A business combination, if any, involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

3.22 Expenditure on issue of shares

Expenditure on issue of shares, if any, is charged to the securities premium account.

4. Implementation of New/ Modified Standards

During the year, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind-AS. The Company has analysed the impact of these amendments which is not material to the Company. Further, MCA has not issued any new Ind-AS applicable to the company.

5. **Significant management judgment in applying accounting policies and estimation of uncertainty**

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates- Such changes, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision & future periods if it affects both current & future periods.

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

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 31.03.2023	As at 31.03.2022
Cash on Hand (including imprest)	-	0.02
Balances with Banks		
in current accounts	31.31	124.01
deposits with original maturity of 3 months or less	7.69	2.37
Total	**39.00**	**126.40**

7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Earmarked Balances with Banks		
For unpaid dividends	6.79	6.39
For govt. funds for onward disbursement as grant	24.22	771.18
Earmarked Term Deposits		
Deposits in Compliance of Court Order	0.62	0.59
Term Deposit held as Margin Money against Bank Guarantee	-	0.27
Term Deposit- Debenture Redemption Reserves	196.35	225.33
Balances with banks not available for use pending allotment of 54EC Capital Gain Tax Exemption Bonds	1,720.36	1,291.54
Total	**1,948.34**	**2,295.30**
Term Deposits held as margin money against Bank Guarantee for more than 12 months	-	0.27

7.1 There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31st March 2023 (Previous year Nil).

8 Derivative Financial Instruments

The Company enters into derivatives for hedging foreign exchange risks and interest rate risks. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Refer Note 47 for Risk Management Disclosures in respect of the derivatives.

Part I

(₹ in Crores)

Particulars		As at 31.03.2023			As at 31.03.2022		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Currency Derivatives**						
	- Currency swaps	3,083.13	47.50	58.13	2,850.13	1.39	48.37
	- Others						
	- Call Spread	2,055.42	208.14	-	1,895.18	76.73	-
	- Seagull Options	80,362.47	8,007.42	87.89	54,727.54	4,868.28	-
	Sub-total (i)	**85,501.02**	**8,263.06**	**146.02**	**59,472.85**	**4,946.40**	**48.37**
(ii)	**Interest Rate Derivatives**						
	- Forward Rate Agreements and Interest Rate Swaps	46,278.27	718.55	300.82	33,239.41	563.77	173.52
	Sub-total (ii)	**46,278.27**	**718.55**	**300.82**	**33,239.41**	**563.77**	**173.52**
(iii)	**Other derivatives**						
	- Reverse cross currency swaps	4,947.00	-	530.11	4,747.00	-	331.25
	Total - Derivative Financial Instruments (i+ii+iii)	**136,726.29**	**8,981.61**	**976.95**	**97,459.26**	**5,510.17**	**553.14**

Notes to Accounts

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

	Particulars	As at 31.03.2023			As at 31.03.2022		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Fair Value Hedging**						
	- Interest Rate Derivatives						
	- Forward Rate Agreements and Interest Rate Swaps	15,950.70	10.32	289.34	11,850.70	19.76	112.00
	Sub-total (i)	**15,950.70**	**10.32**	**289.34**	**11,850.70**	**19.76**	**112.00**
(ii)	**Cash Flow Hedging**						
	- Currency Derivatives						
	- Currency Swaps	3,083.13	38.85	-	2,842.77	-	48.37
	- Others						
	- Call Spread	2,055.42	208.14	-	1,895.18	76.73	-
	- Seagull Options	80,362.47	7,979.02	85.76	54,727.54	4,868.28	-
	- Interest Rate Derivatives						
	- Forward Rate Agreements and Interest Rate Swaps	23,627.57	337.69	11.48	13,313.21	115.10	45.27
	Sub-total (ii)	**109,128.59**	**8,563.70**	**97.24**	**72,778.70**	**5,060.11**	**93.64**
(iii)	**Undesignated Derivatives**	**11,647.00**	**407.59**	**590.37**	**12,829.86**	**430.30**	**347.50**
	Total - Derivative Financial Instruments (i+ii+iii)	**136,726.29**	**8,981.61**	**976.95**	**97,459.26**	**5,510.17**	**553.14**

Derivative financial instruments are measured at fair value at each reporting date. The changes in the fair value of derivatives designated as hedging instruments in effective cash flow hedges are recognised in Other Comprehensive Income. In case of fair value hedges, the changes in fair value of the derivatives designated as hedging instruments along with the fair value changes in the carrying amount of the hedged items are recognised in the Statment of Profit & Loss. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

9 Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Loans**				
(i)	Term Loans	408,463.40	409,638.42	383,310.40	384,566.08
(ii)	Working Capital Term Loans	26,548.39	26,709.24	2,060.86	2,069.12
	Total (A) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (A) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(B)	**Security Details**				
(i)	Secured by tangible assets	242,310.94	242,633.17	223,793.64	224,420.98
(ii)	Covered by Govt. Guarantees	172,069.58	173,004.21	130,973.50	131,510.35
(iii)	Unsecured	20,631.27	20,710.28	30,604.12	30,703.87
	Total (B) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (B) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(C) (I)	**Loans in India**				
(i)	Public Sector	393,225.23	394,571.78	350,455.72	351,732.04
(ii)	Private Sector	41,786.56	41,775.88	34,915.54	34,903.16
	Total (C)(I) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (C)(I) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(C)(II)	**Loans outside India**	-	-	-	-
	Less: Impairment loss allowance	-	-		-
	Total (C)(II) - Net Loans	**-**	**-**	**-**	**-**
	Total (C)(I) and (C)(II)	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**

Notes to Accounts

9.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Net Loans	**422,083.91**	**371,930.54**
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(60.23)	(423.59)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(1,436.81)	(957.96)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	14,263.75	14,704.66
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	161.17	117.61
Gross Loans	**435,011.79**	**385,371.26**

9.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**14,704.66**	**13,206.11**
Add: Impairment loss allowance provided during the year (Refer Note 35)*	110.17	3,422.56
Less: Allowance utilised towards write-off of loans	(551.08)	(1,924.01)
Closing Balance	**14,263.75**	**14,704.66**

** Impairment loss allowance during FY 2021-22 includes enhancement of allowance to a minimum level of 0.40% on stage 1&2 loan assets amounting to ₹838.06 crores and additional allowance created to align with lead lender alongwith management overlays amounting to ₹1,408.74 crores.*

9.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has written off loans amounting to ₹551.08 crores (Previous year ₹1,924.01 crores). The details of write-offs for the current year are as below:

(i) During the current year

(a) Pursuant to the Resolution Plan approved under IBC proceedings executed on 5th September 2022 in respect of Jhabua Power Limited, the Company has written off an amount of ₹10.41 crores after appropriating recoveries of ₹310.63 crores (Cash ₹77.41 crore, Non-Convertible Debentures of ₹51.48 crore and Equity of ₹181.74 crore).

(b) Pursuant to the Resolution Plan approved under IBC proceedings executed on 16th September 2022 in respect of South East U.P. Power Transmission Company Limited, the company has recovered the entire outstanding loan of ₹922.09 crores and ₹132.91 crores overdue interest after appropriating cash recoveries of ₹1,055.00 crores.

(c) Pursuant to the liquidation order passed under IBC proceedings executed on 27th December 2022 in respect of Ind Barath Energy (Utkal) Limited, the Company has written off an amount of ₹536.16 crores after appropriating equity & cash recoveries totalling to ₹240.84 crores.

(d) Pursuant to the One Time Settlement executed on 2nd December 2022 in respect of ATN International Limited, the Company has written off an amount of ₹3.45 crores after appropriating total recoveries of ₹6.00 crores, of which ₹4.15 crores to be received in FY 2023-24.

(e) Pursuant to the One Time Settlement executed on 2nd December 2022 in respect of Silicon Valley infotech Limited, the Company has written off an amount of ₹1.06 crore after appropriating total recoveries of ₹1.85 crores, of which ₹1.35 crores to be received in FY 2023-24.

(ii) During the previous year

(a) Pursuant to the Resolution Plan approved under IBC proceedings executed on 13th May 2021 in respect of VS Lignite Power Private Limited, the Company has written off an amount of ₹39.45 crores after appropriating the recoveries of ₹14.79 crores (Cash ₹1.30 crores and Term Loan of ₹13.49 crores).

(b) Pursuant to the liquidation order under IBC proceedings executed on 30th December 2021 in respect of Lanco Babandh Power Limited, the Company has written off an amount of ₹1160.16 crores after appropriating cash recoveries of ₹40.39 crores.

(c) Pursuant to the Resolution Plan approved under IBC proceedings executed on 16th March 2022 in respect of Essar Power (MP) Limited (EPMPL), the Company has written off an amount of ₹724.40 crores after appropriating the recoveries of ₹620.60 crores (Cash ₹148.94 crores and Term Loan of ₹471.66 crores).

Notes to Accounts

(d) Pursuant to the Resolution Plan approved under IBC proceedings executed on 23rd March 2022 in respect of Amrit Jal Ventures Private Limited, the company has recovered the entire outstanding loan of ₹4.35 crores and ₹0.28 crores overdue interest after appropriating cash recoveries of ₹4.63 crores.

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 31.03.2023		As at 31.03.2022	
	%	Amount	%	Amount
Gross Loan Book		435,011.79		385,371.26
Loan Assets for which balance confirmations have been received from borrowers	93%	406,179.64	93%	356,923.45
Loan Assets for which balance confirmations are yet to be received from borrowers	7%	28,832.15	7%	28,447.81
of which,				
Loans secured by tangible assets	54%	15,630.88	45%	12,813.68
Loans covered by Government Guarantee/ Loans to Government	25%	7,065.14	33%	9,295.96
Unsecured loans	21%	6,136.12	22%	6,338.17

9.5 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

10 Investments

(₹ in Crores)

Particulars	Amortised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7=5+6)
As at 31st March, 2023							
Govt. Securities	1,431.74	-	-	-	1,431.74	-	1,431.74
Debt Securities	734.78	-	562.34	-	1,297.12	-	1,297.12
Equity Instruments	-	381.71	27.31		409.02	0.10	409.12
Preference Shares	28.72	-	-	-	28.72	-	28.72
Others	-	-	-		-	-	-
Total - Gross (A)	**2,195.24**	**381.71**	**589.65**	**-**	**3,166.60**	**0.10**	**3,166.70**
Investments outside India	-	-	-	-	-	-	-
Investments in India	2,195.24	381.71	589.65	-	3,166.60	0.10	3,166.70
Total - Gross (B)	**2,195.24**	**381.71**	**589.65**	**-**	**3,166.60**	**0.10**	**3,166.70**
Total Investments	2,195.24	381.71	589.65	-	3,166.60	0.10	3,166.70
Less: impairment loss allowance (C)	(28.72)	-	-	-	(28.72)	-	(28.72)
Total - Net (D=A-C)	**2,166.52**	**381.71**	**589.65**	**-**	**3,137.88**	**0.10**	**3,137.98**
As at 31st March, 2022							
Govt. Securities	1,374.51	-	-	-	1,374.51	-	1,374.51
Debt Securities	333.03	-	132.55	-	465.58	-	465.58
Equity Instruments	-	268.26	49.52		317.78	0.10	317.88
Preference Shares	28.72	-	-	-	28.72	-	28.72
Others	-	-	-	-	-	-	-
Total - Gross (A)	**1,736.26**	**268.26**	**182.07**	**-**	**2,186.59**	**0.10**	**2,186.69**
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,736.26	268.26	182.07	-	2,186.59	0.10	2,186.69
Total - Gross (B)	**1,736.26**	**268.26**	**182.07**	**-**	**2,186.59**	**0.10**	**2,186.69**
Total Investments	1,736.26	268.26	182.07	-	2,186.59	0.10	2,186.69
Less: impairment loss allowance (C)	**(28.72)**	**-**	**-**	**-**	**(28.72)**	**-**	**(28.72)**
Total - Net (D=A-C)	**1,707.54**	**268.26**	**182.07**	**-**	**2,157.87**	**0.10**	**2,157.97**

Notes to Accounts

10.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.203		As at 31.03.2022	
		Number	Amount	Number	Amount
(A) Total - Central/ State Government Securities (HQLAs)*	Amortised Cost	137,932,800	**1,431.74**	133,932,800	**1,374.51**
Debt Securities					
(i) **Corporate Bonds (HQLAs)***			**629.04**		**226.82**
- 9.95% Uttar Pardesh Power Corporation Limited (UPPCL) 2032	Amortised Cost	3,000	300.00	-	-
- 8% Bonds of Mahanagar Telephone Nigam Limited (MTNL) 2032	Amortised Cost	1,000	102.97	-	-
- 7.05% Bonds of Mahanagar Telephone Nigam Limited	Amortised Cost	850	88.12	850	88.15
- 6.65% Bonds of Food Corporation of India	Amortised Cost	200	20.61	200	20.61
- 7.19% Bonds of THDC India Limited	Amortised Cost	250	26.31	250	26.32
- 8.69% Bonds of Damodar Valley Corporation	Amortised Cost	200	21.35	200	21.62
- 7.30% Bonds of Power Grid Corporation of India Limited	Amortised Cost	200	22.22	200	22.44
- 5.78% Bonds of Chennai Petroleum Corporation Limited	Amortised Cost	150	15.62	150	15.63
- 6.11% Bonds of Bharat Petroleum Corporation Limited	Amortised Cost	100	10.49	100	10.51
- 7.30% Bonds of NMDC Steel Limited	Amortised Cost	200	21.35	200	21.54
(ii) Debt Securities (other than HQLAs)					
- 7.99% Perpetual Bonds of Canara Bank	Fair value through profit or loss	200	208.47	-	-
- 9.50% Perpetual Bonds of UCO Bank	Fair value through profit or loss	228	228.79	-	-
- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	165,403,256	86.85	178,543,530	92.03
- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	72,821,001	38.23	78,606,161	40.52
- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd. **	Fair value through profit or loss	18,635,162	-	18,635,162	-
- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	25,519,173	56.40	25,495,144	106.21
- 8.50% Non- Convertible Debentures (NCDs) of Jhabua Power Limited	Amortised Cost	4,933,536	49.34	-	-
- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	213,803,170	-	213,803,170	-

Notes to Accounts

(₹ in Crores)

	Particulars	Investment measured at	As at 31.03.203		As at 31.03.2022	
			Number	Amount	Number	Amount
	- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	6,303,032	-	6,303,032	-
	- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	10,474,150	-	10,474,150	-
(B)	**Total - Debt Securities (i+ii)**			**1,297.12**		**465.58**
	Equity Instruments					
(i)	Subsidiary (Refer note 10.2)					
	-RECPowerDevelopmentandConsultancyLimited (formerly REC Power Distribution Company Limited)	Others (At Cost)	85,500	0.10	85,500	0.10
	Total - Subsidiary			0.10		0.10
(ii)	Others					
	- NHPC Ltd.	Fair value through other comprehensive income	16,351,580	65.73	18,843,184	52.38
	- HUDCO Ltd.	Fair value through other comprehensive income	347,429	1.50	347,429	1.14
	- Energy Efficiency Services Ltd.	Fair value through other comprehensive income	218,100,000	140.43	218,100,000	214.74
	- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	16,000,000	-	16,000,000	-
	- Jhabua Power Limited	Fair value through other comprehensive income	27,885,211	173.42	-	-
	- Ind Barath Energy (Utkal) Limited	Fair value through other comprehensive income	127	0.63	-	-
	- Rattan India Power Ltd.	Fair value through profit or loss	92,568,105	27.31	92,568,105	49.52
	- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	181,790,667	-	181,790,667	-
	Total - Others			409.02		317.78
(C)	**Total - Equity Instruments (i+ii)**			**409.12**		**317.88**
	Preference Shares					
	- Redeemable, issued by Rattan India Power Ltd.	Amortised cost	28,720,978	28.72	28,720,978	28.72
	- Optionally Convertible, issued by Rattan India Power Ltd.	Fair value through profit or loss	43,303,616	-	43,303,616	-
(D)	**Total - Preference Shares**			**28.72**		**28.72**
(E)	**Total - Others**			**-**		**-**
	Total Investments (F= A to E)			**3,166.70**		**2,186.69**
	Less: impairment loss allowance **(G)**			(28.72)		(28.72)
	Total - Net (H=F-G)			**3,137.98**		**2,157.97**

Refer note 51.1 for valuation technique of the investments shown at fair value

** High Quality Liquid Assets (HQLAs) maintained as per RBI Circular dated Novemeber 4, 2019*

*** Received against unsustainable portion of debt in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring*

10.2 Details of Investment in Subsidiary

(₹ in Crores)

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at	
		31.03.2023	31.03.2022
Subsidiary :			
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	India	100.00%	100.00%

The investments in subsidiary are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

Notes to Accounts

10.3 Movement of Impairment Loss Allowance in respect of Investments:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**28.72**	**-**
Add: Impairment loss allowance provided in respect to Redeemable Preference Shares of Rattan India Power Limited (Refer Note 35)	-	28.72
Less: Allowance utilised towards write-off of loans	-	-
Closing Balance	**28.72**	**28.72**

10.4 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring , the Company has received the following Investments:

(i) **<u>During the current year</u>:**

(a) Pursuant to the Resolution Plan approved under IBC proceedings in respect of Jhabua Power Limited, the company has been allotted 2,78,85,211 no. of equity shares having face value of ₹10/- each and 51,48,038 no. of 8.50% Non-Convertible Debentures having face value of ₹100/- each.

(b) Pursuant to the liquidation order passed under IBC proceedings in respect of Ind Barath Energy (Utkal) Limited, the company has been allotted 127 no. of equity shares having face value of ₹10/- each

(ii) **<u>During the previous year</u>**:

Company has not received any instruments in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring.

Refer note 9.3 for further details.

10.5 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's operation comprise of only one business segment i.e. providing financial assistance to power, logistic and infrastructure 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 2022-23			FY 2021-22		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition
NHPC Limited*	2,491,604	10.13	4.70	156,459,022	430.62	89.86
Small is Beautiful**				6,152,200	0.55	(5.60)

** During the FY 22-23, the Company has sold 24,91,604 equity shares of NHPC Limited (previous year 15,64,59,022 numbers) considering the market scenerio for a consideration of ₹ 10.13 crores through stock exchange. The shares have thus been derecognised and the cumulative gain (net of tax) on such sale has been transferred from other comprehensive income to retained earnings.*

*** During the FY 21-22, the Company has derecogniesd 61,52,200 units of 'Small is Beautiful' Venure Capital Fund, consequent to full and final settlement upon liquidation of the fund. As a result, the Company has written off an amount of ₹ 5.60 crores after appropriating cash recoveries of ₹ 0.55 crores*

11 Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	**Loans to Employees** (Refer Note 11.1)	44.56	41.95
(B)	**Advances to Employees**	0.49	0.24
(C)	**Loans & Advances to Holding/ Subsidiary**	10.24	5.26
(D)	**Security Deposits**	1.03	1.64
(E)	**Recoverable from Govt. of India**		
	- Towards GoI Fully Serviced Bonds (Refer Note 20.5)	24,318.29	24,318.29

Notes to Accounts

Particulars		As at 31.03.2023	As at 31.03.2022
(F)	**Other amounts recoverable**	120.39	120.24
	Less: Impairment Loss allowance (Refer Note 11.2)	(94.72)	(90.68)
	Other Amounts Recoverable (Net)	**25.67**	**29.56**
	Total (A to F)	**24,400.28**	**24,396.94**

11.1 Details of Loans to Employees (Considered Good)

The Company has extended loans to employees with specified terms and repayment schedule, categorised at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	**Secured Loans**		
	- To Key Managerial Personnel	0.12	0.10
	- To employees Other than Key Managerial Personnel	**28.28**	**25.22**
	Sub-total (A)	**28.40**	25.32
(B)	**Unsecured Loans**		
	- To Key Managerial Personnel	**0.10**	**0.08**
	- To Others	**16.06**	**16.55**
	Sub-total (B)	**16.16**	**16.63**
	Total (A+B)	**44.56**	**41.95**

The figures above include interest accrued on such loans amounting to ₹ 9.27 crores (Previous year ₹ 8.45 crores).

11.2 Movement of impairment loss allowance on other amounts recoverable

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening balance	90.68	88.04
Add: Created during the year	9.77	10.23
Less: Reversed/ Adjusted during the year	(5.73)	(7.59)
Closing balance	**94.72**	**90.68**

12 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Advance Income-tax & TDS	2,946.71	3,284.80
Provision for Income Tax	(2,655.88)	(3,110.11)
Sub-Total	**290.83**	**174.69**
Tax Deposited on income tax demands under contest	5.20	5.20
Provision for income tax for demand under contest	(0.25)	(0.25)
Sub-Total	**4.95**	**4.95**
Current tax assets (Net)	**295.78**	**179.64**

13 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Deferred Tax Assets (Net)	**3,276.99**	**3,134.74**

Notes to Accounts

13.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2023 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognized in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	3,457.90	(111.44)			3,346.46
Provision for Earned Leave	6.34	0.58			6.92
Provision for Medical Leave	5.41	(0.22)			5.19
Fair Valuation of Investments	8.41	6.40	(0.32)		14.49
Fair Valuation of Derivatives	65.07	75.98	305.41		446.46
Total Deferred Tax Assets	**3,543.13**	**(28.70)**	**305.09**	-	**3,819.52**
Deferred Tax Liabilities					
Depreciation and Amortisation	12.93	14.00			26.93
Unamortised Foreign Currency Exchange Fluctuations	151.05	67.25			218.30
Financial assets and liabilities measured at amortised cost	216.24	15.87			232.11
Fair valuaton of Debt Securities	28.17	37.02			65.19
Total Deferred Tax Liabilities	**408.39**	**134.14**	-	-	**542.53**
Total Deferred Tax Assets (Net)	**3,134.74**	**(162.84)**	**305.09**	-	**3,276.99**

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2022 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognized in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,743.25	714.65			3,457.90
Provision for Earned Leave	4.53	1.81			6.34
Provision for Medical Leave	5.26	0.15			5.41
Fair Valuation of Investments	3.57	2.29	2.55		8.41
Fair Valuation of Derivatives	27.81	11.16	26.09		65.07
Total Deferred Tax Assets	**2,784.42**	**730.06**	**28.64**	-	**3,543.13**
Deferred Tax Liabilities					
Depreciation and Amortisation	2.12	10.81			12.93
Unamortised Foreign Currency Exchange Fluctuations	153.26	(2.21)			151.05
Financial assets and liabilities measured at amortised cost	191.33	24.90			216.24
Fair valuaton of Debt Securities	-	28.17			28.17
Total Deferred Tax Liabilities	**346.71**	**61.67**	-	-	**408.39**
Total Deferred Tax Assets (Net)	**2,437.71**	**668.39**	**28.64**	-	**3,134.74**

Notes to Accounts

14 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	Plant & equipment	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value												
As at 31.03.2021	**110.39**	**1.59**	**130.40**	**-**	**20.55**	**21.68**	**17.10**	**0.40**	**302.11**	**335.67**	**0.77**	**13.64**
Additions	-	-	303.73	19.90	47.55	3.30	7.14	-	381.62	32.35	-	1.02
Borrowings Cost Capitalised										5.10		
Disposals	-	-	3.30	-	0.69	0.92	0.86	-	5.77	367.05	0.77	-
As at 31.03.2022	**110.39**	**1.59**	**430.83**	**19.90**	**67.41**	**24.06**	**23.38**	**0.40**	**677.96**	**6.07**	**-**	**14.66**
As at 31.03.2022	**110.39**	**1.59**	**430.83**	**19.90**	**67.41**	**24.06**	**23.38**	**0.40**	**677.96**	**6.07**	**-**	**14.66**
Additions	-	-	26.07	0.20	3.63	5.45	7.76	0.14	43.25	22.69	-	0.01
Borrowings Cost Capitalised									-	0.03		
Disposals/ Adjustments	-	-	-	0.04	3.69	5.53	6.35	-	15.61	26.07	-	-
As at 31.03.2023	**110.39**	**1.59**	**456.90**	**20.06**	**67.35**	**23.98**	**24.79**	**0.54**	**705.60**	**2.72**	**-**	**14.67**
Accumulated depreciation/ amortisation												
As at 31.03.2021	**-**	**0.35**	**9.81**	**-**	**7.40**	**14.47**	**9.62**	**0.34**	**41.99**	**-**	**-**	**7.54**
Charge for the year	-	0.02	4.96	0.95	3.65	3.05	2.43	0.03	15.09	-	-	2.87
Adjustment for disposals	-	-	1.26	-	0.41	0.71	0.41	-	2.79	-	-	-
As at 31.03.2022	**-**	**0.37**	**13.51**	**0.95**	**10.64**	**16.81**	**11.64**	**0.37**	**54.29**	**-**	**-**	**10.41**
As at 31.03.2022	**-**	**0.37**	**13.51**	**0.95**	**10.64**	**16.81**	**11.64**	**0.37**	**54.29**	**-**	**-**	**10.41**
Charge for the year	-	0.02	7.10	1.28	6.04	3.52	3.47	0.02	21.45	-	-	2.64
Adjustment for disposals	-	-	-	-	1.28	4.06	3.70	0.01	9.05	-	-	-
As at 31.03.2023	**-**	**0.39**	**20.61**	**2.23**	**15.40**	**16.27**	**11.41**	**0.38**	**66.69**	**-**	**-**	**13.05**
Net block as at 31.03.2022	**110.39**	**1.22**	**417.32**	**18.95**	**56.77**	**7.25**	**11.74**	**0.03**	**623.67**	**6.07**	**-**	**4.25**
Net block as at 31.03.2023	**110.39**	**1.20**	**436.29**	**17.83**	**51.95**	**7.71**	**13.38**	**0.16**	**638.91**	**2.72**	**-**	**1.62**

14.1 The formalities regarding registration of title deed in respect of an immovable property acquired by the Company is yet to be executed. The details are as below:

(a) As at 31st March 2023

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	1.95	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

(b) As at 31st March 2022

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.01	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

Notes to Accounts

14.2 As on 31st March 2023, 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 31st March 2023	As at 31st March 2022
Gross Carrying Value	3.48	3.48
Net Carrying Value	2.36	2.41

14.3 Capital Work in Progress (CWIP)

CWIP ageing schedule

(₹ in Crores)

Particulars	As at 31st March 2023					As at 31st March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress										
- REC World Headquarter at Gurugram	-	-	-	-	-	4.59	-	-	-	4.59
- REC Township at Gurugram	1.24	0.08	-	1.40	2.72	0.08	-	1.40	-	1.48
Total	**1.24**	**0.08**	**-**	**1.40**	**2.72**	**4.67**	**-**	**1.40**	**-**	**6.07**

There are no capital work in progress as on the reporting year where activity has been suspended.

(b) CWIP completion schedule

(₹ in Crores)

Particulars	As at 31st March 2023					As at 31st March 2022				
	To be completed in				Total	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress										
- REC World Headquarter at Gurugram	-	-	-	-	-	4.59	-	-	-	4.59
- REC Township at Gurugram	-	-	2.72	-	2.72	-	-	-	1.48	1.48
Total	**-**	**-**	**2.72**	**-**	**2.72**	**4.59**	**-**	**-**	**1.48**	**6.07**

14.4 There has been no revaluation of Property, Plant & Equipment and Intangible Assets during the year (previous year Nil).

14.5 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

14.6 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised an amount of ₹ 0.03 crores (previous year ₹ 5.10 crores) borrowing costs on account of general borrowings at an average rate of borrowings of 7.00% (previous year 7.94%) for the Company in terms of Ind AS 23 'Borrowing Costs'.

14.7 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate — 20% (100% in case the total cost of the asset is ₹5,000 or less)

Notes to Accounts

15 Other non-financial assets

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
	Unsecured, considered good		
(A)	Capital Advances	7.26	8.19
(B)	Other Advances	4.50	2.88
(C)	Balances with Govt. Authorities	26.11	20.35
(D)	Pre-Spent Corporate Social Responsibility (CSR) Expenses	7.70	0.40
(E)	Prepaid Expenses	13.23	3.11
(F)	Deferred Employee Benefits	10.84	11.11
(G)	Other Assets	0.01	0.02
	Total (A to G)	**69.65**	**46.06**

16 Assets Classified as Held for Sale

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Assets Classified as Held for Sale-Building	0.34	0.86
Total	**0.34**	**0.86**

16.1 With a view to monetise its idle assets, during the year the Company has disposed certain residential building units through e-auction process, with carrying value ₹0.52 crores (previous year ₹1.18 crores), classified under "Assets classified as held for sale" as required under Ind-AS 105. Such sale has resulted in gain of ₹4.08 crores during the current year (previous year ₹30.19 crores) (refer note 30).

Further, residential building units with carrying value ₹0.34 crores (previous year ₹0.86 crores) classified under "Assets classified as held for sale" are pending for disposal as at 31st March 2023. The process for their disposal is expected to be completed during the year 2023-24 through e-auction process.

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 31.03.2023		As at 31.03.2022	
		Face Value	Amortised Cost	Face Value	Amortised Cost
(A)	**Secured Long-Term Debt Securities**				
(i)	Institutional Bonds	1,955.00	2,029.81	1,955.00	2,065.31
(ii)	54EC Capital Gain Tax Exemption Bonds	35,866.55	37,124.32	24,146.13	25,025.49
(iii)	Tax Free Bonds	10,307.08	10,671.07	11,808.74	12,205.52
(iv)	Bond Application Money pending allotment	1,720.36	1,719.42	1,291.54	1,291.13
	Sub-total (A)	**49,848.99**	**51,544.62**	**39,201.41**	**40,587.45**
(B)	**Unsecured Long-Term Debt Securities**				
(i)	Institutional Bonds	148,262.70	152,705.20	144,086.60	149,010.97
(ii)	Infrastructure Bonds	3.96	8.63	3.96	8.00
(iii)	Foreign Currency Bonds	32,886.78	32,690.54	30,322.85	30,027.15
	Sub-total (B)	**181,153.44**	**185,404.37**	**174,413.41**	**179,046.12**
	Total - Debt Securities (A+B)	**231,002.43**	**236,948.99**	**213,614.82**	**219,633.57**
	Debt Securities issued in/ outside India				
(i)	Debt Securities in India	198,115.65	204,258.45	183,291.97	189,606.42
(ii)	Debt Securities outside India	32,886.78	32,690.54	30,322.85	30,027.15
	Total - Debt Securities	**231,002.43**	**236,948.99**	**213,614.82**	**219,633.57**

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

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 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,029.81	1,955.00	2,065.31
Total - Institutional Bonds	1,955.00	2,029.81	1,955.00	2,065.31

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	6,651.31	6,938.31	6,651.77	6,937.05
Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25	6,157.82	6,419.74	6,157.72	6,417.26
Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26	5,312.07	5,513.14	5,312.07	5,510.93
Series XV (2021-22) - 5% Redeemable at par during financial year 2026-27	7,312.80	7,576.90	6,024.57	6,160.25
Series XVI (2022-23) - 5% Redeemable at par during financial year 2027-28	10,432.55	10,676.23	-	-
Total - 54EC Capital Gain Tax Exemption Bonds	**35,866.55**	**37,124.32**	**24,146.13**	**25,025.49**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Series 5A	300.00	306.39	300.00	306.33
7.17% payable annually Redeemable at par on 23.07.2025				
Series 2011-12	2,160.33	2,288.71	2,160.33	2,287.99
Redeemable at par. Bonds amounting to ₹2,160.33 crores are redeemable on 27.03.2027 with interest rates varying from 8.12% to 8.32% payable annually				
Series 2012-13 Series 2A & 2B	245.00	251.12	500.00	512.60
Redeemable at par. Bonds amounting to ₹245.00 crores are redeemable on 22.11.2027 with interest rates of 7.38%payable annually				
Series 2012-13 Tranche 1	852.04	872.22	2,017.35	2,065.32
Redeemable at par. Bonds amounting to ₹852.04 crores are redeemable on 20.12.2027 with interest rates varying from 7.38% to 7.88% payable annually				
Series 2012-13 Tranche 2	49.71	50.86	131.06	134.06
Redeemable at par. Bonds amounting to ₹49.71 crores are redeemable on 27.03.2028 with interest rates varying from 7.04% to 7.54% payable annually				
Series 2013-14 Series 3A & 3B	1,350.00	1,413.90	1,350.00	1,413.35
Redeemable at par. Bonds amounting to ₹209.00 crores are redeemable on 29.08.2023 and ₹1,141.00 crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				

Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2013-14 Series 4A & 4B	150.00	155.54	150.00	155.48
Redeemable at par. Bonds amounting to ₹105.00 crores are redeemable on 11.10.2023 and ₹ 45.00 crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
Series 2013-14 Tranche 1	3,440.60	3,530.10	3,440.60	3,528.74
Redeemable at par. Bonds amounting to ₹575.06 crores are redeemable on 25.09.2023, ₹2,810.26 crores are redeemable on 25.09.2028 and ₹55.28 crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
Series 2013-14 Tranche 2	1,059.40	1,087.25	1,059.40	1,086.83
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				
Series 2015-16 Tranche 1	700.00	714.98	700.00	714.82
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				
Total - Tax Free Bonds	**10,307.08**	**10,671.07**	**11,808.74**	**12,205.52**

(iv) Bond Application Money Pending Allotment

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	1,720.36	1,719.42	1,291.54	1,291.13
5% Redeemable at par after 5 years from the deemed date of allotment				
Total - Bond Application Money Pending Allotment	**1,720.36**	**1,719.42**	**1,291.54**	**1,291.13**

17.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
179th Series - 8.15% Redeemable at par on 10.06.2022	-	-	1,000.00	1,065.84
107th Series - 9.35% Redeemable at par on 15.06.2022	-	-	2,378.20	2,554.82
186A Series - 6.90% Redeemable at par on 30.06.2022	-	-	2,500.00	2,629.90
150th Series - 7.03% Redeemable at par on 07.09.2022	-	-	2,670.00	2,775.76
184B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	-	-	300.00	311.59
152nd Series - 7.09% Redeemable at par on 17.10.2022	-	-	1,225.00	1,264.38
111-II Series - 9.02% Redeemable at par on 19.11.2022	-	-	2,211.20	2,283.72
155th Series - 7.45% Redeemable at par on 30.11.2022	-	-	1,912.00	1,959.41
185th Series - 7.09% Redeemable at par on 13.12.2022	-	-	2,769.00	2,827.36

Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
187th Series - 7.24% Redeemable at par on 31.12.2022	-	-	2,090.00	2,127.51
159th Series - 7.99% Redeemable at par on 23.02.2023	-	-	950.00	957.53
188A Series - 7.12% Redeemable at par on 31.03.2023	-	-	1,400.00	1,400.22
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,667.81	4,300.00	4,667.36
195th Series - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.66	2,985.00	3,179.43
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.52	1,100.00	1,106.39
200th Series PP-MLD - 5.36% Redeemable at par on 30.06.2023*	500.00	573.12	500.00	546.01
184B Series STRPP-D - 7.55% Redeemable at par on 26.09.2023**	300.00	311.59	300.00	311.57
202B Series - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,544.42	2,474.00	2,544.12
205A Series - 4.99 % Redeemable at par on 31.01.2024	2,135.00	2,151.85	2,135.00	2,151.79
209th Series - 5.79 % Redeemable at par on 20.03.2024	1,550.00	1,552.48	1,550.00	1,552.38
210th Series - 5.74 % Redeemable at par on 20.06.2024	4,000.00	4,178.81	4,000.00	4,215.56
180A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,077.71	1,018.00	1,075.09
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.58	1,100.00	1,106.48
212th Series - Floating (linked to T-Bill) Redeemable at par on 31.10.2024	2,500.00	2,573.36	2,500.00	2,538.84
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,538.06	1,500.00	1,537.91
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.06	2,250.00	2,418.88
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.05	1,925.00	2,063.71
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,492.55	2,325.00	2,493.36
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.28	2,285.00	2,304.25
190A Series - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,514.67	2,500.00	2,514.48
201A Series - 5.90% Redeemable at par on 31.03.2025	900.00	935.42	900.00	935.39
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.74	2,396.00	2,453.50
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.00
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.49
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.58	2,585.00	2,670.75
203B Series - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,821.05	2,777.00	2,821.01
204B Series - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,111.49	2,082.00	2,111.47
205B Series - 5.94 % Redeemable at par on 31.01.2026	2,000.00	2,014.64	2,000.00	2,018.82
214A Series - 7.32% Redeemable at par on 28.02.2026	500.00	503.15	-	-
219 series - 7.60 % Redeemable at par on 28.02.2026	3,148.70	3,186.42	-	-
220B series - 7.69 % Redeemable at par on 31.03.2033 with Put option exercisable on 31.03.2026	1,600.10	1,605.47	-	-
218A Series - 7.56 % Redeemable at par on 30.06.2026	3,000.00	3,048.29	-	-
211th Series - 6.23% Redeemable at par on 31.10.2031 with Put/ Call option exercisable on 31.10.2026	1,200.00	1,230.57	1,200.00	1,232.57
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,161.97	2,100.00	2,152.19
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,025.73	3,000.00	3,066.06
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,717.93	2,745.00	2,750.60
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.40	3,533.00	3,614.30
216A Series - 7.55 % Redeemable at par on 31.03.2028	1,701.50	1,701.13	-	-
220A Series - 7.77 % Redeemable at par on 31.03.2028	2,000.00	2,006.58	-	-
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.42	2,500.00	2,637.39
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.04	2,500.00	2,628.01
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,625.73	2,552.40	2,625.69
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.02	2,554.00	2,620.97

Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
176th Series - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.82	1,600.70	1,735.73
178th Series - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,171.24	1,097.00	1,169.96
180B Series - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,173.02	2,070.90	2,169.56
184A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	1,160.80	1,209.72	870.60	907.18
192nd Series - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,396.48	2,382.00	2,396.36
188B Series - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.10	1,100.00	1,100.09
189th Series - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.97	3,054.90	3,054.91
197th Series - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,990.03	3,740.00	3,989.89
198B Series - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.83	1,569.00	1,673.76
202A Series - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,627.05	3,500.00	3,627.03
203A Series - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,094.07	5,000.00	5,094.06
204A Series - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.79	2,500.00	2,527.79
201B Series - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,359.80	1,300.00	1,359.79
213th Series - 6.92% Redeemable at par on 20.03.2032	1,380.00	1,382.88	1,380.00	1,382.86
218B Series - 7.69 % Redeemable at par on 31.01.2033	2,004.40	2,036.80	-	-
214B Series - 7.50% Redeemable at par on 28.02.2033	1,947.60	1,960.18	-	-
214B (re-issue) Series - 7.50% Redeemable at par on 28.02.2033	3,000.00	2,984.49	-	-
217th Series - 7.53 % Redeemable at par on 31.03.2033	500.00	510.86	-	-
182nd Series - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.68	5,063.00	5,314.67
183rd Series - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.26	3,028.00	3,163.24
207th Series - 7.02 % Redeemable at par on 31.01.2036	4,589.90	4,641.76	4,589.90	4,641.75
208th Series - 7.40 % Redeemable at par on 15.03.2036	3,613.80	3,625.49	3,613.80	3,625.48
215th series - 7.65 % Redeemable in 5 equal tranches on 30.11.2033, 30.11.2034,30.11.2035,30.11.2036 and 30.11.2037	3,889.00	3,992.12	-	-
216B Series - 7.67 % Redeemable at par on 30.11.2037	2,000.00	2,049.92	-	-
Total - Institutional Bonds	**148,262.70**	**152,705.20**	**144,086.60**	**149,010.97**

** PP-MLD- Principal Protected Market Linked Debentures*

*** STRPP- Separately Transferable Redeemable Principal Parts*

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	3.96	8.63	3.96	8.00
Total - Infrastructure Bonds	**3.96**	**8.63**	**3.96**	**8.00**

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2023	As at 31.03.2022	Redemption Details
9.15% Cumulative	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	
Total	**3.96**	**3.96**	

Amounts have been shown at face value

Notes to Accounts

(iii) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
4.75% US $500 Mn Bonds - Redeemable at par on 19.05.2023	4,110.85	4,181.61	3,790.36	3,848.85
5.250% US $700 Mn Bonds - Redeemable at par on 13.11.2023	5,755.18	5,858.35	5,306.50	5,387.23
3.375% US $650 Mn Bonds - Redeemable at par on 25.07.2024	5,344.10	5,366.61	4,927.46	4,941.02
3.50% US $500 Mn Bonds - Redeemable at par on 12.12.2024	4,110.85	4,148.36	3,790.36	3,822.14
2.25% US $500 Mn Bonds - Redeemable at par on 01.09.2026	4,110.85	4,107.36	3,790.36	3,785.82
2.75% US $400 Mn Bonds - Redeemable at par on 13.01.2027	3,288.68	3,302.69	3,032.28	3,045.13
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,699.76	3,425.80	3,411.32	3,102.47
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	2,466.51	2,299.76	2,274.21	2,094.49
Total - Foreign Currency Bonds	**32,886.78**	**32,690.54**	**30,322.85**	**30,027.15**

Global Medium Term Note (GMTN) Programme

The Company has a Global Medium Term Note (GMTN) Programme of USD 7 Billion which is listed on SGX-ST (Singapore Stock Exchange - Securities Trading), LSE-ISM (London Stock Exchange – International Securities Market), Global Securities Market (GSM) of the India INX (India International Exchange) and NSE IFSC (NSE International Exchange). The summay of funds raised under the GMTN Programme is as below:

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Funds raised during the year under GMTN Programme	**Nil***	**USD 0.4 Billion**
Cumulative amount raised under GMTN Programme	USD 4.4 Billion	USD 4.4 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 4.0 Billion	USD 4.0 Billion

* Subsequent to the Balance Sheet date, the Company has raised USD 750 Million through Green Bonds under its GMTN Programme. Consequently, as on the date of signing of the Balance Sheet, the cumulative amount raised under GMTN Programme is USD 5.15 Billion and the outstanding amount out of funds raised under GMTN Programme is USD 4.75 Billion.

The amounts raised during the year have been utilized for the stated objects in the Offering Circular. There has been no default as on the Balance Sheet date in the repayment of debt securities and borrowings and the Company has met all its debt servicing obligations, whether principal or interest, during the year. Further, there has not been any breach of financial covenants under the Loan Agreements as on the Balance Sheet date.

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 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Unsecured Long-Term Borrowings**				
(i)	Term Loans from Banks	56,298.20	56,402.09	42,878.32	42,919.86
(ii)	Term Loans from Financial Institutions	6,000.00	6,000.64	6,800.00	6,800.00
(iii)	Term Loan in Foreign Currency	45,553.26	45,263.52	35,634.60	35,329.87
(iv)	Term Loans from Govt. of India (NSSF)	10,000.00	10,325.12	10,000.00	10,325.12
(v)	Lease Liability	0.02	0.02	0.03	0.03
	Sub-total (A)	**117,851.48**	**117,991.39**	**95,312.95**	**95,374.88**
(B)	Unsecured Short-Term Borrowings				
(i)	FCNR (B) Loans	15,424.22	15,427.63	9,854.92	9,861.13
(ii)	Short Term Loans/ Loans repayable on demand from Banks	3,600.00	3,607.52	1,410.93	1,415.58
(iii)	Overdrafts/ Cash Credit repayable on demand from Banks	87.59	87.59	-	-
	Sub-total (B)	**19,111.81**	**19,122.74**	**11,265.85**	**11,276.71**
	Total - Borrowings (other than Debt Securities) (A to B)	**136,963.29**	**137,114.13**	**106,578.80**	**106,651.59**

Notes to Accounts

(₹ in Crores)

	Particulars	As at 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
	Borrowings (other than Debt Securities) in/ outside India				
(i)	Borrowings in India	91,410.03	91,850.61	70,944.20	71,321.72
(ii)	Borrowings outside India	45,553.26	45,263.52	35,634.60	35,329.87
	Total - Borrowings (other than Debt Securities)	**136,963.29**	**137,114.13**	**106,578.80**	**106,651.59**

Please refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

18.1 Details of Unsecured Long-term Borrowings

(i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- JP Morgan Chase Bank ₹1,500 crores repaid on 23.09.2022	-	-	1,500.00	1,500.00
- Mizuho Bank ₹300 crores repaid on 21.10.2022	-	-	300.00	300.00
- Karnataka Bank ₹499.99 crores repayable on 15.05.2025	499.99	499.99	-	-
- Punjab & Sind Bank ₹700 crores repayable on 09.12.2025	700.00	700.00	-	-
- Jammu & Kashmir Bank ₹299.95 crores repayable on 28.10.2026	299.95	299.95	300.00	300.05
- Karur Vysya Bank ₹250 crores repayable on 29.10.2026	250.00	250.05	250.00	250.04
- Deutsche Bank ₹500 crores repayable on 18.12.2023 and ₹ 500 crores repayable on 15.06.2027	1,000.00	1,000.22	1,000.00	1,000.15
- South Indian Bank ₹300 crores repayable on 08.11.2026 and ₹ 200 crores repayable on 04.08.2027	500.00	500.00	300.00	300.00
- HDFC Bank ₹2,000 crores repayable on 15.06.2023, ₹1,500 crores repayable on 19.06.2023, ₹300 crores repayable on 29.09.2023, ₹1,500 crores repayable on 30.09.2023, ₹350 crores repayable on 11.10.2023, ₹350 crores repayable on 05.11.2023, ₹500 crores repayable on 15.01.2024, ₹850 crores repayable on 17.11.2026, ₹2,000 crores repayable on 31.03.2027, ₹2,000 crores repayable on 07.09.2027, ₹2,500 crores repayable on 29.12.2027 and ₹2,500 crores repayable on 27.02.2028.	16,350.00	16,449.77	12,000.00	12,040.15
- Indian Bank ₹1,500 crores repayable in 6 equal annual instalments starting from 04.08.2024 and final instalment on 04.08.2029	1,500.00	1,500.00	-	-
- Bank of Baroda ₹5,000 crores repayable in 6 annual instalments starting from 30.09.2024 and final instalment due on 29.09.2029	5,000.00	5,001.08	-	-
- ICICI Bank ₹4,000 crores repayable on 23.01.2030	4,000.00	4,000.85	2,850.00	2,850.48

Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- HSBC Bank ₹565 crores repayable on 19.05.2025, ₹187.49 crores repayable on 18.12.2025, ₹900 crores repayable on 25.03.2026, ₹500 crores repayable on 06.07.2026, ₹500 crores repayable on 09.07.2026, ₹85 crores repayable on 25.03.2030 and ₹665 crores repayable on 28.03.2030	3,402.49	3,403.23	3,402.49	3,403.03
- Bank of India ₹749.87 repayable in 5 annual instalments starting from 27.09.2024 and final instalment on 27.09.2028 and ₹750 crores repayable on 31.03.2030	1,499.87	1,500.18	749.87	750.00
- Union Bank of India ₹1,000 crores repayable on 04.01.2026 and ₹1,999.68 crores repayable in 5 annual instalments starting from 31.03.2027 and final instalment on 31.03.2031	2,999.68	3,000.33	1,999.68	1,999.68
- State Bank of India ₹ 699.84 crores repayable on 15.10.2023, ₹919.44 crores repayable in 2 annual instalments due on 05.09.2023 and 05.03.2024, ₹3,569.93 crores repayable in 5 semi-annual instalments starting from 15.07.2023 and last instalment due on 15.07.2025, ₹1,711.19 crores repayable on 12.12.2027 and ₹3,999.86 crores repayable in structured instalments starting from 29.10.2023 and last instalment on 29.10.2031	10,900.26	10,900.26	12,729.30	12,729.30
- Punjab National Bank ₹1,996.66 crores repayable in 3 annual instalments with first instalment due on 27.08.2023, and ₹1,999.66 crores repayable on 11.11.2026 and ₹ 999.66 crores repayable in 10 semi-annual instalments starting from 29.03.2028 and final instalment due on 29.12.2031	4,995.97	4,996.19	4,996.98	4,996.98
- Central Bank ₹1,499.99 repayable on 26.03.2024, ₹400 crores repayable on 17.10.2025 and ₹500 crores repayable in 7 annual instalments starting from 28.02.2026 and final instalment due on 29.02.2032	2,399.99	2,399.99	500.00	500.00
Total - Unsecured Term Loans from Banks	**56,298.20**	**56,402.09**	**42,878.32**	**42,919.86**

(ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	5,500.00	5,500.53	6,800.00	6,800.00
₹ 1,500 crores repayable on 23.02.2024, ₹ 500 crores repayable on 14.03.2024, ₹ 1,000 crores repayable on 25.03.2026, ₹ 1,000 crores repayable on 27.03.2026, ₹ 1,000 crores repayable on 09.08.2026 and ₹ 500 crores repayable on 28.07.2027				
- National Bank for Financing Infrastructure and Development (NaBFID)	500.00	500.11	-	-
₹ 500 crores repayable in 7 equal annual instalment starting from 31.03.2027 and last instalment due on 31.03.2033				
	6,000.00	**6,000.64**	**6,800.00**	**6,800.00**

Notes to Accounts

(iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1)	**ODA Loans - Guaranteed by Govt. of India**				
	JICA Loan - JICA-II repaid on 20.03.2023	-	-	23.47	23.48
	KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2023	141.51	142.17	222.81	223.55
	Sub-Total (1)	**141.51**	**142.17**	**246.28**	**247.03**
(2)	**ODA Loans - Without Govt. Guarantee**				
	KfW-IV Loan - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, next instalment falling due on 15.05.2023	1,578.56	1,609.90	1,637.43	1,639.80
	Sub-Total (2)	**1,578.56**	**1,609.90**	**1,637.43**	**1,639.80**
(3)	**Bilateral/ Syndicated Loans**				
	US $200 Mn - Repaid on 28.07.2022	-	-	1,516.14	1,516.11
	US $150 Mn - Repaid on 11.09.2022	-	-	1,137.11	1,136.75
	¥ 10,327.12 Mn - Repayable on 08.08.2023	638.22	635.36	642.66	636.04
	US $250 Mn - Repayable on 29.08.2023	2,055.42	2,064.76	1,895.18	1,895.18
	US $250 Mn - Repayable on 27.03.2024	2,055.42	2,036.56	1,895.18	1,880.88
	US $150 Mn - Repayable on 29.03.2024 and $ 75 Mn repayable on 14.05.2024	1,233.25	1,224.65	1,137.11	1,125.35
	US $100 Mn - Repayable on 01.07.2024	822.17	830.83	758.07	755.34
	SG $72.07 Mn - Repayable on on 30.03.2025	445.48	440.55	403.21	396.92
	US $75 Mn - Repayable on 30.03.2025	616.63	606.46	568.55	561.90
	¥ 10,519 Mn - Repayable on 25.09.2025	650.07	643.21	654.60	645.86
	US $170 Mn - $100 Mn repayable on 26.03.2025 and $ 70 Mn repayable on 06.10.2025	1,397.69	1,400.67	1,288.72	1,288.65
	US $425 Mn - Repayable on 16.03.2026	3,494.22	3,467.48	3,221.80	3,207.65
	US $600 Mn - Repayable on 25.08.2026	4,933.01	4,899.73	4,548.43	4,499.53
	US $75 Mn - Repayable on 07.10.2026	616.63	626.45	568.55	565.00
	US $1175 Mn - Repayable on 29.12.2026	9,660.49	9,500.21	8,907.33	8,751.96
	¥ 37,506.63 Mn - Repayable on 03.03.2027	2,317.91	2,285.95	2,334.04	2,293.52
	US $100 Mn - Repayable on 13.06.2027	822.17	815.24	-	-
	US $200 Mn - Repayable on 28.07.2027	1,644.34	1,640.92	-	-
	US $150 Mn - Repayable on 13.09.2027	1,233.25	1,221.79	-	-
	SGD 213.21 Mn - Repayable on 27.10.2027	1,317.80	1,306.89	-	-
	€ 254.19 Mn - Repayable on 31.10.2027	2,277.77	2,258.06	-	-
	€ 349.83 Mn - Repayable on 27.03.2028	3,134.74	3,085.56	-	-
	US $300 Mn - Repayable on 02.06.2030	2,466.51	2,520.12	2,274.21	2,286.40
	Sub-Total (3)	**43,833.19**	**43,511.45**	**33,750.89**	**33,443.04**
	Total - Foreign Currency Borrowings (1+2+3)	**45,553.26**	**45,263.52**	**35,634.60**	**35,329.87**

(iv) Term Loans from Govt. of India - National Small Savings Fund (NSSF)

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from NSSF	10,000.00	10,325.12	10,000.00	10,325.12
₹5, 000 crores repayable on 13.12.2028 and ₹5,000 crores repayable on 04.10.2029				
Total - Term Loans from Govt.	**10,000.00**	**10,325.12**	**10,000.00**	**10,325.12**

Notes to Accounts

18.2 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US$200 Mn - Repaid on 24.05.2022	-	-	1,516.14	1,517.78
US$150 Mn - Repaid on 27.05.2022	-	-	1,137.11	1,137.16
US$200 Mn - Repaid on 03.06.2022	-	-	1,516.14	1,516.21
US$25 Mn - Repaid on 07.06.2022	-	-	189.52	189.72
US$150 Mn - Repaid on 18.06.2022	-	-	1,137.11	1,137.17
US$200 Mn - Repaid on 10.12.2022	-	-	1,516.14	1,517.90
US$75 Mn - Repaid on 14.12.2022	-	-	568.55	569.21
US$200 Mn - Repaid on 30.12.2022	-	-	1,516.14	1,517.91
US$100 Mn - Repaid on 23.02.2023	-	-	758.07	758.07
US$200 Mn - Repayable on 24.05.2023	1,644.34	1,644.34	-	-
US$150 Mn - Repayable on 26.05.2023	1,233.25	1,233.44	-	-
US$200 Mn - Repayable on 03.06.2023	1,644.34	1,644.58	-	-
US$75 Mn - Repayable on 07.06.2023	616.63	616.63	-	-
US$150 Mn - Repayable on 21.06.2023	1,233.25	1,233.44	-	-
US$200 Mn - Repayable on 08.12.2023	1,644.34	1,644.34	-	-
US$300 Mn - Repayable on 13.12.2023	2,466.51	2,466.51	-	-
US$75 Mn - Repayable on 14.12.2023	616.63	616.63	-	-
US$100 Mn - Repayable on 15.12.2023	822.17	822.17	-	-
US$200 Mn - Repayable on 29.12.2023	1,644.34	1,644.60	-	-
€ 69.77 Mn - Repayable on 16.01.2024	625.17	627.48	-	-
US$150 Mn - Repayable on 15.02.2024	1,233.25	1,233.47	-	-
Total - FCNR (B) Loans	**15,424.22**	**15,427.63**	**9,854.92**	**9,861.13**

18.3 Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 18.1 (i), (ii) and (iv) have been raised at interest rates ranging from 5.38% to 8.29% payable on monthly/quarterly/semi annual rests.

18.4 Foreign Currency Borrowings in Note No. 18.1(iii) have been raised fixed interest rates ranging from 0.65% to 1.86% per annum and variable interest rates ranging from a spread of 13 bps to 210 bps over external benchmarks including 3/6 Months' USD LIBOR (London Inter Bank Offered Rate), 3/6 Months' EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), 3/6 Months' Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) and Credit Adjustment Spread (CAS) as applicable on transition of loans to new benchmark rates.

18.5 The Company has not borrowed any funds from the banks or financial institutions on the basis of security of current assets.

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-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the loan assets of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of loan assets 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 loan assets (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series XII and XIII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of loan assets (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Notes to Accounts

The Bond Series XIV, XV and XVI of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of loan assets (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Refer Note No. 9 and 14.2 for the carrying value of loan assets and Property, Plant and Equipment (PPE) pledged as security.

18.7 No charges or satisfaction are yet to be registered with Registrar of Companies (ROC) beyond the respective statutory date.

19 Subordinated Liabilities

The Company has categorised all subordinated liabilities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Face Value	Amortised Cost	Face Value	Amortised Cost
(i)	**115th Series - Subordinate Tier-II Bonds -** 8.06% Redeemable at par on 31.05.2023	2,500.00	2,668.34	2,500.00	2,668.11
(ii)	**175th Series - Subordinate Tier-II Bonds -** 8.97% Redeemable at par on 28.03.2029	2,151.20	2,079.90	2,151.20	2,100.70
(iii)	**199th Series - Subordinate Tier-II Bonds -** 7.96% Redeemable at par on 15.06.2030	1,999.50	2,025.06	1,999.50	2,047.66
	Total - Subordinated Liabilities	**6,650.70**	**6,773.30**	**6,650.70**	**6,816.47**
	Subordinated Liabilities in/ outside India				
(i)	Borrowings in India	6,650.70	6,773.30	6,650.70	6,816.47
(ii)	Borrowings outside India	-	-	-	-
	Total - Subordinated Liabilities	**6,650.70**	**6,773.30**	**6,650.70**	**6,816.47**

Refer Note No. 19.2 for reconciliation between the figure represented in Face Value and Amortised Cost

19.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	Rating
Domestic Long-term Borrowings	CRISIL AAA, ICRA AAA, CARE AAA, IND AAA
Domestic Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAA, ICRA PP-MLD AAA
Domestic Perpetual Bonds	CRISIL AAA, CARE AA+
Domestic Short term Borowings	CRISIL A1+, ICRA A1+, CARE A1+, IND A1+
International Long-term Issuer Rating	BBB- (Fitch), Baa3 (Moody's)

There has been no migration of ratings during the year.

19.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2023				
Total Amount as per Ind-AS	**236,948.99**	**137,114.13**	**6,773.30**	**380,836.42**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,730.41)	(670.87)	(296.95)	**(7,698.23)**
Add: Ind-AS Adjustments including EIR	783.85	520.03	174.35	**1,478.23**
Total Borrowings Outstanding	**231,002.43**	**136,963.29**	**6,650.70**	**374,616.42**
As at 31st March 2022				
Total Amount as per Ind-AS	**219,633.57**	**106,651.59**	**6,816.47**	**333,101.63**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,737.95)	(430.69)	(296.94)	**(7,465.58)**
Add: Ind-AS Adjustments including EIR	719.20	357.90	131.17	**1,208.27**
Total Borrowings Outstanding	**213,614.82**	**106,578.80**	**6,650.70**	**326,844.32**

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. 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. Further, there has not been any breach of covenant of Debt Securities, Borrowings and Debt Securities issued by the company.

Notes to Accounts

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/P/CIR/2021/613 dated 10th August 2021. Disclosures required under the said circular are given below:

(all figures in ₹ Crores)

Particulars		Details
(1)	Name of the company	REC Limited
(2)	CIN	L40101DL1969GOI005095
(3)	Outstanding borrowing of company as on 31st March 2023*	278,784.64
(4)	Highest Credit Rating during the previous FY along with name of the Credit Rating Agency	"ICRA AAA, CRISIL AAA, CARE AAA, IRRPL AAA"
(5)	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	Bombay Stock Exchange
	Details of the borrowings	
(i)	3-year block period	FY 22-23, FY 23-24 & FY 24-25
(ii)	Incremental borrowing done in the FY 2022-23 **(a)**	60,644.91
(iii)	Mandatory borrowing to be done through debt securities in FY 2022-23 **(b) = (25% of a)**	15,161.23
(iv)	Actual borrowings done through debt securities in FY 2022-23 **(c)**	37,733.91
(v)	Shortfall in the borrowing through debt securities, if any, for FY 2021-22 carried forward to FY 2022-23 **(d)**	Nil
(vi)	Quantum of (d), which has been met from (c) **(e)**	Nil
(vii)	Shortfall, if any, in the mandatory borrowing through debt securities for FY 2022-23 {after adjusting for any shortfall in borrowing for FY 2021-22 which was carried forward to FY 2022-23 **(f)= (b)-[(c)-(e)]**	Nil

** As per the SEBI circular, borrowings as mentioned in (3) above include all outstanding borrowings with original maturity of more than 1 year, but do not include external commercial borrowings.*

20 Other Financial Liabilities

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	**Unpaid Dividends (Refer Note 20.1)**	6.79	6.39
(B)	**Unpaid Principal & Interest on Bonds (Refer Note 20.1)**		
	- Matured Bonds & Interest Accrued thereon	25.66	22.01
	- Interest on Bonds	11.17	6.72
	Sub-total (B)	**36.83**	**28.73**
(C)	**Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)**	96,263.30	95,578.81
	Add: Interest on such funds (net of refund)	3.12	3.95
	Less: Disbursed to Beneficiaries (cumulative)	(96,238.70)	(94,808.08)
	Undisbursed Funds to be disbursed as Subsidy/ Grant	27.72	774.68
(D)	**Payables towards Bonds Fully serviced by Govt. of India**	24,318.29	24,318.29
(E)	**Other Liabilities**	784.95	447.75
	Total (A to E)	**25,174.58**	**25,575.84**

20.1 Unpaid dividends, unpaid principal and interest on bonds include the amounts which have either not been claimed by the investors or are on hold pending formalities pursuant to investors' claims etc. The amount due to be transferred to Investor Education and Protection Fund (IEPF) as at 31st March 2023 is ₹2.68 crores (₹1.22 crores as at 31st March 2022) 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.

Notes to Accounts

Net amount of ₹0.75 crores as at 31st March 2023 (₹0.73 crores as at 31st March 2022) 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 31.03.2023	Year ended 31.03.2022
Opening Balance of Interest Subsidy Fund	**0.73**	**0.71**
Add: Interest earned during the year	0.02	0.02
Less: Interest subsidy passed on to the borrower	-	-
Closing Balance of Interest Subsidy Fund	**0.75**	**0.73**

20.3 Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) and Revamped Distribution Sector Scheme (RDSS). The funds received for disbursement to various agencies under the schemes are kept in a respective separate bank accounts. The undisbursed funds for the schemes (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Funds to be disbursed as Subsidy/ Grant" under the head "Other Financial Liabilities".

20.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**3.95**	**2.63**
Add: Interest earned during the year	4.21	19.82
Less: Amount refunded to Govt. during the year	(5.04)	(18.50)
Closing Balance	**3.12**	**3.95**

20.5 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ Nil (Previous year Nil) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 2nd December, 2020 and 3rd March, 2021, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India (Note 11).

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2023	As at 31.03.2022
GoI-I Series	8.09%	Semi-annual	3/21/2028	1,837.00	1,837.00
GoI-II Series	8.01%	Semi-annual	3/24/2028	1,410.00	1,410.00
GoI-III Series	8.06%	Semi-annual	3/27/2028	753.00	753.00
GoI-IV Series	8.70%	Semi-annual	9/28/2028	3,000.00	3,000.00
GoI-V Series	8.54%	Semi-annual	11/15/2028	3,600.00	3,600.00
GoI-VI Series	8.80%	Semi-annual	1/22/2029	2,027.00	2,027.00
GoI-VII Series	8.60%	Semi-annual	3/8/2029	1,200.00	1,200.00
GoI-VIII Series	8.30%	Semi-annual	3/25/2029	4,000.00	4,000.00
GoI- IX Series	7.14%	Semi-annual	3/2/2030	1,500.00	1,500.00
GoI- X Series	8.25%	Semi-annual	3/26/2030	532.30	532.30
GoI- XI Series	7.20%	Semi-annual	3/31/2030	1,750.00	1,750.00
GoI- XII Series	6.45%	Semi-annual	1/7/2031	1,000.00	1,000.00
GoI- XIII Series	6.63%	Semi-annual	1/28/2031	1,000.00	1,000.00
GoI- XIV Series	6.50%	Semi-annual	3/26/2031	500.00	500.00
Total				**24,109.30**	**24,109.30**

Notes to Accounts

21 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for Income Tax	-	18.01
Less: Advance Income-tax & TDS	-	(7.76)
Current tax liabilities (Net)	**-**	**10.25**

22 Provisions

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
	Provisions for		
(A)	**Employee Benefits**		
	Gratuity	2.68	0.34
	Earned Leave Liability	27.49	25.17
	Post Retirement Medical Benefits	-	0.71
	Medical Leave Liability	20.61	21.49
	Settlement Allowance	1.76	1.79
	Economic Rehabilitation Scheme	4.17	4.15
	Long Service Award	2.89	2.25
	Incentive	33.47	27.71
	Others*	2.00	-
	Sub-total (A)	**95.07**	**83.61**
(B)	**Others**		
	Expected Credit Loss on Letters of Comfort	15.87	20.90
	Sub-total (B)	**15.87**	**20.90**
	Total (A+B)	**110.94**	**104.51**

** created in compliance of order of Ministry of Power regarding regularisation of earlier adopted Pay Scales 1997 in respect of below Board Level Executives at par with other CPSEs.*

22.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Opening balance	**20.90**	**9.09**
Add: Created during the year	5.48	17.18
Less: Reversed/ Adjusted during the year	(10.51)	(5.37)
Closing balance	**15.87**	**20.90**

22.2 The Company has maximum credit risk exposure of ₹3,082.47 crores (previous year ₹4,068.95 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

23 Other Non-financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	Sundry Liabilities Account (Funded Interest Capitalisation)	2.80	4.10
(B)	Unbilled Liability towards Capital Account	48.38	26.96
(C)	Unamortised Fee on Undisbursed Loans	12.45	28.72
(D)	Advance received from Govt. towards Govt. Schemes	-	0.75
(E)	Statutory Dues	34.94	21.11
	Total (A to E)	**98.57**	**81.64**

Notes to Accounts

24 Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	2,633,224,000	2,633.22	1,974,918,000	1,974.92
Total	**2,633,224,000**	**2,633.22**	**1,974,918,000**	**1,974.92**

24.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
	No. of Shares	Amount (₹ in cr.)	No. of Shares	Amount (₹ in cr.)
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	658,306,000	658.30	-	-
Share Capital at the end of the year	**2,633,224,000**	**2,633.22**	**1,974,918,000**	**1,974.92**

24.2 Allotment of Bonus Shares during the year and during preceding five years

During the year, the Company has issued 65,83,06,000 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022 by capitalising ₹ 658.31 crores out of the sum standing to the credit of 'Securities Premium Account'. Except this, no Bonus Shares were issued during the preceding five years.

24.3 The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

24.4 Rights, Preferences and Restrictions attached to Equity shares

The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

24.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Limited	1,385,993,662	52.63%	1,039,495,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	*		158,992,122	8.05%

** Shareholding is below 5% as at 31-03-2023*

24.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,385,993,662	52.63%	1,039,495,247	52.63%

24.7 Details of equity shares held by the promoters

Name of the Promoter	As at 31.03.2023			As at 31.03.2022		
	No. of Shares	Percentage	% change during the year	No. of Shares	Percentage	% change during the year
The President of India	-	-	-	-	-	-
Power Finance Corporation Limited	1,385,993,662	52.63%	-	1,039,495,247	52.63%	-

Notes to Accounts

25 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	5,584	558.40
Total	**5,584**	**558.40**	**5,584**	**558.40**

25.1 Reconciliation of the number of perpetual securities outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
	Number	Amount	Number	Amount
Balance at the beginning of the year	5,584	558.40	5,584	558.40
Increase/ (Decrease) during the year	-	-	-	-
Balance at the end of the year	**5,584**	**558.40**	**5,584**	**558.40**

25.2 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	665	11.91%
HPGCL Employees Pension Fund Trust	500	8.95%	500	8.95%

25.3 Company had issued Perpetual Debt Instruments of face value of ₹10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the Company. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI.

As these securities are perpetual in nature and the Company does not have any redemption obligation and discretion on payment of coupon, these have been classified as equity. Further, the periodic coupon payments are accordingly adjusted with retained earnings.

26 Other Equity

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	**Other Reserves**		
(i)	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	24,977.89	22,302.93
(ii)	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	-	196.82
(iii)	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	8,025.15	5,814.00
(iv)	Securities Premium	1,577.53	2,236.54
(v)	Foreign Currency Monetary Item Translation Difference Account	(790.44)	(555.29)
(vi)	General Reserve	11,978.44	11,781.62
(B)	**Retained Earnings**	9,930.77	6,915.38
(C)	**Other Comprehensive Income (OCI)**		
	- Equity Instruments through Other Comprehensive Income	(101.47)	(37.98)
	- Effective Portion of Cash Flow Hedges	600.05	194.21
	- Cost of Hedging reserve	(1,709.87)	(395.95)
	Total - Other Equity	**54,488.05**	**48,452.28**

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

26.1 Drawdown/ Transfer from Reserves: Pursuant to regulatory guidelines and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve:

Notes to Accounts

(i) During the financial year 2022-23

₹196.82 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.

(ii) During the financial year 2021-22

₹1,931.59 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.

26.2 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**22,302.93**	**19,222.23**
Add: Transferred from Retained Earnings	2,674.96	3,080.70
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	**24,977.89**	**22,302.93**

26.3 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**196.82**	**2,128.41**
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	(196.82)	(1,931.59)
Balance as at the end of the year	**-**	**196.82**

26.4 Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934

The Company is creating the Reserve Fund as required u/s 45IC of Reserve Bank of India Act, 1934, wherein at least 20% of net profit is required to be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India from time to time and further, any such appropriation is also required to be reported to the Reserve Bank of India within 21 days from the date of such withdrawal.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**5,814.00**	**3,804.00**
Add: Transferred from Retained Earnings	2,211.15	2,010.00
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	**8,025.15**	**5,814.00**

26.5 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Accounts

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**2,236.54**	**2,236.54**
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
Less: Utilised for Bonus Issue of Equity Shares	(658.30)	-
Less: Expenses incurred on Bonus Issue of Equity Shares	(0.71)	-
Balance as at the end of the year	**1,577.53**	**2,236.54**

26.6 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The Company opted to continue the policy of such amortisation as per the previous GAAP in respect of the exchange differences arising from translation of long-term foreign currency monetary items as on 31st March 2018 in line with the provisions of Ind-AS. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(555.29)**	**(573.16)**
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	(487.03)	(216.94)
Less: Amortisation during the year	251.88	234.81
Balance as at the end of the year	**(790.44)**	**(555.29)**

26.7 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**11,781.62**	**9,850.03**
Add: Transferred from Retained Earnings	-	-
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (viia) of the Income Tax Act, 1961	196.82	1,931.59
Balance as at the end of the year	**11,978.44**	**11,781.62**

26.8 Equity Instruments through Other Comprehensive Income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(37.98)**	**24.07**
Add: Recognition through Other Comprehensive Income (net of taxes)	(58.48)	24.74
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(5.01)	(86.79)
Balance as at the end of the year	**(101.47)**	**(37.98)**

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Notes to Accounts

26.9 Effective Portion of Cash Flow Hedges

The Company uses derivative instruments in pursuance of managing its foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent the derivative contracts designated under the hedge accounting are effective hedges, the change in fair value of the hedging instrument is recognised in 'Effective Portion of Cash Flow Hedges'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**194.21**	**(165.61)**
Add: Recognition through Other Comprehensive Income (net of taxes)	405.84	359.82
Balance as at the end of the year	**600.05**	**194.21**

26.10 Cost of Hedging Reserve

The Company designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(395.95)**	**41.45**
Add: Recognition through Other Comprehensive Income (net of taxes)	(1,313.92)	(437.40)
Balance as at the end of the year	**(1,709.87)**	**(395.95)**

26.11 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**6,915.38**	**4,325.09**
Add: Profit for the year	11,054.64	10,045.92
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(4.48)	(6.23)
Less: Transferred to General Reserve	-	-
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,674.96)	(3,080.70)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	-	-
Less: Transferred to Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	(2,211.15)	(2,010.00)
Less: Transferred to Debenture Redemption Reserve	-	-
Less: Transferred to Impairment Reserve	-	-
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	5.01	86.79
Less: Coupon Payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	(33.30)	(34.12)
Less: Issue Expenses on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-
Less: Dividend paid during the year	(3,120.37)	(2,411.37)
Less: Dividend Distribution Tax	-	-
Balance as at the end of the year	**9,930.77**	**6,915.38**

Notes to Accounts

26.12 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
	(₹)	(₹ in Crores)	(₹)	(₹ in Crores)
No. of Equity Share at the end of the year	2,63,32,24,000		1,97,49,18,000	
Interim Dividend	8.25	2,172.41	10.50	2,073.66
Final/ Proposed Dividend	-	-	4.80	947.96
Total Dividend	**8.25**	**2,172.41**	**15.30**	**3,021.62**

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend.

27 Interest Income

(₹ in Crores)

Particulars	Year ended 31.03.2023			Year ended 31.03.2022		
	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A) Interest on Loan Assets						
(i) Long term financing	-	37,679.56	-	-	37,613.68	-
(ii) Short term financing	-	680.35	-	-	197.16	-
Sub-total (A)	**-**	**38,359.91**	**-**	**-**	**37,810.84**	**-**
(B) Interest Income from Investments						
(i) Interest from Long Term Investments	-	152.68	31.69	-	108.06	27.15
Sub-total (B)	**-**	**152.68**	**31.69**	**-**	**108.06**	**27.15**
(C) Interest on Deposits with Banks						
(i) Interest from Deposits	-	111.28	-	-	84.66	-
Sub-total (C)	**-**	**111.28**	**-**	**-**	**84.66**	**-**
(D) Other Interest Income						
(i) Interest on Delayed Payments by Borrowers	-	176.76	-	-	154.54	-
(ii) Interest from Staff Advances	-	3.65	-	-	0.97	-
(iii) Interest on Mobilisation Advance	-	0.27	-	-	0.24	-
Sub-total (D)	**-**	**180.68**	**-**	**-**	**155.75**	**-**
Total - Interest Income (A to D)	**-**	**38,804.55**	**31.69**	**-**	**38,159.31**	**27.15**

28 Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Dividend from Subsidiary Companies	27.45	22.43
- Dividend from Other Investments	11.89	4.21
Total - Dividend Income	**39.34**	26.64

28.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Dividend on FVOCI Equity Investments		
- Investments held at the end of the year	11.81	3.20
- Investments derecognized during the year	0.08	1.01
Total	**11.89**	**4.21**

Notes to Accounts

29 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Fees based Income	117.80	92.22
Prepayment Premium	47.16	465.37
Fee for Implementation of Govt. Schemes	122.21	15.23
Total - Fees and Commission Income	**287.17**	**572.82**

30 Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Gain on ceasation of significant influence in Joint Venture	-	29.01
Net gain/ (loss) on disposal of assets classified as held for sale	4.08	30.19
Rental Income	17.16	16.32
Liabilities/Provision Written Back	-	8.93
Fees from Training Courses	7.73	6.57
Interest from Income Tax Refund	-	0.83
Miscellaneous Income	15.70	6.11
Total - Other Income	**44.67**	**97.96**

31 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i) Interest on Borrowings		
- Loans from Govt. of India (NSSF)	822.50	822.50
- Loans from Banks/ Financial Institutions	3,934.76	2,788.79
- External Commercial Borrowings	1,881.41	577.12
Sub-Total (i)	**6,638.67**	**4,188.41**
(ii) Interest on Debt Securities		
- Domestic Debt Securities	13,316.68	14,763.99
- Foreign Currency Debt Securities	1,442.43	1,294.73
- Commercial Paper	-	14.76
Sub-Total (ii)	**14,759.11**	**16,073.48**
(iii) Interest on Subordinated Liabilities		
- Subordinate Bonds	551.65	523.30
Sub-Total (iii)	**551.65**	**523.30**
(iv) Other Interest Expense		
- Swap Premium	1,784.82	1,269.34
- Interest on liability towards employee benefits	3.44	3.48
Sub-Total (iv)	**1,788.26**	**1,272.82**
Total - Finance Costs	**23,737.69**	**22,058.01**
Less: Finance Costs Capitalised	(0.03)	(5.10)
Total - Finance Costs (Net)	**23,737.66**	**22,052.91**

32 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Net translation/ transaction exchange loss/ (gain)	1,114.04	799.05
Total	**1,114.04**	**799.05**

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 ₹ 251.88 crores (Previous year ₹ 234.81 crores).

Notes to Accounts

32.1 The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	SGD/INR
As at 31st March 2023	82.2169	0.6180	89.6076	61.8074
As at 31st March 2022	75.8071	0.6223	84.6599	55.9438

33 Fees and commission expense

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(i)	Guarantee Fee	2.92	4.29
(ii)	Listing and Trusteeship Fee	0.05	0.84
(iii)	Agency Fees	1.76	2.01
(iv)	Credit Rating Expenses	3.55	6.69
(v)	Other Finance Charges	8.01	2.90
	Total (i to v)	**16.29**	**16.73**

34 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(A)	**Net gain/ (loss) on financial instruments at Fair Value through profit or loss**		
(i)	**On trading Portfolio**	-	-
(ii)	**Others**		
	- Changes in fair value of Derivatives	69.21	351.36
	- Changes in fair value of Long Term Investments	(25.45)	(12.78)
	- Changes in fair value of Short-term MF investments	1.55	7.99
	Sub-total (ii)	**45.31**	**346.57**
	Total (A)	**45.31**	**346.57**
	Breakup of Fair Value Changes		
	- Realised	336.35	365.03
	- Unrealised	(291.04)	(18.46)
	Total Net Gain/ (loss) on Fair Value Changes	**45.31**	**346.57**

Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense and represents changes in fair value of derivatives designated as economic hedges not designated under hedge accounting and ineffective hedge

35 Impairment on financial instruments

(₹ in Crores)

Particulars		Year ended 31.03.2023		Year ended 31.03.2022	
		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 *	-	105.14	-	3434.36
(ii)	- Investments	-	-	-	28.72
(iii)	- Others	-	9.77	-	10.23
	Total (i+ii)	**-**	**114.91**	**-**	**3473.31**

** includes ₹ -5.03 crores (Previous year ₹ 11.81 crores) towards impairment allowance on Letter of Comfort.*

36 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Salaries and Allowances*	136.33	115.03
- Contribution to Provident and Other Funds	8.20	18.73
- Rent towards Residential Accomodation for Employees	5.31	3.77
- Staff Welfare Expenses	31.79	22.08
Total	**181.63**	**159.61**

** includes ₹20.54 crores (previous year Nil) incurred in compliance of order of Ministry of Power regarding regularisation of earlier adopted Pay Scales 1997 in respect of below Board Level Executives at par with other CPSEs.*

Notes to Accounts

37 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Depreciation on Property, Plant & Equipment	21.45	15.09
- Amortization on Intangible Assets	2.64	2.87
Total	**24.09**	**17.96**

38 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Direct Expenditure	197.01	165.20
- Overheads	5.64	5.47
Total	**202.65**	**170.67**

38.1 Ministry of Corporate Affairs (MCA) has prescribed Companies (Corporate Social Responsibility Policy) Rules, 2014, amended from time to time. These rules require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent. Further, companies undertaking impact assessment may book the expenditure towards CSR for that financial year, which shall not exceed two percent of the total CSR expenditure or fifty lakh rupees, whichever is higher.

38.2 Details of Gross Amount required to be spent by the company:

(a) Gross amount required to be spent by the company during the year is ₹ 202.65 crores (previous year ₹ 170.67 crores)

(b) Amount approved by the Board to be spent during the year is ₹ 202.65 crores (previous year ₹ 170.67 crores)

(c) Refer Note no. 53 for related party transactions related to CSR.

(d) Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(A)	**Opening Balance - Excess amount spent**	**(0.40)**	**(3.46)**
(B)	Amount required to be spent during the year	202.65	170.67
(C)	Amount spent during the year*	209.95	167.61
(D)	**Closing Balance - Excess amount spent** (A+B-C)**	**(7.70)**	**(0.40)**

** Excludes amount spent on CSR activities from interest earned on temporarily parked funds by REC Foundation (implementing agency) of ₹ 0.98 crores (previous year Nil)*

*** eligible to be set-off in the next three succeeding financial years*

38.3 Amount spent during the year:

(₹ in Crores)

Particulars		Year ended 31.03.2023			Year ended 31.03.2022		
		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	73.59	-	73.59	54.75	-	54.75
	Education/ Vocational/ Skill Development	23.12	-	23.12	16.17	-	16.17
	Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	23.79	-	23.79	8.06	-	8.06
	Sports	30.50	-	30.50	15.00	-	15.00
	Contribution to PM CARES Fund	50.00	-	50.00	50.00	-	50.00
	Provision of food/ration to migrant workers due to COVID- 19 and Providing Cold Chain equipment for COVID-19 vaccination	-	-	-	0.26	-	0.26
	Others	3.31	-	3.31	17.90	-	17.90
	Impact Assessment	0.34	-	0.34	0.23	-	0.23
	Administrative overheads including training etc.	5.30	-	5.30	5.24	-	5.24
	Total (i+ii)	**209.95**	**-**	**209.95**	**167.61**	**-**	**167.61**

Notes to Accounts

39 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Travelling and Conveyance	15.61	10.07
- Publicity & Promotion Expenses	9.87	1.66
- Repairs and Maintenance	21.07	21.62
- Rent, taxes and energy costs	5.80	7.60
- Insurance Charges	0.15	0.09
- Communication costs	2.33	2.86
- Printing & stationery	1.11	0.79
- Director's sitting fees	0.42	0.21
- Auditors' fees and expenses	1.55	1.53
- Legal & Professional Charges	13.62	9.29
- Net Loss on Disposal of Property, Plant & Equipment	6.64	0.97
- Training And Conference Expense	10.80	7.65
- Govt. Scheme Monitoring Expenses	9.60	30.94
- Other Expenditure	24.12	20.03
Total	**122.69**	**115.31**

39.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Fees paid to statutory auditors :		
- for audit fees	0.58	0.58
- for taxation matters	0.15	0.15
- for company law matters/ limited review fees	0.35	0.33
- for other services	0.25	0.32
- for reimbursement of expenses	0.11	0.03
Sub-total	**1.44**	**1.41**
Non-recoverable tax credit in respect of fees paid to auditors	**0.11**	**0.12**
Total - Auditor's fees and expenses	**1.55**	**1.53**

40 Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Current tax expense	2,668.58	3,051.33
- Current tax expense/ (benefit) pertaining to earlier years	(147.29)	(3.96)
Sub-total - Current Tax	**2,521.29**	**3,047.37**
- Deferred tax expense/ (credit)	162.84	(668.39)
Total	**2,684.13**	**2,378.98**

40.1 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 31.03.2023	Year ended 31.03.2022
Profit before Tax	**13,738.77**	**12,424.90**
Statutory income tax rate	**25.168%**	**25.168%**
Expected income tax expense	**3,457.77**	**3,127.10**
Tax effect of income tax adjustments:		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act, 1961	(673.23)	(775.36)
Non-allowability of CSR expenses & other adjustments	51.00	42.95
Other non-deductible tax expenses	5.78	(1.07)
Non Taxable Income	(9.91)	(6.70)
Tax Expense Earlier Years	(147.29)	(3.96)
Impact of income taxable at different rates	-	(3.98)
Tax expense	**2,684.13**	**2,378.98**

Notes to Accounts

41 Earnings per Share

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Numerator		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)*	11,021.34	10,011.80
Profit for the year from discontinued operations as per Statement of Profit and Loss (₹ in Crores)*	-	-
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)*	11,021.34	10,011.80
Denominator		
Weighted average Number of equity shares**	2,633,224,000	2,633,224,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	41.85	38.02
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for discontinued operations)	-	-
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	41.85	38.02

** The profit denotes Proft after Tax less coupon expenses (net of taxes) of ₹33.30 crores (previous year ₹34.12 crores) on Perpetual Debt Instruments entirely equity in nature*

*** During the year, the Company has issued 65,83,06,000 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. Accordingly, as required by Ind AS-33, Earnings per share, the EPS of current and previous year have been restated.*

42 Contingent Liabilities and Commitments :

42.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
(A) Claims against the Company not acknowledged as debts	0.78	0.78
(B) Taxation Demands		
(i) - Demands raised by the Income Tax Department	197.78	152.77
(ii) - Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	0.90	0.90
(iii) - Demands raised in respect of GST	17.89	17.89
(C) Guarantees	7.50	-
(D) Others		
(i) - Arbitration Proceedings through Project Management Consultant (PMC) (counter claim of ₹ 33.23 crores)	315.30	-
(ii) - Letters of Comfort	3,082.47	4,068.95

The amount referred to in 'A' above are in respect of cases pending in various courts and is dependent upon the verdict of the court.

The amount referred to in B(i) above are against the various demands raised by Income Tax Department. The company is contesting these demands and the management believes that its position will likely be upheld in the appellate process.

The amount referred to in B(ii) above are against the appeal filed by Income Tax Department in High Court against the relief allowed to the Company at ITAT level.

The amount referred to in B(iii) above is against the GST refund appeal filed by REC.

The amount referred to in C above is against the Bank Guarantee submitted for participation in bidding process of NTPC Green Energy Limited (subsidiary of NTPC Ltd.)

The amount referred to in D(i) above represent arbitration matters between the contractor and PMC appointed by the company. The claim is being contested by the PMC and company believes that its position will likely be upheld in the arbitration process.

42.2 Commitments not provided for in respect of:

Particulars	As at 31.03.2023	As at 31.03.2022
- Contracts remaining to be executed on capital account		
- Towards Property, Plant & Equipment	124.73	129.13
- Towards Intangible Assets	-	-
- Other Commitments		
- CSR Commitments	252.44	399.13

Notes to Accounts

43 Details of Registration/ License/ authorisation obtained from financial sector regulators:

Particulars		Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011
(iii)	Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374
(iv)	Registration Number	Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)	L0012

44 Implementation of Govt. Schemes

44.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country during Oct 2017. The scheme envisaged to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme was ₹16,320 Crore including Gross Budgetary Support of ₹12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

44.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of Government of India covering all aspects of rural power distribution was launched in Nov 2014. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(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 scheme had estimated outlay of ₹75,893 Crore including budgetary support of ₹63,027 Crore from Government of India during the entire implementation period. Additional Infra under DDUGJY was sanctioned with a total outlay of ₹7,069 Cr including budgetary support of ₹5,302 Cr. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

44.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

44.4 Revamped Distribution Sector Scheme (RDSS)

Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to them so as to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of ₹ 3,03,758 Crore over 5 years i.e. FY 2021-22 to FY 2025-26 including an estimated Government Budgetary Support (GBS) of ₹ 97,631 Crore.

The main objective of the scheme includes :

(i) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.

(ii) Reduction of ACS-ARR gap to zero by 2024-25.

(iii) Improvement in the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

Components of the scheme are :

Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure.

Part B – Training & Capacity Building and other Enabling & Supporting Activities.

Notes to Accounts

45 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Company is as below:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Net debt	374,577.42	326,717.92
Net Worth	57,679.67	50,985.60
Debt-equity ratio	**6.49**	**6.41**

Net debt represents principal outstanding less cash and cash equivalents available.

Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes if any and net worth of the Company, subject to the applicable circulars/ guidelines issued by RBI, DIPAM etc. 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.

Other Policies

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

46 Capital to Risk-weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as per the master directions/ circulars/ guidelines prescribed by the RBI, amended from time to time. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital Adequacy Ratio or Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%), computed by dividing company's Tier-I and Tier-II capital by Risk Weighted Assets.

Particulars		As at 31-03-2023			As at 31-03-2022			% Variance
		Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	%	Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	%	
(i)	CRAR	63,240.41	245,300.73	25.78%	57,937.08	245,436.54	23.61%	9.21%
(ii)	CRAR - Tier I Capital	56,023.45	245,300.73	22.84%	48,052.65	245,436.54	19.58%	16.65%
(iii)	CRAR - Tier II Capital**	7,216.96	245,300.73	2.94%	9,884.43	245,436.54	4.03%	-26.95%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.00% (previous year 1.16%)

* Numerator being Tier-I & Tier-II capital majorily consists of Equity (Refer Note no. 24, 25 and 26) and Denominator being Risk Weighted Assets majorily represents the weighted sum of company's credit exposure(s) such as Loans (Refer Note no. 9) and Investments (Refer Note no. 10), calculated in line with circular(s) issued by RBI in this regard, from time to time.

** Variance in CRAR Tier II capital is on account Subordinated Tier-II Bond due for redemption within one year and thus, excluded from the Tier-II capital in terms of RBI guidelines

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Amount of Subordinated Debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

Notes to Accounts

47 Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Company's risk management policies are guided by well-defined systems & processes appropriate for various risk categories, independent risk oversight and periodic monitoring. A Board Level Risk Management Committee (RMC) has also been constituted under the chairmanship of CMD, 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, Bank Balances (other than Cash and Cash Equivalents), Loans, Financial Assets, Investment in G-Sec, State Development Loans, Debt Securities and Preference Shares	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, Debt Securities, Subordinated Liabilities and Other Financial Liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised Financial Assets and Liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts
Market risk - interest rate risk	Borrowings, Debt Securities and Subordinated Liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in Quoted Equity Securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/.099/03.10.001/2018-19, to augment risk management practices in the Company, the Board has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for measuring and managing each of above risk is set out in the subsequent paragraphs.

47.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, bank balances (other than cash and cash equivalents), investments, loan assets, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

47.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(i)	**Low credit risk on financial reporting date**		
	Cash and cash equivalents	39.00	126.40
	Bank balances other than cash and cash equivalents	1,948.34	2,295.30
	Loans *	412,304.47	3,35,876.99
	Investments **	2,728.86	1,840.09
	Other financial assets	24,400.28	24,396.94
(ii)	**Moderate credit risk**		
	Loans *	10,913.58	36,424.23
(iii)	**High credit risk**		
	Loans *	14,892.08	17,159.89
	Investments in Preference Share ***	28.72	28.72
	Other financial assets	94.72	90.68

** 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 carried at FVOCI/ FVTPL and investments in subsidiary as they are carried at cost in line with the exemption given under Ind AS 27.*

**** Represents principal outstanding without deduction for expected credit losses in respect to the investment in Redeemable Preference Shares of Rattan India Power Limited.*

Notes to Accounts

Cash and Cash Equivalents and Bank Balances

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

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiary, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment in High Quality Liquid Assets (HQLAs) is managed by investment in Govt. Securities, State Development Loans and PSU Bonds with sound financial health and also diversifying the investment portfolio in different maturity/sector and monitoring the financial health on regular basis.

Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution

REC received various securities issued by borrower entities as a part of the settlement/ resolution plan duly approved by the Company or the Consortium of Lenders, as applicable and in case of resolutions under Insolvency & Bankruptcy Code 2016, approved by Committee of Creditors and National Company Law Tribunal (NCLT) of the competent jurisdiction. Credit risk related to these securities is managed by monitoring the recoverability of such amounts continuously.

47.1.2 Expected Credit Losses (ECL) for financial assets other than loans

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- **For cash and cash equivalents and bank balances (other than cash and cash equivalents)** - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- **For Investment in G-Sec, State Development loans and Debt Securities -** Considering that the investments are in debt securities including Governemnet Securities/ minimum investment grade rated Government Companies in High Quality Liquid Assets (HQLAs), credit risk is considered low.

- **For Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution -** Credit risk is evaluated on the basis of recoverability of such securities. Wherever medium or high risk evaluated on such investments, suitable ECL allowance is provided.

- **For other financial assets** - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans is disclosed as follows:

(₹ in Crores)

Particulars	As at 31.03.2023			As at 31.03.2022		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	39.00	-	39.00	126.40	-	126.40
Bank balances (other than cash and cash equivalents)	1,948.34	-	1,948.34	2,295.30	-	2,295.30
Investments*	2,786.30	28.72	2,757.58	1,897.53	28.72	1,868.81
Other financial assets **	24,495.00	94.72	24,400.28	24,487.62	90.68	24,396.94

** The impairment allowance has been provided in full on 'Investments in Redeemable Prefernce Shares' of Rattan India Power Limited considered as credit-impaired.*

*** The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.*

Notes to Accounts

47.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

(A) Credit Risk Management

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on periodic basis, the loan assets are reviewed and categorized as High/Moderate/Low based on ECL methodology. The process for Credit Risk Management are as under:

(i) The Company has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk

(ii) For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

The Company also endeavors to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilization and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialized monitoring/Cash Flow monitoring agencies are being appointed by REC/ Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

(iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/ Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.

(viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.

(B) Credit risk Measurement

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. Management overlays to the model output, if any, are duly documented and approved by the Audit Committee. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

Notes to Accounts

The Company has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for State Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, the Company uses the external rating as published by various credit rating agencies, or proxy risk score in case such rating is not available. The proxy risk score model considers following parameters :

Quantitative factors

Debt/ EBITDA (30% weightage)

Return on Capital Employed (15% weightage)

Interest Coverage (25% weightage)

Gearing (Debt/Equity) (30% weightage)

Qualitative Factors

Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF
Actual Default dates
Status of the Project

(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

(E) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or or any such period allowed by the company in line with circular issued by the Reserve Bank of India.

(F) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC) that the Company expects to be owed at the time of default.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Determination of Probability of Default (PD)

The Company has analysed the available average annual rating transition matrices published by Credit Rating Agencies to arrive at annual transition matrix based PD. This annual transition matrix PD was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD. However, for State Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated

Notes to Accounts

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research the company has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realizable value of the assets were arrived using suitable assumptions, including valuation reports carried out by the company, outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

(G) Alignment of LGD in case of Stage 3 Assets

Stage-3 assets where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

(a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted.

(b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

(i) The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

(ii) EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

(I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

Credit Risk Category (Internal/Mapped Ratings)	As at 31.03.2023				As at 31.03.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
Very Good (AAA | AA | A | Government Loan)	192,836.82	276.33	-	193,113.15	181,968.90	11,661.35	-	193,630.25
Good (BBB | BB | B)	147,389.05	9,128.03	-	156,517.08	96,631.68	24,762.88	-	121,394.56
Average (C)	70,282.47	1,345.98	-	71,628.45	54,755.07	-	-	54,755.07
Fair (D)	1,796.13	157.74	-	1,953.87	2,521.34	-	-	2,521.34
Non- Performing (D)	**-**	**5.50**	**14,892.08**	**14,897.58**	**-**	**-**	**17,159.89**	**17,159.89**
Gross Exposure	**412,304.47**	**10,913.58**	**14,892.08**	**438,110.13**	**335,876.99**	**36,424.23**	**17,159.89**	**389,461.11**
Loss allowance (including LoC)	3,521.81	238.30	10,519.51	14,279.62	2,790.22	369.61	11,565.73	14,725.56
Net Exposure	**408,782.66**	**10,675.28**	**4,372.57**	**423,830.51**	**333,086.77**	**36,054.62**	**5,594.16**	**374,735.55**

Notes to Accounts

(J) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(K) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

Notes to Accounts

Notes to Accounts

(₹ in Crores)

For the Year ended 31st March 2023	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	**335,876.99**	**2,790.22**	**36,424.23**	**369.61**	**17,159.89**	**11,565.73**	**389,461.11**	**14,725.56**
Transfer to 12 months ECL	34,393.77	(353.01)	(34,393.77)	353.01	-	-	-	-
Transfer to life time ECL not credit impaired	(2,798.11)	(11.28)	2,988.10	83.95	(189.99)	(72.67)	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Additional provision due to changes in PD/ LGD	-	715.77	-	(673.24)	-	(370.93)	-	(328.40)
New Financial assets originated or purchased (including further disbursements in existing assets)	91,644.92	684.49	6,338.03	118.42	-	-	97,982.95	802.91
Financial Assets that have been derecognised (including recoveries in existing assets)	(46,813.10)	(304.38)	(443.01)	(13.45)	(1,526.74)	(51.54)	(48,782.85)	(369.37)
Write offs	-	-	-	-	(551.08)	(551.08)	(551.08)	(551.08)
Closing Balance	**412,304.47**	**3,521.81**	**10,913.58**	**238.30**	**14,892.08**	**10,519.51**	**438,110.13**	**14,279.62**

(₹ in Crores)

For the Year ended 31st March 2022	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	**358,891.11**	**1,282.46**	**2,888.05**	**141.43**	**18,256.93**	**11,791.31**	**380,036.09**	**13,215.20**
Transfer to 12 months ECL	2,031.94	134.62	(1,396.55)	(139.66)	(635.39)	5.03	-	(0.01)
Transfer to life time ECL not credit impaired	(35,361.06)	(40.15)	35,361.06	40.15	-	-	-	-
Transfer to Lifetime ECL credit impaired	(1,516.73)	(214.87)	-	-	1,516.73	214.87	-	-
Additional provision due to changes in PD/ LGD	-	1,235.51	-	293.79	-	1,517.77	-	3,047.07
New Financial assets originated or purchased (including further disbursements in existing assets)	62,483.86	569.85	3,877.11	40.22	-	-	66,360.97	610.07
Financial Assets that have been derecognised (including recoveries in existing assets)	(50,652.13)	(177.20)	(4,305.44)	(6.32)	(54.37)	(39.24)	(55,011.94)	(222.76)
Write offs	-	-	-	-	(1,924.01)	(1,924.01)	(1,924.01)	(1,924.01)
Closing Balance	**335,876.99**	**2,790.22**	**36,424.23**	**369.61**	**17,159.89**	**11,565.73**	**389,461.11**	**14,725.56**

(L) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31.03.2023				As at 31.03.2022			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Total Exposure	**412,304.47**	**10,913.58**	**14,892.08**	**438,110.13**	**335,876.99**	**36,424.23**	**17,159.89**	**389,461.11**
Impairment Allowance	3,521.81	238.30	10,519.51	14,279.62	2,790.22	369.61	11,565.73	14,725.56
ECL %	0.85%	2.18%	70.64%	3.26%	0.83%	1.01%	67.40%	3.78%

Notes to Accounts

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

(M) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry				
Generation	169,432.41	11,694.33	155,202.14	12,298.95
Renewables	30,503.46	306.33	13,449.27	225.20
Transcos	48,332.23	251.72	64,879.92	774.38
Discoms	185,085.13	2,008.12	152,115.74	1,411.67
Power Infrastructure	1,453.29	5.85	-	-
Government Loans	3,303.61	13.27	3,814.04	15.36
Total	**438,110.13**	**14,279.62**	**389,461.11**	**14,725.56**
Concentration by ownership				
State	393,244.56	3,276.83	350,584.17	2,684.59
Private	44,865.57	11,002.79	38,876.94	12,040.97
Total	**438,110.13**	**14,279.62**	**389,461.11**	**14,725.56**

(N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2023	As at 31.03.2022
Infrastructure Sector	**3.42%**	**4.45%**
- Power	3.42%	4.45%

(O) Movement of Credit-impaired Assets

(₹ in Crores)

	Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
(i)	**Gross Credit-impaired Assets to Gross Advances (%)**	3.42%	4.45%
(ii)	**Net Credit-impaired Assets to Gross Advances (%)**	1.01%	1.45%
(iii)	**Net Credit-impaired Assets to Net Advances (%)**	1.04%	1.51%
(iv)	**Movement of Credit-impaired Assets (Gross)**		
(a)	Opening balance	17,159.89	18,256.93
(b)	Additions during the year	-	1,516.73
(c)	Reductions during the year	(1,716.73)	(689.76)
(d)	Write-off during the year	(551.08)	(1924.01)
(e)	Closing balance	**14,892.08**	**17,159.89**
(iv)	**Movement of Credit-impaired Assets (Net)**		
(a)	Opening balance	5,594.16	6,465.62
(b)	Additions during the year	370.93	(215.91)
(c)	Reductions during the year	(1,592.52)	(655.55)
(d)	Write-off during the year	-	-
(e)	Closing balance	**4,372.57**	**5,594.16**
(v)	**Movement of provisions for Credit-impaired Assets**		
(a)	Opening balance	11,565.73	11,791.31
(b)	Provisions made during the year	(370.93)	1,732.64
(c)	Write-back of excess provisions	(124.21)	(34.21)
(d)	Provision on assets written off during the year	(551.08)	(1924.01)
(e)	Closing balance	**10,519.51**	**11,565.73**

Notes to Accounts

(P) In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13th March, 2020, had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 4.77% (previous year 4.45%) and Net NPA to Net Loans would have been 2.41% (previous year 1.51%) as at 31st March 2023.

(Q) Write off policy

The Company writes off financial assets, in whole or in part, as directed by the order of the Judicial Authority or when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

(R) Business Model Policy

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realize the cash flows by collecting contractual payments (including principal and interest) over the tenure of the loan. Further, investments in the nature of debt investments and other financial assets may also be held by the Company to collect the contractual payments as per the agreed terms.

The Company's business model therefore is "hold to collect" for Loans, certain Financial Investments and Other Financial Assets. Such financial assets are measured at amortised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

(S) 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.

(T) There are no Accounts with overdues beyond 90 days but not treated as credit impaired (previous year Nil)

(U) There are no reportable cases of loans transferred/ acquired during the FY 2022-23 (previous year Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021.

(V) Comparison between provision required as per RBI Income Recognition, Asset Classificaion and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS

(₹ in Crores)

For the Year ended 31st March 2023 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	403,366.73	404,567.80	3,423.13	401,144.67	2,089.93	1333.20
	Stage 2	10,908.08	11,016.14	232.80	10,783.34	43.63	189.17
Sub Total (1)		**414,274.81**	**415,583.94**	**3,655.93**	**411,928.01**	**2,133.56**	**1522.37**
Non-Performing Assets							
Substandard Assets	Stage 1	5,839.39	5,866.14	82.81	5,783.33	583.94	(501.13)
Doubtful Assets							
Up to 1 year	Stage 3	1,512.48	1,512.48	754.15	758.33	350.72	403.43
1 to 3 years	Stage 3	594.27	594.27	452.12	142.14	344.21	107.91
More than 3 years	Stage 3	12,780.46	12,780.46	9,308.37	3,472.09	9,488.51	(180.14)
Subtotal for doubtful assets		**14,887.21**	**14,887.21**	**10,514.64**	**4,372.56**	**10,183.44**	**331.20**
Loss Assets	Stage 2	5.50	5.50	5.50	-	5.50	-
	Stage 3	4.87	4.87	4.87	-	4.87	-
Sub-total for NPA (2)		**20,736.97**	**20,763.72**	**10,607.82**	**10,155.89**	**10,777.75**	**(169.93)**
Total Loan Assets		**435,011.78**	**436,347.66**	**14,263.75**	**422,083.90**	**12,911.31**	**1352.44**
Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms							
- Letter of Comfort*	Stage 1	3,098.35	3,098.35	15.87	3,082.48	-	15.87
Sub-Total (3)		**3,098.35**	**3,098.35**	**15.87**	**3,082.48**	**-**	**15.87**
Total	**Stage 1**	**412,304.47**	**413,532.29**	**3,521.81**	**410,010.48**	**2,673.87**	**847.94**
	Stage 2	**10,913.58**	**11,021.64**	**238.30**	**10,783.34**	**49.13**	**189.17**
	Stage 3	**14,892.08**	**14,892.08**	**10,519.51**	**4,372.56**	**10,188.31**	**331.20**
	Total	**438,110.13**	**439,446.01**	**14,279.62**	**425,166.38**	**12,911.31**	**1368.31**

** Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109*

(₹ in Crores)

For the Year ended 31st March 2022 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	331,787.14	332,586.36	2,769.32	329,817.04	1,771.72	997.60
	Stage 2	36,424.23	36,888.95	369.61	36,519.34	391.52	(21.91)
Sub Total (1)		**368,211.37**	**369,475.31**	**3,138.93**	**366,336.38**	**2,163.24**	**975.69**
Non-Performing Assets							
Substandard Assets	Stage 3	1,512.49	1,512.49	437.16	1,075.33	190.83	246.33
Doubtful Assets							
Up to 1 year	Stage 3	33.28	33.28	3.33	29.95	7.25	(3.92)
1 to 3 years	Stage 3	4,534.01	4,534.01	2,981.99	1,552.01	1,952.89	1029.10
More than 3 years	Stage 3	11,062.89	11,062.89	8,126.03	2,936.86	8,108.58	17.45
Subtotal for doubtful assets		**15,630.18**	**15,630.18**	**11,111.35**	**4,518.82**	**10,068.72**	**1042.63**
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		**17,159.89**	**17,159.89**	**11,565.73**	**5,594.15**	**10,276.77**	**1,288.96**
Total Loan Assets		**385,371.26**	**386,635.20**	**14,704.66**	**371,930.53**	**12,440.01**	**2264.65**
Other items which are in scope of Ind-AS 109 but not covered under current IRACP norms							
- Letter of Comfort*	Stage 1	4,089.85	4,089.85	20.90	4,068.95	-	20.90
Sub-Total (3)		**4,089.85**	**4,089.85**	**20.90**	**4,068.95**	**-**	**20.90**
Total	**Stage 1**	**335,876.99**	**336,676.21**	**2,790.22**	**333,885.99**	**1,771.72**	**1018.50**
	Stage 2	**36,424.23**	**36,888.95**	**369.61**	**36,519.34**	**391.52**	**(21.91)**
	Stage 3	**17,159.89**	**17,159.89**	**11,565.73**	**5,594.15**	**10,276.77**	**1,288.96**
	Total	**389,461.11**	**390,725.05**	**14,725.56**	**375,999.48**	**12,440.01**	**2285.55**

** Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109*

Notes to Accounts

(W) There has been no divergence in Asset Classification and Provisioning assessed during last annual inspection conducted by the RBI for the FY 2021-22 vis-à-vis as reported by the company (Nil for FY 2020-21)

47.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Continued

47.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31st March 2023	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months
Non-Derivative Financial Liabilities :				
Rupee Borrowings				
Debt Securities				
- Principal	-	4,300.00	2,985.00	-
- Interest	-	379.26	361.56	1,110.62
Other Borrowings				
- Principal	4,386.43	-	-	-
- Interest	395.00	-	150.00	392.00
Subordinated Liabilities				
- Principal	-	-	-	2,500.00
- Interest				202.00
Foreign Currency Borrowings				
Debt Securities				
- Principal	-	-	-	4,110.85
- Interest				252.00
Other Borrowings				
- Principal	-	-	-	3,074.91
- Interest	17.00	21.00	61.00	106.00
Derivative Liabilities :				
Interest rate derivatives	-	-	-	-
Currency derivatives	-	-	-	-
Others -				
Reverse cross currency derivatives	-	-	-	-

Notes to Accounts

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.

(₹ in Crores)

As at 31st March 2023	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :							
Rupee Borrowings							
Debt Securities							
- Principal	1,600.00	2,774.00	11,679.49	55,952.14	39,135.88	79,689.14	198,115.65
- Interest	2,715.12	2,347.00	7,051.00	23,022.00	16,309.00	24,176.16	77,471.72
Other Borrowings							
- Principal	3,500.14	666.56	9,451.45	11,820.15	16,672.28	29,488.81	75,985.81
- Interest	685.00	1,150.00	2,437.00	8,310.00	5,703.00	3,103.00	22,325.00
Subordinated Liabilities							
- Principal	-	-	-	-	-	4,150.70	6,650.70
- Interest	164.00		188.00	705.00	705.00	2,646.00	4,610.00
Foreign Currency Borrowings							
Debt Securities							
- Principal	-	-	5,755.18	9,454.94	13,565.81	-	32,886.78
- Interest	72.00	310.00	536.00	1,116.00	580.00	-	2,866.00
Other Borrowings							
- Principal	3,588.54	2,693.64	12,341.08	7,473.44	27,958.11	3,847.77	60,977.48
- Interest	503.00	571.00	1,138.00	3,441.00	2,072.00	658.00	8,588.00
Derivative Liabilities :							
Interest rate derivatives	-	-	0.60	50.07	71.98	178.16	300.81
Currency derivatives	-	60.38	-	-	83.52	-	143.90
Others -							
Reverse cross currency derivatives	-	-	-	104.61	-	427.63	532.24

Notes to Accounts

Notes to Accounts

(₹ in Crores)

As at 31st March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :											
Rupee Borrowings											
Debt Securities											
- Principal	-	-	-	-	5,878.20	2,970.00	14,058.86	53,719.87	39,133.38	67,531.66	183,291.97
- Interest	-	379.26	348.22	1,085.23	2,345.40	2,433.79	6,290.73	21,667.98	14,748.20	22,337.48	71,636.29
Other Borrowings											
- Principal	-	-	160.93	1,150.00	1,000.00	1,824.29	5,163.63	17,836.77	15,155.51	18,798.15	61,089.28
- Interest	272.39	-	63.24	202.90	496.89	671.39	1,604.83	4,949.21	3,439.46	3,027.89	14,728.20
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	6,650.70
- Interest	-	-	-	201.50	114.94	-	163.60	759.35	557.08	787.73	2,584.20
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	-	-	-	-	17,814.67	6,822.64	5,685.54	30,322.85
- Interest	-	-	-	227.28	66.15	285.65	584.79	1,691.31	769.79	171.02	3,795.99
Other Borrowings											
- Principal	-	-	-	2,744.22	2,887.33	2,664.98	4,506.16	8,555.57	21,129.28	3,001.98	45,489.52
- Interest	8.00	7.18	22.42	67.65	124.53	263.85	447.00	1,388.28	812.26	516.82	3,657.99
Derivative Liabilities :											
Interest rate derivatives	-	-	-	0.07	-	18.82	-	42.62	-	112.01	173.52
Currency derivatives	-	-	-	-	-	-	-	13.87	-	34.50	48.37
Others -											
Reverse cross currency derivatives	-	-	-	-	-	-	-	22.50	-	308.74	331.24

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in Crores)

Particulars	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2023											
Principal	822.91	-	1,707.32	3,878.16	5,350.60	22,097.85	30,180.20	81,757.04	85,313.12	189,640.84	420,748.04
Interest	1,137.01	-	926.30	2,106.65	6,071.24	10,044.89	18,662.94	63,776.14	47,148.86	76,238.57	226,112.62
As at 31st March 2022											
Principal	158.66	-	2,077.03	2,142.80	4,800.08	8,892.93	19,691.55	74,970.39	74,346.88	183,586.28	370,666.60
Interest	611.62	-	892.06	1,559.14	6,094.78	9,076.43	17,252.35	59,983.17	44,663.39	71,842.69	211,975.63

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.

Notes to Accounts

Notes to Accounts

47.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31st March 2023	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	822.91	-	1,707.32	3,878.16	6,686.47	22,097.85	30,180.20	81,757.04	85,313.12	189,640.84	**422,083.91**
Investments					4.73	4.73	36.77	157.38	259.03	2,675.35	**3,137.98**
Rupee Borrowings											
Debt Securities	261.99	4,667.81	3,315.50	831.94	3,488.89	4,136.02	12,997.04	55,891.49	39,047.68	79,620.08	**204,258.45**
Other Borrowings	4,620.32	-	-	-	3,703.42	666.56	9,451.45	11,820.15	16,672.28	29,488.81	**76,422.98**
Subordinated Liabilities	2.11	-	-	2,668.34	126.46	-	-	-	-	3,976.40	**6,773.30**
Foreign Currency Borrowings											
Debt Securities	-	-	-	4,297.43	43.56	96.67	5,742.53	9,438.34	13,072.00	-	**32,690.54**
Other Borrowings	129.70	-	2.53	3,106.25	3,658.67	2,688.69	12,311.25	7,409.95	27,542.82	3,841.28	**60,691.15**

(₹ in Crores)

As at 31st March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	158.66	-	2,077.03	2,142.80	6,181.63	8,892.93	19,691.55	74,970.39	74,346.88	183,468.67	**371,930.54**
Investments	-	-	-	-	2.81	2.82	55.65	80.05	180.59	1,836.05	**2,157.97**
Rupee Borrowings											
Debt Securities	19.34	367.83	330.52	993.71	7,777.02	4,636.58	15,212.32	53,696.32	39,118.89	67,453.88	**189,606.42**
Other Borrowings	6.56	-	200.55	1,150.00	1,000.00	2,149.40	5,165.59	17,836.77	15,155.52	18,796.19	**61,460.59**
Subordinated Liabilities	-	-	-	168.38	126.46	-	2.11	2,499.73	-	4,019.79	**6,816.47**
Foreign Currency Borrowings											
Debt Securities	-	-	-	172.81	40.17	89.14	-	17,755.78	6,805.78	5,163.48	**30,027.15**
Other Borrowings	5.62	2.42	4.43	2,747.65	2,910.57	2,680.96	4,506.16	8,499.93	20,837.27	2,995.98	**45,191.00**

Notes to Accounts

47.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Expiring within one year		
- Fixed rate	-	-
- Floating rate	13,364.88	8,803.05
Expiring beyond one year		
- Fixed rate	-	-
- Floating rate	1,393.58	1,245.90

47.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis. The Company continuously monitors the projected and actual cash flows and accordingly maintains adequate bank balances, overdraft facilities, short term investments that are readily convertible into cash and adequate borrowing plans.

(i) Funding Concentration based on significant counterparty (borrowings)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Number of significant counterparties*	14	15
Amount (₹ in Crores)	178,043.46	155,352.32
% of Total Liabilities	43.72%	43.22%

(ii) Top 10 borrowings

	Particulars	Amount (₹ in Crores)	% of Total borrowings
	As at 31-03-2023		
1	Term Loan from HDFC Bank	16,350.00	4.36%
2	Term Loan from State Bank of India	10,900.26	2.91%
3	54EC- Series XVI (2022-23)	10,432.55	2.78%
4	Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	2.67%
5	Foreign Currency Borrowings- US $1175 Mn	9,660.49	2.58%
6	54EC- Series XV (2021-22)	7,312.80	1.95%
7	54EC- Series XII (2018-19)	6,651.31	1.78%
8	54EC- Series XIII (2019-20)	6,157.82	1.64%
9	Tax Free Bonds (2013-14 Series)	6,000.00	1.60%
10	Foreign Currency Bond- US $700 Mn	5,755.18	1.54%
	Total	**89,220.41**	**23.82%**
	As at 31-03-2022		
1	Term Loan from State Bank of India	12,729.30	3.89%
2	Term Loan from HDFC Bank	12,000.00	3.67%
3	Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.06%
4	Foreign Currency Borrowings- US $1175 Mn	8,907.33	2.73%
5	Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	6,800.00	2.08%
6	54EC- Series XII (2018-19)	6,651.77	2.04%
7	54EC- Series XIII (2019-20)	6,157.72	1.88%
8	54EC- Series XV (2021-22)	6,024.57	1.84%
9	Tax Free Bonds (2013-14 Series)	6,000.00	1.84%
10	54EC- Series XIV (2020-21)	5,312.07	1.63%
	Total	**80,582.76**	**24.65%**

Notes to Accounts

(iii) Funding Concentration based on significant instrument / product

	Name of significant instrument / product*	As at 31.03.2023		As at 31.03.2022	
		Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
1	**Debt Securities**				
	Institutional Bonds	150,217.70	36.89%	146,041.60	40.63%
	Foreign Currency Bonds	32,886.78	8.08%	30,322.85	8.44%
	54EC Capital Gain Tax Exemption Bonds	37,586.91	9.23%	25,437.67	7.08%
	Tax Free Bonds	10,307.08	2.53%	11,808.74	3.29%
	Sub-Total (1)	**230,998.47**	**56.73%**	**213,610.86**	**59.43%**
2	**Borrowings (Other than Debt Securities)**				
	Term Loans from Banks	56,298.20	13.83%	42,878.32	11.93%
	Foreign Currency Borrowings	45,553.26	11.19%	35,634.60	9.91%
	FCNR (B) Loans	15,424.22	3.79%	9,854.92	2.74%
	Term Loans from Govt. of India (NSSF)	10,000.00	2.46%	10,000.00	2.78%
	Term Loans from Financial Institutions	**6,000.00**	**1.47%**	**6,800.00**	**1.89%**
	Sub-Total (2)	**133,275.68**	**32.73%**	**105,167.84**	**29.26%**
3	**Subordinated Liabilities**				
	Total (1+2+3)	**6,650.70**	**1.63%**	**6,650.70**	**1.85%**
	Total (1+2+3)	**370,924.85**	**91.09%**	**325,429.40**	**90.54%**

** Significant counterparty/ significant instrument/ product is defined as a single counterparty/ single instrument/ product or group of connected or affiliated counterparties accounting in aggregate to more than 1% of the company's total liabilities.*

(iv) Stock Ratios:

Particulars	As at 31.03.2023				As at 31.03.2022			
	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	-	-	-	-	-	-	-	-
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	20,286.94	5.42%	4.98%	4.36%	12,852.04	3.93%	3.58%	3.13%

(v) Liquidity Coverage Ratio (LCR)

RBI, vide its Liquidity Framework dated 04 Nov, 2019 has stipulated maintaining of Liquidity Coverage Ratio (LCR) by Non-Deposit taking NBFCs with asset size of more than ₹ 10,000 Crores w.e.f. 01 Dec, 2020. These guidelines of RBI aims to ensure that Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is represented by:

$$\frac{\text{The Stock of High-Quality Liquid Assets}}{\text{Total Net Cash Outflows over the next 30 calendar days}}$$

where,

(i) Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the next 30 calendar days, where the cash flows are assigned a predefined stress percentage, as prescribed by RBI.

(ii) High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

The LCR requirement is binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

At Present, HQLA investments are held in INR in the form of Government Securities(G-Sec)/ State Development Loans (SDLs) Securities and AAA/AA Corporate Bonds and demand deposits with banks. Management is of the view that Company has sufficient liquidity cover to meet its likely future short-term requirements.

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Composition of HQLA:

Out of the Stock of HQLA, the Government Securities is the highest proportion of HQLA followed by AAA/AA Corporate bonds and auto swap balances. The position of HQLA holding as on 31 March 2023 is as follows:

HQLA Items	% of Overall
Assets without Haircut	**74%**
- Cash and Cash Equivalents	3%
- G-Sec and SDLs	71%
Assets with 15% Haircut	26%
- Corporate Bonds	**26%**
Assets with 50% Haircut	-
Total	**100%**

Liquidity Coverage Ratio Disclosure

Notes to Accounts

(₹ in Crores)

Particulars	Quarter ended 31-03-2023		Quarter ended 31-12-2022		Quarter ended 30-09-2022		Quarter ended 30-06-2022		Quarter ended 31-03-2022	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets										
Total High Quality Liquid Assets (HQLA)	**2,110.21**	**2,016.54**	**2,159.97**	**2,078.10**	**1,597.58**	**1,563.97**	**1,642.30**	**1,608.28**	**1,719.78**	**1,686.09**
- AA/AAA Corporate Bonds	624.47	530.80	545.79	463.92	224.05	190.44	226.80	192.78	224.56	190.87
- G-SEC Bonds/ State Development Loans (SDLs)	1,429.73	1,429.73	1,399.17	1,399.17	1,373.53	1,373.53	1,374.50	1,374.50	1,296.73	1,296.73
- Demand Deposits	56.01	56.01	215.00	215.00	-	-	41.00	41.00	198.49	198.49
Cash Outflows										
Other contractual funding obligations	6,369.18	7,324.56	9,136.57	10,507.05	4,735.16	5,445.43	6,189.00	7,117.35	8,279.00	9,520.85
Other contingent funding obligations	295.35	339.65	474.87	546.10	79.40	91.31	216.00	248.40	848.00	975.20
Total Cash Outflows	**6,664.53**	**7,664.21**	**9,611.43**	**11,053.15**	**4,814.56**	**5,536.74**	**6,405.00**	**7,365.75**	**9,127.00**	**10,496.05**
Cash Inflows										
Inflows from fully performing exposures	7,305.09	5,478.82	6,363.05	4,772.29	5,009.00	3,756.75	6,136.00	4,602.00	6,414.00	4,810.50
Other cash inflows	9,892.26	7,419.19	10,859.02	8,144.27	7,975.00	5,981.25	9,296.00	6,972.00	10,223.00	7,667.25
Total Cash Inflows (restricted to 75% of Outflows on every observation day)	**17,197.34**	**5,748.16**	**17,222.08**	**8,289.86**	**12,984.00**	**4,152.56**	**15,432.00**	**5,524.31**	**16,637.00**	**7,872.04**
Total Adjusted Value										
Total HQLA (A)		**2,016.54**		**2,078.10**		**1,563.97**		**1,608.28**		**1,686.09**
Total Net Cash Outflows (B)		**1,916.05**		**2,763.29**		**1,384.19**		**1,841.44**		**2,624.01**
Liquidity Coverage Ratio (A / B)		**105.24%**		**75.20%**		**112.99%**		**87.34%**		**64.26%**
% Variance (from previous quarter)		**39.95%**		**-33.44%**		**29.37%**		**35.92%**		

** For average, daily observation during the respective quarter has been considered.*

Notes to Accounts

47.3 Market Risk - Currency Risk

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. The Company has a risk management policy which aims to manage the foreign currency risk arising from its borrowings denominated in a currency other than the functional currency of the Company. The Company uses combination of foreign currency options structures, forward contracts and cross currency swap to hedge its exposure to foreign currency risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD with Functional Directors, executive directors and Chief General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. 'The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2023 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2023			As at 31.03.2022		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD $	10,012.00	9,012.00	1,000.00	9,436.00	7,620.00	1,816.00
INR Equivalent	*82,315.60*	*74,093.87*	*8,221.73*	*71,531.58*	*57,765.01*	*13,766.57*
JPY ¥	58,352.75	58,352.75	-	58,729.87	20,846.05	37,883.82
INR Equivalent	*3,606.20*	*3,606.20*	-	*3,654.76*	*1,297.25*	*2,357.51*
EURO €	689.58	673.79	15.79	26.32	0.87	25.45
INR Equivalent	*6,179.19*	*6,037.68*	*141.51*	*222.82*	*7.37*	*215.45*
SGD $	285.28	285.28	-	72.08	72.08	-
INR Equivalent	*1,763.27*	*1,763.27*	-	*403.21*	*403.21*	-
Total	**93,864.26**	**85,501.02**	**8,363.24**	**75,812.37**	**59,472.84**	**16,339.53**

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 31.03.2023		As at 31.03.2022	
	Favorable	Adverse	Favorable	Adverse
USD/INR	307.62	(307.62)	515.09	(515.09)
JPY/INR	-	-	88.21	(88.21)
EUR/INR	5.29	(5.29)	8.06	(8.06)

** Holding all other variables constant*

47.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc. Some of the borrowings of the Company are exposed to interest rate risk with floating interest rates linked to LIBOR (London Inter Bank Offered Rate), EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), T-Bills, Repo Rate etc. The Company manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimize the risk of fluctuation in interest rates. The Company also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

Notes to Accounts

The table below shows the overall exposure of the Company to the liabilities linked with floating interest rates as at 31st March 2023 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2023			As at 31.03.2022		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	62,798.20	-	62,798.20	50,178.32	-	50,178.32
USD $	5,062.00	1,892.00	3,170.00	4,636.00	1,325.00	3,311.00
INR Equivalent	*41,618.19*	*15,555.43*	*26,062.76*	*35,144.17*	*10,044.44*	*25,099.73*
JPY ¥	58,352.75	10,327.17	48,025.58	58,352.72	10,327.16	48,025.56
INR Equivalent	*3,606.20*	*638.22*	*2,967.98*	*3,631.29*	*642.66*	*2,988.63*
EURO €	604.02	-	604.02	-	-	-
INR Equivalent	*5,412.51*	-	*5,412.51*	-	-	-
SGD $	285.28	72.07	213.21	72.08	72.08	-
INR Equivalent	1,763.27	445.47	1,317.80	403.21	403.21	-
Total INR Equivalent	**115,198.37**	**16,639.12**	**98,559.25**	**89,356.99**	**11,090.31**	**78,266.68**

The Company also uses Interest Rate Swaps to manage fair value risk on interest rate borrowings to mitigate the interest rate sensitivity mismatch. Through such swaps, the fixed rate borrowings amounting to ₹15,950.70 crores as on 31st March 2023 (Previous year ₹11,850.70 crores) have been converted into floating rate borrowings through the use of MIBOR-linked Overnight Indexed Swaps.

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre-payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31.03.2023	As at 31.03.2022
Rupee Loans	4,31,992.47	3,75,805.76

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 31.03.2023		As at 31.03.2022	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(368.77)	368.77	(292.84)	292.84
Interest Rate Swaps	(59.68)	59.68	(44.34)	44.34
Floating/ semi-fixed Rate Loan Assets	1,616.34	(1,616.34)	1,406.11	(1,406.11)

** Holding all other variables constant*

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

47.4.1 Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

The Company has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 3/6 Months' USD LIBOR (London Inter Bank Offered Rate), 3/6 Months' EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), 3/6 Months' Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) etc. The summary of such borrowings as on 31st March, 2023 as per the contracted interest rate benchmark is as below:

Benchmark	As at 31-03-2023		As at 31-03-2022	
	Amount (₹ in Crores)	Amount (USD Mn Equivalent)	Amount (₹ in Crores)	Amount (USD Mn Equivalent)
3M USD LIBOR	1,233.26	150.00	7,201.67	950.00
6M USD LIBOR	29,080.13	3,537.00	27,373.94	3,611.00
3M Term SOFR	6,988.44	850.00	-	-
6M Term SOFR	822.17	100.00	-	-
O/N SOFR	3,494.22	425.00	568.55	75.00
3M EURIBOR	3,595.53	437.32	-	-
6M EURIBOR	3,134.74	381.28	-	-
O/N TONA	3,606.20	438.62	3,631.29	479.02
O/N SORA	445.48	54.18	403.21	53.19
Total	**52,400.17**	**6,373.40**	**39,178.67**	**5,168.21**

As announced by the UK Financial Conduct Authority (FCA) on 5th March 2021, 3 Month and 6 Month USD LIBOR will cease to be published after 30th June 2023.

(i) Exposure directly affected by the Interest Rate Benchmark Reform (IBOR)

While some of the floating rate borrowings of the Company are already under the new benchmarks, some of the borrowings will also get repaid before the cessation date of the respective interest rates, i.e. 3M USD LIBOR and 6M USD LIBOR. Accordingly, the total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹28,159.29 crores (USD 3.425 Billion) as on 31st March, 2023 (₹25,963.93 crores (USD 3.425 Billion) as on 31st March, 2022). Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹4,110.85 crores (USD 0.500 Billion) [previous year ₹3,790.36 crores (USD 0.500 Billion)]

(ii) Managing the process to transition to alternative benchmark rates

Pursuant to the Interest Rate Benchmark Reform, LIBOR will be replaced with alternative Risk-Free Rates (RFRs). SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognized statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. The Company has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

With respect to the term loans, REC has been actively engaging with the lenders to initiate the transition exercise at an early stage. During the year 2022-23, lenders for 10 USD loans amounting to USD 3,275 Million (INR equivalent as on 31st March, 2023 ₹26,926.04 crores) have agreed for transition of the benchmarks from USD LIBOR to Overnight SOFR/ Term SOFR. During previous year, the company has completed the transition documentation for two JPY loans amounting to JPY 20,846.12 Billion (INR equivalent as on 31st March, 2022 ₹1,297.25 crores) with the benchmark changed from JPY LIBOR to TONA . Additionally, an active transition for one SGD loan amounting to SGD 72.08 Million (INR equivalent as on 31st March, 2022 ₹403.21 crores) has also been concluded during the previous year with the benchmark changed from 6M SOR (Singapore Swap Offer Rate) to SORA (Singapore Overnight Rate Average)

(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

47.5 Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. For option contracts, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to Profit or Loss on a straight-line basis.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

(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.

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The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items.

Impact of Hedge Accounting

(a) Effects of hedge accounting on balance sheet

(₹ in Crores)

	As at 31st March 2023 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					
	Cash flow hedge								
	Foreign exchange and interest rate risk								
(i)	Foreign currency options structures								
	- Seagull Structure	USD 8,387	6,970.98	2.25	May 2023 - Nov 2030	1:1	77.03	1,594.19	(1,594.19)
		EUR 673.79	403.91	-	Dec 2023- Mar 2028	1:1	1.03	210.89	(210.89)
		SGD 285.29	32.00	83.52	Mar 2025- Oct- 2027	1:1	0.36	(65.66)	65.66
	- Call Spread	JPY 58,352.74	572.12	-	Aug 2023 - Mar 2027	1:1	0.61	(52.15)	52.15
(ii)	Cross Currency Interest Rate swaps	USD 250	208.14	-	March 2024	1:1	57.52	58.14	(58.14)
		USD 800	85.92	-	May 2023 - Mar 2025	1:1	3.52% and 72.79	98.24	(98.24)
		JPY 10,327.12	-	0.60	Aug 2023	1:1	4.31% and 0.62	(0.33)	0.33
(iii)	Principal only swaps	USD 375	38.85	-	Mar 2025 - Jun 2030	1:1	75.41	(35.15)	35.15
(iv)	Interest rate swaps	USD 1992	251.77	10.87	May 2023 - Nov 2030	1:1	0.98%	189.27	(189.27)

(₹ in Crores)

	As at 31st March 2022 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					
	Cash flow hedge								
	Foreign exchange and interest rate risk								
(i)	Foreign currency options structures								
	- Seagull Structure	USD 7,045	4,744.05	-	May 2022 - Jan 2027	1:1	74.31	(399.81)	399.81
		USD 20,846.12	102.15	-	Aug 2023 - Sep 2025	1:1	0.66	(96.08)	96.08
	- Call Spread	SGD 72.08	22.08	-	Mar 2025	1:1	0.01	(1.77)	1.77
(ii)	Cross currency swaps	USD 250	76.73	-	March 2024	1:1	57.52	(74.08)	74.08
		USD 1,300	22.69	43.78	May 2022 - Mar 2025	1:1	2.99% and 72.94	112.67	(112.67)
		JPY 10,327.12	-	1.50	Aug 2023	1:1	0.42% and 0.62	0.82	(0.82)
(iii)	Principal only swaps	USD 375	-	48.37	Mar 2025 - Jun 2030	1:1	75.41	(49.08)	49.08
(iv)	Interest rate swaps	USD 425	92.42	-	Mar 2024 - Oct 2026	1:1	2.23%	130.27	(130.27)

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(b) Effects of Cash Flow hedge accounting on Statement of Profit and Loss

(₹ in Crores)

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Year ended 31.03.2023				
- Currency risk and interest rate risk	1,997.43	-	(4,995.73)	Gain/ loss on foreign exchange translation
			(158.91)	Finance cost
Year ended 31.03.2022				
- Currency risk and interest rate risk	(377.06)	-	(995.95)	Gain/ loss on foreign exchange translation
			126.43	Finance cost

(c) Movement in cash flow hedging reserve and cost of hedging reserve

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Effective portion of Cash Flow Hedges		
Opening Balance	**194.21**	**(165.61)**
Add: Changes in intrinsic value of foreign currency option structures	5475.45	1108.37
Add: Changes in fair value of cross currency swaps	32.25	111.72
Add: Changes in fair value of interest rate swaps	189.27	130.27
Less: Amounts reclassified to profit or loss	(5154.64)	(869.52)
Less: Deferred tax relating to above (net)	(136.49)	(121.02)
Closing Balance	**600.05**	**194.21**
Costs of hedging reserve		
Opening Balance	**(395.95)**	**41.45**
Add: Change in deferred time value of foreign currency option structures	(3699.55)	(1727.42)
Less: Amortisation of time value	1943.73	1142.91
Less: Deferred tax relating to above (net)	441.90	147.11
Closing Balance	**(1,709.87)**	**(395.95)**

(d) Fair Value Hedges

At 31st March 2023, Company has outstanding interest rate swap agreements of ₹15,950.70 crores (Previous year ₹11,850.70 crores) wherein the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount. Such agreements are being used to hedge the exposure to the changes in fair value of fixed rate borrowings.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). As such, a hedge ratio of 1:1 for the hedging relationships has been established as the underlying risk of the interest rate swap is identical to the hedged risk component.

The impact of the hedging instrument on the balance sheet is as follows:

(₹ in Crores)

Fair value hedge	Fair value hedge	Notional amount	Carrying amount*	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
As at 31-03-2023	- Interest rate swap	15,950.70	(279.02)	Derivative financial instruments	(167.10)
As at 31-03-2022	- Interest rate swap	11,850.70	(111.92)	Derivative financial instruments	(111.92)

** Carrying amount here is exclusive of the interest receivable under such derivative contract as on reporting date.*

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The impact of the hedged item on the balance sheet is as follows:

(₹ in Crores)

Fair value hedge	Fair value hedge	Notional amount	Carrying amount*	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
As at 31-03-2023	- Subordinated Liabilities	4,748.24	(178.16)	Subordinated Liabilities	(49.83)
	- Institutional bonds	7,773.47	(100.86)	Debt Securities- Institutional Bonds	(117.27)
As at 31-03-2022	- Subordinated Liabilities	4,148.36	(128.33)	Subordinated Liabilities	(128.33)
	- Institutional bonds	7,881.97	16.41	Debt Securities- Institutional Bonds	16.41

The decrease in fair value of the interest rate swap of ₹167.10 crores (Previous year ₹111.92 crores) has been offset with a similar gain on the respective subordinated liabilities and debt securities.

47.6 Market Risk - Price risk

The Company is exposed to price risks arising from investments in quoted equity shares. The Company's investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	3.36	(3.36)	2.68	(2.68)
Impact on Profit and Loss account (PL)	1.37	(1.37)	2.48	(2.48)

48 Additional Disclosures in respect of derivatives

48.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(i)	The notional principal of swap agreements	46,278.27	33,239.41
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	718.55	563.77
(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	417.73	390.25

REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

48.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

48.3 Quantitative Disclosures

(₹ in Crores)

Particulars		Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
		As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
(i)	Derivatives (Notional Principal Amount)						
	For hedging	85,501.02	59,472.85	46,278.27	33,239.41	4,947.00	4,747.00
(ii)	Marked to Market Positions						
a)	Asset (+)	8,263.06	4,946.40	718.55	563.77	-	-
b)	Liability (-)	146.02	48.37	300.82	173.52	530.11	331.25
(iii)	Credit Exposure	6,250.55	5,131.08	608.40	490.82	692.05	662.05
(iv)	Unhedged Exposures	8,363.24	16,339.53	N.A.	N.A.	N.A.	N.A.

** Includes Full Hedge, Pricipal only Swap and Call Spread and Seagull Options*
*** Includes Interest Rate Derivatives as a strategy of cost reduction*
**** Includes Reverse Cross Currency swap as a strategy of cost reduction*

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49 RBI Scale Based Framework (SBR) for NBFCs

RBI has introduced Scale Based Framework (SBR) for NBFCs effective from 01st October, 2022, categorising NBFCs in four layers based on their size, activity, and perceived riskiness. The Company, being government owned, is categorised as NBFC – Middle Layer and is subject to the guidelines / regulation as mentioned in the aforesaid framework.

50 Exposure Related Disclosures

RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending and investing is 30% of Tier-I capital in case of a single borrower and 50% in case of a single group of borrowers, respectively.

Hitherto the Company was continued to exempt by Reserve Bank of India (RBI) from its Credit concentration and exposure norms till 31st March, 2022. During the year, RBI has further communicated with respect to adherence of the aforesaid norms. In this regard the Company has taken necessary steps subsequent to the year-end, such as realigning exposures of some of borrowers, issuing perpetual bonds etc. As a result, the exposure w.r.t outstanding loans to its borrowers as on date is within the prescribed norms. Considering the company's response and steps taken, RBI has vide letter dated 17th May 2023 advised the company to adhere the norms on sustained business.

50.1 Exposure to Real Estate Sector

The Company has no direct or indirect exposure to real estate sector as at 31st March 2023 (As at 31st March 2022 Nil).

50.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(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 (includes investment in optionally convertible preference shares)	534.20	450.43
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds	-	-
	Total Exposure to Capital Market	**534.20**	**450.43**

50.3 Sectoral Exposure

(₹ in Crores)

Sectors	As at 31-03-2023					As at 31-03-2022				
	Principal Outstanding (including LoC)	Interest Accrued	Total Exposure at Default (EAD)	Gross NPAs	Percentage of Gross NPAs to EAD	Principal Outstanding (including LoC)	Interest Accrued	Total Exposure at Default (EAD)	Gross NPAs	Percentage of Gross NPAs to EAD
Industry										
Lending to Infrastructure Sector										
- Power	4,38,110.13	1,497.05	4,39,607.18	14,892.08	3.39%	3,89,461.11	1,381.55	3,90,842.66	17,159.89	4.39%
Total Exposure	**4,38,110.13**	**1,497.05**	**4,39,607.18**	**14,892.08**	**3.39%**	**3,89,461.11**	**1,381.55**	**3,90,842.66**	**17,159.89**	**4.39%**

Exposure for the purpose of above disclosure represents the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC)

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50.4 Intra-Group Exposures

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	Total amount of intra-group exposures		
	- Investment in equity shares of Subsidiary company	0.10	0.10
(ii)	Total amount of top 20 intra-group exposures	0.10	0.10
(iii)	Percentage of intra-group exposures to total exposure	-	-

50.5 The company does not have any financing of Parent Company products during the current and previous year.

50.6 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	267,729.20	239,602.97
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	61.55%	62.17%
(ii)	**Concentration of Exposures***		
	Total Exposure to twenty largest borrowers (₹ in Crores)	268,700.56	240,580.38
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	61.12%	61.55%
(iii)	**Concentration of Credit-impaired Assets**		
	Total Exposure to the top four Credit-impaired Assets (₹ in Crores)	8,645.97	8,645.97

** Exposure for the purpose of above disclosure represents the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC)*

51 Fair value disclosures

The carrying values of financial instruments measured at amortised cost and fair value by category are as follows:

(₹ in Crores)

	Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
	Financial assets measured at fair value			
	Derivative financial instruments measured at			
(i)	Fair value through other comprehensive income (FVOCI)	8	8,574.02	5,079.87
(ii)	Fair value through profit and loss (FVTPL)	8	407.59	430.30
	Investments* measured at			
(i)	Fair value through other comprehensive income (FVOCI)	10	381.71	268.26
(ii)	Fair value through profit and loss (FVTPL)	10	589.65	182.07
	Financial assets measured at amortised cost			
	Cash and cash equivalents	6	39.00	126.40
	Bank balances (other than cash and cash equivalents)	7	1,948.34	2,295.30
	Loan Assets	9	422,083.91	371,930.54
	Investments *	10	2,166.52	1,707.54
	Other financial assets	11	24,400.28	24,396.94
	Total		**460,591.02**	**406,417.22**
	Financial liabilities measured at fair value			
	Derivative financial instruments measured at			
(i)	Fair value through other comprehensive income (FVOCI)	8	386.58	205.64
(ii)	Fair value through profit and loss (FVTPL)	8	590.37	347.50
	Financial liabilities measured at amortised cost			
	Debt securities	17	236,948.99	219,633.57
	Borrowings (other than debt securities)	18	137,114.13	106,651.59
	Subordinated liabilities	19	6,773.30	6,816.47
	Other financial liabilities	20	25,174.58	25,575.84
	Total		**406,987.95**	**359,230.61**

** Investment in subsidiary are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.*

Notes to Accounts

51.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2023				As at 31.03.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments at FVOCI								
Equity investments*	67.23	-	314.48	381.71	53.52	-	214.74	268.26
Investments at FVTPL								
Equity investments	27.31	-	-	27.31	49.52	-	-	49.52
Perpetual Bonds	-	-	437.26	437.26	-	-	-	-
Debentures	-	-	125.08	125.08	-	-	132.55	132.55
Preference Shares**	-	-	-	-	-	-	-	-
Assets at FVOCI								
Derivative financial instruments	-	8,574.02	-	8,574.02	-	5,079.87	-	5,079.87
Assets at FVTPL								
Derivative financial instruments	-	407.59	-	407.59	-	430.30	-	430.30
Liability at FVOCI								
Derivative financial instruments	-	386.58	-	386.58	-	205.64	-	205.64
Liability at FVTPL								
Derivative financial instruments	-	590.37	-	590.37	-	347.50	-	347.50

** includes investments in Universal Commodity Exchange Ltd of ₹ 16.00 crores, fair valued at Nil*

*** represents investments in Reedemable Prefernce Shares' of Rattan India Power Limited of ₹ 43.30 crores, fair valued at Nil*

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

(A) Investment in Quoted Equity Investments - Level 1 - Investment in listed equity instruments are measured at their readily available quoted price in the market.

(B) Derivative Financial Instruments - Level 2 - The fair value has been determined on the basis of mark to market value provided by the banks that have contracted to hedge the underlying risk. Such valuation is calculated using market observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract and implied volatilities.

(C) Investment in Perpetual Bond - Level 3 - The Company had made investments in perpetual bonds of Canara Bank and UCO Bank which are quoted on NSE/BSE. The Company had checked for active market transactions for such bonds. However, there was no history of any market activity in these bonds held by the Company, and therefore, quoted price for such bonds was not available. The Company had checked 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.

(D) Investment in Unquoted Equity of Universal Commodity Exchange Limited (UCX) - Level 3 - Investment in unquoted equity shares of UCX is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern.

(E) Investment in Unquoted Equity of Energy Efficiency Services Limited (EESL) - Level 3 - Investment in unquoted equity shares of EESL is classified as Level 3. EESL ceases to be a Joint Venture (JV) with effect from September 01, 2021. The fair value has been calculated on the basis of Net Asset Value (NAV) as stated in latest available Financial Statement of the investee company.

(F) Investment in Unquoted Equity of Jhabua Power Limited (JPL) and Ind Bharat Energy Utkal Limited (IBEUL)- Level 3 - Investment in unquoted equity shares of JPL and IBEUL are classified as Level 3. The company has been alloted equity shares of the borrower companies pursuant to their respective resolution plans. Their respective fair value has been calculated on the basis of Net Asset Value (NAV) as stated in latest available Financial Statement of these investee companies.

Notes to Accounts

(G) 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 alloted OCCRPS of the borrower company pursuant to One Time Settlement arrangement executed on 23rd December 2019. The fair value has been taken as Nil as future cash flows are uncertain in such instruments. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

(H) Investment in Optionally Convertible Debentures of Essar Power Transmission Limited - Level 3 - Investment in unquoted Optionally Convertible Debentures (OCDs) of Essar Power Transmission Limited are classified as Level 3, which have been alloted to the Company upon implementation of restructuring plan with the borrower. The fair value has been derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

(I) Investment in Optionally Convertible Debentures of R.K.M PowerGen Private Limited - Level 3 - Investment in unquoted Optionally Convertible Debentures (OCDs) of R.K.M PowerGen Private Limited are classified as Level 3, which have been alloted to the Company upon implementation of restructuring plan with the borrower. The fair value has been taken as Nil as such debentures are unsustainable in nature and future cash flows are uncertain. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

51.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	For the Year ended 31st March 2023				
	FVTPL (ii)			FVOCI (iii)	Total
	Investment in Perpetual Bonds	Investment in Preference Shares*	Investment in OCDs	Investment in Unquoted Equity Shares	
Opening Balance	**-**	**-**	**132.55**	**214.74**	**347.29**
Received in Loan Settlement (Refer Note 9.3)	-	-	-	182.36	182.36
Investment/ (Settlement)	428.00	-	(26.66)	-	401.34
Transfer in Level 3	-	-	-		-
Transfer from Level 3	-	-	-	-	-
Interest income (i)	9.26	3.24	19.19	-	31.69
Fair value changes	-	(3.24)	-	(82.62)	(85.86)
Closing Balance	**437.26**	**-**	**125.08**	**314.48**	**876.82**
Unrealised gain (loss) at year-end	**9.26**	**-**	**11.46**	**(98.62)**	**(77.90)**

(₹ in Crores)

Particulars	For the Year ended 31st March 2022					
	FVTPL (ii)			FVOCI (iii)		Total
	Investment in Perpetual Bonds	Investment in Preference Shares	Investment in OCDs	Investment in Venture Capital Fund	Investment in Equity Shares	
Opening Balance	**-**	**42.99**	**143.06**	**-**	**-**	**186.05**
Received in Loan Settlement (Refer Note 9.3)	-	-	-	-	-	-
Investment/ (Settlement)	-	-	(41.95)	-	-	(41.95)
Transfer in Level 3	-	-	-	-	218.10	218.10
Transfer from Level 3	-	-	-	-	-	-
Interest income (i)	-	6.02	21.13	-	-	27.15
Fair value changes	-	(49.01)	10.31	-	(3.36)	(42.06)
Closing Balance	**-**	**-**	**132.55**	**-**	**214.74**	**347.29**
Unrealised gain (loss) at year-end	**-**	**(32.42)**	**12.49**	**-**	**(19.36)**	**(39.29)**

Refer Note No. 10.5 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

** represents investments in Reedemable Prefernce Shares' of Rattan India Power Limited of ₹ 43.30 crores, fair valued at Nil*

(i) forms part of line item 'Interest Income' in the Standalone Statement of Profit and Loss.

(ii) Fair value gain/ (loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Standalone Statement of Profit and Loss.

(iii) Fair value gain/ (loss) on Investments at FVOCI forms part of line item 'Changes in Fair Value of FVOCI Equity Instruments' in the Standalone Statement of Profit and Loss.

Notes to Accounts

51.3 There were no transfers between Level 1 and Level 2 during the year

51.4 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	39.00	39.00	126.40	126.40
Bank balances (other than cash and cash equivalents)	1,948.34	1,948.34	2,295.30	2,295.30
Loans	422,083.91	421,931.84	371,930.54	372,175.00
Investments	2,166.52	2,166.26	1,707.54	1,726.25
Other financial assets	24,400.28	24,397.87	24,396.94	24,396.79
Total	**450,638.05**	**450,483.31**	**400,456.72**	**400,719.74**
Financial liabilities				
Debt securities	236,948.99	230,605.86	219,633.57	221,226.21
Borrowings (other than debt securities)	137,114.13	137,862.23	106,651.59	107,306.18
Subordinated liabilities	6,773.30	6,963.79	6,816.47	7,131.25
Other financial liabilities	25,174.58	25,174.58	25,575.84	25,575.84
Total	**406,011.00**	**400,606.47**	**358,677.47**	**361,239.47**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, contract assets and contract liability without a specific maturity.

Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2023 was assessed to be insignificant.

Investment in Govt. Securities (G-SEC) and State Development Loan (SDL)

The Company has made investments in G-Sec and SDL in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The market price of Government of India securities and state development loan is available as at reporting date and accrued interest from last coupon date to the reporting date is added to market price.

Notes to Accounts

Investment in PSU Bonds

The Company has made investments in PSU Bonds in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The company has computed fair value using market inputs i.e., Yield of G-Sec bonds for similar remaining maturity or credit rating wise spread for PSUs for remaining maturity as per industry practice.

Investments in securities issued by Borrower entities at the time of Loan Settlement/ Resolution

The fair value has been derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

52 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2023 (previous year Nil). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

53 Related Party Disclosures :

53.1 List of Related Parties

(1) Key Managerial Personnel

Sh. S.K.G Rahate	Chairman & Managing Director (ceased w.e.f May 10, 2022)
Sh. Ravinder Singh Dhillon	Chairman & Managing Director (from May 10, 2022 to May 16, 2022)
Sh. Vivek Kumar Dewangan	Chairman & Managing Director (w.e.f May 17, 2022)
Sh. Ajoy Choudhury	Director (Finance)
Sh. V.K. Singh	Director (Technical) (w.e.f. July 15, 2022)
Smt. Parminder Chopra	PFC Nominee Director (Non-executive Director)
Sh. Vishal Kapoor	Govt. Nominee Director (ceased w.e.f September 14, 2022)
Sh. Piyush Singh	Govt. Nominee Director (w.e.f September 14, 2022)
Dr. Gambheer Singh	Part Time Non-Official Independent Director
Dr. Manoj M. Pande	Part Time Non-Official Independent Director
Dr. Durgesh Nandini	Part Time Non-Official Independent Director
Sh. Narayanan Thirupathy	Part Time Non-Official Independent Director (w.e.f. March 6, 2023)
Sh. J.S. Amitabh	Executive Director & Company Secretary

(2) Ultimate Holding Company

Power Finance Corporation Ltd.

(3) Subsidiary Company

REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

(4) Associate Companies of REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

Chandil Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

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Koderma Transmission Limited

Bidar Transmission Limited

Ramgarh II Transmission Limited (incorporated on April 20, 2022)

Beawar Transmission Limited (incorporated on April 27, 2022)

Sikar Khetri Transmission Limited (incorporated on May 06, 2022)

Luhri Power Transmission Limited (incorporated on October 28, 2022)

Meerut Shamli Power Transmission Limited (incorporated on December 14, 2022)

NERES XVI Power Transmission Limited (incorporated on January 10, 2023)

Khavda II-D Transmission Limited (incorporated on April 25, 2022 and under the process of striking off the name of Company from the records of Registrar of Companies)

Rajgarh Transmission Limited (transferred on May 30, 2022)

Neemuch Transmission Limited (incorporated on April 12, 2022 and transferred on August 24, 2022)

ER NER Transmission Limited (transferred on October 10, 2022)

GADAG II-A Transmission Limited (transferred on November 08, 2022)

WRSR Power Transmission Ltd. (incorporated on September 22, 2022 and transferred on January 18, 2023)

MP Power Transmission Package-I Limited (transferred on January 21, 2023)

Khavda II-B Transmission Limited (incorporated on April 21, 2022 and transferred on March 21, 2023)

Khavda II-C Transmission Limited (incorporated on April 22, 2022 and transferred on March 21, 2023)

KPS3 Transmission Limited (incorporated on April 29, 2022 and transferred on March 21, 2023)

Khavda RE Transmission Limited (incorporated on May 02, 2022 and transferred on March 21, 2023)

KPS2 Transmission Limited (incorporated on May 04, 2022 and transferred on March 21, 2023)

ERWR Power Transmission Ltd. (incorporated on September 27, 2022 and transferred on March 21, 2023)

Khavda II-A Transmission Limited (incorporated on April 19, 2022 and transferred on March 28, 2023)

KPS1 Transmission Limited (incorporated on May 06, 2022 and transferred on April 20, 2023)

(5) Employment Benefit Trusts/ Funds

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Employees' Benevolent Fund

REC Retired Employees' Medical Trust

(6) Society registered for undertaking CSR Initiatives

REC Foundation

(7) Other Companies in which Key Managerial Personnel are Directors

Samarpan Hospitals Private Limited

Nellore Transmission Limited (Related Party w.e.f July 15, 2022)

Energy Efficiency Services Limited (Related Party ceased w.e.f July 28, 2022)

NTPC Limited (Related Party w.e.f September 14, 2022)

Jammu and Kashmir State Power Trading Company Limited (Related Party w.e.f January 18, 2023)

Notes to Accounts

(8) Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

(a) Key Managerial Personnel of Ultimate Holding Company

Sh. Ravinder Singh Dhillon	Chairman & Managing Director
Smt. Parminder Chopra	Director (Finance)
Sh. Rajiv Ranjan Jha	Director (Projects)
Sh. Manoj Sharma	Director (Commercial) (w.e.f August 29, 2022)
Sh. Vishal Kapoor	Govt. Nominee Director (ceased w.e.f upto June 08, 2022)
Sh. Ajay Tewari	Govt. Nominee Director (w.e.f. June 09, 2022)
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director (ceased w.e.f upto July 11, 2022)
Adv. Bhaskar Bhattacharya	Part Time Non-Official Independent Director
Smt. Usha Sanjeev Nair	Part Time Non-Official Independent Director
Shri. Prasanna Tantri	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCL)

PFC Projects Limited (formerly Coastal Karnataka Power Ltd.) subsidiary w.e.f June 30, 2022

(c) Associate Companies of Ultimate Holding Company

Bihar Mega Power Limited

Orissa Integrated Power Limited

Jharkhand Infrapower Limited

Coastal Tamil Nadu Power Limited

Bihar Infrapower Limited

Deoghar Infra Limited

Sakhigopal Integrated Power Company Limited

Ghogarpalli Integrated Power Company Limited

Odisha Infrapower Limited

Deoghar Mega Power Limited

Cheyyur Infra Limited

Ananthpuram Kurnool Transmission Limited

Chhatarpur Transmission Limited

Siot Transmission Limited (incorporated on 27.04.2022)

Fatehgarh III Beawar Transmission Limited (incorporated on 05.05.2022)

Beawar Dausa Transmission Limited (incorporated on 06.05.2022)

Fatehgarh III Transmission Limited (incorporated on 18.05.2022)

Bhadla III Transmission Limited (incorporated on 27.05.2022)

Fatehgarh IV Transmission Limited (incorporated on 08.06.2022)

Khandukhal Rampura Transmission Limited (incorporated on 13.05.2022 and transferred on 07.10.2022)

Dharamjaigarh Transmission Limited (incorporated on 18.11.2022 and transferred on 28.03.2023)

Raipur Pool Dhamtari Transmission Limited (incorporated on 18.11.2022 and transferred on 28.03.2023)

Notes to Accounts

Khetri-Narela Transmission Limited (transferred on 11.05.2022)

Mohanlalganj Transmission Limited (transferred on 30.05.2022)

Kishtwar Transmission Limited (transferred on 06.12.2022)

Bhadla Sikar Transmission Limited (transferred on 28.03.2023)

Tatiya Andhra Mega Power Limited (Striked off from the records of Registrar of Companies on 27.09.2022)

Coastal Maharashtra Mega Power Limited (Striked off from the records of Registrar of Companies on 29.09.2022)

Chhattisgarh Surguja Power Limited (Striked off from the records of Registrar of Companies on 11.01.2023)

Shongtong Karcham-Wangtoo Transmission Limited (Striked off from the records of Registrar of Companies on 13.01.2023)

Tanda Transmission Company Limited (Striked off from the records of Registrar of Companies on 13.01.2023)

Bijawar-Vidarbha Transmission Limited (under process of striking off the name from the records of Registrar of Companies))

(e) Other Companies in which Key Managerial Personnel of Ultimate Holding Company are Directors

PTC India Limited

Energy Efficiency Services Limited (Related Party w.e.f September 29, 2022)

SJVN Limited (Related Party w.e.f December 01, 2022)

53.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Power Finance Corporation Limited (PFC)		
Other Financial Assets	3.54	-
RECPDCL		
Debt Securities	45.44	57.44
Other Financial Assets	6.70	5.98
Other Financial Liabilities	1.43	6.10
Employment Benefit Trusts/ Funds		
Debt Securities	3.70	8.70
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Provisions	2.68	1.05
Other financial assets	15.11	-
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Debt Securities	1.80	1.90
Key Managerial Personnel (KMP)		
Debt Securities	0.05	0.16
Staff Loans & Advances	0.22	0.18
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Debt Securities	0.17	0.17
REC Foundation		
Other Non Financial Assets	-	1.20
Companies in which KMP/ KMP-PFC are Directors		
Investment in Equity Shares of Energy Efficiency Services Limited (EESL) (Carried at Fair Value)	140.43	214.74
Other Financial Assets- NTPC Limited	5.24	-
Other Financial Assets- SJVN Limited	0.36	-

Notes to Accounts

53.3 Maximum amount of loans/ advances/ investments outstanding during the year:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
RECPDCL		
Debt Securities	57.44	57.44
Loans & Advances to Subsidiaries	6.70	5.98
Investment	0.10	0.10
Employment Benefit Trusts/ Funds		
Debt Securities	8.70	8.70
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Debt Securities	1.90	4.10
Key Managerial Personnel (KMP)		
Debt Securities	0.16	0.16
Staff Loans & Advances	0.39	0.35
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Debt Securities	0.17	0.17
Companies in which KMP/ KMP-PFC are Directors		
Investment in Equity Shares of Energy Efficiency Services Limited (EESL)	175.27	247.23

53.4 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Power Finance Corporation Limited (PFC)		
Dividend Paid	1,642.40	1,269.22
Directors' Sitting Fee	-	0.08
Recovery of Expenses incurred in Govt. Programmes	3.54	-
Finance Cost on Loan Repayable on Demand from PFC	-	14.47
RECPDCL		
Govt. funds disbursed	0.18	0.11
Redemption of the bonds of Company	12.00	-
Apportionment of Employee Benefit and Other Expenses	18.37	19.97
Dividend Income	27.45	22.43
Rental Income	4.34	4.88
Other Income	2.58	-
Finance Costs - Interest Paid	4.51	4.56
Other Expenses	3.54	12.45
Employment Benefit Trusts/ Funds		
Contributions made by the Company	31.25	18.28
Redemption of the bonds of Company	5.00	-
Finance Costs - Interest Paid	3.28	3.28
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Redemption of the bonds of Company	0.10	2.20
Finance Costs - Interest Paid	0.16	0.38
Key Managerial Personnel (KMP)		
Repayment/ Recovery of Staff Loans & Advances	0.12	0.10

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(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Repayment/ Recovery of Debt Securities	0.10	-
Interest Income on Staff Loans	0.03	0.04
Finance Costs - Interest Paid	0.06	0.07
Employee Benefits Expense - Managerial Remuneration	2.84	3.05
Directors' Sitting Fee	0.38	0.12
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Finance Cost	0.01	0.01
REC Foundation		
Payment towards Corporate Social Responsibility (CSR) Expenses	151.95	112.00
Companies in which KMP/ KMP-PFC are Directors		
Rental Income from NTPC Limited	14.58	-
Recovery of Expenses incurred in Govt. Programmes- NTPC Limited	0.30	-
Recovery of Expenses incurred in Govt. Programmes- SJVNL	0.30	-
Finance Cost on bonds of the company- NHPC Limited	-	0.35
Dividend Income on equity shares of NHPC Limited	-	4.13

53.5 Terms and conditions of transactions with related parties

The transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans & advances to Key Managerial Personnel are in line with the service rules of the Company. The finance costs paid to the related parties are on account of their investments in the debt securities of the Company. The interest rate payable on such debt securities is uniformally applicable to all the bondholders. The Company also makes advances to its subsidiary company on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary company at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

53.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(i)	Short-term employee benefits	2.65	2.91
(ii)	Post employment benefits	0.19	0.14
	Total	**2.84**	**3.05**

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

53.7 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

Entities/ Companies in the Group are Central Public Sector Undertaking (CPSU) controlled by Central Government. List of Government related entities with which the Group has done transactions, includes but not limited to:

Bihar Grid Company Ltd.	Power Grid Corporation of India Ltd.
Damodar Valley Corporation	Broadcast Engineering Consultants India Ltd.
Nabinagar Power Generating Co. Pvt. Ltd.	India Tourism Development Corporation Ltd.
Neyveli Uttar Pradesh Power Ltd	Balmer Lawrie & Co. Ltd.
NTPC Tamil Nadu Energy Company Ltd.	Mahanagar Telphone Nigam Ltd.
Patratu Vidut Utpadan Nigam Ltd.	National Informatic Centre Services Inc.(NICSI)
THDC India Ltd.	MSTC Ltd.
SJVN Thermal Pvt. Ltd.	WAPCOS Ltd.
NHPC Ltd.	Power Foundation of India

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Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Disbursement of Loans	3,857.30	2,059.64
Interest income recognised	1,709.48	1,829.69
Other Expenditure- REC's contribution to Power Foundation	8.00	5.00

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Loan Assets	20,902.65	17,854.95
Interest Accrued	12.99	4.52

Refer Note No. 11, 18, 20, 31 and 44 in respect of material transactions with the Central Govt.

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Group has also entered into other transactions such as administrative expenses, expenses on Govt. Programmes, etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

54 Disclosures in respect of Ind AS 116 'Leases'

During the year ended 31st March, 2023, the expenses relating to short-term leases are ₹6.96 crores (previous year ₹6.21 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹6.97 crores. (previous year ₹6.23 crores).

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the year:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**0.03**	**0.05**
Finance Cost accrued during the year	-	-
Payments made during the year	(0.01)	(0.02)
Closing Balance	**0.02**	**0.03**

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Upto 1 year	0.02	0.02
1-5 years	-	0.02
More than 5 years	-	-

55 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

55.1 Defined Contribution Plans

A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate registered trust which invests the funds in permitted securities. The trust must declare the rate of interest on contribution to the members based upon the returns earned on its investments during the year, subject to minimum interest rate prescribed by Employees' Provident Fund Organisation. Any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Company has recognised an expense of ₹13.4 crores (previous year ₹11.18 crores) towards defined contribution plans

Notes to Accounts

55.2 Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation	29.23	30.43
Fair Value of Plan Assets	26.55	30.09
Net Defined Benefit (Asset)/ Liability	2.68	0.34

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 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**30.43**	**32.44**	**30.09**	**30.25**	**0.34**	**2.19**
Included in profit or loss						
Current service Cost	1.42	1.79	-	-	1.42	1.79
Past service cost	2.16	-	-	-	2.16	-
Interest cost / income	2.07	2.17	2.22	2.11	(0.15)	0.06
Total amount recognised in profit or loss	**5.65**	**3.96**	**2.22**	**2.11**	**3.43**	**1.85**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	0.10	(0.65)	-	-	0.10	(0.65)
-Actuarial loss (gain) arising from Experience adjustments	(1.09)	(0.29)	-	-	(1.09)	(0.29)
Return on plan assets excluding interest income	-	-	(0.29)	(0.18)	0.29	0.18
Total amount recognised in OCI	**(0.99)**	**(0.94)**	**(0.29)**	**(0.18)**	**(0.70)**	**(0.76)**
Contribution by employers	-	-	0.39	2.94	(0.39)	(2.94)
Benefits paid	(5.86)	(5.03)	(5.86)	(5.03)	-	-
Closing Balance	**29.23**	**30.43**	**26.55**	**30.09**	**2.68**	**0.34**

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 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation	164.67	165.51
Fair Value of Plan Assets	179.78	164.80
Net Defined Benefit (Asset)/ Liability	(15.11)	0.71

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 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**165.51**	**151.69**	**164.80**	**144.06**	**0.71**	**7.63**
Included in profit or loss						
Current service Cost	3.64	3.29	-	-	3.64	3.29
Past service cost	-	2.50	-	-	-	2.50
Interest cost / income	11.83	10.31	12.15	10.07	(0.32)	0.24
Total amount recognised in profit or loss	**15.47**	**16.10**	**12.15**	**10.07**	**3.32**	**6.03**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	1.45	(4.08)	-	-	1.45	(4.08)
- Actuarial loss (gain) arising from changes in demographic assumptions	-	3.75			-	3.75
-Actuarial loss (gain) arising from Experience adjustments	(5.71)	10.58	-	-	(5.70)	10.59
Return on plan assets excluding interest income	-	-	2.04	2.90	(2.04)	(2.90)
Total amount recognised in OCI	**(4.26)**	**10.25**	**2.04**	**2.90**	**(6.29)**	**7.36**
Contribution by participants	0.11	0.15	0.10	0.06	0.01	0.09
Contribution by employers	-	-	0.69	7.71	(0.70)	(7.72)
Benefits paid	(12.16)	(12.68)	-	-	(12.16)	(12.68)
Closing Balance	**164.67**	**165.51**	**179.78**	**164.80**	**(15.11)**	**0.71**

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 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation		
- ERS	4.17	4.15

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**4.15**	**4.13**
Included in profit or loss		
Current service Cost	0.25	0.20
Interest cost / income	0.28	0.26
Total amount recognised in profit or loss	**0.53**	**0.46**
Included in OCI		
- Actuarial loss (gain) arising from changes in financial assumptions	0.07	(0.06)
-Actuarial loss (gain) arising from Experience adjustments	0.33	0.89
Total amount recognised in OCI	**0.40**	**0.83**
Benefits paid	(0.91)	(1.27)
Closing Balance	**4.17**	**4.15**

Notes to Accounts

55.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(v) Employee Turnover/ Withdrawl risk

The present value of the defined benefit plan liability is calculated by reference to the expected withdrawl rate in the future. As such, if the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the plan's liability.

55.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity		PRMF	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Cash & Cash Equivalents	0.06	0.38	0.20	0.11
Quoted Plan Assets				
Equity Instruments	0.99			
State Government Debt Securities	10.28		40.80	22.58
Corporate Bonds/ Debentures	9.35	-	138.78	142.11
Sub-total - Quoted Plan Assets	**20.62**	**-**	**179.58**	**164.69**
Unquoted Plan Assets				
Others - Insurer managed funds & T-bills	5.87	29.71	-	-
Sub-total - Unquoted Plan Assets	**5.87**	**29.71**		
Total	**26.55**	**30.09**	**179.78**	**164.80**

Actual return on plan assets is ₹16.12 crores (previous year ₹14.90 crores).

55.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31st March, 2023 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 (PUCM). The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Method Used	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**
Discount Rate & Expected Return on Plan Assets, if funded	7.31%	7.37%	7.31%	7.37%	7.31%	7.37%
Future Salary Increase / medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	17.72	17.35	17.72	17.35	17.72	17.35

The principal assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

Notes to Accounts

55.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(0.84)	0.91	(0.80)	0.85
- PRMS	(12.10)	12.60	(12.16)	12.66
- ERS	(0.15)	0.17	(0.15)	0.17
Salary Escalation Rate (0.50% movement)				
- Gratuity	0.21	(0.18)	0.19	(0.21)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.15	(0.14)
Medical inflation Rate (0.50% movement)				
- PRMS	11.62	(10.52)	11.68	(10.57)
Medical Cost (10% movement)				
- PRMS	16.89	(16.19)	16.98	(16.28)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

55.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Less than 1 year	6.43	4.71	13.98	14.02	1.12	1.11
From 1 to 5 years	16.12	17.61	78.64	83.46	2.33	3.60
Beyond 5 years	35.29	32.92	306.56	327.63	3.11	4.74
Total	**57.84**	**55.24**	**399.18**	**425.11**	**6.56**	**9.45**

55.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Expected contribution	3.77	1.76	-	4.35	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 11.18 years (as at 31.03.2022 - 12.20 years).

55.3 Other Long-term Employee Benefits

55.3.1 Earned Leave and Half Pay Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. Total expenses amounting to ₹ 4.77 crores (Previous year ₹ 8.98 crores) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

Notes to Accounts

55.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹0.47 crores (previous year Nil) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

55.4 Employee benefits including Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits in respect of Company's employees working in its wholly-owned subsidiary on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

56 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

Status of Documentation Subsequent to Reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union Territories (UTs) – Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of J&K have been restructured vide unbundling order dated 23rd October 2019. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documentation, the existing loans for Generation, T&D and Govt. schemes are being serviced / repaid in line with the existing loan agreements.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

57 Modifications in the Significant Accounting Policies

The policy on lease accounting has been added. Further, certain accounting policies have also been reworded to bring in more clarity and align with Company's practice. There is no financial impact of such modifications carried out in the accounting policies.

58 Provisions, Contingencies and Impairment loss allowances debited to Standalone Statement of Profit and Loss

(₹ in Crores)

	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i)	Impairment Loss Allowance for loans*	105.14	3,434.36
(ii)	Impairment Loss Allowance for Investments	-	28.72
(iii)	Impairment Loss Allowance for Other Receivables	9.77	10.23
(iv)	Provision made for Income Tax	2,684.13	2,378.98

** includes ₹ -5.03 crores (Previous year ₹ 11.81 crores) towards impairment allowance on Letter of Comfort.*

59 The Company's operation comprise of only one business segment - lending to power, logistic and infrastructure sector. Hence, there is no other reportable segement in terms of Indian Accounting Standard (Ind-AS) 108 "Operating Segments". Based on "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

Notes to Accounts

59.1 Information about Revenue from major products and services

(₹ in Crores)

	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(A)	Income from Loan Assets	38,701.63	38,522.97
(B)	Fee for Implementation of Govt. Schemes	122.21	15.23
(C)	Income from Treasury Operations	297.20	227.86
	Total	**39,121.04**	**38,766.06**

59.2 The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

59.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2022-23 and 2021-22

60 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

	Particulars	As at 31.03.2023		As at 31.03.2022	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months
	ASSETS				
(1)	**Financial Assets**				
(a)	Cash and cash equivalents	39.00	-	126.40	-
(b)	Bank balances other than (a) above	1,948.34	-	2,295.30	-
(c)	Derivative financial instruments	2,331.97	6,649.64	343.37	5,166.80
(d)	Loans	65,372.90	356,711.01	39,144.60	332,785.94
(e)	Investments	46.23	3,091.75	61.28	2,096.69
(f)	Other financial assets	257.00	24,143.28	255.77	24,141.17
	Total - Financial Assets (1)	**69,995.44**	**390,595.68**	**42,226.71**	**364,190.61**
(2)	**Non-Financial Assets**				
(a)	Current tax assets (net)	-	295.78	-	179.64
(b)	Deferred tax assets (net)	-	3,276.99	-	3,134.74
(c)	Investment Property	-	-	-	-
(d)	Property, Plant & Equipment	-	638.91	-	623.67
(e)	Capital Work-in-Progress	-	2.72	-	6.07
(f)	Other Intangible Assets	-	1.62	-	4.25
(g)	Other non-financial assets	62.39	7.26	37.87	8.19
	Total - Non-Financial Assets (2)	**62.39**	**4,223.28**	**37.87**	**3,956.56**
(3)	**Assets classified as held for sale**	**0.34**	**-**	**0.86**	**-**
	Total ASSETS (1+2+3)	**70,058.17**	**394,818.96**	**42,265.44**	**368,147.17**
	LIABILITIES				
(1)	**Financial Liabilities**				
(a)	Derivative financial instruments	63.11	913.84	18.89	534.25
(b)	Debt Securities	39,879.40	197,069.59	29,639.43	189,994.14
(c)	Borrowings (other than debt securities)	40,338.84	96,775.29	22,529.92	84,121.67
(d)	Subordinated Liabilities	2,796.90	3,976.40	296.95	6,519.52
(e)	Other financial liabilities	1,065.28	24,109.30	1,466.54	24,109.30
	Total - Financial Liabilities (1)	**84,143.53**	**322,844.42**	**53,951.73**	**305,278.88**

Notes to Accounts

Particulars		As at 31.03.2023		As at 31.03.2022	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months
(2)	**Non-Financial Liabilities**				
(a)	Current tax liabilities (net)	-	-	10.25	-
(b)	Provisions	60.64	50.30	57.00	47.51
(c)	Other non-financial liabilities	49.21	49.36	52.40	29.24
	Total - Non-Financial Liabilities (2)	**109.85**	**99.66**	**119.65**	**76.75**
	Total LIABILITIES (1+2)	**84,253.38**	**322,944.08**	**54,071.38**	**305,355.63**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

61 There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

62 The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.

63 The disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 have been made in Note No. 3, 8, 9, 10, 19.1, 26.1, 43, 46, 47.1.3 (N), 47.1.3 (O), 47.1.3 (P), 47.1.3 (R), 47.1.3 (S), 47.1.3 (T), 47.1.3 (U), 47.1.3 (V), 47.2.2, 47.2.4, 47.3, 48, 49, 50, 53, 57, 58, 61, 62, 64, 66.

64 No penalties have been levied on the Company by any regulator during the year ended 31st March 2023 (previous year Nil).

However, during the year, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) imposing a total fine of ₹0.43 crores (previous year ₹0.76 crores) (inclusive of GST) for non-compliance on the corporate governance requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the position/quorum requirements of Board/ Committees, due to inadequate number of Independent Directors.

The Company has requested the Stock Exchanges to waive the fine since the power to appoint Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Independent Directors on the Board of the Company. As such, there is no violation on the part of the Company in the appointment of Independent Directors. The Company is hopeful of favorable outcome of its request to the Stock Exchanges in line with the earlier waivers of fine by BSE for similar reasons and the communication received from NSE to consider waiver after complying with the requirement.

65 During the year, the company does not have any transactions with the struck off companies except for equity shares held by five companies as on 31st March, 2023 (as on 31st March, 2022- five numbers), which are individually not material and thus have not been reported.

66 No complaints have been received by the company from the customers or Offices of Ombudsman during the year ended 31st March 2023 (previous year Nil).

67 Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 67 are an integral part of the Standalone Financial Statements.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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: Mumbai
Date: 17th May 2023

REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Annexure to be enclosed with Balance Sheet as at 31st March 2023

(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to REC Ltd.)

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	LIABILITIES SIDE:				
(1)	**Loans and advances availed by the NBFC**				
	inclusive of interest accrued thereon but not paid:				
	(a) Debentures/ Bonds :				
	- Secured	51,646.17	-	40,644.51	-
	- Unsecured	193,034.32	-	186,655.90	-
	(b) Term Loans				
	- Secured Loans from Financial Institutions	-	-	-	-
	- Unsecured Loans from NSSF	10,325.12		10,325.12	
	- Unsecured Loans from Banks	56,402.09		42,919.86	
	- Unsecured Loans from Financial Institutions	6,000.64		6,800.00	
	(c) Commercial Paper	-	-	-	-
	(d) Other Loans				
	- Foreign Currency Borrowings	45,783.55	-	35,687.77	-
	- FCNR (B) Loans	15,427.63	-	9,861.13	-
	- Overdrafts from Bank	87.59	-	-	-
	- Short Term Loans/ Loans Repayable on Demand	3,607.52		1,415.58	
	- Loan repayable on demand from Holding Company	-		-	
	- Lease Obligations	0.02		0.03	

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
	ASSETS SIDE :		
(2)	**Break-up of Loans and Advances including bills receivables**		
	(a) Secured	223,195.81	213,512.93
	(b) Unsecured	197,552.23	157,153.67
(3)	**INVESTMENTS :**		
	Current Investments:		
	Quoted:		
	(i) Shares : Equity	27.31	49.52
	Unquoted:		
	(i) Shares : Equity	174.05	-
	(ii) Debentures and Bonds	230.82	238.76
	Long Term Investments:		
	Quoted:		
	(i) Shares : Equity	67.23	53.52
	(ii) Debentures and Bonds	1,066.30	226.82
	(iii) Government Securities	1,431.74	1,374.51
	Unquoted:		
	(i) Shares : Equity	140.53	214.84

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

Particulars	AMOUNT NET OF PROVISIONS		
	Secured	Unsecured	Total
As at 31.03.2023			
1. Related Parties	-	-	-
2. Other than Related Parties	223,195.81	197,552.23	420,748.04
Total	**223,195.81**	**197,552.23**	**420,748.04**
As at 31.03.2022			
1. Related Parties	-	-	-
2. Other than Related Parties	213,512.93	157,153.67	370,666.60
Total	**213,512.93**	**157,153.67**	**370,666.60**

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2023		As at 31.03.2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	0.10	0.10	0.10	0.10
2. Other than Related Parties	3,137.62	3,137.88	2,176.58	2,157.87
Total	**3,137.72**	**3,137.98**	**2,176.68**	**2,157.97**

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
(i) Gross Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	14,892.08	17,159.89
(ii) Net Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	4,372.57	5,594.16
(iii) Asset acquired in satisfaction of debts	233.85	-

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)

Vivek Kumar Dewangan
Chairman & Managing Director

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: Mumbai
Date: 17th May 2023

Independent Auditors' Report

To the Members of
REC Limited

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of REC Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Change in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act")in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India, of the state of the affairs of the Company as at 31st March 2023, and its Profit (including other comprehensive income), changes in equity and 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. 47.1.3 to the standalone Ind AS Financial Statements regarding the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance in so far as it relates to technical aspects/parameters considered by independent agency and management judgement for ascertaining impairment allowance as management overlay.

Our opinion is not modified in respect of above matter.

Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matter	Auditor's Response
1.	**Impairment allowance of Loan Assets –** (Refer Note No. 47.1.3 to the Standalone Ind AS Financial Statements read with accounting policy No. 3.11) The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance.	**We have applied following audit procedures in this regard** a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b) Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/ performance aspects and assessment of the loan impairment considering management perception on the same. c) Recoveries are verified applying the standard audit procedures to ascertain level of stress. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters.

S. No.	Key Audit Matter	Auditor's Response
	The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management. Further the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case-to-case basis and wherever impairment impact needs to be changed the same is considered in the financial statements. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements i.e 90.79 % of total assets, the audit procedure for impairment of loan assets has been considered as Key Audit Matter in our audit.	d) Assessment of impairment based upon performance of the loan assets is carried out on the basis of relevant evidence on record provided to us. e) We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases. f) Components and calculations in the study for impairment allowance carried out by external agency are relied upon by us and test checks are carried out for the same. Such components are credit rating of borrowers (including ratings issued by Ministry of Power), calculation of probability of default/loan given defaults etc. Our audit procedure in the same are limited in view of reliance on report of the external agency. g) Further, the Management, pursuing a Board approved methodology reviews the impairment allowance in the report of the external agency and enhanced/reduced the impairment on case to case basis as management overlay. We have obtained a detailed analysis from the management for such changes. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report thereon

The Company's 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.

If, based on the work we have performed, 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure-A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. On the basis of information and explanations given to us by the company we are enclosing our report in Annexure-B on the directions/ sub-directions issued by Comptroller and Auditor General of India in terms of Section 143(5) of the Act.
3. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant rules.
   e) Vide Notification No. G.S.R. 463(E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and operative effectiveness of such controls , refer to our separate report in "Annexure-C";

g) Pursuant to Notification no. GSR463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 197 of the Act are not applicable to the government companies.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 42 to the standalone Ind AS financial statements;

(ii) According to the information and explanations given to us the Company did not have any long term contracts including derivative contracts for which there are any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented (refer Note 9.5) that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries ;

(b) The Management has represented (refer Note 9.5), that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 as amended and provided under (a) and (b) above, contain any material misstatement.

(v) The interim dividend declared and paid during the year by the company till the date of this report is in compliance with section 123 of the Companies Act, 2013

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 with respect to using accounting software for maintaining its books of account which has certain features e.g. edit log etc. as enumerated in aforesaid proviso is applicable to the Company with effect from 1st April 2023. Therefore, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDK8429

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFNH3625

Place : Mumbai
Date : 17th May 2023

Annexure-A to the Independent Auditor's Report

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of REC Limited for the Year ended on 31st March 2023.

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right of use asset.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment so as to cover all the assets in phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the records of the company we report that title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company except for the following.

(₹ in Crores)

Description of property	Gross carrying value	Held in the name of	Whether Promoter, Director or their relative or employee	Period held since	Reason for not being held in name of Company
Building	4.59	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Due to Pending formalities from Land & Development Officer. Office building allotted to the company at the SCOPE (a central government Complex) has not been registered in the name of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) As informed to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) We have been informed that the company has been sanctioned unsecured working capital limits in excess of five crore rupees during the year, in aggregate, from Banks. Since, the limits have been sanctioned as unsecured, reporting under clause 3(ii) (b) of the Order is not applicable

iii. During the year the Company has made investments in, provided guarantees and granted loans/advances in the nature of loans, secured/unsecured to companies, firms, Limited Liability Partnerships or any other parties., In this regard we report hereunder:

(a) The company is a registered NBFC with Reserve Bank of India with principal business of giving loans hence clause 3(iii)(a) of the Order is not applicable, .

(b) In our opinion, the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, during the year are, prima facie, not prejudicial to the Company's interest.

(c) Being a registered Non-Banking Financial Company (NBFC), the company grants its loans on stipulated terms and conditions for repayment of principal and interest. In respect of Loan assets except credit impaired assets, the repayments of principal amounts and receipts of interest are generally regular as per stipulation.

(d) We report that for provisioning on a credit impaired loan asset as Expected Credit Loss (ECL), a Board approved methodology is followed. The delay in repayments for more than 90 days from the stipulated due date results in classification of account as credit impaired. Overdue amounts for more than 90 days as at the end of the year are as under. Further, the company takes steps for recovery of the principal and interest as per its defined procedures which in our opinion are reasonable.

(₹ in Crores)

No. of cases	Principal Amount Overdue	Interest Overdue*	Total Overdue	Remarks (if any)
19	7,839.15	20,604.63	28,443.78	-

**The same has not been recognised as income as a matter of prudence as per accounting policies and practices of the Company.*

(e) Reporting under clause 3(iii)(e) of the Order is not applicable, since the principal business of the company is to give loans.

(f) As per the information and explanation provided to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year under audit. Hence, reporting under clause 3(iii)(f) is not applicable.

iv. In our opinion and according to information & explanations given to us with respect to the provisions of Section 185 of the Act, the Company has not granted any loan or guarantee covered under Section 185.

Further, in our opinion and according to information & explanations given to us, the Company, being a NBFC, is exempt from the provisions of Section 186 of the Act and the relevant rules in respect of loans and guarantees. In respect of the investments, the Company has complied with the provisions of section 186 (1) of the Act.

v. According to the information and explanations given to us, the Company has not accepted any deposits from public to which the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder are applicable.

vi. Being an NBFC company, clause 3(vi) of the Order is not applicable regarding maintenance of cost records under Companies (Cost Records and Audit) Rules, 2014, prescribed by the Central Government under Section 148 of the Companies Act, 2013.

vii. (a) On the basis of our checks and audit procedures we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed statutory dues in arrears as at 31st March, 2023 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 ₹29.25 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 (Under Protest)	Net Amount unpaid	Assessment Year to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax and interest	0.30	0.30	-	2008-09	Delhi High Court
Income Tax Act, 1961	Income tax and interest	0.32	0.32	-	2012-13	CIT (Appeals), Delhi
Income Tax Act, 1961	Income tax and interest	0.83	0.83	-	2012-13	Delhi High Court
Income Tax Act, 1961	Income tax and interest	87.68	87.68	-	2018-19	CIT (A), NFAC Delhi
Income Tax Act, 1961	Income tax and interest	87.96	58.74	29.22	2019-20	CIT (A), NFAC Delhi
Income Tax Act, 1961	Income tax and interest	20.13	20.13	-	2020-21	CIT (A), NFAC Delhi
Income Tax Act, 1961	Income tax and interest	1.66	1.66	-	2021-22	CIT (A), NFAC Delhi
Income Tax Act, 1961	TDS	0.03	-	0.03		CPC, TDS (As per TRACES)
Goods and Services Tax Act 2017	Goods and Services Tax Paid	17.89	17.89	-	FY 2017-18	Commissioner (Appeals), CGST Delhi Appeals
	Total	**216.80**	**187.55**	**29.25**		

viii As per Information and explanation given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) As per Information and explanation given to us and based on audit procedures, we are of the opinion that the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) As per Information and explanation given to us, the Company has not been declared willful defaulter by any bank or financial institution or any other lender.

(c) As per Information and explanation given to us, the term loans were applied for the purpose for which the loans were obtained.

(d) As per Information and explanation given to us and based on procedures performed by us and on the overall examination of the financial statements of the Company, the funds raised on short-term basis have, prima facie, have not been used during the year for long-term purposes by the Company on overall basis.

(e) As per Information and explanation given to us, on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) As per Information and explanation given to us and on an overall examination of the financial statements of the Company, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

x. (a) The Company did not raise any money by way of initial public offer or further public offer during the year. We have been informed and based on our audit procedures, we are of the opinion that money raised by the Company by way of debt instruments and term loans during the year were applied for the purposes for which it was raised.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instance of any material fraud by the Company or on the Company.

(b) As informed to us no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As informed to us there are no whistle blower complaints received by the Company during the year.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clauses 3 (xii) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the necessary disclosures have been made in the standalone Ind AS financial statements etc., as required by the applicable accounting standards.

xiv. (a) In our opinion the Company broadly has an adequate internal audit system incommensurate with the size and the nature of its business.
(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors, hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) We have been informed that the Company is registered as a non-banking finance company under section 45-IA of the Reserve Bank of India Act, 1934. The registration number issued to the company is 14.000011.

(b) According to the information and explanations given to us, the company has not conducted any non-banking financial or housing finance activities without a valid certificate of registration from the Reserve Bank of India as per Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the company is not a core investment company (CIC) as defined in the regulations made by the Reserve Bank Of India, hence reporting under clause 3 (xvi) (c) of the order is not applicable.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. We have been informed that there are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects or other than ongoing projects. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order is not applicable for the year.

xxi. The clause 3 (xxi) of the order is not applicable to the Standalone Financial Statements, hence no comment is given.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDK8429

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFNH3625

Place : Mumbai
Date : 17th May 2023

Annexure-I

Annexure-B to the Independent Auditor's Report

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of REC Limited for the Year ended on 31st March 2023.

Sl. No.	Directions	Action Taken	Impact on Standalone Ind As Financial Statements
A.	**Directions**		
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has oracle ERP R12 version to process all the accounting transactions through IT system. All the accounting, including at Regional and State offices is done through the centralized ERP system.	No impact on the standalone Ind AS Financial Statements
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for Statutory Auditor of lender company).	There has been no such case and the company has been regularly servicing its debt and borrowings obligations. Moreover, the company has properly accounted for the cases where any loans given by the company have been restructured/waived off/written off.	No impact on the standalone Ind AS Financial Statements
3.	Whether funds (grant/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	The Company has not received any funds for specific schemes from central/ state agencies for utilization. However, the company receives funds from government for its disbursements to various agencies as per specified schemes.	No impact on the standalone Ind AS Financial Statements

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDK8429

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFNH3625

Place : Mumbai
Date : 17th May 2023

Annexure-II

Compliance Certificate

We have conducted the audit of annual accounts of **REC Limited** for the year ended 31st March 2023 in accordance with direction/sub directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Direction/sub-directions issued to us.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDK8429

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFNH3625

Place : Mumbai
Date : 17th May 2023

Annexure-C to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of REC Limited the Company as of 31st March 2023 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:

a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b. 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

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2023, 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.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDK8429

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFNH3625

Place : Mumbai
Date : 17th May 2023

Non-Banking Financial Companies Auditor's Report for the year ended 31st March 2023

The Board of Directors,
REC Limited
Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003

We have audited the accompanying standalone financial statements of REC Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss and the Statement of Cash Flows and the Statement of changes in equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016" issued by Reserve Bank of India (RBI) vide notification no. DNBS.PPD.03/66.15.001/2016-17 dated 29th September, 2016 on the matters specified in para 3(A) and 3(C) of Chapter-II of the said Directions to the extent applicable to the company and according to the information and explanations given to us for the purpose of audit, we report that:

1. The Company had been granted registration under section 45-IA of the Reserve Bank of India Act, 1934 on 10th February 1998 vide Certificate of Registration No. 14.000011. RBI issued further Certificate dated 17th September 2010 in lieu of earlier certificate having categorized REC Ltd as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated 12th February, 2010. Consequent upon change of name of the Company from Rural Electrification Corporation Limited to REC Limited, RBI has issued fresh certificate of registration bearing no. 14.000011 dated 28th November 2018 with the name of REC Limited.
2. The company is entitled to continue to hold such registration in terms of its asset/ income pattern as on 31st March 2023.
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 21st March 2022, has passed resolution for non-acceptance of any public deposits for the Financial Year 2022-23.
5. The Company has not accepted any public deposits during the financial year 2022-23.
6. The financial statements of the Company for the year 2022-23 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 does 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 master directions 2016. Nevertheless the company is complying with the directions of the RBI vide Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 with respect to adherence to difference in provisioning between IRACP norms and ECL methodology of the company.
7. a) In our opinion, the Capital Adequacy ratio as disclosed in the Return submitted to RBI in Form NBS-7 (DNBS03) 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 (DNBS03 return) as on 31st March 2023 has been filed by company on 13th April 2023 on the basis of the provisional financial results.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDM9520

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Atul Aggarwal
Designation : Partner
Membership Number : 092656
UDIN : 23092656BGUFN17396

Place : Mumbai
Date : 17th May 2023

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 2023.

The preparation of financial statements of REC Limited for the year ended 31 March 2023 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 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of REC Limited for the year ended 31 March 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Sanjay K. Jha)
Director General of Audit (Energy)

Place : New Delhi
Dated : 31 July 2023

Consolidated Balance Sheet as at 31st March, 2023

(₹ in Crores)

Sl. No.	Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	6	48.70	140.99
(b)	Bank balances other than (a) above	7	2,346.91	2,518.96
(c)	Trade receivables	8	113.00	94.55
(d)	Derivative financial instruments	9	8,981.61	5,510.17
(e)	Loans	10	422,083.91	371,930.54
(f)	Investments	11	3,170.00	2,190.44
(g)	Other financial assets	12	24,422.54	24,415.31
	Total - Financial Assets (1)		***461,166.67***	***406,800.96***
(2)	**Non-Financial Assets**			
(a)	Current tax assets (net)	13	305.95	191.56
(b)	Deferred tax assets (net)	14	3,307.56	3,160.12
(c)	Property, Plant & Equipment	15	639.17	624.04
(d)	Capital Work-in-Progress	15	2.72	6.07
(e)	Other Intangible Assets	15	1.63	4.28
(f)	Other non-financial assets	16	74.40	68.68
	Total - Non-Financial Assets (2)		***4,331.43***	***4,054.75***
(3)	**Assets classified as held for sale**	17	**4.65**	**4.38**
	Total ASSETS (1+2+3)		***465,502.75***	***410,860.09***
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Derivative financial instruments	9	976.95	553.14
(b)	Trade Payables			
	(i) total outstanding dues of MSMEs	18	-	-
	(ii) total outstanding dues of creditors other than MSMEs	18	41.68	36.48
(c)	Debt Securities	19	236,902.33	219,574.61
(d)	Borrowings (other than debt securities)	20	137,114.13	106,651.59
(e)	Subordinated Liabilities	21	6,773.30	6,816.47
(f)	Other financial liabilities	22	25,345.11	25,708.73
	Total - Financial Liabilities (1)		***407,153.50***	***359,341.02***
(2)	**Non-Financial Liabilities**			
(a)	Current tax liabilities (net)	23	10.65	10.25
(b)	Provisions	24	111.62	105.67
(c)	Other non-financial liabilities	25	106.45	89.04
	Total - Non-Financial Liabilities (2)		**228.72**	**204.96**
(3)	**Liabilities directly associated with assets classified as held for sale**	17	**0.02**	**0.01**
(4)	**EQUITY**			
(a)	Equity Share Capital	26	2,633.22	1,974.92
(b)	Instruments Entirely Equity In Nature	27	558.40	558.40
(c)	Other equity	28	54,928.89	48,780.78
	Total - Equity (4)		***58,120.51***	***51,314.10***
	Total - LIABILITIES AND EQUITY (1+2+3+4)		***465,502.75***	***410,860.09***
	Company Overview and Significant Accounting Policies	1 to 5		

Accompanying Notes to Financial Statements **1 to 73**

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

Consolidated Statement of Profit and Loss for the period ended 31st March, 2023

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2022	Year ended 31.03.2021
	Revenue from Operations			
(i)	Interest Income	29	38,846.34	38,194.49
(ii)	Dividend Income	30	11.89	4.21
(iii)	Fees and Commission Income	31	287.17	572.82
(iv)	Net gain/ (loss) on fair value changes	37	45.31	346.57
(v)	Sale of services	32	287.55	150.96
I.	**Total Revenue from Operations (i to v)**		**39,478.26**	**39,269.05**
II.	Other Income	33	41.90	70.15
III.	**Total Income (I+II)**		**39,520.16**	**39,339.20**
	Expenses			
(i)	Finance Costs	34	23,733.33	22,050.96
(ii)	Net translation/ transaction exchange loss	35	1,114.04	799.05
(iii)	Fees and commission Expense	36	16.29	16.73
(iv)	Impairment on financial instruments	38	142.17	3470.02
(v)	Cost of services rendered	39	54.06	65.11
(vi)	Employee Benefits Expenses	40	204.10	180.84
(vii)	Depreciation and amortization	41	24.26	18.24
(viii)	Corporate Social Responsibility Expenses	42	203.91	172.35
(ix)	Other Expenses	43	130.33	123.56
IV.	**Total Expenses (i to ix)**		**25,622.49**	**26,896.86**
V.	**Profit before Tax (III-IV)**		**13,897.67**	**12,442.34**
VI.	**Share of Profit/Loss of Joint Venture accounted for using equity method**		**-**	**(11.81)**
VII.	**Profit before Tax (III-IV+VI)**		**13,897.67**	**12,430.53**
VIII.	**Tax Expense**	44		
(i)	Current Tax			
	- Current Year		2,720.50	3,069.23
	- Earlier Years		(147.45)	(3.96)
(ii)	Deferred Tax		157.64	(670.44)
	Total Tax Expense (i+ii)		**2,730.69**	**2,394.83**
IX.	Profit for the period		11,166.98	10,035.70
X.	Other comprehensive Income/(Loss)			
(i)	Items that will not be reclassified to profit or loss			
(a)	Re-measurement gains/(losses) on defined benefit plans		(5.99)	(8.33)
	- Tax impact on above		1.51	2.10
(b)	Changes in Fair Value of FVOCI Equity Instruments		(58.16)	22.19
	- Tax impact on above		(0.32)	2.55
	(c) Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		-	(0.02)
	Sub-Total (i)		**(62.96)**	**18.49**
(ii)	**Items that will be reclassified to profit or loss**			
(a)	Effective Portion of Cash Flow Hedges		542.33	480.84
	- Tax impact on above		(136.49)	(121.02)
(b)	Cost of hedging reserve		(1,755.82)	(584.51)
	- Tax impact on above		441.90	147.11
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		-	1.19
(d)	Income tax relating to these items			
	Sub-Total (ii)		**(908.08)**	**(76.39)**
	Other comprehensive Income/(Loss) for the period (i+ii)		**(971.04)**	**(57.90)**
XI.	**Total comprehensive Income for the period (IX+X)**		**10,195.94**	**9,977.80**
XII.	**Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)**	45		
(1)	For continuing operations		42.28	37.98
(2)	For discontinued operations		-	-
(3)	For continuing and discontinued operations		42.28	37.98
	Company Overview and Significant Accounting Policies	1 to 5		

For and on behalf of the Board

Accompanying Notes to Financial Statements **1 to 73**

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

Consolidated Statement of Cash Flows for the period ended 31st March 2023

(₹ in Crores)

PARTICULARS	Year ended 31.03.2023		Year ended 31.03.2022	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	13,897.67		12,430.53	
Adjustments for:				
1. Loss/ (Gain) on derecognition of Property, Plant and Equipment (net)	6.65		0.97	
2. Loss/ (Gain) on derecognition of Assets held for sale (net)	(4.08)		(30.19)	
3. Depreciation & Amortization	24.26		18.24	
4. Impairment allowance on Assets Classified as Held for Sale	0.03		9.71	
5. Impairment losses on Financial Instruments	142.17		3,470.02	
6. Loss/ (Gain) on Fair Value Changes (net)	(43.76)		(338.58)	
7. Effective Interest Rate (EIR) in respect of Loan Assets and Borrowings	(15.58)		(88.22)	
8. Interest on Commercial Paper	-		14.76	
9. Unrealised Foreign Exchange Translation Loss/ (Gain)	963.93		943.16	
10. Share of Profit/Loss of Joint Venture accounted for using equity method	-		11.81	
11. Interest on Investments	(39.53)		(51.88)	
Operating profit before Changes in Operating Assets & Liabilities	**14,931.76**		**16,390.33**	
Inflow / (Outflow) on account of :				
1. Loan Assets	(50,424.82)		(9,877.12)	
2. Derivatives	790.33		(2,510.91)	
3. Other Financial and Non- Financial Assets	125.99		(382.28)	
4. Other Financial and Non- Financial Liabilities & Provisions	(108.70)		(1,360.42)	
Cash flow from Operations	**(34,685.44)**		**2,259.60**	
1. Income Tax Paid (including TDS)	(2,774.13)		(3,101.39)	
2. Income Tax refund	99.79		23.26	
Net Cash Flow from Operating Activities		**(37,359.77)**		**(818.53)**
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.02		0.10	
2. Sale of assets held for sale	4.60		31.24	
3. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(17.67)		(47.90)	
4. Investment in Intangible Assets (including intangible assets under development & Capital Advances)	(0.01)		(0.25)	
5. Finance Costs Capitalised	(0.03)		(5.10)	
6. Sale/ (Investment) in Equity Shares	10.13		431.17	
7. Redemption/ (Investment) in High Quality Liquid Assets (HQLAs) (net)	(457.82)		(716.17)	
8. Redemption/ (Investment) in Debt Securities other than HQLAs (net)	(343.44)		96.08	
9. Sale/(Investment) of/in shares of associate companies (Net)	(0.82)		0.82	
10. Maturity/(Investment) of/in Corporate and Term deposits	(137.91)		(77.43)	
Net Cash Flow from Investing Activities		**(942.95)**		**(287.44)**
C. Cash Flow from Financing Activities				
1. Issue/ (Redemption) of Rupee Debt Securities (net)	14,835.97		(20,827.70)	
2. Issue/ (Redemption) of Commercial Paper (net)	-		(14.76)	
3. Raising/ (Repayments) of Rupee Term Loans/ WCDL from Banks/ FIs (net)	14,808.94		2,164.16	
4. Raising/ (Repayments) of Foreign Currency Debt Securities and Borrowings (net)	11,643.52		21,203.01	
5. Expenses on issue of Bonus Equity Shares	(0.71)		-	
6. Coupon payment on Perpetual Debt Instruments entirely equity in nature	(44.50)		(45.60)	
7. Payment of Dividend on Equity Shares	(3,120.37)		(2,411.37)	

आरईसी REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

Consolidated Statement of Cash Flows for the period ended 31st March 2023 (Contd.)

(₹ in Crores)

PARTICULARS	Year ended 31.03.2023		Year ended 31.03.2022	
8. Repayment towards Lease Liability	(0.01)		(0.02)	
Net Cash flow from Financing Activities		**38,122.84**		**67.72**
Net Increase/Decrease in Cash & Cash Equivalents		**(179.88)**		**(1,038.25)**
Cash & Cash Equivalents as at the beginning of the period		140.99		1,179.24
Cash & Cash Equivalents as at the end of the period		(38.89)		140.99

During the year, the Group has received Dividend of ₹11.89 crores (previous year ₹4.21 crores). Further, during the year, the Group has paid an amount of ₹211.13 crores (previous year ₹168.80 crores) towards Corporate Social Responsibility.

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

PARTICULARS	Year ended 31.03.2023	Year ended 31.03.2022
- Cash on Hand (including imprest)	0.00	0.02
- Balances with Banks	41.01	130.61
- Short-term Deposits with Scheduled Banks	7.69	10.36
- Bank Overdraft	**(87.59)**	**-**
Total Cash & Cash Equivalents	**(38.89)**	**140.99**

Reconciliation of liabilities arising from financing activities

(₹ in Crores)

Particulars	Opening Balance	Cash Flows during the period (net)	Movements in Interest Accrued *	Other Adjustments		Closing Balance
				Exchange Differences	IndAS Adjustments	
Year ended 31-03-2023						
Rupee Debt Securities	**189,547.46**	14,835.97	(33.08)	-	(138.56)	**204,211.79**
Commercial Paper	**-**	-	-	-	-	**-**
Rupee Term Loans/ WCDL	**61,460.56**	14,896.53	65.87	-	-	**76,422.96**
Foreign Currency Debt Securities & other Borrowings	**75,218.15**	11,643.52	199.89	6,328.39	(8.26)	**93,381.69**
Subordinated Liabilities	**6,816.47**	-	(0.01)	-	(43.16)	**6,773.30**
Total	**333,042.64**	**41,376.02**	**232.67**	**6,328.39**	**(189.98)**	**380,789.74**
Year ended 31-03-2022						
Rupee Debt Securities	**211,208.71**	(20,827.71)	(859.84)	-	26.29	**189,547.45**
Commercial Paper	**-**	(14.76)	-	-	14.76	**-**
Rupee Term Loans/ WCDL	**59,281.36**	2,164.16	15.04	-	-	**61,460.56**
Foreign Currency Debt Securities & Bonds	**52,286.35**	21,203.01	44.68	1,770.70	(86.59)	**75,218.15**
Subordinated Liabilities	**6,946.89**	-	(2.54)	-	(127.88)	**6,816.47**
Total	**329,723.31**	**2,524.70**	**(802.66)**	**1,770.70**	**(173.42)**	**333,042.63**

** Movement in Interest Accrued has been considered in 'Operating Liabilities' as Cash Flow from Operating Activities.*

Note : Previous year figures have been rearranged and regrouped wherever necessary.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

Consolidated Statement of Changes in Equity for the period ended 31st March 2023

A Equity share capital

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the period	**1,974.92**	**1,974.92**
Changes in equity share capital during the period*	658.30	-
Balance at the end of the period	**2,633.22**	**1,974.92**

Refer note 26 for detail

B Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2022	As at 31.03.2021
Balance at the beginning of the period	**558.40**	**558.40**
Changes in instruments entirely equity in nature during the period	-	-
Balance at the end of the period	**558.40**	**558.40**

Refer note 27 for detail

C. Other Equity

(₹ in Crores)

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)(viia) of the Income Tax Act, 1961	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Capital Reserve	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Impairment Reserve	Retained Earnings					
Balance as at 31st March 2021	**19,222.23**	**2,128.41**	**3,804.00**	**2,236.54**	**4.70**	**(573.16)**	**9,903.16**	**-**	**4,606.01**	**(1.19)**	**24.07**	**(165.61)**	**41.45**	**41,230.61**
Profit for the year	-	-	-	-	-	-	-	-	10,035.69	-	-	-	-	10,035.69
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	(6.23)	-	-	-	-	(6.23)
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-	-	-	-	(0.02)	-	24.74	359.82	(437.40)	(52.86)
Reclassification of (gain)/ loss on ceasation of significant influence	-	-	-	-	-	-	-	-	-	1.19	-	-	-	1.19
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,029.44**	**1.19**	**24.74**	**359.82**	**(437.40)**	**9,977.79**
Transferred to/ (from) Retained Earnings	3,080.70	-	2,010.00	-	-	-	-	-	(5,090.70)	-	-	-	-	-
Transferred to General Reserve	-	(1,931.59)	-	-	(4.70)	-	1,936.29	-	-	-	-	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-	-	-	-	86.79	-	(86.79)	-	-	-
Foreign Currency Translation Loss on long term monetary items during the year	-	-	-	-	-	(216.94)	-	-	-	-	-	-	-	(216.94)
Amortisation during the year	-	-	-	-	-	234.81	-	-	-	-	-	-	-	234.81
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-	-	-	-	-	-	-	(34.12)	-	-	-	-	(34.12)
Sub-Total	**3,080.70**	**(1,931.59)**	**2,010.00**	**-**	**(4.70)**	**17.87**	**1,936.29**	**-**	**(5,038.03)**	**-**	**(86.79)**	**-**	**-**	**(16.25)**
Dividends	-	-	-	-	-	-	-	-	(2,411.37)	-	-	-	-	(2,411.37)
Sub-total- Transaction with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,411.37)**	**-**	**-**	**-**	**-**	**(2,411.37)**

C. Other Equity (Contd.)

(₹ in Crores)

Particulars	Reserves & Surplus				
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Securities Premium Account	Capital Reserve
Balance as at 31st March 2022	**22,302.93**	**196.82**	**5,814.00**	**2,236.54**	**-**
Profit for the year	-	-	-	-	-
Remeasurement of Defined Benefit Plans	-	-	-	-	-
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**
Transferred to/ (from) Retained Earnings	2,674.96	-	2,211.15	-	-
Transferred to/ (from) General Reserve	-	(196.82)	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	-	-
Foreign Currency Translation Loss on long term monetary items during the year	-	-	-	-	-
Amortisation during the year	-	-	-	-	-
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-	-	-	-
Sub-total	**2,674.96**	**(196.82)**	**2,211.15**	**-**	**-**
Utilised for issue of Bonus Equity Shares				(658.30)	
Expenses incurred on issue of Bonus Equity Shares				(0.71)	
Dividends	-	-	-	-	-
Sub-Total- Transaction with owners	**-**	**-**	**-**	**(659.01)**	**-**
Balance as at 31st March 2023	**24,977.89**	**-**	**8,025.15**	**1,577.53**	**0.00**

(₹ in Crores)

Particulars	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Impairment Reserve	Retained Earnings	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	FVOCI- Equity Instruments	Effective Portion of Cash Flow Hedges	Costs of Hedging reserve	Total
Balance as at 31st March 2022	**(555.29)**	**11,839.45**	**-**	**7,186.05**	**-**	**(37.98)**	**194.21**	**(395.95)**	**48,780.78**
Profit for the year	-	-	-	11,166.98	-	-	-	-	11,166.98
Remeasurement of Defined Benefit Plans	-	-	-	(4.48)	-	-	-	-	(4.48)
Recognition through Other Comprehensive Income (net of taxes)	-	-	-	-	-	(58.48)	405.84	(1,313.92)	(966.56)
Total Comprehensive Income for the year	**-**	**-**	**-**	**11,162.50**	**-**	**(58.48)**	**405.84**	**(1,313.92)**	**10,195.94**
Transferred to/ (from) Retained Earnings	-	-	-	(4,886.11)	-	-	-	-	-
Transferred to/ (from) General Reserve	-	196.82	-	-	-	-	-	-	-
Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	-	-	-	5.01	-	(5.01)	-	-	-
Foreign Currency Translation Loss on long term monetary items during the year	(487.03)	-	-	-	-	-	-	-	(487.03)
Amortisation during the year	251.88	-	-	-	-	-	-	-	251.88
Coupon payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	-	-	-	(33.30)	-	-	-	-	(33.30)
Sub-total	**(235.15)**	**196.82**	**-**	**(4,914.40)**	**-**	**(5.01)**	**-**	**-**	**(268.45)**
Utilised for issue of Bonus Equity Shares									(658.30)
Expenses incurred on issue of Bonus Equity Shares									(0.71)
Dividends	-	-	-	(3,120.37)	-	-	-	-	(3,120.37)
Sub-Total- Transaction with owners	**-**	**-**	**-**	**(3,120.37)**	**-**	**-**	**-**	**-**	**(3,779.38)**
Balance as at 31st March 2023	**(790.44)**	**12,036.27**	**-**	**10,313.78**	**-**	**(101.47)**	**600.05**	**(1,709.87)**	**54,928.89**

Refer Note No. 28.1 for details regarding drawdown/ transfers from Reserves

Accompanying Notes to Financial Statements 1 to 73

In terms of our Report of even date

For and on behalf of the Board

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

Rakesh Kumar
Partner
M.No. : 087537

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Dorector
DIN - 01377212

Place: Mumbai
Date: 17th May 2023

Consolidated Notes to Accounts

1. Company Overview

REC Limited ("REC" or the "Company" or the "holding company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The books of accounts are maintained at the Corporate Office situated at Plot no. I-4, Sector-29, Gurugram, Haryana, in addition to the registered office of the Company. The Company has offices spread across the country, mainly in the State Capitals and one training centre at Hyderabad.

The Company is a Government of India Enterprise 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). Being an NBFC, the company is regulated by Reserve Bank of India.

The company has been accorded with the status of a 'Maharatna' Central Public Sector Enterprise by the Department of Public Enterprises, under the Ministry of Finance.

REC is a leading Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. Further, various debt securities of the Company are also listed on the Stock Exchanges.

The Company together with its subsidiaries is hereinafter referred to as 'the Group'.

2. Statement of Compliance and Basis of Preparation

These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines including those issued by RBI.

The consolidated financial statements for the year ended 31st March 2023 were authorized and approved for issue by the Board of Directors on 17th May 2023.

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.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that here is no evidence of impairment.

3.3 Basis of Preparation and Measurement

The consolidated financial statements have been prepared on going concern basis following accrual system of accounting on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the consolidated financial statements.

Functional and presentation currency

The consolidated financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Group.

Consolidated Notes to Accounts

3.4 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

Unless otherwise specified, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) delayed and penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal; the oldest being adjusted first, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recoveries under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings are appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.

For financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract and is disclosed separately under the head interest income.

Interest income on credit-impaired loan assets, unless realized, is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on accrual basis when right to receive payment is established.

Provided that in case of final dividend, the right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in the Annual General Meeting.

Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Group in the year of receipt.

Revenue from sale of services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The Group uses the principles laid down by the Ind AS 115 to determine that how much and when revenue is recognized, what is the nature, amount, timing and uncertainty of revenues etc. In accordance with the same, revenue is recognised through a five-step approach:

(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 qualifying asset becomes ready for its intended use, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

Consolidated Notes to Accounts

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 year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.7 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the consolidated financial statements before 01st April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.8 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 amortized.

Land also includes land treated as a Right of Use asset under lease agreement earlier classified as finance lease and is amortized over the lease term.

Other Tangible assets

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days. Depreciation on assets purchased during the year up to ₹5,000/- is provided @ 100%.

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

3.9 Intangible assets

Recognition and initial measurement

Intangible assets are 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.

Consolidated Notes to Accounts

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use. Advances paid for the acquisition/ development of intangible assets which are outstanding at the balance sheet date are classified under 'Capital Advances'.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.10 Lease accounting:

The Group recognises a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as short-term or low-value lease.

The Group assesses at contract inception whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3.11 Assets held for sale

Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. A sale is considered as highly probable when such assets have been decided to be sold by the Group; are available for immediate sale in their present condition; are being actively marketed for sale at a price and the sale has been agreed or is expected to be concluded within one year of the date of classification. Such assets are measured at lower of carrying amount or fair value less selling costs.

Assets held for sale are presented separately from other assets in the Balance Sheet and are not depreciated or amortised while they are classified as held for sale.

Where the Group is committed to a sale plan involving loss of control of an entity, it classifies investment in the entity (i.e. all the assets and liabilities of that entity) as held for sale.

3.12 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)

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- Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or 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.

Impairment Allowance (expected credit loss) 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.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, foreign exchange rate, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract.

Derivatives embedded in all host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts or if the embedded derivative feature leverages the exposure and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Group may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

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

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an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Hedge accounting

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

All derivative financial instruments designated under hedge accounting are recognised initially at fair value and reported subsequently at fair value at each reporting date. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

At the inception of each hedging relationship, the Group formally designates and documents the hedge relationship, in accordance with the Group's risk management objective and strategies. The documentation includes identification of the hedged item, hedging instrument, the nature of risk(s) being hedged, the hedge ratio and how the hedging relationship meets the hedging effectiveness requirements.

Fair Value Hedges

In line with the recognition of change in the fair value of the hedging instruments in the Statement of Profit & Loss, the change in the fair value of the hedged item attributable to the risk hedged is recognised in the Statement of Profit and Loss. Such changes are made to the carrying amount of the hedged item and are adjusted in Effective Interest Rate in the period when the hedging instrument ceases to exit. If the hedged item is derecognised, the unamortised fair value is recognised immediately in Statement of Profit and Loss.

3.13 Impairment of financial assets

Loan assets

The Group follows a 'three-stage' model for impairment in the form of Expected Credit Loss (ECL) based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.

Loss Given Default (LGD) – LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Exposure at Default (EAD) – EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that the Company expects to be owed at the time of default.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Financial assets other than Loans

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Group also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery or as directed by the order of the Judicial Authority.

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3.14 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.

3.15 Dividend and Other Payments to holders of Instruments classified as Equity

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively. Liability for the payments to the holders of instruments classified as equity are recognized in the period when such payments are authorized for payment by the Group.

3.16 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.

3.17 Prepaid Expenses

A prepaid expense up to ₹1,00,000/- is recognized as expense upon initial recognition.

3.18 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.19 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.

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Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee benefits, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee benefits on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.20 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.

3.21 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.

3.22 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.23 Business Combination under Common Control

A business combination, if any, involving entities or businesses under common control is a business combination in which

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all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

3.24 Expenditure on issue of shares

Expenditure on issue of shares, if any, is charged to the securities premium account

4. Implementation of New/ Modified Standards

During the year, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS. The Group has analysed the impact of these amendments, which is not material to the Group. Further, MCA has not issued any new Ind-AS applicable to the company.

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. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates- Such changes, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision & future periods if it affects both current & future periods.

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

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

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how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and resulting losses). The Group makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

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6 Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Cash on Hand (including imprest)	-	0.02
Balances with Banks		
- in current accounts	41.01	130.51
- deposits with original maturity of 3 months or less	7.69	10.46
Total	**48.70**	**140.99**

7 Bank Balances (other than Cash and Cash Equivalents)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
- Earmarked Balances with Banks		
- For unpaid dividends	6.79	6.39
- For govt. funds for onward disbursement as grant	170.63	880.59
- Earmarked Term Deposits		
- Deposits in Compliance of Court Order	0.62	0.59
- Term Deposit held as Margin Money against Bank Guarantee	-	0.27
- Term Deposit- Debenture Redemption Reserves	196.35	225.33
- Balances with banks not available for use pending allotment of 54EC Capital Gain Tax Exemption Bonds	1,720.36	1,291.54
- Other Term deposits	252.16	114.25
Total	**2,346.91**	**2,518.96**
Term Deposits with remaining maturity more than 3 months but less than 12 months	181.30	49.24
Term Deposits with original maturity more than 12 months	70.86	65.28

7.1 There are no repatriation restrictions with respect to Cash & Cash Equivalents and Bank balances (other than Cash & Cash Equivalents) as at 31st March 2023 (Previous year Nil).

8 Trade Receivables

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	Unsecured, Considered good	128.73	91.94
	Less: Allowance for Expected Credit Loss	(25.67)	(12.48)
		103.06	**79.46**
(B)	Trade receivables which have significant increse in credit risk	37.62	30.97
	Less: Allowance for Expected Credit Loss	(28.07)	(15.88)
		9.55	**15.09**
(C)	Credit impaired receivables	56.35	54.36
	Less: Allowance for Expected Credit Loss	(55.96)	(54.36)
		0.39	-
	Total Trade Receivables (A+B+C)	**113.00**	**94.55**

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8.1 Trade Receivables ageing schedule

(₹ in Crores)

	Particulars	Outstanding as at 31st March 2023					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	**- Undisputed Trade receivables**						
	- considered good	97.52	31.21	-	-	-	128.73
	- which have significant increase in credit risk	-	-	21.32	16.30	-	37.62
	- credit impaired	-	-	-	-	56.35	56.35
	Sub- total (i)	**97.52**	**31.21**	**21.32**	**16.30**	**56.35**	**222.70**
(ii)	**- Disputed Trade receivables**						
	- considered good	-	-	-	-	-	-
	- which have significant increase in credit risk	-	-	-	-	-	-
	- credit impaired	-	-	-	-	-	-
	Sub- total (ii)	-	-	-	-	-	-
	Total (i+ii)	**97.52**	**31.21**	**21.32**	**16.30**	**56.35**	**222.70**

(₹ in Crores)

	Particulars	Outstanding as at 31st March 2022					
		Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	**- Undisputed Trade receivables**						
	- considered good	65.44	26.50	-	-	-	91.94
	- which have significant increase in credit risk	-	-	16.41	14.56	-	30.97
	- credit impaired	-	-	-	-	54.36	54.36
	Sub- total (i)	**65.44**	**26.50**	**16.41**	**14.56**	**54.36**	**177.27**
(ii)	**- Disputed Trade receivables**						
	- considered good	-	-	-	-	-	-
	- which have significant increase in credit risk	-	-	-	-	-	-
	- credit impaired	-	-	-	-	-	-
	Sub- total (ii)	-	-	-	-	-	-
	Total (i+ii)	**65.44**	**26.50**	**16.41**	**14.56**	**54.36**	**177.27**

9 Derivative Financial Instruments

The Company enters into derivatives for hedging foreign exchange risks and interest rate risks. Derivatives held for risk management purposes include hedges that are either designated as effective hedges under the hedge accounting requirements or hedges that are economic hedges. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

Refer Note 51 for Risk Management Disclosures in respect of the derivatives.

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Part I

(₹ in Crores)

Particulars		As at 31.03.2023			As at 31.03.2022		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Currency Derivatives**						
	- Currency swaps	3,083.13	47.50	58.13	2,850.13	1.39	48.37
	- Others						
	- Call Spread	2,055.42	208.14	-	1,895.18	76.73	-
	- Seagull Options	80,362.47	8,007.42	87.89	54,727.54	4,868.28	-
	Sub-total (i)	**85,501.02**	**8,263.06**	**146.02**	**59,472.85**	**4,946.40**	**48.37**
(ii)	**Interest Rate Derivatives**						
	- Forward Rate Agreements and Interest Rate Swaps	46,278.27	718.55	300.82	33,239.41	563.77	173.52
	Sub-total (ii)	**46,278.27**	**718.55**	**300.82**	**33,239.41**	**563.77**	**173.52**
(iii)	**Other derivatives**						
	- Reverse cross currency swaps	4,947.00	-	530.11	4,747.00	-	331.25
	Total - Derivative Financial Instruments (i + ii+iii)	**136,726.29**	**8,981.61**	**976.95**	**97,459.26**	**5,510.17**	**553.14**

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

Particulars		As at 31.03.2023			As at 31.03.2022		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Fair Value Hedging**						
	- Interest Rate Derivatives						
	- Forward Rate Agreements and Interest Rate Swaps	15,950.70	10.32	289.34	11,850.70	19.76	112.00
	Sub-total (i)	**15,950.70**	**10.32**	**289.34**	**11,850.70**	**19.76**	**112.00**
(ii)	**Cash Flow Hedging**						
	- Currency Derivatives						
	- Currency Swaps	3,083.13	38.85	-	2,842.77	-	48.37
	- Others						
	- Call Spread	2,055.42	208.14	-	1,895.18	76.73	-
	- Seagull Options	80,362.47	7,979.02	85.76	54,727.54	4,868.28	-
	- Interest Rate Derivatives						
	- Forward Rate Agreements and Interest Rate Swaps	23,627.57	337.69	11.48	13,313.21	115.10	45.27
	Sub-total (ii)	**109,128.59**	**8,563.70**	**97.24**	**72,778.70**	**5,060.11**	**93.64**
(iii)	**Undesignated Derivatives**	11,647.00	407.59	590.37	12,829.86	430.30	347.50
	Total - Derivative Financial Instruments (i+ii+iii)	**136,726.29**	**8,981.61**	**976.95**	**97,459.26**	**5,510.17**	**553.14**

Derivative financial instruments are measured at fair value at each reporting date. The changes in the fair value of derivatives designated as hedging instruments in effective cash flow hedges are recognised in Other Comprehensive Income. In case of fair value hedges, the changes in fair value of the derivatives designated as hedging instruments along with the fair value changes in the carrying amount of the hedged items are recognised in the Statment of Profit & Loss. For undesignated derivatives, the changes in the fair value are recognised in the Statement of Profit & Loss.

Consolidated Notes to Accounts

10 Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Loans**				
(i)	Term Loans	408,463.40	409,638.42	383,310.40	384,566.08
(ii)	Working Capital Term Loans	26,548.39	26,709.24	2,060.86	2,069.12
	Total (A) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (A) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(B)	**Security Details**				
(i)	Secured by tangible assets	242,310.94	242,633.17	223,793.64	224,420.98
(ii)	Covered by Govt. Guarantees	172,069.58	173,004.21	130,973.50	131,510.35
(iii)	Unsecured	20,631.27	20,710.28	30,604.12	30,703.87
	Total (B) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (B) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(C)(I)	**Loans in India**				
(i)	Public Sector	393,225.23	394,571.78	350,455.72	351,732.04
(ii)	Private Sector	41,786.56	41,775.88	34,915.54	34,903.16
	Total (C)(I) - Gross Loans	**435,011.79**	**436,347.66**	**385,371.26**	**386,635.20**
	Less: Impairment loss allowance	(14,263.75)	(14,263.75)	(14,704.66)	(14,704.66)
	Total (C)(I) - Net Loans	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**
(C)(II)	**Loans outside India**	-	-	-	-
	Less: Impairment loss allowance	-	-	-	-
	Total (C)(II) - Net Loans	-	-	-	-
	Total (C)(I) and (C)(II)	**420,748.04**	**422,083.91**	**370,666.60**	**371,930.54**

10.1 Reconciliation between the figures reported under Ind-AS and contractual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Net Loans	**422,083.91**	**371,930.54**
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(60.23)	(423.59)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(1,436.81)	(957.96)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	14,263.75	14,704.66
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	161.17	117.61
Gross Loans	**435,011.79**	**385,371.26**

10.2 Movement of Impairment Loss Allowance in respect of Loans:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**14,704.66**	**13,206.11**
Add: Impairment loss allowance provided during the year (Refer Note 38)*	110.17	3,422.56
Less: Allowance utilised towards write-off of loans	(551.08)	(1,924.01)
Closing Balance	**14,263.75**	**14,704.66**

** Impairment loss allowance during FY 2021-22 includes enhancement of allowance to a minimum level of 0.40% on stage 1&2 loan assets amounting to ₹838.06 crores and additional allowance created to align with lead lender alongwith management overlays amounting to ₹1,408.74 crores.*

10.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring, the Company has written off loans amounting to ₹551.08 crores (Previous year ₹1,924.01 crores). The details of write-offs for the current year are as below:

(i) During the current year

(a) Pursuant to the Resolution Plan approved under IBC proceedings executed on 5th September 2022 in respect of Jhabua Power Limited, the Company has written off an amount of ₹10.41 crores after appropriating recoveries of ₹310.63 crores (Cash ₹77.41 crore, Non-Convertible Debentures of ₹51.48 crore and Equity of ₹181.74 crore).

Consolidated Notes to Accounts

(b) Pursuant to the Resolution Plan approved under IBC proceedings executed on 16th September 2022 in respect of South East U.P. Power Transmission Company Limited, the company has recovered the entire outstanding loan of ₹922.09 crores and ₹132.91 crores overdue interest after appropriating cash recoveries of ₹1,055.00 crores.

(c) Pursuant to the liquidation order passed under IBC proceedings executed on 27th December 2022 in respect of Ind Barath Energy (Utkal) Limited, the Company has written off an amount of ₹536.16 crores after appropriating equity & cash recoveries totalling to ₹240.84 crores.

(d) Pursuant to the One Time Settlement executed on 2nd December 2022 in respect of ATN International Limited, the Company has written off an amount of ₹3.45 crores after appropriating total recoveries of ₹6.00 crores, of which ₹4.15 crores to be received in FY 2023-24.

(e) Pursuant to the One Time Settlement executed on 2nd December 2022 in respect of Silicon Valley infotech Limited, the Company has written off an amount of ₹1.06 crore after appropriating total recoveries of ₹1.85 crores, of which ₹1.35 crores to be received in FY 2023-24.

(ii) During the previous year

(a) Pursuant to the Resolution Plan approved under IBC proceedings executed on 13th May 2021 in respect of VS Lignite Power Private Limited, the Company has written off an amount of ₹ 39.45 crores after appropriating the recoveries of ₹ 14.79 crores (Cash ₹ 1.30 crores and Term Loan of ₹ 13.49 crores).

(b) Pursuant to the liquidation order under IBC proceedings executed on 30th December 2021 in respect of Lanco Babandh Power Limited, the Company has written off an amount of ₹ 1160.16 crores after appropriating cash recoveries of ₹ 40.39 crores.

(c) Pursuant to the Resolution Plan approved under IBC proceedings executed on 16th March 2022 in respect of Essar Power (MP) Limited (EPMPL), the Company has written off an amount of ₹ 724.40 crores after appropriating the recoveries of ₹ 620.60 crores (Cash ₹ 148.94 crores and Term Loan of ₹ 471.66 crores).

(d) Pursuant to the Resolution Plan approved under IBC proceedings executed on 23rd March 2022 in respect of Amrit Jal Ventures Private Limited, the company has recovered the entire outstanding loan of ₹ 4.35 crores and ₹ 0.28 crores overdue interest after appropriating cash recoveries of ₹ 4.63 crores.

10.4 The Company obtains balance confirmation from the borrowers for the balances standing as on the Balance Sheet date. The summary of the balance confirmations received from the borrowers is as under:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	%	Amount	%	Amount
Gross Loan Book of the Company		435,011.79		385,371.26
Loan Assets for which balance confirmations have been received from borrowers	93%	406,179.64	93%	356,923.45
Loan Assets for which balance confirmations is yet to be received from borrowers	7%	28,832.15	7%	28,447.81
of which,				
Loans secured by tangible assets	54%	15,630.88	45%	12,813.68
Loans covered by Government Guarantee/ Loans to Government	25%	7,065.14	33%	9,295.96
Unsecured loans	21%	6,136.12	22%	6,338.17

10.5 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

11 Investments

(₹ in Crores)

Particulars	Amortised Cost	At fair value			Sub-total	Others (At Cost)	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5= 1+2+3+4)	(6)	(7=5+6)
As at 31st March, 2023							
Govt. Securities	1,431.74	-	-	-	1,431.74	-	**1,431.74**
Debt Securities	766.90	-	562.34	-	1,329.24	-	**1,329.24**
Equity Instruments	-	381.71	27.31	-	409.02	-	**409.02**
Preference Shares	28.72	-	-	-	28.72	-	**28.72**
Others	-	-		-	-	-	-
Total - Gross (A)	**2,227.36**	**381.71**	**589.65**	**-**	3,198.72	**-**	**3,198.72**
Investments outside India	-	-	-	-	-	-	-
Investments in India	2,227.36	381.71	589.65	-	3,198.72	-	3,198.72
Total - Gross (B)	**2,227.36**	**381.71**	**589.65**	**-**	**3,198.72**	**-**	**3,198.72**
Total Investments	2,227.36	381.71	589.65	-	3,198.72	-	3,198.72
Less: impairment loss allowance (C)	(28.72)	-	-	-	(28.72)	-	(28.72)
Total - Net (D=A-C)	**2,198.64**	**381.71**	**589.65**	**-**	**3,170.00**	**-**	**3,170.00**
As at 31st March, 2022							
Govt. Securities	1,374.51	-	-	-	**1,374.51**	-	**1,374.51**
Debt Securities	365.60	-	132.55	-	**498.15**	-	**498.15**
Equity Instruments	-	268.26	49.52	-	**317.78**	-	**317.78**
Preference Shares	28.72	-	-	-	**28.72**	-	**28.72**
Others	-	-		-	-	-	-
Total - Gross (A)	**1,768.83**	**268.26**	**182.07**	**-**	**2,219.16**	**-**	**2,219.16**
Investments outside India	-	-	-	-	-	-	-
Investments in India	1,768.83	268.26	182.07	-	2,219.16	-	2,219.16
Total - Gross (B)	**1,768.83**	**268.26**	**182.07**	**-**	**2,219.16**	**-**	**2,219.16**
Total Investments	1,768.83	268.26	182.07	-	2,219.16	-	2,219.16
Less: impairment loss allowance (C)	(28.72)	-	-	-	(28.72)	-	(28.72)
Total - Net (D=A-C)	**1,740.11**	**268.26**	**182.07**	**-**	**2,190.44**	**-**	**2,190.44**

11.1 Details of investments

(₹ in Crores)

Particulars	Investment measured at	As at 31.03.2023		As at 31.03.2022	
		Number	Amount	Number	Amount
(A) Total - Central/ State Government Securities (HQLAs)*	Amortised Cost	137,932,800	1,431.74	133,932,800	1,374.51
Debt Securities					
(i) Corporate Bonds (HQLAs)*			**661.16**		**259.39**
- 9.95% Uttar Pardesh Power Corporation Limited (UPPCL) 2032	Amortised Cost	3,000	300.00	-	-
- 8% Bonds of Mahanagar Telephone Nigam Limited (MTNL) 2032	Amortised Cost	1,000	102.97	-	-
- 7.05% Bonds of Mahanagar Telephone Nigam Limited	Amortised Cost	850	88.12	850	88.15
- 6.65% Bonds of Food Corporation of India	Amortised Cost	200	20.61	200	20.61
- 7.19% Bonds of THDC India Limited	Amortised Cost	250	26.31	250	26.32
- 8.69% Bonds of Damodar Valley Corporation	Amortised Cost	200	21.35	200	21.62
- 7.30% Bonds of Power Grid Corporation of India Limited	Amortised Cost	200	22.22	200	22.44
- 5.78% Bonds of Chennai Petroleum Corporation Limited	Amortised Cost	150	15.62	150	15.63
- 6.11% Bonds of Bharat Petroleum Corporation Limited	Amortised Cost	100	10.49	100	10.51
- 7.30% Bonds of NMDC Steel Limited	Amortised Cost	200	21.35	200	21.54
- 7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO)	Amortised Cost	86,798	8.81	86,798	8.81
- 7.35% Tax Free Bonds of National Highway Authority of India Ltd. (NHAI)	Amortised Cost	42,855	4.60	42,855	4.60
- 7.39% Tax Free of National Highway Authority of India Ltd. (NHAI)	Amortised Cost	35,463	3.68	35,463	3.67
- 7.49% Tax Free Bonds of Indian Renewable Energy Development Agency (IREDA)	Amortised Cost	61,308	6.22	61,308	6.68
- 7.35% Tax Free Bonds of Indian Railway Finance Corporation (IRFC)	Amortised Cost	22,338	2.31	22,338	2.31

Consolidated Notes to Accounts

(₹ in Crores)

	Particulars	Investment measured at	As at 31.03.2023		As at 31.03.2022	
			Number	Amount	Number	Amount
	- 7.35% Tax Free Bonds of National Bank for Agriculture and Rural Development (NABARD)	Amortised Cost	14,028	1.41	14,028	1.41
	- 8.76% Tax Free Bonds of Housing and Urban Development Corporation (HUDCO)	Amortised Cost	50,000	5.09	50,000	5.09
(ii)	**Debt Securities (other than HQLAs)**					
	- 7.99% Perpetual Bonds of Canara Bank	Fair value through profit or loss	200	208.47		-
	- 9.50% Perpetual Bonds of UCO Bank	Fair value through profit or loss	228	228.79		-
	- 3% Optionally convertible debentures- Series A of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	165,403,256	86.85	178,543,530	92.03
	- 3% Optionally convertible debentures- Series B of Essar Power Transmission Co. Ltd.	Fair value through profit or loss	72,821,001	38.23	78,606,161	40.52
	- Optionally convertible debentures- Series C of Essar Power Transmission Co. Ltd. **	Fair value through profit or loss	18,635,162	-	18,635,162	-
	- 0% Non- Convertible Debentures (NCDs) of Ferro Alloys Corporation Limited	Amortised Cost	25,519,173	56.40	25,495,144	106.21
	- 8.50% Non- Convertible Debentures (NCDs) of Jhabua Power Limited	Amortised Cost	4,933,536	49.34	-	-
	- 0.01% Optionally convertible Debentures (OCD) Series A of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	213,803,170	-	213,803,170	-
	- 0.01% Optionally convertible Debentures (OCD) Series B of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	6,303,032	-	6,303,032	-
	- 0.01% Optionally convertible Debentures (OCD) Series Ai of R.K.M PowerGen Private Ltd. **	Fair value through profit or loss	10,474,150	-	10,474,150	-
(B)	**Total - Debt Securities (i+ii)**			**1,329.24**		**498.15**
	Equity Instruments					
(i)	**Total - Subsidiary**			-		-
(ii)	**Others**					
	- NHPC Ltd.	Fair value through other comprehensive income	16,351,580	65.73	18,843,184	52.38
	- HUDCO Ltd.	Fair value through other comprehensive income	347,429	1.50	347,429	1.14
	- Energy Efficiency Services Ltd.	Fair value through other comprehensive income	218,100,000	140.43	218,100,000	214.74
	- Universal Commodity Exchange Ltd.	Fair value through other comprehensive income	16,000,000	-	16,000,000	-
	- Jhabua Power Limited	Fair value through other comprehensive income	27,885,211	173.42	-	-
	- Ind Barath Energy (Utkal) Limited	Fair value through other comprehensive income	127	0.63	-	-
	- Rattan India Power Ltd.	Fair value through profit or loss	92,568,105	27.31	92,568,105	49.52
	- R.K.M PowerGen Private Ltd.	Fair value through profit or loss	181,790,667	-	181,790,667	-
	Total - Others			**409.02**		**317.78**
(C)	**Total - Equity Instruments (i+ii)**			409.02		317.78
	Preference Shares					
	- Redeemable, issued by Rattan India Power Ltd.	Amortised cost	28,720,978	28.72	28,720,978	28.72
	- Optionally Convertible, issued by Rattan India Power Ltd.	Fair value through profit or loss	43,303,616	-	43,303,616	-
(D)	**Total - Preference Shares**			**28.72**		**28.72**
	Others					
(E)	**Total - Others**			-		-
	Total Investments (F= A to E)			**3,198.72**		**2,219.16**
	Refer note 55.1 for valuation technique of the investments shown at fair value					
	Less: impairment loss allowance (G)			(28.72)		(28.72)
	Total - Net (H=F-G)			**3,170.00**		**2,190.44**

Refer note 55.1 for valuation technique of the investments shown at fair value

** High Quality Assets (HQLAs) maintained as per RBI Circular dated Novemeber 4, 2019*

*** Received against unsustainable portion of debt in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring*

Consolidated Notes to Accounts

11.2 Movement of Impairment Loss Allowance in respect of Investments:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**28.72**	-
Add: Impairment loss allowance provided in respect to Redeemable Preference Shares of Rattan India Power Limited (Refer Note 38)	-	28.72
Less: Allowance utilised towards write-off of loans	-	-
Closing Balance	**28.72**	**28.72**

11.3 In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring , the Company has received the following Investments:

(i) **<u>During the current year:</u>**

(a) Pursuant to the Resolution Plan approved under IBC proceedings in respect of Jhabua Power Limited, the company has been allotted 2,78,85,211 no. of equity shares having face value of ₹10/- each and 51,48,038 no. of 8.50% Non-Convertible Debentures having face value of ₹100/- each.

(b) Pursuant to the liquidation order passed under IBC proceedings in respect of Ind Barath Energy (Utkal) Limited, the company has been allotted 127 no. of equity shares having face value of ₹10/- each

(ii) **<u>During the previous year:</u>**

Company has not received any instruments in terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS)/ Restructuring.

Refer note 10.3 for further details.

11.4 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's operation comprise of only one business segment i.e. providing financial assistance to power, logistic and infrastructure 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 2022-23			FY 2021-22		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ (loss) on de-recognition
NHPC Limited*	2,491,604	10.13	4.70	156,459,022	430.62	89.86
Small is Beautiful**	-	-	-	6,152,200	0.55	(5.60)

** During the FY 22-23, the Company has sold 24,91,604 equity shares of NHPC Limited (previous year 15,64,59,022 numbers) considering the market scenerio for a consideration of ₹ 10.13 crores through stock exchange. The shares have thus been derecognised and the cumulative gain (net of tax) on such sale has been transferred from other comprehensive income to retained earnings.*

*** During the FY 21-22, the Company has derecogniesd 61,52,200 units of 'Small is Beautiful' Venure Capital Fund, consequent to full and final settlement upon liquidation of the fund. As a result, the Company has written off an amount of ₹5.60 crores after appropriating cash recoveries of ₹0.55 crores*

12 Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	**Loans to Employees** (Refer Note No. 12.1)	44.56	41.95
(B)	**Advances to Employees**	0.49	0.27
(C)	**Loans & Advances to Ultimate Holding Company**	3.54	-
(D)	**Security Deposits**	1.52	1.67
(E)	**Recoverable from Govt. of India**		
	Towards GoI Fully Serviced Bonds (Refer Note No. 22.5)	24,318.29	24,318.29
(F)	**Other amounts recoverable**	149.35	144.30
	Less: Impairment Loss allowance (Refer Note No. 12.2)	(95.21)	(91.17)
	Other Amounts Recoverable (Net)	**54.14**	**53.13**
	Total (A to F)	**24,422.54**	**24,415.31**

Consolidated Notes to Accounts

12.1 Details of Loans to Employees (Considered Good)

The Company has extended loans to employees with specified terms and repayment schedule, categorised at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	**Secured Loans**		
	- To Key Managerial Personnel	0.12	0.10
	- To employees Other than Key Managerial Personnel	28.28	25.22
	Sub-total (A)	**28.40**	**25.32**
(B)	**Unsecured Loans**		
	- To Key Managerial Personnel	0.10	0.08
	- To Others	16.06	16.55
	Sub-total (B)	**16.16**	**16.63**
	Total (A+B)	**44.56**	**41.95**

The figures above include interest accrued on such loans amounting to ₹ 9.27 crores (Previous year ₹8.45 crores).

12.2 Movement of impairment loss allowance on other financial assets

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening balance	**91.17**	**88.53**
Add: Created during the year	9.77	10.23
Less: Reversed/ Adjusted during the year	(5.73)	(7.59)
Closing balance	**95.21**	**91.17**

13 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Advance Income-tax & TDS	2,956.82	3,296.66
Less: Provision for Income Tax	(2,655.88)	(3,110.11)
Sub-Total (1)	**300.94**	**186.55**
Tax Deposited on income tax demands under contest	5.26	5.26
Provision for income tax for demand under contest	(0.25)	(0.25)
Sub-Total (2)	**5.01**	**5.01**
Current tax assets (Net)	**305.95**	**191.56**

14 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Deferred Tax Assets (Net)	**3,307.56**	**3,160.12**

14.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2023 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	3,481.30	(104.71)	-	-	3,376.59
Provision for Earned Leave	6.63	0.17	-	-	6.80
Provision for Medical Leave	5.41	(0.22)	-	-	5.19
Provision for Other Expenses	1.22	(1.10)	-	-	0.12
Fair Valuation of Invetments	8.41	6.40	(0.32)	-	**14.49**
Fair Valuation of Derivatives	65.07	75.98	305.41	-	**446.46**
Total Deferred Tax Assets	**3,568.04**	**(23.48)**	**305.09**	**-**	**3,849.65**
Deferred Tax Liabilities					
Depreciation and Amortisation	12.46	14.03	-	-	26.49
Unamortised Foreign Currency Exchange Fluctuations	151.05	67.25	-	-	218.30
Financial assets and liabilities measured at amortised cost	216.24	15.87	-	-	232.11
Fair valuaton of Debt Securities	28.17	37.02	-	-	65.19
Total Deferred Tax Liabilities	**407.92**	**134.17**	**-**	**-**	**542.09**
Total Deferred Tax Assets (Net)	**3,160.12**	**(157.65)**	**305.09**	**-**	**3,307.56**

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2022 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,765.16	716.14	-	-	3,481.30
Provision for Earned Leave	4.71	1.92	-	-	6.63
Provision for Medical Leave	5.26	0.15	-	-	5.41
Fair Valuation of Investments	3.57	2.29	2.55	-	8.41
Provision for Other Expenses	0.72	0.50	-	-	1.22
Fair Valuation of Derivatives	27.81	11.16	26.09	-	65.07
Total Deferred Tax Assets	**2,807.23**	**732.16**	**28.64**	**-**	**3,568.04**
Deferred Tax Liabilities					
Depreciation and Amortisation	1.61	10.85	-	-	12.46
Unamortised Foreign Currency Exchange Fluctuations	153.26	(2.21)	-	-	151.05
Financial assets and liabilities measured at amortised cost	191.33	24.90	-	-	216.24
Fair valuaton of Debt Securities	-	28.17	-	-	28.17
Total Deferred Tax Liabilities	**346.20**	**61.71**	**-**	**-**	**407.92**
Total Deferred Tax Assets (Net)	**2,461.03**	**670.44**	**28.64**	**-**	**3,160.12**

Consolidated 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	Plant & equipment	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value												
As at 31.03.2021	**110.39**	**1.59**	**130.40**	**-**	**20.89**	**24.33**	**17.86**	**0.40**	**305.86**	**335.67**	**0.77**	**13.80**
Additions	-	-	303.73	19.90	47.55	3.34	7.16	-	381.68	32.35	-	1.02
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	-	5.10	-	-
Disposals	-	-	3.30	-	0.69	0.96	0.87	-	5.82	367.05	0.77	0.01
As at 31.03.2022	**110.39**	**1.59**	**430.83**	**19.90**	**67.75**	**26.71**	**24.15**	**0.40**	**681.72**	**6.07**	**-**	**14.81**
As at 31.03.2022	**110.39**	**1.59**	**430.83**	**19.90**	**67.75**	**26.71**	**24.15**	**0.40**	**681.72**	**6.07**	**-**	**14.81**
Additions	-	-	26.07	0.20	3.64	5.49	7.76	0.14	43.30	22.69	-	0.01
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	-	0.03	-	-
Disposals/ Adjustments	-	-	-	0.04	3.70	5.62	6.39	-	15.75	26.07	-	0.10
As at 31.03.2023	**110.39**	**1.59**	**456.90**	**20.06**	**67.69**	**26.58**	**25.52**	**0.54**	**709.27**	**2.72**	**-**	**14.72**
Accumulated depreciation/ amortisation												
As at 31.03.2021	**-**	**0.35**	**9.81**	**-**	**7.68**	**16.77**	**10.21**	**0.34**	**45.16**	**-**	**-**	**7.65**
Charge for the year	-	0.02	4.96	0.95	3.67	3.20	2.52	0.03	15.35	-	-	2.89
Adjustment for disposals	-	-	1.26	-	0.41	0.76	0.41	-	2.84	-	-	0.01
As at 31.03.2022	**-**	**0.37**	**13.51**	**0.95**	**10.94**	**19.21**	**12.32**	**0.37**	**57.67**	**-**	**-**	**10.53**
As at 31.03.2022	**-**	**0.37**	**13.51**	**0.95**	**10.94**	**19.22**	**12.32**	**0.37**	**57.68**	**-**	**-**	**10.53**
Charge for the year	-	0.02	7.10	1.28	6.05	3.62	3.51	0.02	**21.60**	-	-	**2.66**
Adjustment for disposals	-	-	-	-	1.28	4.14	3.75	0.01	**9.18**	-	-	**0.10**
As at 31.03.2023	**-**	**0.39**	**20.61**	**2.23**	**15.71**	**18.70**	**12.08**	**0.38**	**70.10**	**-**	**-**	**13.09**
Net block as at 31.03.2022	**110.39**	**1.22**	**417.32**	**18.95**	**56.81**	**7.49**	**11.83**	**0.03**	**624.04**	**6.07**	**-**	**4.28**
Net block as at 31.03.2023	**110.39**	**1.20**	**436.29**	**17.83**	**51.98**	**7.88**	**13.44**	**0.16**	**639.17**	**2.72**	**-**	**1.63**

15.1 The formalities regarding registration of title deed in respect of an immovable property acquired by the Company is yet to be executed. The details are as below:

(a) As at 31st March 2023

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	1.95	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

(b) As at 31st March 2022

(₹ in Crores)

Description of Property, Plant & Equipment	Gross Carrying Value	Net Carrying Value	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since	Reason for not being held in the name of the company
Building - Office at Core 4, SCOPE Complex, New Delhi - 110003	4.59	2.01	Land & Development officer under Ministry of Urban Development, New Delhi	No	1990	Pending formalities from Land & Development Officer, office flat allotted to the company at the SCOPE a central government Complex has not been registered in the name of the Company.

15.2 As on 31st March 2023, 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 31st March 2023	As at 31st March 2022
Gross Carrying Value	3.48	3.48
Net Carrying Value	2.36	2.41

15.3 Capital Work in Progress (CWIP)

(a) CWIP ageing schedule

(₹ in Crores)

Particulars	As at 31st March 2023					As at 31st March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress										
- REC World Headquarter at Gurugram	-	-	-	-	-	4.59	-	-	-	**4.59**
- REC Township at Gurugram	1.24	0.08	-	1.40	2.72	0.08	-	1.40	-	**1.48**
Total	**1.24**	**0.08**	**-**	**1.40**	**2.72**	**4.67**	**-**	**1.40**	**-**	**6.07**

There are no capital work in progress as on the reporting year where activity has been suspended.

(b) CWIP completion schedule

(₹ in Crores)

Particulars	As at 31st March 2023					As at 31st March 2022				
	To be completed in				Total	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress										
- REC World Headquarter at Gurugram	-	-	-	-	-	4.59	-	-	-	4.59
- REC Township at Gurugram	-	-	2.72	-	2.72	-	-	-	1.48	1.48
Total	**-**	**-**	**2.72**	**-**	**2.72**	**4.59**	**-**	**-**	**1.48**	**6.07**

15.4 There has been no revaluation of Property, Plant & Equipment and Intangible Assets during the year (previous year Nil).

15.5 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

15.6 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised an amount of ₹ 0.03 crores (previous year ₹ 5.10 crores) borrowing costs on account of general borrowings at an average rate of borrowings of 7.00% (previous year 7.94%) for the Company in terms of Ind AS 23 'Borrowing Costs'.

15.7 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

16 Other non-financial assets

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
	Unsecured, considered good		
(A)	Capital Advances	7.26	8.19
(B)	Other Advances	4.50	3.56
(C)	Balances with Govt. Authorities	30.81	42.20
(D)	Pre-Spent Corporate Social Responsibility (CSR) Expenses	7.70	0.48
(E)	Prepaid Expenses	13.28	3.12
(F)	Deferred Employee Cost	10.84	11.11
(G)	Other Assets	0.01	0.02
	Total (A to G)	**74.40**	**68.68**

17 Assets classified as held for sale

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	**Disposal Group**		
	(i) Investment in associates	0.65	0.40
	(ii) Loans to associates	13.39	12.83
	(iii) Provision for impairment on assets classified as held for sale	(9.73)	(9.71)
	Sub-Total (i+ii+iii)	**4.31**	**3.52**
(B)	Assets Classified as Held for Sale-Building*	0.34	0.86
	Total (B)	**0.34**	**0.86**
	Grand Total (A+B)	4.65	4.38
	Liabilities directly associated with assets classified as held for sale		
(C)	Payable to associates	0.02	0.01
	Total (C)	**0.02**	**0.01**
	Net Assets held for sale (A+B-C)	**4.63**	**4.37**

17.1 Investments in associates

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Investments in Equity Instruments of associates (fully paid up)		
equity shares of ₹ 10/- each		
Chandil Transmission Limited	0.05	0.05
Dumka Transmission Limited	0.05	0.05
Koderma Transmission Limited	0.05	0.05
Mandar Transmission Limited	0.05	0.05
Bidar Transmission Limited	0.05	0.05
MP Power Transmission Package I Limited	-	0.05
Rajgarh Transmission Limited	-	0.05
ER NER Transmission Limited	-	0.05
Beawar Transmission Limited	0.05	-
Khavda II-D Transmission Limited	0.05	-
KPS1 Transmission Limited	0.05	-
Ramgarh II Transmission Limited	0.05	-
Sikar Khetri Transmission Limited	0.05	-
Luhri Power Transmission Limited	0.05	-
Meerut Shamli Power Transmission Limited	0.05	-
NERES XVI Power Transmission Limited	0.05	-
Total	**0.65**	**0.40**

Consolidated Notes to Accounts

17.2 Loans to Associates

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Chandil Transmission Limited	2.54	2.54
Dumka Transmission Limited	2.48	2.48
Mandar Transmission Limited	2.23	2.22
Koderma Transmission Limited	2.28	2.28
MP Power Transmission Package I Limited	-	1.99
Rajgarh Transmission Limited	-	0.28
ER NER Transmission Limited	-	0.28
Receivable from SPV-Yet to Incorporate	-	0.76
Bidar Transmission Limited	0.10	-
Sikar Khetri Transmission Limited	0.67	-
KPS1 Transmission Limited	0.58	-
Ramgarh II Transmission Limited	0.70	-
Beawar Transmission Limited	0.71	-
Luhri Stage-I HEP	0.48	-
Meerut Shamli Power Transmission Limited	0.43	-
NERES XVI Power Transmission Limited	0.19	-
Total	**13.39**	**12.83**

17.3 Liabilities directly associated with assests classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Bidar Transmission Limited	-	0.01
Khavda II-D Transmission Limited	0.02	-
Total	**0.02**	**0.01**

17.4 Provision for impairment on assets classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Chandil Transmission Limited	2.59	2.59
Dumka Transmission Limited	2.53	2.53
Mandar Transmission Limited	2.28	2.27
Koderma Transmission Limited	2.33	2.33
Total	**9.73**	**9.71**

17.5 Jharkhand Urja Sancharan Nigam Limited (JUSNL) has cancelled RFQ and RFP of transmission projects in State of Jharkhand. These projects have been kept in abeyance w.e.f. 01.10.2020. RECPDCL vide letters dated 14.10.2020, 06.11.2020 and 28.07.2021 has communicated JUSNL regarding recovery of expenses incurred on these SPVs. However, no communication has been received from JUSNL in this regard. As the bidding process of these SPVs has been cancelled and there is less probability of recovery of expenses already incurred, hence as an accounting prudence provision for impairment loss of ₹0.02 crore (previous year ₹9.71 crore) has been created.

17.6 Management had incorporated these entities with a view to sell them off as per the guidelines of Ministry of Power, through the bid process prescribed by Ministry of Power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investments (along with the related assets and liabilities) has been classified as 'held for sale'.

17.7 With a view to monetise its idle assets, during the year the Company has disposed certain residential building units through e-auction process, with carrying value ₹0.56 crores (previous year ₹1.18 crores), classified under "Assets classified as held for sale" as required under Ind-AS 105. Such sale has resulted in gain of ₹4.08 crores during the current year (previous year ₹30.19 crores) (refer note 33).

Further, residential building units with carrying value ₹0.34 crores (previous year ₹0.86 crores) classified under "Assets classified as held for sale" are pending for disposal as at 31st March 2023. The process for their disposal is expected to be completed during the year 2023-24 through e-auction process.

Consolidated Notes to Accounts

18 Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Trade Payables		
Total outstanding dues of MSMEs	-	-
Total outstanding dues of creditors other than MSMEs	41.68	36.48
Total	**41.68**	**36.48**

18.1 Trade Payables ageing schedule

(₹ in Crores)

Particulars	Outstanding as at 31st March 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
- Disputed	-	-	-	-	-
- Others	-	-	-	-	-
Sub-total (i)	**-**	**-**	**-**	**-**	**-**
(ii) Other than MSME					
- Disputed	-	-	-	-	-
- Others	16.31	12.64	0.33	12.40	41.68
Sub-total (ii)	**16.31**	12.64	**0.33**	**12.40**	**41.68**
Total (i+ii)	**16.31**	12.64	**0.33**	**12.40**	**41.68**

(₹ in Crores)

Particulars	Outstanding as at 31st March 2022				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
- Disputed	-	-	-	-	-
- Others	-	-	-	-	-
Sub-total (i)	**-**	-	**-**	**-**	**-**
(ii) Other than MSME					
- Disputed	-	-	-	-	-
- Others	15.02	8.38	11.30	1.78	36.48
Sub-total (ii)	**15.02**	**8.38**	**11.30**	**1.78**	**36.48**
Total (i+ii)	**15.02**	**8.38**	**11.30**	**1.78**	**36.48**

19 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 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
(A) Secured Long-Term Debt Securities				
(i) Institutional Bonds	1,955.00	2,029.81	1,955.00	2,065.31
(ii) 54EC Capital Gain Tax Exemption Bonds	35,866.55	37,124.32	24,146.13	25,025.49
(iii) Tax Free Bonds	10,261.64	10,624.41	11,763.30	12,158.86
(iv) Bond Application Money pending allotment	1,720.36	1,719.42	1,291.54	1,291.13
Sub-total (A)	**49,803.55**	**51,497.96**	**39,155.97**	**40,540.79**
(B) Unsecured Long-Term Debt Securities				
(i) Institutional Bonds	148,262.70	152,705.20	144,074.60	148,998.67
(ii) Infrastructure Bonds	3.96	8.63	3.96	8.00
(iii) Foreign Currency Bonds	32,886.78	32,690.54	30,322.85	30,027.15
Sub-total (B)	**181,153.44**	**185,404.37**	**174,401.41**	**179,033.82**
Total - Debt Securities (A+B)	**230,956.99**	**236,902.33**	**213,557.38**	**219,574.61**

Consolidated Notes to Accounts

(₹ in Crores)

	Particulars	As at 31.03.2023		As at 31.03.2022	
		Face Value	Amortised Cost	Face Value	Amortised Cost
	Debt Securities issued in/ outside India				
(i)	Debt Securities in India	198,070.21	204,211.79	183,234.53	189,547.46
(ii)	Debt Securities outside India	32,886.78	32,690.54	30,322.85	30,027.15
	Total - Debt Securities	**230,956.99**	**236,902.33**	**213,557.38**	**219,574.61**

Refer Note No. 21.2 for reconciliation between the figure represented in Face Value and Amortised Cost

19.1 Details of Secured Long-Term Debt Securities - *Refer Note 20.6 for details of the security*

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2021	
	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,029.81	1,955.00	2,065.31
Total - Institutional Bonds	**1,955.00**	**2,029.81**	**1,955.00**	**2,065.31**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	6,651.31	6,938.31	6,651.77	6,937.05
Series XIII (2019-20) - 5.75% Redeemable at par during financial year 2024-25	6,157.82	6,419.74	6,157.72	6,417.26
Series XIV (2020-21) - 5.75% and 5% Redeemable at par during financial year 2025-26	5,312.07	5,513.14	5,312.07	5,510.93
Series XV (2021-22) - 5% Redeemable at par during financial year 2026-27	7,312.80	7,576.90	6,024.57	6,160.25
Series XVI (2022-23) - 5% Redeemable at par during financial year 2027-28	10,432.55	10,676.23	-	-
Total - 54EC Capital Gain Tax Exemption Bonds	**35,866.55**	**37,124.32**	**24,146.13**	**25,025.49**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Series 5A	300.00	306.39	300.00	306.33
7.17% payable annually Redeemable at par on 23.07.2025				
Series 2011-12	2,160.33	2,288.71	2,160.33	2,287.99
Redeemable at par. Bonds amounting to ₹2,160.33 crores are redeemable on 27.03.2027 with interest rates varying from 8.12% to 8.32% payable annually				
Series 2012-13 Series 2A & 2B	245.00	251.12	500.00	512.60
Redeemable at par. Bonds amounting to ₹245.00 crores are redeemable on 22.11.2027 with interest rates of 7.38%payable annually				
Series 2012-13 Tranche 1	842.04	861.98	2,007.35	2,055.08
Redeemable at par. Bonds amounting to ₹852.04 crores are redeemable on 20.12.2027 with interest rates varying from 7.38% to 7.88% payable annually				
Series 2012-13 Tranche 2	49.71	50.86	131.06	134.06
Redeemable at par. Bonds amounting to ₹49.71 crores are redeemable on 27.03.2028 with interest rates varying from 7.04% to 7.54% payable annually				

Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2013-14 Series 3A & 3B	1,350.00	1,413.90	1,350.00	1,413.35
Redeemable at par. Bonds amounting to ₹209.00 crores are redeemable on 29.08.2023 and ₹1,141.00 crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually				
Series 2013-14 Series 4A & 4B	150.00	155.54	150.00	155.48
Redeemable at par. Bonds amounting to ₹105.00 crores are redeemable on 11.10.2023 and ₹45.00 crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually				
Series 2013-14 Tranche 1	3,410.60	3,499.26	3,410.60	3,497.90
Redeemable at par. Bonds amounting to ₹575.06 crores are redeemable on 25.09.2023, ₹2,810.26 crores are redeemable on 25.09.2028 and ₹ 55.28 crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually				
Series 2013-14 Tranche 2	1,057.40	1,085.19	1,057.40	1,084.77
Redeemable at par. Bonds amounting to ₹419.32 crores are redeemable on 22.03.2024, ₹530.42 crores are redeemable on 23.03.2029 and ₹109.66 crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually				
Series 2015-16 Tranche 1	696.56	711.46	696.56	711.30
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				
Total - Tax Free Bonds	**10,261.64**	**10,624.41**	**11,763.30**	**12,158.86**

(iv) Bond Application Money Pending Allotment

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds	1,720.36	1,719.42	1,291.54	1,291.13
5% Redeemable at par after 5 years from the deemed date of allotment				
Total - Bond Application Money Pending Allotment	**1,720.36**	**1,719.42**	**1,291.54**	**1,291.13**

19.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
179th Series - 8.15% Redeemable at par on 10.06.2022	-	-	1,000.00	1,065.84
107th Series - 9.35% Redeemable at par on 15.06.2022	-	-	2,378.20	2,554.82
186A Series - 6.90% Redeemable at par on 30.06.2022	-	-	2,500.00	2,629.90
150th Series - 7.03% Redeemable at par on 07.09.2022	-	-	2,670.00	2,775.76
184B Series STRPP-C - 7.55% Redeemable at par on 26.09.2022**	-	-	300.00	311.59
152nd Series - 7.09% Redeemable at par on 17.10.2022	-	-	1,225.00	1,264.38
111-II Series - 9.02% Redeemable at par on 19.11.2022	-	-	2,211.20	2,283.72

Consolidated Notes to Accounts

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
155th Series - 7.45% Redeemable at par on 30.11.2022	-	-	1,912.00	1,959.41
185th Series - 7.09% Redeemable at par on 13.12.2022	-	-	2,759.00	2,817.14
187th Series - 7.24% Redeemable at par on 31.12.2022	-	-	2,090.00	2,127.51
159th Series - 7.99% Redeemable at par on 23.02.2023	-	-	950.00	957.53
188A Series - 7.12% Redeemable at par on 31.03.2023	-	-	1,400.00	1,400.22
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,667.81	4,300.00	4,667.36
195th Series - 6.92% Redeemable at par on 22.04.2023	2,985.00	3,179.66	2,985.00	3,179.43
191A Series - 6.80% Redeemable at par on 30.06.2023	1,100.00	1,106.52	1,100.00	1,106.39
200th Series PP-MLD - 5.36% Redeemable at par on 30.06.2023*	500.00	573.12	500.00	546.01
184B Series STRPP-D - 7.55% Redeemable at par on 26.09.2023**	300.00	311.59	298.00	309.49
202B Series - 5.69% Redeemable at par on 30.09.2023	2,474.00	2,544.42	2,474.00	2,544.12
205A Series - 4.99% Redeemable at par on 31.01.2024	2,135.00	2,151.85	2,135.00	2,151.79
209th Series - 5.79% Redeemable at par on 20.03.2024	1,550.00	1,552.48	1,550.00	1,552.38
210th Series - 5.74% Redeemable at par on 20.06.2024	4,000.00	4,178.81	4,000.00	4,215.56
180A Series - 8.10% Redeemable at par on 25.06.2024	1,018.00	1,077.71	1,018.00	1,075.09
191B Series - 6.99% Redeemable at par on 30.09.2024	1,100.00	1,106.58	1,100.00	1,106.48
212th Series - Floating (linked to T-Bill) Redeemable at par on 31.10.2024	2,500.00	2,573.36	2,500.00	2,538.84
186B Series - 7.40% Redeemable at par on 26.11.2024	1,500.00	1,538.06	1,500.00	1,537.91
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.06	2,250.00	2,418.88
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.05	1,925.00	2,063.71
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,492.55	2,325.00	2,493.36
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,304.28	2,285.00	2,304.25
190A Series - 6.88% Redeemable at par on 20.03.2025	2,500.00	2,514.67	2,500.00	2,514.48
201A Series - 5.90% Redeemable at par on 31.03.2025	900.00	935.42	900.00	935.39
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,453.74	2,396.00	2,453.50
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,339.00
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.49
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,671.58	2,585.00	2,670.75
203B Series - 5.85% Redeemable at par on 20.12.2025	2,777.00	2,821.05	2,777.00	2,821.01
204B Series - 5.81% Redeemable at par on 31.12.2025	2,082.00	2,111.49	2,082.00	2,111.47
205B Series - 5.94% Redeemable at par on 31.01.2026	2,000.00	2,014.64	2,000.00	2,018.82
214A Series - 7.32% Redeemable at par on 28.02.2026	500.00	503.15	-	-
219 series - 7.60% Redeemable at par on 28.02.2026	3,148.70	3,186.42	-	-
220B series - 7.69% Redeemable at par on 31.03.2033 with Put option exercisable on 31.03.2026	1,600.10	1,605.47	-	-
218A series - 7.56% Redeemable at par on 30.06.2026	3,000.00	3,048.29	-	-
211th Series - 6.23% Redeemable at par on 31.10.2031 with Put/ Call option exercisable on 31.10.2026	1,200.00	1,230.57	1,200.00	1,232.57
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,161.97	2,100.00	2,152.19
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,025.73	3,000.00	3,066.06
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,717.93	2,745.00	2,750.60
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.40	3,533.00	3,614.30
216A series - 7.55% Redeemable at par on 31.03.2028	1,701.50	1,701.13	-	-
220A series - 7.77% Redeemable at par on 31.03.2028	2,000.00	2,006.58	-	-
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,637.42	2,500.00	2,637.39
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,628.04	2,500.00	2,628.01
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,625.73	2,552.40	2,625.69

Consolidated Notes to Accounts

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,621.02	2,554.00	2,620.97
176th Series - 8.85% Redeemable at par on 16.04.2029	1,600.70	1,735.82	1,600.70	1,735.73
178th Series - 8.80% Redeemable at par on 14.05.2029	1,097.00	1,171.24	1,097.00	1,169.96
180B Series - 8.30% Redeemable at par on 25.06.2029	2,070.90	2,173.02	2,070.90	2,169.56
184A Series - 8.25% Partly Paid Debentures Redeemable at par on 26.09.2029	1,160.80	1,209.72	870.60	907.18
192nd Series - 7.50% Redeemable at par on 28.02.2030	2,382.00	2,396.48	2,382.00	2,396.36
188B Series - 7.89% Redeemable at par on 31.03.2030	1,100.00	1,100.10	1,100.00	1,100.09
189th Series - 7.92% Redeemable at par on 31.03.2030	3,054.90	3,054.97	3,054.90	3,054.91
197th Series - 7.55% Redeemable at par on 11.05.2030	3,740.00	3,990.03	3,740.00	3,989.89
198B Series - 7.79% Redeemable at par on 21.05.2030	1,569.00	1,673.83	1,569.00	1,673.76
202A Series - 7.25% Redeemable at par on 30.09.2030	3,500.00	3,627.05	3,500.00	3,627.03
203A Series - 6.80% Redeemable at par on 20.12.2030	5,000.00	5,094.07	5,000.00	5,094.06
204A Series - 6.90% Redeemable at par on 31.01.2031	2,500.00	2,527.79	2,500.00	2,527.79
201B Series - 6.90% Redeemable at par on 31.03.2031	1,300.00	1,359.80	1,300.00	1,359.79
213th Series - 6.92% Redeemable at par on 20.03.2032	1,380.00	1,382.88	1,380.00	1,382.86
218B series - 7.69% Redeemable at par on 31.01.2033	2,004.40	2,036.80	-	-
214B Series - 7.50% Redeemable at par on 28.02.2033	1,947.60	1,960.18	-	-
214B (re-issue) Series - 7.50% Redeemable at par on 28.02.2033	3,000.00	2,984.49	-	-
217th series - 7.53% Redeemable at par on 31.03.2033	500.00	510.86	-	-
182nd Series - 8.18% Redeemable at par on 22.08.2034	5,063.00	5,314.68	5,063.00	5,314.67
183rd Series - 8.29% Redeemable at par on 16.09.2034	3,028.00	3,163.26	3,028.00	3,163.24
207th Series - 7.02% Redeemable at par on 31.01.2036	4,589.90	4,641.76	4,589.90	4,641.75
208th Series - 7.40% Redeemable at par on 15.03.2036	3,613.80	3,625.49	3,613.80	3,625.48
215th series - 7.65% Redeemable in 5 equal tranches on 30.11.2033, 30.11.2034,30.11.2035,30.11.2036 and 30.11.2037	3,889.00	3,992.12	-	-
216B series - 7.67% Redeemable at par on 30.11.2037	2,000.00	2,049.92	-	-
Total - Institutional Bonds	**148,262.70**	**152,705.20**	**144,074.60**	**148,998.67**

** PP-MLD- Principal Protected Market Linked Debentures*

*** STRPP- Separately Transferable Redeemable Principal Parts*

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	3.96	8.63	3.96	8.00
Total - Infrastructure Bonds	**3.96**	**8.63**	**3.96**	**8.00**

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2023	As at 31.03.2022	Redemption Details
9.15% Cumulative	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	
Total	**3.96**	**3.96**	

Amounts have been shown at face value

Consolidated Notes to Accounts

(iii) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Face Value	Amortised Cost	Face Value	Amortised Cost
4.75% US $500 Mn Bonds - Redeemable at par on 19.05.2023	4,110.85	4,181.61	3,790.36	3,848.85
5.250% US $700 Mn Bonds - Redeemable at par on 13.11.2023	5,755.18	5,858.35	5,306.50	5,387.23
3.375% US $650 Mn Bonds - Redeemable at par on 25.07.2024	5,344.10	5,366.61	4,927.46	4,941.02
3.50% US $500 Mn Bonds - Redeemable at par on 12.12.2024	4,110.85	4,148.36	3,790.36	3,822.14
2.25% US $500 Mn Bonds - Redeemable at par on 01.09.2026	4,110.85	4,107.36	3,790.36	3,785.82
2.75% US $400 Mn Bonds - Redeemable at par on 13.01.2027	3,288.68	3,302.69	3,032.28	3,045.13
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,699.76	3,425.80	3,411.32	3,102.47
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	2,466.51	2,299.76	2,274.21	2,094.49
Total - Foreign Currency Bonds	**32,886.78**	**32,690.54**	**30,322.85**	**30,027.15**

Global Medium Term Note (GMTN) Programme

The Company has a Global Medium Term Note (GMTN) Programme of USD 7 Billion which is listed on SGX-ST (Singapore Stock Exchange - Securities Trading), LSE-ISM (London Stock Exchange – International Securities Market), Global Securities Market (GSM) of the India INX (India International Exchange) and NSE IFSC (NSE International Exchange). The summay of funds raised under the GMTN Programme is as below:

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Funds raised during the year under GMTN Programme	Nil*	USD 0.4 Billion
Cumulative amount raised under GMTN Programme	USD 4.4 Billion	USD 4.4 Billion
Outstanding amount out of funds raised under GMTN Programme	USD 4.0 Billion	USD 4.0 Billion

** Subsequent to the Balance Sheet date, the Company has raised USD 750 Million through Green Bonds under its GMTN Programme. Consequently, as on the date of signing of the Balance Sheet, the cumulative amount raised under GMTN Programme is USD 5.15 Billion and the outstanding amount out of funds raised under GMTN Programme is USD 4.75 Billion.*

The amounts raised during the year have been utilized for the stated objects in the Offering Circular. There has been no default as on the Balance Sheet date in the repayment of debt securities and borrowings and the Company has met all its debt servicing obligations, whether principal or interest, during the year. Further, there has not been any breach of financial covenants under the Loan Agreements as on the Balance Sheet date.

20 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 31.03.2023		As at 31.03.2022	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Unsecured Long-Term Borrowings**				
(i)	Term Loans from Banks	56,298.20	56,402.09	42,878.32	42,919.86
(ii)	Term Loans from Financial Institutions	6,000.00	6,000.64	6,800.00	6,800.00
(iii)	Term Loan in Foreign Currency	45,553.26	45,263.52	35,634.60	35,329.87
(iv)	Term Loans from Govt. of India (NSSF)	10,000.00	10,325.12	10,000.00	10,325.12
(v)	Lease Liability	0.02	0.02	0.03	0.03
	Sub-total (A)	**117,851.48**	**117,991.39**	**95,312.95**	**95,374.88**
(B)	**Unsecured Short-Term Borrowings**				
(i)	FCNR (B) Loans	15,424.22	15,427.63	9,854.92	9,861.13
(ii)	Short Term Loans/ Loans repayable on demand from Banks	3,600.00	3,607.52	1,410.93	1,415.58
(iii)	Overdrafts/ Cash Credit repayable on demand from Banks	87.59	87.59	-	-
	Sub-total (B)	19,111.81	19,122.74	11,265.85	11,276.71
	Total - Borrowings (other than Debt Securities) (A to B)	**136,963.29**	**137,114.13**	**106,578.80**	**106,651.59**
	Borrowings (other than Debt Securities) in/ outside India				
(i)	Borrowings in India	91,410.03	91,850.61	70,944.20	71,321.72
(ii)	Borrowings outside India	45,553.26	45,263.52	35,634.60	35,329.87
	Total - Borrowings (other than Debt Securities)	**136,963.29**	**137,114.13**	**106,578.80**	**106,651.59**

Please refer Note No. 21.2 for reconciliation between the figure represented in Face Value and Amortised Cost

Consolidated Notes to Accounts

20.1 Details of Unsecured Long-term Borrowings

(i) Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- JP Morgan Chase Bank	-	-	1,500.00	1,500.00
₹1,500 crores repaid on 23.09.2022				
- Mizuho Bank	-	-	300.00	300.00
₹300 crores repaid on 21.10.2022				
- Karnataka Bank	499.99	499.99	-	-
₹499.99 crores repayable on 15.05.2025				
- Punjab & Sind Bank	700.00	700.00	-	-
₹700 crores repayable on 09.12.2025				
- Jammu & Kashmir Bank	299.95	299.95	300.00	300.05
₹299.95 crores repayable on 28.10.2026				
- Karur Vysya Bank	250.00	250.05	250.00	250.04
₹250 crores repayable on 29.10.2026				
- Deutsche Bank	1,000.00	1,000.22	1,000.00	1,000.15
₹500 crores repayable on 18.12.2023 and ₹500 crores repayable on 15.06.2027				
- South Indian Bank	500.00	500.00	300.00	300.00
₹300 crores repayable on 08.11.2026 and ₹200 crores repayable on 04.08.2027			-	-
- HDFC Bank	16,350.00	16,449.77	12,000.00	12,040.15
₹2,000 crores repayable on 15.06.2023, ₹1,500 crores repayable on 19.06.2023, ₹300 crores repayable on 29.09.2023, ₹1,500 crores repayable on 30.09.2023, ₹350 crores repayable on 11.10.2023, ₹350 crores repayable on 05.11.2023, ₹500 crores repayable on 15.01.2024, ₹850 crores repayable on 17.11.2026, ₹2,000 crores repayable on 31.03.2027, ₹2,000 crores repayable on 07.09.2027, ₹2,500 crores repayable on 29.12.2027 and ₹2,500 crores repayable on 27.02.2028.				
- Indian Bank	1,500.00	1,500.00	-	-
₹1,500 crores repayable in 6 equal annual instalments starting from 04.08.2024 and final instalment on 04.08.2029				
- Bank of Baroda	5,000.00	5,001.08	-	-
₹5,000 crores repayable in 6 annual instalments starting from 30.09.2024 and final instalment due on 29.09.2029				
- ICICI Bank	4,000.00	4,000.85	2,850.00	2,850.48
₹4,000 crores repayable on 23.01.2030				
- HSBC Bank	3,402.49	3,403.23	3,402.49	3,403.03
₹565 crores repayable on 19.05.2025, ₹187.49 crores repayable on 18.12.2025, ₹900 crores repayable on 25.03.2026, ₹500 crores repayable on 06.07.2026, ₹500 crores repayable on 09.07.2026, ₹85 crores repayable on 25.03.2030 and ₹665 crores repayable on 28.03.2030				
- Bank of India	1,499.87	1,500.18	749.87	750.00
₹749.87 repayable in 5 annual instalments starting from 27.09.2024 and final instalment on 27.09.2028 and ₹750 crores repayable on 31.03.2030				
- Union Bank of India	2,999.68	3,000.33	1,999.68	1,999.68
₹1,000 crores repayable on 04.01.2026 and ₹1,999.68 crores repayable in 5 annual instalments starting from 31.03.2027 and final instalment on 31.03.2031				

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- State Bank of India	10,900.26	10,900.26	12,729.30	12,729.30
₹699.84 crores repayable on 15.10.2023, ₹919.44 crores repayable in 2 annual instalments due on 05.09.2023 and 05.03.2024, ₹3,569.93 crores repayable in 5 semi-annual instalments starting from 15.07.2023 and last instalment due on 15.07.2025, ₹1,711.19 crores repayable on 12.12.2027 and ₹3,999.86 crores repayable in structured instalments starting from 29.10.2023 and last instalment on 29.10.2031				
- Punjab National Bank	4,995.97	4,996.19	4,996.98	4,996.98
₹1,996.66 crores repayable in 3 annual instalments with first instalment due on 27.08.2023, and ₹1,999.66 crores repayable on 11.11.2026 and ₹999.66 crores repayable in 10 semi-annual instalments starting from 29.03.2028 and final instalment due on 29.12.2031				
- Central Bank	2,399.99	2,399.99	500.00	500.00
₹1,499.99 repayable on 26.03.2024, ₹400 crores repayable on 17.10.2025 and ₹500 crores repayable in 7 annual instalments starting from 28.02.2026 and final instalment due on 29.02.2032				
Total - Unsecured Term Loans from Banks	**56,298.20**	**56,402.09**	**42,878.32**	**42,919.86**

(ii) Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	5,500.00	5,500.53	6,800.00	6,800.00
₹1,500 crores repayable on 23.02.2024, ₹500 crores repayable on 14.03.2024, ₹1,000 crores repayable on 25.03.2026, ₹1,000 crores repayable on 27.03.2026, ₹1,000 crores repayable on 09.08.2026 and ₹500 crores repayable on 28.07.2027				
- National Bank for Financing Infrastructure and Development (NaBFID)	500.00	500.11	-	-
₹500 crores repayable in 7 equal annual instalment starting from 31.03.2027 and last instalment due on 31.03.2033				
Total - Term Loans from Others - Financial Institutions	**6,000.00**	**6,000.64**	**6,800.00**	**6,800.00**

(iii) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1) ODA Loans - Guaranteed by Govt. of India				
JICA Loan - JICA-II repaid on 20.03.2023	-	-	23.47	23.48
KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2023	141.51	142.17	222.81	223.55
Sub-Total (1)	**141.51**	**142.17**	**246.28**	**247.03**
(2) ODA Loans - Without Govt. Guarantee				
KfW-IV Loan - Repayable in equal half-yearly instalments of €12.00 Mn till 15.11.2030, next instalment falling due on 15.05.2023	1,578.56	1,609.90	1,637.43	1,639.80
Sub-Total (2)	**1,578.56**	**1,609.90**	**1,637.43**	**1,639.80**
(3) Bilateral/ Syndicated Loans				
US $200 Mn - Repaid on 28.07.2022	-	-	1,516.14	1,516.11
US $150 Mn - Repaid on 11.09.2022	-	-	1,137.11	1,136.75
¥ 10,327.12 Mn - Repayable on 08.08.2023	638.22	635.36	642.66	636.04
US $250 Mn - Repayable on 29.08.2023	2,055.42	2,064.76	1,895.18	1,895.18

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US $250 Mn - Repayable on 27.03.2024	2,055.42	2,036.56	1,895.18	1,880.88
US $150 Mn - Repayable on 29.03.2024 and $ 75 Mn repayable on 14.05.2024	1,233.25	1,224.65	1,137.11	1,125.35
US $100 Mn - Repayable on 01.07.2024	822.17	830.83	758.07	755.34
SG $72.07 Mn - Repayable on on 30.03.2025	445.48	440.55	403.21	396.92
US $75 Mn - Repayable on 30.03.2025	616.63	606.46	568.55	561.90
¥ 10,519 Mn - Repayable on 25.09.2025	650.07	643.21	654.60	645.86
US $170 Mn - $100 Mn repayable on 26.03.2025 and $ 70 Mn repayable on 06.10.2025	1,397.69	1,400.67	1,288.72	1,288.65
US $425 Mn - Repayable on 16.03.2026	3,494.22	3,467.48	3,221.80	3,207.65
US $600 Mn - Repayable on 25.08.2026	4,933.01	4,899.73	4,548.43	4,499.53
US $75 Mn - Repayable on 07.10.2026	616.63	626.45	568.55	565.00
US $1175 Mn - Repayable on 29.12.2026	9,660.49	9,500.21	8,907.33	8,751.96
¥ 37,506.63 Mn - Repayable on 03.03.2027	2,317.91	2,285.95	2,334.04	2,293.52
US $100 Mn - Repayable on 13.06.2027	822.17	815.24	-	-
US $200 Mn - Repayable on 28.07.2027	1,644.34	1,640.92	-	-
US $150 Mn - Repayable on 13.09.2027	1,233.25	1,221.79	-	-
SGD 213.21 Mn - Repayable on 27.10.2027	1,317.80	1,306.89	-	-
€ 254.19 Mn - Repayable on 31.10.2027	2,277.77	2,258.06	-	-
€ 349.83 Mn - Repayable on 27.03.2028	3,134.74	3,085.56	-	-
US $300 Mn - Repayable on 02.06.2030	2,466.51	2,520.12	2,274.21	2,286.40
Sub-Total (3)	**43,833.19**	**43,511.45**	**33,750.89**	**33,443.04**
Total - Foreign Currency Borrowings (1+2+3)	**45,553.26**	**45,263.52**	**35,634.60**	**35,329.87**

(iv) Term Loans from Govt. of India - National Small Savings Fund (NSSF)

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from NSSF	10,000.00	10,325.12	10,000.00	10,325.12
₹5, 000 crores repayable on 13.12.2028 and ₹5,000 crores repayable on 04.10.2029				
Total - Term Loans from Govt.	**10,000.00**	**10,325.12**	**10,000.00**	**10,325.12**

20.2 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US$200 Mn - Repaid on 24.05.2022	-	-	1,516.14	1,517.78
US$150 Mn - Repaid on 27.05.2022	-	-	1,137.11	1,137.16
US$200 Mn - Repaid on 03.06.2022	-	-	1,516.14	1,516.21
US$25 Mn - Repaid on 07.06.2022	-	-	189.52	189.72
US$150 Mn - Repaid on 18.06.2022	-	-	1,137.11	1,137.17
US$200 Mn - Repaid on 10.12.2022	-	-	1,516.14	1,517.90
US$75 Mn - Repaid on 14.12.2022	-	-	568.55	569.21
US$200 Mn - Repaid on 30.12.2022	-	-	1,516.14	1,517.91
US$100 Mn - Repaid on 23.02.2023	-	-	758.07	758.07
US$200 Mn - Repayable on 24.05.2023	1,644.34	1,644.34	-	-
US$150 Mn - Repayable on 26.05.2023	1,233.25	1,233.44	-	-
US$200 Mn - Repayable on 03.06.2023	1,644.34	1,644.58	-	-
US$75 Mn - Repayable on 07.06.2023	616.63	616.63	-	-
US$150 Mn - Repayable on 21.06.2023	1,233.25	1,233.44	-	-
US$200 Mn - Repayable on 08.12.2023	1,644.34	1,644.34	-	-
US$300 Mn - Repayable on 13.12.2023	2,466.51	2,466.51	-	-
US$75 Mn - Repayable on 14.12.2023	616.63	616.63	-	-

Consolidated Notes to Accounts

Particulars	As at 31.03.2023		As at 31.03.2022	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US$100 Mn - Repayable on 15.12.2023	822.17	822.17	-	-
US$200 Mn - Repayable on 29.12.2023	1,644.34	1,644.60	-	-
€ 69.77 Mn - Repayable on 16.01.2024	625.17	627.48	-	-
US$150 Mn - Repayable on 15.02.2024	1,233.25	1,233.47	-	-
Total - FCNR (B) Loans	**15,424.22**	**15,427.63**	**9,854.92**	**9,861.13**

20.3 Term Loans from banks/ financial institutions/ Govt. as mentioned in Note No. 20.1 (i), (ii) and (iv) have been raised at interest rates ranging from 5.38% to 8.29% payable on monthly/quarterly/semi annual rests.

20.4 Foreign Currency Borrowings in Note No. 20.1(iii) have been raised fixed interest rates ranging from 0.65% to 1.86% per annum and variable interest rates ranging from a spread of 13 bps to 210 bps over external benchmarks including 3/6 Months' USD LIBOR (London Inter Bank Offered Rate), 3/6 Months' EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), 3/6 Months' Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) and Credit Adjustment Spread (CAS) as applicable on transition of loans to new benchmark rates.

20.5 The Company has not borrowed any funds from the banks or financial institutions on the basis of security of current assets.

20.6 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-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the loan assets of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of loan assets 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 loan assets (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series XII and XIII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of loan assets (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The Bond Series XIV, XV and XVI of 54EC Capital Gain Tax Exemption Bonds are secured by first pari passu charge on hypothecation of loan assets (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

Refer Note No. 10 and 15.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

20.7 No charges or satisfaction are yet to be registered with Registrar of Companies (ROC) beyond the respective statutory date.

21 Subordinated Liabilities

The Company has categorised all subordinated liabilities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2023		As at 31.03.2022	
		Face Value	Amortised Cost	Face Value	Amortised Cost
(i)	**115th Series - Subordinate Tier-II Bonds -** 8.06% Redeemable at par on 31.05.2023	2,500.00	2,668.34	2,500.00	2,668.11
		-	-	-	-
(ii)	**175th Series - Subordinate Tier-II Bonds -** 8.97% Redeemable at par on 28.03.2029	2,151.20	2,079.90	2,151.20	2,100.70
(iii)	**199th Series - Subordinate Tier-II Bonds -** 7.96% Redeemable at par on 15.06.2030	1,999.50	2,025.06	1,999.50	2,047.66
	Total - Subordinated Liabilities	**6,650.70**	**6,773.30**	**6,650.70**	**6,816.47**
	Subordinated Liabilities in/ outside India				
(i)	Borrowings in India	6,650.70	6,773.30	6,650.70	6,816.47
(ii)	Borrowings outside India	-	-	-	-
	Total - Subordinated Liabilities	**6,650.70**	**6,773.30**	**6,650.70**	**6,816.47**

Refer Note No. 21.2 for reconciliation between the figure represented in Face Value and Amortised Cost

Consolidated Notes to Accounts

21.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	Rating
Domestic Long-term Borrowings	CRISIL AAA, ICRA AAA, CARE AAA, IND AAA
Domestic Long Term Principal Protected Market Linked Debentures	CRISIL PP-MLD AAA, ICRA PP-MLD AAA
Domestic Perpetual Bonds	CRISIL AAA, CARE AA+
Domestic Short term Borowings	CRISIL A1+, ICRA A1+, CARE A1+, IND A1+
International Long-term Issuer Rating	BBB- (Fitch), Baa3 (Moody's)

There has been no migration of ratings during the year.

21.2 Reconciliation between carrying values and the contractual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2023				
Total Amount as per Ind-AS	**236,902.33**	**137,114.13**	**6,773.30**	**380,789.76**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,729.19)	(670.87)	(296.95)	(7,697.01)
Add: Ind-AS Adjustments including EIR	783.85	520.03	174.35	1,478.23
Total Borrowings Outstanding	**230,956.99**	**136,963.29**	**6,650.70**	**374,570.98**
As at 31st March 2022				
Total Amount as per Ind-AS	**219,574.61**	**106,651.59**	**6,816.47**	**333,042.67**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,736.43)	(430.69)	(296.94)	(7,464.06)
Add: Ind-AS Adjustments including EIR	719.20	357.90	131.17	1,208.27
Total Borrowings Outstanding	**213,557.38**	**106,578.80**	**6,650.70**	**326,786.88**

21.3 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. 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. Further, there has not been any breach of covenant of Debt Securities, Borrowings and Debt Securities issued by the company.

22 Other Financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	**Unpaid Dividends**	6.79	6.39
(B)	**Unpaid Principal & Interest on Bonds**		
	- Matured Bonds & Interest Accrued thereon	25.66	22.01
	- Interest on Bonds	11.17	6.72
	Sub-total (B)	**36.83**	**28.73**
(C)	**Funds Received from Govt. of India for Disbursement**	98,232.51	97,054.28
	Add: Interest on such funds (net of refund)	24.17	20.87
	Less: Disbursed to Beneficiaries (cumulative)	(98,095.33)	(96,182.75)
	Undisbursed Funds to be disbursed as Subsidy/ Grant	**161.35**	**892.40**
(D)	**Payables towards Bonds Fully serviced by Govt. of India**	24,318.29	24,318.29
(E)	**Other Liabilities**	821.85	462.92
	Total (A to E)	**25,345.11**	**25,708.73**

22.1 Unpaid dividends, unpaid principal and interest on bonds include the amounts which have either not been claimed by the investors or are on hold pending formalities pursuant to investors' claims etc. The amount due to be transferred to Investor Education and Protection Fund (IEPF) as at 31st March 2023 is ₹2.68 crores (₹1.22 crores as at 31st March 2022) which has been transferred within the prescribed time limit.

22.2 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.

Consolidated Notes to Accounts

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 ₹0.75 crores as at 31st March 2023 (₹0.73 crores as at 31st March 2022) 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 31.03.2023	Year ended 31.03.2022
Opening Balance of Interest Subsidy Fund	**0.73**	**0.71**
Add: Interest earned during the year	0.02	0.02
Less: Interest subsidy passed on to the borrower	-	-
Closing Balance of Interest Subsidy Fund	**0.75**	**0.73**

22.3 Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) and Revamped Distribution Sector Scheme (RDSS). The funds received for disbursement to various agencies under the schemes are kept in a respective separate bank accounts. The undisbursed funds for the schemes (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Funds to be disbursed as Subsidy/ Grant" under the head "Other Financial Liabilities".

22.4 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**20.87**	**37.84**
Add: Interest earned/Adjustment during the year	16.65	25.40
Less: Amount refunded to Govt./Adjusted during the year	(13.35)	(42.37)
Closing Balance	**24.17**	**20.87**

22.5 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised funds an aggregate amount of ₹ Nil (Previous year Nil) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 2nd December, 2020 and 3rd March, 2021, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India (Note 12).

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2023	As at 31.03.2022
GoI-I Series	8.09%	Semi-annual	21/3/2028	1,837.00	1,837.00
GoI-II Series	8.01%	Semi-annual	24/3/2028	1,410.00	1,410.00
GoI-III Series	8.06%	Semi-annual	27/3/2028	753.00	753.00
GoI-IV Series	8.70%	Semi-annual	28/9/2028	3,000.00	3,000.00
GoI-V Series	8.54%	Semi-annual	15/11/2028	3,600.00	3,600.00
GoI-VI Series	8.80%	Semi-annual	22/1/2029	2,027.00	2,027.00
GoI-VII Series	8.60%	Semi-annual	8/3/2029	1,200.00	1,200.00
GoI-VIII Series	8.30%	Semi-annual	25/3/2029	4,000.00	4,000.00
GoI- IX Series	7.14%	Semi-annual	2/3/2030	1,500.00	1,500.00
GoI- X Series	8.25%	Semi-annual	26/3/2030	532.30	532.30
GoI- XI Series	7.20%	Semi-annual	31/3/2030	1,750.00	1,750.00
GoI- XII Series	6.45%	Semi-annual	7/1/2031	1,000.00	1,000.00
GoI- XIII Series	6.63%	Semi-annual	28/1/2031	1,000.00	1,000.00
GoI- XIV Series	6.50%	Semi-annual	26/3/2031	500.00	500.00
Total				**24,109.30**	**24,109.30**

Consolidated Notes to Accounts

23 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Provision for Income Tax	51.92	18.01
Less: Advance Income-tax & TDS	(41.27)	(7.76)
Current tax liabilities (Net)	**10.65**	**10.25**

24 Provisions

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
	Provisions for		
(A)	**Employee Benefits**		
	Gratuity	2.68	0.34
	Earned Leave Liability	27.75	25.57
	Post Retirement Medical Benefits	-	0.71
	Medical Leave Liability	20.61	21.49
	Settlement Allowance	1.76	1.79
	Economic Rehabilitation Scheme	4.17	4.15
	Long Service Award	2.89	2.25
	Incentive	33.89	28.47
	Others*	2.00	-
	Sub-total (A)	**95.75**	**84.77**
(B)	Others		
	Expected Credit Loss on Letters of Comfort	15.87	20.90
	Sub-total (B)	**15.87**	**20.90**
	Total (A+B)	**111.62**	**105.67**

** created in compliance of order of Ministry of Power regarding regularisation of earlier adopted Pay Scales 1997 in respect of below Board Level Executives at par with other CPSEs.*

24.1 Movement of Expected Credit Loss provision on Letters of comfort

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Opening balance	**20.90**	**9.09**
Add: Created during the year	5.48	17.18
Less: Reversed/ Adjusted during the year	(10.51)	(5.37)
Closing balance	**15.87**	**20.90**

24.2 The Company has maximum credit risk exposure of ₹3,082.47 crores (previous year ₹4,068.95 crores) related to Letters of Comfort issued to the banks, as a financial guarantee on behalf of the borrowers.

25 Other Non-Financial Liabilities

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	Sundry Liabilities Account (Funded Interest Capitalisation)	2.80	4.10
(B)	Unbilled Liability towards Capital Account	48.38	26.96
(C)	Unamortised Fee on Undisbursed Loans	12.45	28.72
(D)	Advance received from Govt. towards Govt. Schemes	0.10	1.00
(E)	Statutory Dues	42.72	28.25
(F)	Other Liabilities	-	0.01
	Total (A to F)	**106.45**	**89.04**

Consolidated Notes to Accounts

26 Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	2,633,224,000	2,633.22	1,974,918,000	1,974.92
Total	**2,633,224,000**	**2,633.22**	**1,974,918,000**	**1,974.92**

26.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the period

(₹ in Crores)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the period	**1,974,918,000**	**1,974.92**	**1,974,918,000**	**1,974.92**
Add: Shares issued & allotted during the period	658,306,000	658.30	-	-
Share Capital at the end of the period	**2,633,224,000**	**2,633.22**	**1,974,918,000**	**1,974.92**

26.2 Allotment of Bonus Shares during the year and during preceding five years

During the year, the Company has issued 65,83,06,000 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022 by capitalising ₹658.31 crores out of the sum standing to the credit of 'Securities Premium Account'. Except this, no Bonus Shares were issued during the preceding five years.

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.

26.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

(₹ in Crores)

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Limited	1,385,993,662	52.63%	1,039,495,247	52.63%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	*		158,992,122	8.05%

26.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

(₹ in Crores)

Name of the Company	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,385,993,662	52.63%	1,039,495,247	52.63%

26.7 Details of equity shares held by the promoters

Name of the Promoter	As at 31.03.2023			As at 31.03.2022		
	No. of Shares	Percentage	% change during the year	No. of Shares	Percentage	% change during the year
The President of India	-	-	-	-	-	-
Power Finance Corporation Ltd.	1,385,993,662	52.63%	-	1,039,495,247	52.63%	-

Consolidated Notes to Accounts

27 Instruments entirely equity in nature

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Number	Amount	Number	Amount
Fully paid up Perpetual Debts Instrument entirely equity in nature of ₹ 10 lakhs each	5,584	558.40	5,584	558.40
Total	**5,584**	**558.40**	**5,584**	**558.40**

27.1 Reconciliation of the number of perpetual securities outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	For the year ended 31.03.2023		For the year ended 31.03.2022	
	Number	Amount	Number	Amount
Balance at the beginning of the year	**5,584**	**558.40**	**5,584**	**558.40**
Increase/ (Decrease) during the year	-	-	-	-
Balance at the end of the year	**5,584**	**558.40**	**5,584**	**558.40**

27.2 Instrument holders holding more than 5% of Perpetual Debt Instruments entirely equity in nature as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	Number	Percentage	Number	Percentage
HVPNL Employees Pension Fund Trust	665	11.91%	665	11.91%
HPGCL Employees Pension Fund Trust	500	8.95%	500	8.95%

27.3 Company had issued Perpetual Debt Instruments of face value of ₹10 lakhs each, with no maturity and callable only at the option of the Company after 10 years. The claims of the holders of the securities shall be (a) Superior to the claims of the holders of the equity shares issued by the Issuer; and (b) Subordinated to the claims of all other creditors of the Issuer. The instruments carry a step up provision if not called after 10 years. The payment of Coupons may be cancelled or suspended at the discretion of the Company. The coupon of the securities is not cumulative except where the Issuer shall not be liable to pay coupon and may defer the payment of coupon, if (i) The capital to risk assets ratio ("CRAR") of the Issuer is below the minimum regulatory requirement prescribed by RBI; or (ii) the impact of such payment results in CRAR of the Issuer falling below or remaining below the minimum regulatory requirement prescribed by RBI

As these securities are perpetual in nature and the Company does not have any redemption obligation and discretion on payment of coupon, these have been classified as equity. Further, the periodic coupon payments are accordingly adjusted with retained earnings.

28 Other Equity

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(A)	**Other Reserves**		
(i)	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	24,977.89	22,302.93
(ii)	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	-	196.82
(iii)	Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	8,025.15	5,814.00
(iv)	Securities Premium	1,577.53	2,236.54
(v)	Foreign Currency Monetary Item Translation Difference Account	(790.44)	(555.29)
(vi)	Capital Reserve	0.00	0.00
(vii)	General Reserve	12,036.27	11,839.45
(B)	**Retained Earnings**	10,313.78	7,186.05
(C)	**Other Comprehensive Income (OCI)**		
	- Equity Instruments through Other Comprehensive Income	(101.47)	(37.98)
	- Effective Portion of Cash Flow Hedges	600.05	194.21
	- Cost of Hedging reserve	(1,709.87)	(395.95)
	Total - Other Equity (A+B+C)	**54,928.89**	**48,780.78**

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

Consolidated Notes to Accounts

28.1 Drawdown/ Transfer from Reserves: Pursuant to regulatory guidelines and utilisation of reserves created for specific purposes, the Company has transferred the following amounts from different reserves to General Reserve:

(i) **During the financial year 2022-23**

₹196.82 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.

(ii) **During the financial year 2021-22**

₹1,931.59 crores from Reserve for Bad & Doubtful Debts under Section 36(1)(viia)(c) of the Income Tax Act, 1961 on account of actual write-offs on loan assets and other recoverables.

28.2 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**22,302.93**	19,222.23
Add: Transferred from Retained Earnings	2,674.96	3,080.70
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	24,977.89	22,302.93

28.3 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five percent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**196.82**	**2,128.41**
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	(196.82)	(1,931.59)
Balance as at the end of the year	**-**	**196.82**

28.4 Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934

The Company is creating the Reserve Fund as required u/s 45IC of Reserve Bank of India Act, 1934, wherein at least 20% of net profit is required to be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India from time to time and further, any such appropriation is also required to be reported to the Reserve Bank of India within 21 days from the date of such withdrawal.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**5,814.00**	**3,804.00**
Add: Transferred from Retained Earnings	2,211.15	2,010.00
Less: Transferred to General Reserve	-	-
Balance as at the end of the year	**8,025.15**	**5,814.00**

Consolidated Notes to Accounts

28.5 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**2,236.54**	**2,236.54**
Add: Transferred from Retained Earnings	-	-
Less: Transferred to General Reserve	-	-
Less: Utilised for Bonus Issue of Equity Shares	(658.30)	-
Less: Expenses incurred on Bonus Issue of Equity Shares	(0.71)	-
Balance as at the end of the year	**1,577.53**	**2,236.54**

28.6 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The Company opted to continue the policy of such amortisation as per the previous GAAP in respect of the exchange differences arising from translation of long-term foreign currency monetary items as on 31st March 2018 in line with the provisions of Ind-AS. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(555.29)**	**(573.16)**
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	(487.03)	(216.94)
Less: Amortisation during the year	251.88	234.81
Balance as at the end of the year	**(790.44)**	**(555.29)**

28.7 General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**11,839.45**	**9,903.16**
Add: Transferred from Retained Earnings	-	-
Add: Transferred from Reserve for Bad & Doubtful Debts u/s 36(1) (viia) of the Income Tax Act, 1961	196.82	1,931.59
Add: Transferred from Debenture Redemption Reserve	-	-
Add: Transferred from Impairment Reserve	-	-
Add: Transferred from Capital Reserve	-	4.70
Balance as at the end of the year	**12,036.27**	**11,839.45**

28.8 Equity Instruments through Other Comprehensive Income (OCI)

The Group has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

Consolidated Notes to Accounts

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(37.98)**	**24.07**
Add: Recognition through Other Comprehensive Income (net of taxes)	(58.48)	24.74
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument (net of taxes)	(5.01)	(86.79)
Balance as at the end of the year	**(101.47)**	**(37.98)**

28.9 Effective Portion of Cash Flow Hedges

The Company uses derivative instruments in pursuance of managing its foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps, foreign currency option contracts and interest rate swaps. To the extent the derivative contracts designated under the hedge accounting are effective hedges, the change in fair value of the hedging instrument is recognised in 'Effective Portion of Cash Flow Hedges'. Amounts recognised in such reserve are reclassified to the Statement of Profit or Loss when the hedged item affects profit or loss.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**194.21**	**(165.61)**
Add: Recognition through Other Comprehensive Income (net of taxes)	405.84	359.82
Balance as at the end of the year	**600.05**	**194.21**

28.10 Cost of Hedging Reserve

The Company designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

Detail of Movement during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**(395.95)**	**41.45**
Add: Recognition through Other Comprehensive Income (net of taxes)	(1,313.92)	(437.40)
Balance as at the end of the year	**(1,709.87)**	**(395.95)**

28.11 Detail of Movement in Capital Reserve during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**-**	**4.70**
Less: Transferred to General Reserve	-	(4.70)
Balance as at the end of the year	**-**	**-**

28.12 Detail of Movement in Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**-**	**(1.19)**
Add: Recognition through Other Comprehensive Income (net of taxes)	-	1.19
Balance as at the end of the year	**-**	**-**

Consolidated Notes to Accounts

28.13 Detail of Movement in Retained Earnings during the year:

(₹ in Crores)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Balance as at the begining of the year	**7,186.05**	**4,606.01**
Add: Profit for the year	11,166.98	10,035.69
Add: Remeasurement of Defined Benefit Plans (net of taxes)	(4.48)	(6.23)
Add: Recognition through Other Comprehensive Income (net of taxes)	-	(0.02)
Less: Transferred to Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	(2,674.96)	(3,080.70)
Less: Transferred to Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	-	-
Less: Transferred to Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934	(2,211.15)	(2,010.00)
Add: Reclassification of gain/ (loss) on sale/ extinguishment of FVOCI equity instrument	5.01	86.79
Less: Coupon Payment on Instrument Entirely Equity in Nature (Perpetual Debt Instruments) (Net of Taxes)	(33.30)	(34.12)
Less: Dividend paid during the year	(3,120.37)	(2,411.37)
Balance as at the end of the year	**10,313.78**	**7,186.05**

28.14 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

(₹ in Crores)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	Dividend per Equity Share	Dividend Amount	Dividend per Equity Share	Dividend Amount
	(₹)	(₹ in Crores)	(₹)	(₹ in Crores)
No. of Equity Share at the end of the year	2,63,32,24,000		1,97,49,18,000	
Interim Dividend	8.25	2,172.41	10.50	2,073.66
Final/ Proposed Dividend	-	-	4.80	947.96
Total Dividend	**8.25**	**2,172.41**	**15.30**	**3,021.62**

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend.

29 Interest Income

(₹ in Crores)

	Particulars	Year ended 31.03.2023			Year ended 31.03.2022		
		On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A)	**Interest on Loan Assets**						
(i)	Long term financing	-	37,679.56	-	-	37,613.68	-
(ii)	Short term financing	-	680.35	-	-	197.16	-
	Sub-total (A)	**-**	**38,359.91**	**-**	**-**	**37,810.84**	**-**
(B)	**Interest Income from Investments**						
(i)	Interest from Long Term Investments	-	154.82	31.69	-	110.44	27.15
	Sub-total (B)	**-**	**154.82**	**31.69**	**-**	**110.44**	**27.15**
(C)	**Interest on Deposits with Banks**						
(i)	Interest from Deposits	-	118.51	-	-	89.78	-
	Sub-total (C)	**-**	**118.51**	**-**	**-**	**89.78**	**-**

Consolidated Notes to Accounts

(₹ in Crores)

Particulars	Year ended 31.03.2023			Year ended 31.03.2022		
	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
(D) Other Interest Income						
(i) Interest on Delayed Payments by Borrowers	-	176.76	-	-	154.54	-
(ii) Interest from Staff Advances	-	3.65	-	-	0.97	-
(iii) Interest on Mobilisation Advance	-	0.27	-	-	0.24	-
(iv) Unwinding of Discount of Security Deposits	-	0.16	-	-	0.16	-
(v) Interest from SPVs	-	0.57	-	-	0.37	-
Sub-total (D)	**-**	**181.41**	**-**	**-**	**156.28**	**-**
Total - Interest Income (A to D)	**-**	**38,814.65**	**31.69**	**-**	**38,167.34**	**27.15**

30 Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Dividend from Long-Term Investments	11.89	4.21
Total - Dividend Income	**11.89**	**4.21**

30.1 Details of dividend recognised on Other Investments :

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Dividend on FVOCI Equity Investments		
- Investments held at the end of the year	11.81	3.20
- Investments derecognized during the year	0.08	1.01
Total	**11.89**	**4.21**

31 Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Fees based Income	117.80	92.22
Prepayment Premium	47.16	465.37
Fee for Implementation of Govt. Schemes	122.21	15.23
Total - Fees and Commission Income	**287.17**	**572.82**

32 Sale of services

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Consultancy Engineering Services	287.55	150.96
Total	**287.55**	150.96

Consolidated Notes to Accounts

33 Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Net gain/ (loss) on disposal of assets classified as held for sale	4.08	30.19
Rental Income	12.82	16.32
Liabilities/Provision Written Back	1.57	10.09
Fees from Training Courses	7.73	6.57
Interest from Income Tax Refund	-	0.84
Miscellaneous Income	15.70	6.14
Total - Other Income	**41.90**	**70.15**

34 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i) Interest on Borrowings		
- Loans from Govt. of India (NSSF)	822.50	822.50
- Loans from Banks/ Financial Institutions	3,934.76	2,788.79
- External Commercial Borrowings	1,881.41	577.12
- Lease Liability	-	-
Sub-Total (i)	**6,638.67**	**4,188.41**
(ii) Interest on Debt Securities		
- Domestic Debt Securities	13,312.17	14,759.43
- Foreign Currency Debt Securities	1,442.43	1,294.73
- Commercial Paper	-	14.76
Sub-Total (ii)	**14,754.60**	**16,068.92**
(iii) Interest on Subordinated Liabilities		
- Subordinate Bonds	551.65	523.30
Sub-Total (iii)	**551.65**	**523.30**
(iv) Other Interest Expense		
- Swap Premium	1,784.82	1,269.34
- Interest on Advance Income Tax	-	0.75
- Interest on liability towards employee benefits	3.44	3.48
- Miscellaneous interest expense	0.18	1.86
Sub-Total (iv)	**1,788.44**	**1,275.43**
Total - Finance Costs	**23,733.36**	**22,056.06**
Less: Finance Costs Capitalised	(0.03)	(5.10)
Total - Finance Costs (Net)	**23,733.33**	**22,050.96**

35 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Net translation/ transaction exchange loss/ (gain)	1,114.04	799.05
Total	**1,114.04**	799.05

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 ₹251.88 crores (Previous year ₹234.81 crores).

35.1 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 31st March 2023	82.2169	0.6180	89.6076	61.8074
As at 31st March 2022	75.8071	0.6223	84.6599	55.9438

Consolidated Notes to Accounts

36 Fees and commission expense

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(i)	Guarantee Fee	2.92	4.29
(ii)	Listing and Trusteeship Fee	0.05	0.84
(iii)	Agency Fees	1.76	2.01
(iv)	Credit Rating Expenses	3.55	6.69
(v)	Other Finance Charges	8.01	2.90
	Total (i to iv)	**16.29**	**16.73**

37 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(A)	**Net gain/ (loss) on financial instruments at Fair Value through profit or loss**		
(i)	**On trading Portfolio**	-	-
(ii)	**Others**		
	- Changes in fair value of Derivatives	69.21	351.36
	- Changes in fair value of Long Term Investments	(25.45)	(12.78)
	- Changes in fair value of Short-term MF investments	1.55	7.99
	Sub-total (ii)	**45.31**	**346.57**
	Total (A)	**45.31**	**346.57**
	Breakup of Fair Value Changes		
	- Realised	336.35	365.03
	- Unrealised	(291.04)	(18.46)
	Total Net Gain/ (loss) on Fair Value Changes	**45.31**	**346.57**

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

38 Impairment on financial instruments

(₹ in Crores)

Particulars		Year ended 31.03.2023		Year ended 31.03.2022	
		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 *	-	105.14	-	3,434.36
(ii)	- Investments	-	-		28.72
(iii)	- Others	-	37.03	-	6.94
	Total (i+ii+iii)	**-**	**142.17**	**-**	**3,470.02**

** includes ₹ -5.03 crores (Previous year ₹ 11.81 crores) towards impairment allowance on Letter of Comfort.*

39 Cost of services rendered

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Project Expenses	54.06	65.11
Total	**54.06**	**65.11**

40 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Salaries and Allowances*	157.43	134.98
- Contribution to Provident and Other Funds	8.57	19.06
- Rent towards Residential Accomodation for Employees	5.31	3.77
- Staff Welfare Expenses	32.79	23.03
Total	**204.10**	**180.84**

** includes ₹20.54 crores (previous year Nil) incurred in compliance of order of Ministry of Power regarding regularisation of earlier adopted Pay Scales 1997 in respect of below Board Level Executives at par with other CPSEs.*

Consolidated Notes to Accounts

41 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Depreciation on Property, Plant & Equipment	21.60	15.35
- Amortization on Intangible Assets	2.66	2.89
Total	**24.26**	**18.24**

42 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Direct Expenditure	198.27	166.88
- Overheads	5.64	5.47
Total	**203.91**	**172.35**

42.1 Ministry of Corporate Affairs (MCA) has prescribed Companies (Corporate Social Responsibility Policy) Rules, 2014, amended from time to time. These rules require that any unspent CSR amount, other than for any ongoing project, must be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. In case such unspent amount pertains to any ongoing project, it must be transferred to unspent CSR Account by 30th April of the next year. However, if such amount is not utilised within three financial years, it is required to be transferred to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. The Company also carries the right to set-off any amount spent in excess of the requirement under the Act within three succeeding financial years against the amount to be spent. Further, companies undertaking impact assessment may book the expenditure towards CSR for that financial year, which shall not exceed two percent of the total CSR expenditure or fifty lakh rupees, whichever is higher.

42.2 Details of Gross Amount required to be spent by the Group:

(a) Gross amount required to be spent by the company during the year is ₹ 203.91 crores (previous year ₹172.35 crores)

(b) Amount approved by the Board to be spent during the year is ₹203.91 crores (previous year ₹172.35 crores)

(c) Refer Note no. 57 for related party transactions related to CSR.

(d) Amount required to be spent on CSR activities as per Section 135 (5) of the Companies Act, 2013:

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(A)	**Opening Balance - Excess amount spent**	**(0.48)**	**(4.03)**
(B)	Amount required to be spent during the year	203.91	172.35
(C)	Amount spent during the year*	211.13	168.80
(D)	**Closing Balance - Excess amount spent** (A+B-C)**	**(7.70)**	**(0.48)**

** Excludes amount spent on CSR activities from interest earned on temporarily parked funds by REC Foundation (implementing agency) of ₹ 0.98 crores (previous year Nil)*

*** eligible to be set-off in the next three succeeding financial years*

42.3 Amount spent during the year

(₹ in Crores)

Particulars		Year ended 31.03.2023			Year ended 31.03.2022		
		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	73.98	-	73.98	54.75	-	54.75
	Education/ Vocational/ Skill Development	23.12	-	23.12	16.83	-	16.83
	Environmental Sustainability (Solar Applications/ Afforestation/ Energy efficient LED lighting)	23.79	-	23.79	8.25	-	8.25

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Particulars	Year ended 31.03.2023			Year ended 31.03.2022		
	In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
Sports	30.50	-	30.50	15.00	-	15.00
Contribution to PM CARES Fund	50.13	-	50.13	50.00	-	50.00
Provision of food/ration to migrant workers due to COVID- 19 and Providing Cold Chain equipment for COVID-19 vaccination	-	-	-	0.60	-	0.60
Others	3.97	-	3.97	17.90	-	17.90
Impact Assessment	0.34	-	0.34	0.23	-	0.23
Administrative overheads	5.30	-	5.30	5.24	-	5.24
Total (i+ii)	**211.13**	**-**	**211.13**	**168.80**	**-**	**168.80**

43 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Travelling and Conveyance	18.26	11.72
- Publicity & Promotion Expenses	10.78	2.32
- Repairs and Maintenance	22.93	27.45
- Rent, taxes and energy costs	3.62	7.32
- Insurance Charges	0.15	0.09
- Communication costs	2.39	2.91
- Printing & stationery	1.26	0.94
- Director's sitting fees	0.42	0.21
- Auditors' fees and expenses	1.62	1.59
- Legal & Professional Charges	16.35	11.59
- Net Loss on Disposal of Property, Plant & Equipment	6.64	0.97
- Training And Conference Expense	10.80	7.65
- Govt. Scheme Monitoring Expenses	8.42	18.49
- Impairment allowance on assets classified as held for sale	0.03	9.71
- Other Expenditure	26.66	20.60
Total	**130.33**	**123.56**

43.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Fees paid to statutory auditors :		
- for audit fees	0.63	0.62
- for taxation matters *	0.17	0.17
- for company law matters/ limited review fees	0.35	0.33
- for other services	0.25	0.32
- for reimbursement of expenses	0.11	0.03
Sub-total	**1.51**	**1.47**
Non-recoverable tax credit in respect of fees paid to auditors	**0.11**	**0.12**
Total - Auditor's fees and expenses	**1.62**	**1.59**

** includes Nil (Previous year Nil) of fees for taxation matters pertaining to earlier years.*

44 Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
- Current tax expense	2,720.50	3,069.23
- Current tax expense/ (benefit) pertaining to earlier years	(147.45)	(3.96)
Sub-total - Current Tax	**2,573.05**	**3,065.27**
- Deferred tax expense/ (credit)	157.64	(670.44)
Total	**2,730.69**	**2,394.83**

Consolidated Notes to Accounts

44.1 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:

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Profit before Tax	13,897.67	12,430.53
Statutory income tax rate	**25.168%**	**25.168%**
Expected income tax expense	**3,497.77**	**3,128.52**
Tax effect of income tax adjustments:		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(673.23)	(775.36)
Non-allowability of CSR expenses & other adjustments	51.00	42.95
Other non-deductible tax expenses	5.60	(1.03)
Non Taxable Income	(3.00)	(2.58)
Tax Expense Earlier Years	(147.45)	(3.96)
Impact of change in tax rates	-	(3.98)
Tax effect on JV profit accounted for using equity method	-	2.97
Tax effect of intra group revenue reversals	-	7.30
Tax expense	**2,730.69**	**2,394.83**

45 Earnings per Share

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Numerator		
Profit for the year from continuing operations as per Statement of Profit and Loss (₹ in Crores)*	11,133.68	10,001.58
Profit for the year from discontinued operations as per Statement of Profit and Loss (₹ in Crores)*	-	-
Profit for the year from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)*	11,133.68	10,001.58
Denominator		
Weighted average Number of equity shares**	2,633,224,000	2,633,224,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹10 each) (for continuing operations)	42.28	37.98
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹10 each) (for discontinued operations)	-	-
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹10 each) (for continuing and discontinued operations)	42.28	37.98

** The profit denotes Proft after Tax less coupon expenses (net of taxes) of ₹33.30 crores (previous year ₹34.12 crores) on Perpetual Debt Instruments entirely equity in nature*

*** During the year, the Company has issued 65,83,06,000 equity shares of ₹10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 3 (Three) equity share outstanding on the record date i.e. 18th August 2022. Accordingly, as required by Ind AS-33, Earnings per share, the EPS of current and previous year have been restated.*

46 Contingent Liabilities and Commitments :

46.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(A)	**Claims against the Company not acknowledged as debts**	27.49	30.21
(B)	**Taxation Demands**		
(i)	- Demands raised by the Income Tax Department	212.70	167.69
(ii)	- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	0.90	0.90
(iii)	- Demands raised in respect of GST	17.89	17.89
(C)	**Guarantees**	7.50	-

Consolidated Notes to Accounts

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(D)	**Others**		
(i)	- Arbitration Proceedings through Project Management Consultant (PMC) (counter claim of ₹ 33.23 crores)	315.30	-
(ii)	- Letters of Comfort	3,082.47	4,068.95
(iii)	- Bank Guarantees	29.79	31.06

The amount referred to in 'A' above are in respect of cases pending in various courts and is dependent upon the verdict of the court.

The amount referred to in B(i) above are against the various demands raised by Income Tax Department. The company is contesting these demands and the management believes that its position will likely be upheld in the appellate process.

The amount referred to in B(ii) above are against the appeal filed by Income Tax Department in High Court against the relief allowed to the Company at ITAT level.

The amount referred to in B(iii) above is against the GST refund appeal filed by REC.

The amount referred to in C above is against the Bank Guarantee submitted for participation in bidding process of NTPC Green Energy Limited (subsidiary of NTPC Ltd.)

The amount referred to in D(i) above represent arbitration matters between the contractor and PMC appointed by the company. The claim is being contested by the PMC and company believes that its position will likely be upheld in the arbitration process.

46.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
- Contracts remaining to be executed on capital account		
- Towards Property, Plant & Equipment	124.73	129.13
- Towards Intangible Assets	-	-
- Other Commitments		
- CSR Commitments	254.10	400.30

47 Details of Registration/ License/ authorisation obtained from financial sector regulators:

Particulars		Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011
(iii)	Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374
(iv)	Registration Number	Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)	L0012

48 Implementation of Govt. Schemes

48.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country during Oct 2017. The scheme envisaged to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme was ₹16,320 Crore including Gross Budgetary Support of ₹12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

48.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), the flagship scheme of Government of India covering all aspects of rural power distribution was launched in Nov 2014. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(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;

Consolidated Notes to Accounts

(iv) Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The scheme had estimated outlay of ₹ 75,893 Crore including budgetary support of ₹ 63,027 Crore from Government of India during the entire implementation period. Additional Infra under DDUGJY was sanctioned with a total outlay of ₹ 7,069 Cr including budgetary support of ₹ 5302 Cr. The scheme has been successfully completed and closed in its sunset year FY 2021-22 i.e. 31.03.2022.

48.3 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.

48.4 Revamped Distribution Sector Scheme (RDSS)

Government of India has approved the Revamped Distribution Sector Scheme (RDSS) to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to them so as to strengthen supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks. The scheme has an outlay of ₹ 3,03,758 Crore over 5 years i.e. FY 2021-22 to FY 2025-26 including an estimated Government Budgetary Support (GBS) of ₹ 97,631 Crore.

(i) Reduction of AT&C losses to pan-India levels of 12-15% by 2024-25.

(ii) Reduction of ACS-ARR gap to zero by 2024-25.

(iii) Improvement in the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector.

Components of the scheme are :

Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure.

Part B – Training & Capacity Building and other Enabling & Supporting Activities.

48.5 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commsioning of all the material and services works to be taken-up for execution of transmission projects under PMDP in J&K state and Ladakh on nomination basis, as per actual cost to be discovered through competitive biddings.

48.6 11 kV Feeder Monitoring Scheme

Ministry of Power has appointed RECPDCL to implement 11 kV Feeder Monitoring Scheme. The scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stakeholders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit.

49 Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Group is as below:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Net debt	374,522.28	326,645.89
Net Worth	58,120.51	51,314.10
Debt-equity ratio	**6.44**	**6.37**

Net debt represents principal outstanding less cash and cash equivalents available.

Dividend Distribution Policy

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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 if any and net worth of the Company, subject to the applicable circulars/ guidelines issued by RBI, DIPAM etc. 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.

Other Policies

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

50 Capital to Risk-Weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as per the master directions/ circulars/ guidelines prescribed by the RBI, amended from time to time. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital Adequacy Ratio or Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%), computed by dividing company's Tier-I and Tier-II capital by Risk Weighted Assets.

Particulars		As at 31-03-2023			As at 31-03-2022			% Variance
		Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	%	Numerator* (₹ in Crores)	Denominator* (₹ in Crores)	%	
(i)	CRAR	63,240.41	245,300.73	25.78%	57,937.08	245,436.54	23.61%	9.21%
(ii)	CRAR - Tier I Capital	56,023.45	245,300.73	22.84%	48,052.65	245,436.54	19.58%	16.65%
(iii)	CRAR - Tier II Capital**	7,216.96	245,300.73	2.94%	9,884.43	245,436.54	4.03%	-26.95%

The amount of Perpetual Debt Instrument of the Tier-I capital is 1.00% (previous year 1.16%)

** Numerator being Tier-I & Tier-II capital majorily consists of Equity (Refer Note no. 26, 27 and 28) and Denominator being Risk Weighted Assets majorily represents the weighted sum of company's credit exposure(s) such as Loans (Refer Note no. 10) and Investments (Refer Note no. 11), calculated in line with circular(s) issued by RBI in this regard, from time to time.*

*** Variance in CRAR Tier II capital is on account Subordinated Tier-II Bond due for redemption within one year and thus, excluded from the Tier-II capital in terms of RBI guidelines*

Details of Tier II capital and perpetual debt instruments raised during the year are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Amount of Subordinated Debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

51 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 systems & processes appropriate for various risk categories, independent risk oversight and periodic monitoring. A Board Level Risk Management Committee (RMC) has also been constituted under the chairmanship of CMD, 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, Bank Balances (other than Cash and Cash Equivalents), Loans, Financial Assets, Investment in G-Sec, State Development Loans, Debt Securities and Preference Shares	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, Debt Securities, Subordinated Liabilities and Other Financial Liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised Financial Assets and Liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts
Market risk - interest rate risk	Borrowings, Debt Securities and Subordinated Liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in Quoted Equity Securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

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In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/.099/03.10.001/2018-19, to augment risk management practices in the Company, the Board has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for measuring and managing each of above risk is set out in the subsequent paragraphs.

51.1 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, bank balances (other than cash and cash equivalents), investments, loan assets, trade receivables and other financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

51.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	**Low credit risk on financial reporting date**		
	Cash and cash equivalents	48.70	140.99
	Bank balances (other than cash and cash equivalents)	2,346.91	2,518.96
	Loans *	412,304.47	335,876.99
	Trade Receivables	103.06	79.46
	Investments **	2,760.98	1,872.66
	Other financial assets	24,422.54	24,415.31
(ii)	**Moderate credit risk**		
	Loans *	10,913.58	36,424.23
	Trade Receivables	9.55	15.09
(iii)	**High credit risk**		
	Loans *	14,892.08	17,159.89
	Investments in Preference Share ***	28.72	28.72
	Trade Receivables	0.39	-
	Other financial assets	95.21	91.17

** 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 carried at FVOCI/ FVTPL and investments in subsidiary as they are carried at cost in line with the exemption given under Ind AS 27.*

**** Represents principal outstanding without deduction for expected credit losses in respect to the investment in Redeemable Preference Shares of Rattan India Power Limited.*

Cash and Cash Equivalents and Bank Balances

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

Consolidated Notes to Accounts

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

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiary, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

Investment in G-Sec, State Development loans and Debt Securities

Credit risk related to investment in High Quality Liquid Assets (HQLAs) is managed by investment in Govt. Securities, State Development Loans and PSU Bonds with sound financial health and also diversifying the investment portfolio in different maturity/sector and monitoring the financial health on regular basis.

Investment in Securities issued by Borrower entities at the time of Loan Settlement / Resolution

REC received various securities issued by borrower entities as a part of the settlement/ resolution plan duly approved by the Company or the Consortium of Lenders, as applicable and in case of resolutions under Insolvency & Bankruptcy Code 2016, approved by Committee of Creditors and National Company Law Tribunal (NCLT) of the competent jurisdiction. Credit risk related to these securities is managed by monitoring the recoverability of such amounts continuously.

51.1.2 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 bank balances (other than cash and cash equivalents) -** Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.
- **For Investment in G-Sec, State Development loans and Debt Securities -** Considering that the investments are in debt securities including Governemnet Securities/ minimum investment grade rated Government Companies in High Quality Liquid Assets (HQLAs), credit risk is considered low.
- **For Investment in Securities issued by Borrower entities at the time of Loan Settlement/ Resolution -** Credit risk is evaluated on the basis of recoverability of such securities. Wherever medium or high risk evaluated on such investments, suitable ECL allowance is provided.
- **For other financial assets -** Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans and trade receivables is disclosed as follows:

(₹ in Crores)

Particulars	As at 31.03.2023			As at 31.03.2022		
	Gross Carrying Amount	ECL	Net Carrying amount	Gross Carrying Amount	ECL	Net Carrying amount
Cash and cash equivalents	48.70	-	48.70	140.99	-	140.99
Bank balances (other than cash and cash equivalents)	2,346.91	-	2,346.91	2,518.96	-	2,518.96
Investments*	2,818.42	28.72	2,789.70	1,930.10	28.72	1,901.38
Other financial assets **	24,517.75	95.21	24,422.54	24,506.48	91.17	24,415.31

** The impairment allowance has been provided in full on 'Investments in Reedemable Prefernce Shares' of Rattan India Power Limited considered as credit-impaired.*
*** The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.*

51.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

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(A) Credit Risk Management

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on periodic basis, the loan assets are reviewed and categorized as High/Moderate/Low based on ECL methodology. The process for Credit Risk Management are as under:

(i) The Company has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk.

(ii) For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. LFA submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

The Company also endeavors to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilization and insurance for the project. PMA also verifies the bills of original equipment manufacturer/ supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialized monitoring/Cash Flow monitoring agencies are being appointed by REC/Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

(iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/ Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.

(viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurence 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 State 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)

Consolidated Notes to Accounts

Return on Capital Employed (15% weightage)

Interest Coverage (25% weightage)

Gearing (Debt/Equity) (30% weightage)

Qualitative Factors

Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF

Actual Default dates

Status of the Project

(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments.

(E) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or or any such period allowed by the company in line with circular issued by the Reserve Bank of India.

(F) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC) that the Company expects to be owed at the time of default.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

Determination of Probability of Default (PD)

The Company has analysed the available average annual rating transition matrices published by Credit Rating Agencies to arrive at annual transition matrix based PD. This annual transition matrix PD was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD. However, for State Distribution Companies (DISCOMs), the Company adopts the ratings by the Ministry of Power as and when they are updated.

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research the company has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector borrowers, the realizable value of the assets were arrived using suitable assumptions, including valuation reports carried out by the company, outcome of the resolution process etc., to arrive at LGD. For State Government and Public sector projects, the Company has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

(G) Alignment of LGD in case of Stage 3 Assets

Stage-3 assets where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

(a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted.

(b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

Consolidated Notes to Accounts

(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.

(I) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in Crores)

Credit Risk Category Mapped (Internal/ Ratings)	As at 31.03.2023				As at 31.03.2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
Very Good (AAA | AA | A | Government Loan)	192,836.82	276.33	-	193,113.15	181,968.90	11,661.35	-	193,630.25
Good (BBB | BB | B)	147,389.05	9,128.03	-	156,517.08	96,631.68	24,762.88	-	121,394.57
Average (C)	70,282.47	1,345.98	-	71,628.45	54,755.07	-	-	54,755.07
Fair (D)	1,796.13	157.74	-	1,953.87	2,521.34	-	-	2,521.34
Non- Performing (D)	-	5.50	14,892.08	14,897.58	-	-	17,159.89	17,159.89
Gross Exposure	**412,304.47**	**10,913.58**	**14,892.08**	**438,110.13**	**335,876.99**	**36,424.23**	**17,159.89**	**389,461.12**
Loss allowance (including LoC)	3,521.81	238.30	10,519.51	14,279.61	2,790.22	369.61	11,565.73	14,725.57
Net Exposure	**408,782.66**	**10,675.28**	**4,372.57**	**423,830.51**	**333,086.77**	**36,054.62**	**5,594.16**	**374,735.55**

(J) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(K) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

Consolidated Notes to Accounts

(₹ in Crores)

For the Year ended 31st March 2023	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	**335,876.99**	**2,790.22**	**36,424.23**	**369.61**	**17,159.89**	**11,565.73**	**389,461.11**	**14,725.56**
Transfer to 12 months ECL	34,393.77	(353.01)	(34,393.77)	353.01	-	-	-	-
Transfer to life time ECL not credit impaired	(2,798.11)	(11.28)	2,988.10	83.95	(189.99)	(72.67)	(0.00)	-
Transfer to Lifetime ECL credit impaired	-	-	-	-	-	-	-	-
Additional provision due to changes in PD/ LGD	-	715.77	-	(673.24)	-	(370.93)	-	(328.40)
New Financial assets originated or purchased (including further disbursements in existing assets)	91,644.92	684.49	6,338.03	118.42	-	-	97,982.95	802.91
Financial Assets that have been derecognised (including recoveries in existing assets)	(46,813.10)	(304.38)	(443.01)	(13.45)	(1,526.74)	(51.54)	(48,782.85)	(369.37)
Write offs	-	-	-	-	(551.08)	(551.08)	(551.08)	(551.08)
Closing Balance	**412,304.47**	**3,521.81**	**10,913.58**	**238.30**	**14,892.08**	**10,519.51**	**438,110.13**	**14,279.62**

(₹ in Crores)

For the Year ended 31st March 2022	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	**358,891.11**	**1,282.46**	**2,888.05**	**141.43**	**18,256.93**	**11,791.31**	**380,036.09**	**13,215.20**
Transfer to 12 months ECL	2,031.94	134.62	(1,396.55)	(139.66)	(635.39)	5.03	-	(0.01)
Transfer to life time ECL not credit impaired	(35,361.06)	(40.15)	35,361.06	40.15	-	-	-	-
Transfer to Lifetime ECL credit impaired	(1,516.73)	(214.87)	-	-	1,516.73	214.87	-	-
Additional provision due to changes in PD/ LGD	-	1,235.51	-	293.79	-	1,517.77	-	3,047.07
New Financial assets originated or purchased (including further disbursements in existing assets)	62,483.86	569.85	3,877.11	40.22	-	-	66,360.97	610.07
Financial Assets that have been derecognised (including recoveries in existing assets)	(50,652.13)	(177.20)	(4,305.44)	(6.32)	(54.37)	(39.24)	(55,011.94)	(222.76)
Write offs	-	-	-	-	(1,924.01)	(1,924.01)	(1,924.01)	(1,924.01)
Closing Balance	**335,876.99**	**2,790.22**	**36,424.23**	**369.61**	**17,159.89**	**11,565.73**	**389,461.11**	**14,725.56**

(L) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	As at 31.03.2023				As at 31.03.2022			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Total Exposure	**412,304.47**	**10,913.58**	**14,892.08**	**438,110.13**	**335,876.99**	**36,424.23**	**17,159.89**	**389,461.12**
Impairment Allowance	3,521.81	238.30	10,519.51	14,279.61	2,790.22	369.61	11,565.73	14,725.57
ECL %	0.85%	2.18%	70.64%	3.26%	0.83%	1.01%	67.40%	3.78%

Consolidated Notes to Accounts

(M) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry				
Generation	169,432.41	11,694.33	155,202.14	12,298.95
Renewables	30,503.46	306.33	13,449.27	225.20
Transcos	48,332.23	251.72	64,879.92	774.38
Discoms	185,085.13	2,008.12	152,115.74	1,411.67
Power Infrastructure	1,453.29	5.85	-	-
Government Loans	3,303.61	13.27	3,814.04	15.36
Total	**438,110.13**	**14,279.62**	**389,461.11**	**14,725.56**
Concentration by ownership				
State	393,244.56	3,276.83	350,584.17	2,684.59
Private	44,865.57	11,002.79	38,876.94	12,040.97
Total	**438,110.13**	**14,279.62**	**389,461.11**	**14,725.56**

(N) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2023	As at 31.03.2022
Infrastructure Sector	**3.42%**	**4.45%**
- Power	3.42%	4.45%

(O) Movement of Credit-impaired Assets

(₹ in Crores)

	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i)	**Gross Credit-impaired Assets to Gross Advances (%)**	3.42%	4.45%
(ii)	**Net Credit-impaired Assets to Gross Advances (%)**	1.01%	1.45%
(iii)	**Net Credit-impaired Assets to Net Advances (%)**	1.04%	1.51%
(iv)	**Movement of Credit-impaired Assets (Gross)**		
(a)	Opening balance	17,159.89	18,256.93
(b)	Additions during the year	-	1,516.73
(c)	Reductions during the year	(1,716.73)	(689.76)
(d)	Write-off during the year	(551.08)	(1924.01)
(e)	Closing balance	**14,892.08**	**17,159.89**
(v)	**Movement of Credit-impaired Assets (Net)**		
(a)	Opening balance	5,594.16	6,465.62
(b)	Additions during the year	370.93	(215.91)
(c)	Reductions during the year	(1,592.52)	(655.55)
(d)	Write-off during the year	-	-
(e)	Closing balance	**4,372.57**	**5,594.16**
(vi)	**Movement of provisions for Credit-impaired Assets**		
(a)	Opening balance	11,565.73	11,791.31
(b)	Provisions made during the year	(370.93)	1,732.64
(c)	Write-back of excess provisions	(124.21)	(34.21)
(d)	Provision on assets written off during the year	(551.08)	(1924.01)
(e)	Closing balance	**10,519.51**	**11,565.73**

Consolidated Notes to Accounts

(P) In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13th March, 2020, had the loans otherwise required to be classified as NPA as per IRACP norms been considered, Gross NPA to Gross Loans ratio would have been 4.77% (previous year 4.45%) and Net NPA to Net Loans would have been 2.41% (previous year 1.51%) as at 31st March 2023.

(Q) Write off policy

The Company writes off financial assets, in whole or in part, as directed by the order of the Judicial Authority or when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

(R) Business Model Policy

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realize the cash flows by collecting contractual payments (including principal and interest) over the tenure of the loan. Further, investments in the nature of debt investments and other financial assets may also be held by the Company to collect the contractual payments as per the agreed terms.

The Company's business model therefore is "hold to collect" for Loans, certain Financial Investments and Other Financial Assets. Such financial assets are measured at amortised cost if the contractual terms gives rise to cash flows that are solely payments of principal and interest on the amount outstanding.

(S) There are no Accounts with overdues beyond 90 days but not treated as credit impaired (previous year Nil)

(T) 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.

(U) There are no reportable cases of loans transferred/ acquired during the FY 2022-23 (previous year Nil) under Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated 24th September 2021.

Consolidated Notes to Accounts

Consolidated Notes to Accounts

(V) Comparison between provision required as per RBI Income Recognition, Asset Classificaion and Provisioning norms (IRACP) and Impairment Allowance as per Ind-AS

(₹ in Crores)

For the Year ended 31st March 2023 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	403,366.73	404,567.80	3,423.13	401,144.67	2,089.93	1,333.20
	Stage 2	10,908.08	11,016.14	232.80	10,783.34	43.63	189.17
Sub Total (1)		**414,274.81**	**415,583.94**	**3,655.93**	**411,928.01**	**2,133.56**	**1,522.37**
Non-Performing Assets							
Substandard Assets	Stage 1	5,839.39	5,866.14	82.81	5,783.33	583.94	(501.13)
Doubtful Assets							
Up to 1 year	Stage 3	1,512.48	1,512.48	754.15	758.33	350.72	403.43
1 to 3 years	Stage 3	594.27	594.27	452.12	142.14	344.21	107.91
More than 3 years	Stage 3	12,780.46	12,780.46	9,308.37	3,472.09	9,488.51	(180.14)
Sub-total for doubtful assets		**14,887.21**	**14,887.21**	**10,514.64**	**4,372.56**	**10,183.44**	**331.20**
Loss Assets	Stage 2	5.50	5.50	5.50	-	5.50	-
	Stage 3	4.87	4.87	4.87	-	4.87	-
Sub-total for NPA (2)		**20,736.97**	**20,763.72**	**10,607.82**	**10,155.89**	**10,777.75**	**(169.93)**
Total Loan Assets		**435,011.78**	**436,347.66**	**14,263.75**	**422,083.90**	**12,911.31**	**1,352.44**
Other items which are in scope of Ind-AS 109 but not covered under IRACP norms							
- Letter of Comfort*	Stage 1	3,098.35	3,098.35	15.87	3,082.48	-	15.87
Sub-Total (3)		**3,098.35**	**3,098.35**	**15.87**	**3,082.48**	-	**15.87**
Total	**Stage 1**	**412,304.47**	**413,532.29**	**3,521.81**	**410,010.48**	**2,673.87**	**847.94**
	Stage 2	**10,913.58**	**11,021.64**	**238.30**	**10,783.34**	**49.13**	**189.17**
	Stage 3	**14,892.08**	**14,892.08**	**10,519.51**	**4,372.56**	**10,188.31**	**331.20**
	Total	**438,110.13**	**439,446.01**	**14,279.62**	**425,166.38**	**12,911.31**	**1,368.31**

** Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109*

(₹ in Crores)

For the Year ended 31st March 2022 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	331,787.14	332,586.36	2,769.32	329,817.04	1,771.72	997.60
	Stage 2	36,424.23	36,888.95	369.61	36,519.34	391.52	(21.91)
Sub Total (1)		**368,211.37**	**369,475.31**	**3,138.93**	**366,336.38**	**2,163.24**	**975.69**
Non-Performing Assets							
Substandard Assets	**Stage 3**	**1,512.49**	**1,512.49**	**437.16**	**1,075.33**	**190.83**	**246.33**
Doubtful Assets							
Up to 1 year	Stage 3	33.28	33.28	3.33	29.95	7.25	(3.92)
1 to 3 years	Stage 3	4,534.01	4,534.01	2,981.99	1,552.01	1,952.89	1,029.10
More than 3 years	Stage 3	11,062.89	11,062.89	8,126.03	2,936.86	8,108.58	17.45
Sub-total for doubtful assets		**15,630.18**	**15,630.18**	**11,111.35**	**4,518.82**	**10,068.72**	**1,042.63**
Loss Assets	Stage 3	17.22	17.22	17.22	-	17.22	-
Sub-total for NPA (2)		**17,159.89**	**17,159.89**	**11,565.73**	**5,594.15**	**10,276.77**	**1,288.96**
Total Loan Assets		**385,371.26**	**386,635.20**	**14,704.66**	**371,930.53**	**12,440.01**	**2,264.65**
Other items which are in scope of Ind-AS 109 but not covered under IRACP norms							
- Letter of Comfort*	Stage 1	4,089.85	4,089.85	20.90	4,068.95	-	20.90
Sub-Total (3)		**4,089.85**	**4,089.85**	**20.90**	**4,068.95**	-	**20.90**
Total	**Stage 1**	**335,876.99**	**336,676.21**	**2,790.22**	**333,885.99**	**1,771.72**	**1,018.50**
	Stage 2	**36,424.23**	**36,888.95**	**369.61**	**36,519.34**	**391.52**	**(21.91)**
	Stage 3	**17,159.89**	**17,159.89**	**11,565.73**	**5,594.15**	**10,276.77**	**1,288.96**
	Total	**389,461.11**	**390,725.05**	**14,725.56**	**375,999.48**	**12,440.01**	**2,285.55**

** Gross carrying amount towards Letter of Comfort (LoC) represents non fund based exposures considered as financial guarantee as per IndAS 109*

Consolidated Notes to Accounts

(W) There has been no divergence in Asset Classification and Provisioning assessed during last annual inspection conducted by the RBI for the FY 2021-22 vis-à-vis as reported by the company (Nil for FY 2020-21)

51.1.4 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
As at 31st March 2023					
Gross carrying value	127.15	21.32	16.31	56.35	**221.13**
Expected loss rate	20.19%	62.85%	89.94%	99.31%	**49.61%**
Expected credit loss (provision)	25.67	13.40	14.67	55.96	**109.70**
Carying amount (net of impairment)	101.48	7.92	1.64	0.39	**111.43**
As at 31st March 2022					
Gross carrying value	88.93	19.35	14.56	54.43	**177.27**
Expected loss rate	14.03%	6.82%	99.52%	100.00%	**46.66%**
Expected credit loss (provision)	12.48	1.32	14.49	54.43	**82.72**
Carying amount (net of impairment)	76.45	18.03	0.07	-	**94.55**

51.2 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.

51.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31st March 2023	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :											
Rupee Borrowings											
Debt Securities											
- Principal	-	4,300.00	2,985.00	-	1,600.00	2,774.00	11,679.49	55,952.14	39,125.88	79,653.70	**198,070.21**
- Interest	-	379.26	361.56	1,110.62	2,715.12	2,347.00	7,051.00	23,022.00	16,309.00	24,176.16	**77,471.72**
Other Borrowings											
- Principal	4,386.43	-	-	-	3,500.14	666.56	9,451.45	11,820.15	16,672.28	29,488.81	**75,985.81**
- Interest	395.00	-	150.00	392.00	685.00	1,150.00	2,437.00	8,310.00	5,703.00	3,103.00	**22,325.00**
Subordinated Liabilities											
- Principal	-	-	-	2,500.00	-	-	-	-	-	4,150.70	**6,650.70**
- Interest	-	-	-	202.00	164.00	-	188.00	705.00	705.00	2,646.00	**4,610.00**
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	4,110.85	-	-	5,755.18	9,454.94	13,565.81	-	**32,886.78**
- Interest	-	-	-	252.00	72.00	310.00	536.00	1,116.00	580.00	-	**2,866.00**
Other Borrowings											
- Principal	-	-	-	3,074.91	3,588.54	2,693.64	12,341.08	7,473.44	27,958.11	3,847.77	**60,977.48**
- Interest	17.00	21.00	61.00	106.00	503.00	571.00	1,138.00	3,441.00	2,072.00	658.00	**8,588.00**
Derivative Liabilities :											
Interest rate derivatives	-	-	-	-	-	-	0.60	50.07	71.98	178.16	**300.81**
Currency derivatives	-	-	-	-	-	60.38	-	-	83.52	-	**143.90**
Reverse cross currency derivatives	-	-	-	-	-	-	-	104.61	-	427.63	**532.24**

(₹ in Crores)

As at 31st March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :											
Rupee Borrowings											
Debt Securities											
- Principal	-	-	-	-	5,878.20	2,970.00	14,058.86	53,719.87	39,133.38	67,474.22	**183,234.53**
- Interest	-	379.26	348.22	1,085.23	2,345.40	2,433.79	6,289.22	21,667.98	14,748.20	22,279.94	**71,577.24**
Other Borrowings											
- Principal	-	-	160.93	1,150.00	1,000.00	1,824.29	5,163.63	17,836.77	15,155.51	18,798.15	**61,089.28**
- Interest	272.39	-	63.24	202.90	496.89	671.39	1,604.83	4,949.21	3,439.46	3,027.89	**14,728.20**
Subordinated Liabilities											
- Principal	-	-	-	-	-	-	-	2,500.00	-	4,150.70	**6,650.70**
- Interest	-	-	-	201.50	114.94	-	163.60	759.35	557.08	787.73	**2,584.20**
Foreign Currency Borrowings											
Debt Securities											
- Principal	-	-	-	-	-	-	-	17,814.67	6,822.64	5,685.54	**30,322.85**
- Interest	-	-	-	227.28	66.15	285.65	584.79	1,691.31	769.79	171.02	**3,795.99**
Other Borrowings											
- Principal	-	-	-	2,744.22	2,887.33	2,664.98	4,506.16	8,555.57	21,129.28	3,001.98	**45,489.52**
- Interest	8.00	7.18	22.42	67.65	124.53	263.85	447.00	1,388.28	812.26	516.82	**3,657.99**
Derivative Liabilities :											
Interest rate swaps	-	-	-	0.07	-	18.82	-	42.62	-	112.01	**173.52**
Currency swaps	-	-	-	-	-	-	-	13.87	-	34.50	**48.37**
Others -											
Reverse cross currency derivatives	-	-	-	-	-	-	-	22.50	-	308.74	**331.24**
Seagull Option	-	-	-	-	-	-	-	-	-	-	**-**

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Consolidated Notes to Accounts

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in Crores)

Particulars	1.7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2023											
Principal	822.91	-	1,707.32	3,878.16	5,350.60	22,097.85	30,180.20	81,757.04	85,313.12	189,640.84	**420,748.04**
Interest	1,137.01	-	926.30	2,106.65	6,071.24	10,044.89	18,662.94	63,776.14	47,148.86	76,238.57	**226,112.62**
As at 31st March 2022											
Principal	158.66	-	2,077.03	2,142.80	4,800.08	8,892.93	19,691.55	74,970.39	74,346.88	183,586.28	**370,666.60**
Interest	611.62	-	892.06	1,559.14	6,094.78	9,076.43	17,252.35	59,983.17	44,663.39	71,842.69	**211,975.63**

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.

51.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31st March 2023	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	822.91	-	1,707.32	3,878.16	6,686.47	22,097.85	30,180.20	81,757.04	85,313.12	189,640.84	**422,083.91**
Investments			-	-	4.73	4.73	41.86	157.38	259.03	2,702.28	**3,170.00**
Rupee Borrowings											
Debt Securities	261.99	4,667.81	3,315.50	831.94	3,488.89	4,136.02	12,997.04	55,891.49	39,037.43	79,583.68	**204,211.80**
Other Borrowings	4,620.32	-	-	-	3,703.42	666.56	9,451.45	11,820.15	16,672.28	29,488.81	**76,422.98**
Subordinated Liabilities	2.11	-	-	2,668.34	126.46	-	-	-	-	3,976.40	**6,773.30**
Foreign Currency Borrowings											
Debt Securities	-	-	-	4,297.43	43.56	96.67	5,742.53	9,438.34	13,072.00	-	**32,690.54**
Other Borrowings	129.70	-	2.53	3,106.25	3,658.67	2,688.69	12,311.25	7,409.95	27,542.82	3,841.28	**60,691.15**

(₹ in Crores)

As at 31st March 2022	1-7 Days	8-14 Days	Over 15 Days & up to 1 Months	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	158.66	-	2,077.03	2,142.80	6,181.63	8,892.93	19,691.55	74,970.39	74,346.88	183,468.67	**371,930.54**
Investments		-	0.31	-	2.81	2.82	56.17	80.05	180.59	1,867.69	**2,190.44**
Rupee Borrowings											
Debt Securities	19.34	367.83	330.52	993.71	7,777.02	4,636.58	15,210.81	53,696.32	39,118.89	67,396.43	**189,547.46**
Other Borrowings	6.56	-	200.55	1,150.00	1,000.00	2,149.40	5,165.59	17,836.77	15,155.52	18,796.19	**61,460.59**
Subordinated Liabilities	-	-	-	168.38	126.46	-	2.11	2,499.73	-	4,019.79	**6,816.47**
Foreign Currency Borrowings	-										
Debt Securities	-	-	-	172.81	40.17	89.14	-	17,755.78	6,805.78	5,163.48	**30,027.15**
Other Borrowings	5.62	2.42	4.43	2,747.65	2,910.57	2,680.96	4,506.16	8,499.93	20,837.27	2,995.98	**45,191.00**

Consolidated Notes to Accounts

51.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Expiring within one year		
- Fixed rate		
- Floating rate	13,364.88	8,803.05
Expiring beyond one year		
- Fixed rate	-	-
- Floating rate	1,393.58	1,245.90

51.2.4 Additional Disclosures in accordance with RBI Circular on liquidity risk management

The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis. The Company continuously monitors the projected and actual cash flows and accordingly maintains adequate bank balances, overdraft facilities, short term investments that are readily convertible into cash and adequate borrowing plans.

(i) Funding Concentration based on significant counterparty (borrowings)

Particulars	As at 31.03.2023	As at 31.03.2022
Number of significant counterparties*	14	15
Amount (₹ in Crores)	178,043.46	155,352.32
% of Total Liabilities	**43.70%**	**43.21%**

(ii) Top 10 borrowings

	Particulars	Amount (₹ in Crores)	% of Total Borrowing
	As at 31-03-2023		
1	Term Loan from HDFC Bank	16,350.00	4.36%
2	Term Loan from State Bank of India	10,900.26	2.91%
3	54EC- Series XVI (2022-23)	10,432.55	2.79%
4	Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	2.67%
5	Foreign Currency Borrowings- US $1175 Mn	9,660.49	2.58%
6	54EC- Series XV (2021-22)	7,312.80	1.95%
7	54EC- Series XII (2018-19)	6,651.31	1.78%
8	54EC- Series XIII (2019-20)	6,157.82	1.64%
9	Tax Free Bonds (2013-14 Series)	5,968.00	1.59%
10	Foreign Currency Bond- US $700 Mn	5,755.18	1.54%
	Total	**89,188.41**	**23.81%**
	As at 31-03-2022		
1	Term Loan from State Bank of India	12,729.30	3.90%
2	Term Loan from HDFC Bank	12,000.00	3.67%
3	Term Loan from Govt. of India- National Small Savings Fund (NSSF)	10,000.00	3.06%
4	Foreign Currency Borrowings- US $1175 Mn	8,907.33	2.73%
5	Term Loan from India Infrastructure Finance Company Ltd. (IIFCL)	6,800.00	2.08%
6	54EC- Series XII (2018-19)	6,651.77	2.04%
7	54EC- Series XIII (2019-20)	6,157.72	1.88%
8	54EC- Series XV (2021-22)	6,024.57	1.84%
9	Tax Free Bonds (2013-14 Series)	5,968.00	1.83%
10	54EC- Series XIV (2020-21)	5,312.07	1.63%
	Total	**80,550.76**	**24.65%**

Consolidated Notes to Accounts

(iii) Funding Concentration based on significant instrument/ product

Name of significant instrument/ product*	As at 31.03.2023		As at 31.03.2022	
	Amount (₹ in Crores)	% of Total Liabilities	Amount (₹ in Crores)	% of Total Liabilities
1 Debt Securities				
Institutional Bonds	150,217.70	36.87%	146,029.60	40.61%
Foreign Currency Bonds	32,886.78	8.07%	30,322.85	8.43%
54EC Capital Gain Tax Exemption Bonds	37,586.91	9.23%	25,437.67	7.07%
Tax Free Bonds	10,261.64	2.52%	11,763.30	3.27%
Sub-Total (1)	**230,953.03**	**56.69%**	**213,553.42**	**59.40%**
2 Borrowings (Other than Debt Securities)				
Term Loans from Banks	56,298.20	13.82%	42,878.32	11.93%
Foreign Currency Borrowings	45,553.26	11.18%	35,634.60	9.91%
FCNR (B) Loans	15,424.22	3.79%	9,854.92	2.74%
Term Loans from Govt. of India (NSSF)	10,000.00	2.45%	10,000.00	2.78%
Term Loans from Financial Institutions	6,000.00	1.47%	6,800.00	1.89%
Sub-Total (2)	**133,275.68**	**32.72%**	**105,167.84**	**29.25%**
3 Subordinated Liabilities	**6,650.70**	**1.63%**	**6,650.70**	**1.85%**
Total (1+2+3)	**370,879.41**	**91.04%**	**325,371.96**	**90.50%**

** Significant counterparty/ significant instrument/ product is defined as a single counterparty/ single instrument/ product or group of connected or affiliated counterparties accounting in aggregate to more than 1% of the company's total liabilities.*

(iv) Stock Ratios:

Particulars	As at 31.03.2023				As at 31.03.2022			
	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets	Amount (₹ in Crores)	% of Public Funds	% of Total Liabilities	% of Total Assets
Commercial Papers	-	-	-	-	-	-	-	-
Non-Convertible debentures having maturity of less than one year	-	-	-	-	-	-	-	-
Other Short-Term liabilities	20,517.95	5.48%	5.04%	4.41%	13,027.82	3.99%	3.62%	3.17%

(v) Liquidity Coverage Ratio (LCR)

RBI, vide its Liquidity Framework dated 04 Nov, 2019 has stipulated maintaining of Liquidity Coverage Ratio (LCR) by Non-Deposit taking NBFCs with asset size of more than ₹ 10,000 Crores w.e.f. 01 Dec, 2020. These guidelines of RBI aims to ensure that Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is represented by:

$$\frac{\text{The Stock of High-Quality Liquid Assets}}{\text{Total Net Cash Outflows over the next 30 calendar days}}$$

where,

(i) Total net cash outflows is defined as the total expected cash outflows minus total expected cash inflows for the next 30 calendar days, where the cash flows are assigned a predefined stress percentage, as prescribed by RBI.

(ii) High Quality Liquid Assets (HQLA) means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

The LCR requirement is binding on NBFCs from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

At Present, HQLA investments are held in INR in the form of Government Securities(G-Sec)/ State Development Loans (SDLs) Securities and AAA/AA Corporate Bonds and demand deposits with banks. Management is of the view that Company has sufficient liquidity cover to meet its likely future short-term requirements.

Composition of HQLA:

Out of the Stock of HQLA, the Government Securities is the highest proportion of HQLA followed by AAA/AA Corporate bonds and auto swap balances. The position of HQLA holding as on 31st March 2023 is as follows:

HQLA Items	% of Overall
Assets without Haircut	**74%**
- Cash and Cash Equivalents	3%
- G-Sec and SDLs	71%
Assets with 15% Haircut	**26%**
- Corporate Bonds	26%
Assets with 50% Haircut	-
Total	**100%**

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Consolidated Notes to Accounts

Liquidity Coverage Ratio Disclosure

(₹ in Crores)

Particulars	Quarter ended 31-03-2023		Quarter ended 31-12-2022		Quarter ended 30-09-2022		Quarter ended 30-06-2022		Quarter ended 31-03-2022	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets										
Total High Quality Liquid Assets (HQLA)	**2,110.21**	**2,016.54**	**2,159.97**	**2,078.10**	**1,597.58**	**1,563.97**	**1,642.30**	**1,608.28**	**1,719.78**	**1,686.09**
- AA/AAA Corporate Bonds	624.47	530.80	545.79	463.92	224.05	190.44	226.80	192.78	224.56	190.87
- G-SEC Bonds/ State Development Loans (SDLs)	1,429.73	1,429.73	1,399.17	1,399.17	1,373.53	1,373.53	1,374.50	1,374.50	1,296.73	1,296.73
- Demand Deposits	56.01	56.01	215.00	215.00	-	-	41.00	41.00	198.49	198.49
Cash Outflows										
Other contractual funding obligations	6,369.18	7,324.56	9,136.57	10,507.05	4,735.16	5,445.43	6,189.00	7,117.35	8,279.00	9,520.85
Other contingent funding obligations	295.35	339.65	474.87	546.10	79.40	91.31	216.00	248.40	848.00	975.20
Total Cash Outflows	**6,664.53**	**7,664.21**	**9,611.43**	**11,053.15**	**4,814.56**	**5,536.74**	**6,405.00**	**7,365.75**	**9,127.00**	**10,496.05**
Cash Inflows										
Inflows from fully performing exposures	7,305.09	5,478.82	6,363.05	4,772.29	5,009.00	3,756.75	6,136.00	4,602.00	6,414.00	4,810.50
Other cash inflows	9,892.26	7,419.19	10,859.02	8,144.27	7,975.00	5,981.25	9,296.00	6,972.00	10,223.00	7,667.25
Total Cash Inflows (restricted to 75% of Outflows on every observation day)	**17,197.34**	**5,748.16**	**17,222.08**	**8,289.86**	**12,984.00**	**4,152.56**	**15,432.00**	**5,524.31**	**16,637.00**	**7,872.04**
Total Adjusted Value										
Total HQLA (A)		**2,016.54**		**2,078.10**		**1,563.97**		**1,608.28**		**1,686.09**
Total Net Cash Outflows (B)		**1,916.05**		**2,763.29**		**1,384.19**		**1,841.44**		**2,624.01**
Liquidity Coverage Ratio (A / B)		**105.24%**		**75.20%**		**112.99%**		**87.34%**		**64.26%**
% Variance (from previous quarter)		**39.95%**		**-33.44%**		**29.37%**		**35.92%**		

** For average, daily observation during the respective quarter has been considered.*

51.3 Market Risk - Currency Risk

The Company is exposed to foreign currency risk from various foreign currency borrowings primarily denominated in USD, EURO, JPY and SGD. The Company has a risk management policy which aims to manage the foreign currency risk arising from its borrowings denominated in a currency other than the functional currency of the Company. The Company uses combination of foreign currency options structures, forward contracts and cross currency swap to hedge its exposure to foreign currency risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD with Functional Directors, executive directors and Chief General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. 'The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2023 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2023			As at 31.03.2022		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD $	10,012.00	9,012.00	1,000.00	9,436.00	7,620.00	1,816.00
INR Equivalent	*82,315.60*	*74,093.87*	*8,221.73*	*71,531.58*	*57,765.01*	*13,766.57*
JPY ¥	58,352.75	58,352.75	-	58,729.87	20,846.05	37,883.82
INR Equivalent	*3,606.20*	*3,606.20*	-	*3,654.76*	*1,297.25*	*2,357.51*
EURO €	689.58	673.79	15.79	26.32	0.87	25.45
INR Equivalent	*6,179.19*	*6,037.68*	*141.51*	*222.82*	*7.37*	*215.45*
SGD $	285.28	285.28	-	72.08	72.08	-
INR Equivalent	*1,763.27*	*1,763.27*	-	*403.21*	*403.21*	-
Total	**93,864.26**	**85,501.02**	**8,363.24**	**75,812.37**	**59,472.84**	**16,339.53**

Consolidated 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 31.03.2023		As at 31.03.2022	
	Favorable	Adverse	Favorable	Adverse
USD/INR	307.62	(307.62)	515.09	(515.09)
JPY/INR	-	-	88.21	(88.21)
EUR/INR	5.29	(5.29)	8.06	(8.06)

** Holding all other variables constant*

51.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rates are dynamic and dependent on various internal and external factors including but not limited to RBI policy changes, liquidity in the market, movement of external benchmarks such as AAA bond/ G-Sec yields/ LIBOR etc. Some of the borrowings of the Company are exposed to interest rate risk with floating interest rates linked to LIBOR (London Inter Bank Offered Rate), EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), T-Bills, Repo Rate etc. The Company manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimize the risk of fluctuation in interest rates. The Company also uses cross-currency interest rate swaps as a cost-reduction strategy to benefit from the interest differentials in different currencies.

The table below shows the overall exposure of the Company to the liabilities linked with floating interest rates as at 31st March 2023 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2023			As at 31.03.2022		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	62,798.20	-	62,798.20	50,178.32	-	50,178.32
USD $	5,062.00	1,892.00	3,170.00	4,636.00	1,325.00	3,311.00
INR Equivalent	41,618.19	15,555.43	26,062.76	35,144.17	10,044.44	25,099.73
JPY ¥	58,352.75	10,327.17	48,025.58	58,352.72	10,327.16	48,025.56
INR Equivalent	*3,606.20*	*638.22*	*2,967.98*	*3,631.29*	*642.66*	*2,988.63*
EURO €	604.02	-	604.02	-	-	-
INR Equivalent	*5,412.51*	-	*5,412.51*	-	-	-
SGD $	**285.28**	**72.07**	**213.21**	**72.08**	**72.08**	-
INR Equivalent	**1,763.27**	**445.47**	**1,317.80**	**403.21**	**403.21**	-
Total INR Equivalent	**115,198.37**	**16,639.12**	**98,559.25**	**89,356.99**	**11,090.31**	**78,266.68**

The Company also uses Interest Rate Swaps to manage fair value risk on interest rate borrowings to mitigate the interest rate sensitivity mismatch. Through such swaps, the fixed rate borrowings amounting to ₹15,950.70 crores as on 31st March 2023 (Previous year ₹11,850.70 crores) have been converted into floating rate borrowings through the use of MIBOR-linked Overnight Indexed Swaps.

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre-payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

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 31.03.2023	As at 31.03.2022
Rupee Loans	431,992.47	375,805.76

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 31.03.2023		As at 31.03.2022	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(368.77)	368.77	(292.84)	292.84
Interest Rate Swaps	(59.68)	59.68	(44.34)	44.34
Floating/ semi-fixed Rate Loan Assets	1,616.34	(1,616.34)	1,406.11	(1,406.11)

** 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.

51.5 Disclosures in respect of Interest Rate Benchmark Reform (IBOR)

The Company has variable interest rate borrowings with interest rates linked with different benchmarks. Such interest rate benchmarks for foreign currency borrowings include 3/6 Months' USD LIBOR (London Inter Bank Offered Rate), 3/6 Months' EURIBOR (Euro Inter Bank Offered Rate), Overnight SOFR (Secured Overnight Financing Rate), 3/6 Months' Term SOFR, SORA (Singapore Overnight Rate Average), TONAR (Tokyo Overnight Average Rate), SOFR (Secured Overnight Financing Rate) etc. The summary of such borrowings as on March 31, 2023 as per the contracted interest rate benchmark is as below:

Benchmark	As at 31-03-2023		As at 31-03-2022	
	Amount (₹ in Crores)	Amount (USD Mn Equivalent)	Amount (₹ in Crores)	Amount (USD Mn Equivalent)
3M USD LIBOR	1,233.26	150.00	7,201.67	950.00
6M USD LIBOR	29,080.13	3,537.00	27,373.94	3,611.00
3M Term SOFR	6,988.44	850.00	-	-
6M Term SOFR	822.17	100.00	-	-
O/N SOFR	3,494.22	425.00	568.55	75.00
3M EURIBOR	3,595.53	437.32	-	-
6M EURIBOR	3,134.74	381.28	-	-
O/N TONA	3,606.20	438.62	3,631.29	479.02
O/N SORA	445.48	54.18	403.21	53.19
Total	**52,400.17**	**6,373.40**	**39,178.67**	**5,168.21**

As announced by the UK Financial Conduct Authority (FCA) on 5 March 2021, 3 Month and 6 Month USD LIBOR will cease to be published after 30th June 2023.

(i) Exposure directly affected by the Interest Rate Benchmark Reform (IBOR)

While some of the floating rate borrowings of the Company are already under the new benchmarks, some of the borrowings will also get repaid before the cessation date of the respective interest rates, i.e. 3M USD LIBOR and 6M USD LIBOR. Accordingly, the total amount of exposure that is directly affected by the Interest Rate Benchmark Reform (IBOR) is ₹ 28,159.29 crores (USD 3.425 Billion) as on 31st March, 2023 (₹ 25,963.93 crores (USD 3.425 Billion) as on 31st March, 2022). Out of this, the nominal amount of the derivative exposure linked with such liabilities and accounted for under hedge accounting is ₹ 4,110.85 crores (USD 0.500 Billion) [previous year ₹ 3,790.36 crores (USD 0.500 Billion)]

(ii) Managing the process to transition to alternative benchmark rates

Pursuant to the Interest Rate Benchmark Reform, LIBOR will be replaced with alternative Risk-Free Rates (RFRs). SOFR (Secured Overnight Financing Rate) will be the replacement for USD LIBOR, while TONA (Tokyo Overnight Average Rate) will replace JPY LIBOR. ISDA (International Swaps and Derivatives Association), the globally recognized statutory body governing the global derivative deals, has come up with the ISDA 2020 IBOR Fallbacks Protocol (commonly referred to as Fallback Protocol) to move all the legacy contracts to new benchmarks. The Company has adhered to the Fallbacks Protocol under which the fallbacks for the various LIBOR benchmarks will automatically become applicable to the existing derivative trades with all counterparties.

With respect to the term loans, REC has been actively engaging with the lenders to initiate the transition exercise at an early stage. During the year 2022-23, lenders for 10 USD loans amounting to USD 3,275 Million (INR equivalent as on March 31, 2023 ₹26,926.04 crores) have agreed for transition of the benchmarks from USD LIBOR to Overnight SOFR/ Term SOFR. During previous year, the company has completed the transition documentation for two JPY loans amounting to JPY 20,846.12 Billion (INR equivalent as on 31st March, 2022 ₹ 1,297.25 crores) with the benchmark changed from JPY LIBOR to TONA . Additionally, an active transition for one SGD loan amounting to SGD 72.08 Million (INR equivalent as on 31st March, 2022 ₹ 403.21 crores) has also been concluded during the previous year with the benchmark changed from 6M SOR (Singapore Swap Offer Rate) to SORA (Singapore Overnight Rate Average)

(iii) Significant Assumptions for exposures affected by the Interest Rate Benchmark Reform

Ind AS 109 provides temporary exceptions to all the hedging relationships directly impacted by the Interest Rate Benchmark Reform. While the benchmarks for the underlying loan are yet to be agreed with the lenders, it has been assumed that there will be no change in the alternative benchmark rates of the underlying loan and the derivative contracts and hedge effectiveness is not altered as a result of such reform.

(a) Effects of hedge accounting on balance sheet

(₹ in Crores)

As at 31st March 2023		Notional amount (in Mn)	Carrying amount of hedging instruments	
Type of hedge and risks			**Assets**	**Liabilities**
	Cash flow hedge			
	Foreign exchange and interest rate risk			
(i)	Foreign currency options structures			
	- Seagull Structure	USD 8,387	6,970.98	2.25
		EUR 673.79	403.91	-
		SGD 285.29	32.00	83.52
		JPY 58,352.74	572.12	-
	- Call Spread	USD 250	208.14	-
(ii)	Cross Currency Interest Rate swaps	USD 800	85.92	-
		JPY 10,327.12	-	0.60
(iii)	Principal only swaps	USD 375	38.85	-
(iv)	Interest rate swaps	USD 1992	251.77	10.87

51.6 Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges. For option contracts, the Company designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in Other Comprehensive Income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to Profit or Loss on a straight-line basis.

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company applies the following effectiveness testing strategies:

(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

(₹ in Crores)

Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
May 2023 - Nov 2030	1:1	77.03	1,594.19	(1,594.19)
Dec 2023- Mar 2028	1:1	1.03	210.89	(210.89)
Mar 2025- Oct- 2027	1:1	0.36	(65.66)	65.66
Aug 2023 - Mar 2027	1:1	0.61	(52.15)	52.15
March 2024	1:1	57.52	58.14	(58.14)
May 2023 - Mar 2025	1:1	3.52% and 72.79	98.24	(98.24)
Aug 2023	1:1	4.31% and 0.62	(0.33)	0.33
Mar 2025 - Jun 2030	1:1	75.41	(35.15)	35.15
May 2023 - Nov 2030	1:1	0.98%	189.27	(189.27)

Consolidated Notes to Accounts

(₹ in Crores)

	As at 31st March 2022	Notional amount (in Millions)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
	Type of hedge and risks		Assets	Liabilities					
	Cash flow hedge								
	Foreign exchange and interest rate risk								
(i)	Foreign currency options structures								
	- Seagull Structure	USD 7,045	4,744.05	-	May 2022 - Jan 2027	1:1	74.31	(399.81)	399.81
		USD 20,846.12	102.15	-	Aug 2023 - Sep 2025	1:1	0.66	(96.08)	96.08
		SGD 72.08	22.08	-	Mar 2025	1:1	0.01	(1.77)	1.77
	- Call Spread	USD 250	76.73	-	March 2024	1:1	57.52	(74.08)	74.08
(ii)	Cross Currency Interest Rate swaps	USD 1,300	22.69	43.78	May 2022 - Mar 2025	1:1	2.99% and 72.94	112.67	(112.67)
		JPY 10,327.12	-	1.50	Aug 2023	1:1	0.42% and 0.62	0.82	(0.82)
(iii)	Principal only swaps	USD 375	-	48.37	Mar 2025 - Jun 2030	1:1	75.41	(49.08)	49.08
(iv)	Interest rate swaps	USD 425	92.42	-	Mar 2024 - Oct 2026	1:1	2.23%	130.27	(130.27)

(b) Effects of Cash Flow hedge accounting on Statement of Profit and Loss

(₹ in Crores)

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
Year ended 31-03-2023				
-Currency risk and interest rate risk	1,997.43	-	(4,995.73)	Gain/ loss on foreign exchange translation
			(158.91)	Finance cost
Year ended 31.03.2022				
-Currency risk and interest rate risk	(377.06)	-	(995.95)	Gain/ loss on foreign exchange translation
			126.43	Finance cost

(c) Movement in cash flow hedging reserve and cost of hedging reserve

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Effective portion of Cash Flow Hedges		
Opening Balance	**194.21**	**(165.61)**
Add: Changes in intrinsic value of foreign currency option structures	5475.45	1108.37
Add: Changes in fair value of cross currency swaps	32.25	111.72
Add: Changes in fair value of interest rate swaps	189.27	130.27
Less: Amounts reclassified to profit or loss	(5154.64)	(869.52)
Less: Deferred tax relating to above (net)	(136.49)	(121.02)
Closing Balance	**600.05**	**194.21**
Costs of hedging reserve		
Opening Balance	**395.95**	**(41.45)**
Add: Change in deferred time value of foreign currency option structures	3699.55	1727.42
Less: Amortisation of time value	(1943.73)	(1142.91)
Less: Deferred tax relating to above (net)	(441.90)	(147.11)
Closing Balance	**1709.87**	**395.95**

(d) Fair Value Hedges

At 31st March 2023, Company has outstanding interest rate swap agreements of ₹15,950.70 crores (Previous year ₹11,850.70 crores) wherein the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount. Such agreements are being used to hedge the exposure to the changes in fair value of fixed rate borrowings.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). As such, a hedge ratio of 1:1 for the hedging relationships has been established as the underlying risk of the interest rate swap is identical to the hedged risk component.

The impact of the hedging instrument on the balance sheet is as follows:

(₹ in Crores)

Particulars	Fair value hedge	Notional amount	Carrying amount *	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
As at 31-03-2023	- Interest rate swap	15,950.70	(279.02)	Derivative financial instruments	(167.10)
As at 31-03-2022	- Interest rate swap	11,850.70	(111.92)	Derivative financial instruments	(111.92)

** Carrying amount here is exclusive of the interest receivable under such derivative contract as on reporting date.*

The impact of the hedged item on the balance sheet is as follows:

(₹ in Crores)

Particulars	Fair value hedge	Carrying amount	Accumulated fair value adjustments	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
As at 31-03-2023	- Subordinated Liabilities	4,748.24	(178.16)	Subordinated Liabilities	(49.83)
	- Institutional bonds	7,773.47	(100.86)	Debt Securities-Institutional Bonds	(117.27)
As at 31-03-2022	- Subordinated Liabilities	4,148.36	(128.33)	Subordinated Liabilities	(128.33)
	- Institutional bonds	7,881.97	16.41	Debt Securities-Institutional Bonds	16.41

Consolidated Notes to Accounts

The decrease in fair value of the interest rate swap of ₹167.10 crores (Previous year ₹111.92 crores) has been offset with a similar gain on the respective subordinated liabilities and debt securities.

51.7 Market Risk - Price risk

The Company is exposed to price risks arising from investments in quoted equity shares. The Company's investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	3.36	(3.36)	2.68	(2.68)
Impact on Profit and Loss account (PL)	1.37	(1.37)	2.48	(2.48)

52 Additional Disclosures in respect of derivatives

52.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	The notional principal of swap agreements	46,278.27	33,239.41
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	718.55	563.77
(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	417.73	390.25

REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

52.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

52.3 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **		Other Derivatives (Reverse cross currency swaps)***	
		As at 31-03-2023	As at 31-03-2022	As at 31-03-2023	As at 31-03-2022	As at 31-03-2023	As at 31-03-2022
(i)	Derivatives (Notional Principal Amount)						
	For hedging	85,501.02	59,472.85	46,278.27	33,239.41	4,947.00	4,747.00
(ii)	Marked to Market Positions						
a)	Asset (+)	8,263.06	4,946.40	718.55	563.77	-	-
b)	Liability (-)	146.02	48.37	300.82	173.52	530.11	331.25
(iii)	Credit Exposure	6,250.55	5,131.08	608.40	490.82	692.05	662.05
(iv)	Unhedged Exposures	8,363.24	16,339.53	N.A.	N.A.	N.A.	N.A.

** Includes Full Hedge, Pricipal only Swap and Call Spread and Seagull Options*
*** Includes Interest Rate Derivatives as a strategy of cost reduction*
**** Includes Reverse Cross Currency swap as a strategy of cost reduction*

53 RBI Scale Based Framework (SBR) for NBFCs

RBI has introduced Scale Based Framework (SBR) for NBFCs effective from 01st October, 2022, categorising NBFCs in four layers based on their size, activity, and perceived riskiness. The Company, being government owned, is categorised as NBFC – Middle Layer and is subject to the guidelines / regulation as mentioned in the aforesaid framework.

54 Exposure Related Disclosures

RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending and investing is 30% of Tier-I capital in case of a single borrower and 50% in case of a single group of borrowers, respectively.

Consolidated Notes to Accounts

Hitherto the Company was continued to exempt by Reserve Bank of India (RBI) from its Credit concentration and exposure norms till 31st March, 2022. During the year, RBI has further communicated with respect to adherence of the aforesaid norms. In this regard the Company has taken necessary steps subsequent to the year-end, such as realigning exposures of some of borrowers, issuing perpetual bonds etc. As a result, the exposure w.r.t outstanding loans to its borrowers as on date is within the prescribed norms. Considering the company's response and steps taken, RBI has vide letter dated 17th May 2023 advised the company to adhere the norms on sustained business.

54.1 Exposure to Real Estate Sector

The Company has no direct or indirect exposure to real estate sector as at 31st March 2023 (As at 31st March 2022 Nil).

54.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2023	As at 31.03.2022
(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 (includes investment in optionally convertible preference shares)	534.10	450.33
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds	-	-
	Total Exposure to Capital Market	**534.10**	**450.33**

54.3 Sectoral Exposure

(₹ in Crores)

Sectors	As at 31-03-2023					As at 31-03-2022				
	Principal Outstanding (including LoC)	Interest Accrued	Total Exposure at Default (EAD)	Gross NPAs	Percentage of Gross NPAs to EAD	Principal Outstanding (including LoC)	Interest Accrued	Total Exposure at Default (EAD)	Gross NPAs	Percentage of Gross NPAs to EAD
Industry										
Lending to Infrastructure Sector										
- Power	438,110.13	1,497.05	439,607.18	14,892.08	3.39%	389,461.11	1,381.55	390,842.66	17,159.89	4.39%
Total Exposure	**438,110.13**	**1,497.05**	**439,607.18**	**14,892.08**	**3.39%**	**389,461.11**	**1,381.55**	**390,842.66**	**17,159.89**	**4.39%**

Exposure for the purpose of above disclosure represents the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC)

Consolidated Notes to Accounts

54.4 The company does not have any financing of Parent Company products during the current and previous year.

54.5 Concentration of Advances, Exposures and Credit-impaired Assets

(₹ in Crores)

Particulars		As at 31.03.2023	As at 31.03.2022
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	267,729.20	239,602.97
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	61.55%	62.17%
(ii)	**Concentration of Exposures***		
	Total Exposure to twenty largest borrowers (₹ in Crores)	268,700.56	240,580.38
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	61.12%	61.55%
(iii)	**Concentration of Credit-impaired Assets**		
	Total Exposure to the top four Credit-impaired Assets (₹ in Crores)	8,645.97	8,645.97

** Exposure for the purpose of above disclosure represents the principal outstanding, interest accrued and outstanding Letters of Comfort (LoC)*

55 Fair value disclosures

The fair values of financial instruments measured at amortised cost and fair value by category are as follows:

(₹ in Crores)

Particulars		Note No.	As at 31.03.2023	As at 31.03.2022
	Financial assets measured at fair value			
	Derivative financial instruments measured at			
(i)	Fair value through other comprehensive income (FVOCI)	9	8,574.02	5,079.87
(ii)	Fair value through profit and loss (FVTPL)	9	407.59	430.30
	Investments* measured at			
(i)	Fair value through other comprehensive income (FVOCI)	11	381.71	268.26
(ii)	Fair value through profit and loss (FVTPL)	11	589.65	182.07
	Financial assets measured at amortised cost			
	Cash and cash equivalents	6	48.70	140.99
	Bank balances (other than cash and cash equivalents)	7	2,346.91	2,518.96
	Trade receivables	8	113.00	94.55
	Loan Assets	10	422,083.91	371,930.54
	Investments	11	2,198.64	1,740.10
	Other financial assets	12	24,422.54	24,415.31
	Total		**461,166.67**	**406,800.95**
	Financial liabilities measured at fair value			
	Derivative financial instruments measured at			
(i)	Fair value through other comprehensive income (FVOCI)	9	386.58	205.64
(ii)	Fair value through profit and loss (FVTPL)	9	590.37	347.50
	Financial liabilities measured at amortised cost			
	Trade payables	18	41.68	36.48
	Debt securities	19	236,902.33	219,574.61
	Borrowings (other than debt securities)	20	137,114.13	106,651.59
	Subordinated liabilities	21	6,773.30	6,816.47
	Other financial liabilities	22	25,345.11	25,708.73
	Total		**407,153.50**	**359,341.02**

Consolidated Notes to Accounts

55.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2023				As at 31.03.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments at FVOCI								
Equity investments*	67.23	-	314.48	381.71	53.52	-	214.74	268.26
Investments at FVTPL								
Equity investments	27.31	-	-	27.31	49.52	-	-	49.52
Perpetual Bonds	-	-	437.26	437.26	-	-	-	-
Debentures	-	-	125.08	125.08	-	-	132.55	132.55
Preference Shares**	-	-	-	-	-	-	-	-
Assets at FVOCI								
Derivative financial instruments	-	8,574.02	-	8,574.02	-	5,079.87	-	5,079.87
Assets at FVTPL								
Derivative financial instruments	-	407.59	-	407.59	-	430.30	-	430.30
Liability at FVOCI								
Derivative financial instruments	-	386.58	-	386.58	-	205.64	-	205.64
Liability at FVTPL								
Derivative financial instruments	-	590.37	-	590.37	-	347.50	-	347.50

** includes investments in Universal Commodity Exchange Ltd of ₹16.00 crores, fair valued at Nil*

*** represents investments in Reedemable Preference Shares of Rattan India Power Limited of ₹43.30 crores, fair valued at Nil*

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

(A) Investment in Quoted Equity Investments - Level 1 - Investment in listed equity instruments are measured at their readily available quoted price in the market.

(B) Derivative Financial Instruments - Level 2 - The fair value has been determined on the basis of mark to market value provided by the banks that have contracted to hedge the underlying risk. Such valuation is calculated using market observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract and implied volatilities.

(C) Investment in Perpetual Bond - Level 3 - The Company had made investments in perpetual bonds of Canara Bank and UCO Bank which are quoted on NSE/BSE. The Company had checked for active market transactions for these bonds. However, there was no history of any market activity in these bonds held by the Company, and therefore, quoted price for such bonds was not available. The Company had checked 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.

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(D) Investment in Unquoted Equity of Universal Commodity Exchange Limited (UCX) - Level 3 - Investment in unquoted equity shares of UCX is classified as Level 3. It has been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern.

(E) Investment in Unquoted Equity of Energy Efficiency Services Limited (EESL) - Level 3 - Investment in unquoted equity shares of EESL is classified as Level 3. EESL ceases to be a Joint Venture (JV) with effect from September 01, 2021. The fair value has been calculated on the basis of Net Asset Value (NAV) as stated in latest available Financial Statement of the investee company.

(F) Investment in Unquoted Equity of Jhabua Power Limited (JPL) and Ind Bharat Energy Utkal Limited (IBEUL)- Level 3 - Investment in unquoted equity shares of JPL and IBEUL are classified as Level 3. The company has been alloted equity shares of the borrower companies pursuant to their respective resolution plans. Their respective fair value has been calculated on the basis of Net Asset Value (NAV) as stated in latest available Financial Statement of these investee companies.

(G) 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 alloted OCCRPS of the borrower company pursuant to One Time Settlement arrangement executed on 23rd December 2019. The fair value has been taken as Nil as future cash flows are uncertain in such instruments. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

(H) Investment in Optionally Convertible Debentures of Essar Power Transmission Limited - Level 3 - Investment in unquoted Optionally Convertible Debentures (OCDs) of Essar Power Transmission Limited are classified as Level 3, which have been alloted to the Company upon implementation of restructuring plan with the borrower. The fair value has been derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

(I) Investment in Optionally Convertible Debentures of R.K.M PowerGen Private Limited - Level 3 - Investment in unquoted Optionally Convertible Debentures (OCDs) of R.K.M PowerGen Private Limited are classified as Level 3, which have been alloted to the Company upon implementation of restructuring plan with the borrower. The fair value has been taken as Nil as such debentures are unsustainable in nature and future cash flows are uncertain. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

55.2 Reconciliation of Financial Instruments measured at Fair Value through Level 3 inputs

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	For the Year ended 31st March 2023					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares*	Investment in OCDs	Investment in Venture Capital Fund	Investment in Unquoted Equity Shares	
Opening Balance	**-**	**-**	**132.55**		**214.74**	**347.29**
Received in Loan Settlement (Refer Note 10.3)	-	-	-		182.36	182.36
Investment/ (Settlement)	428.00	-	(26.66)		-	401.34
Transfer in Level 3	-	-	-		-	-
Transfer from Level 3	-	-	-		-	-
Interest income (i)	9.26	3.24	19.19		-	31.69
Fair value changes	-	(3.24)	-		(82.62)	(85.86)
Closing Balance	**437.26**	**-**	**125.08**		**314.48**	**876.82**
Unrealised gain (loss) at year-end	**9.26**	**-**	**11.46**		**(98.62)**	**(77.90)**

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(₹ in Crores)

Particulars	For the Year ended 31st March 2022					
	FVTPL			FVOCI		Total
	Investment in Perpetual Bonds	Investment in Preference Shares*	Investment in OCDs	Investment in Venture Capital Fund	Investment in Equity Shares	
Opening Balance	**-**	**42.99**	**143.06**	**-**	**-**	**186.05**
Received in Loan Settlement (Refer Note 10.3)	-	-	-	-	-	-
Investment/ (Settlement)	-	-	(41.95)	-	-	(41.95)
Transfer in Level 3	-	-	-	-	218.10	218.10
Transfer from Level 3	-	-	-	-	-	-
Interest income (i)	-	6.02	21.13	-	-	27.15
Fair value changes	-	(49.01)	10.31	-	(3.36)	(42.06)
Closing Balance	**-**	**-**	**132.55**	**-**	**214.74**	**347.29**
Unrealised gain (loss) at year-end	**-**	**(32.42)**	**12.49**	**-**	**(19.36)**	**(39.29)**

Refer Note No. 11.4 for Investment in equity shares measured at Fair Value through Other Comprehensive Income (FVOCI) derecognised during the year

** represents investments in Reedemable Prefernce Shares' of Rattan India Power Limited of ₹ 43.30 crores, fair valued at Nil*

(i) forms part of line item 'Interest Income' in the Standalone Statement of Profit and Loss.

(ii) Fair value gain/ (loss) on Investments at FVTPL forms part of line item 'Net Loss/(Gain) on Fair Value changes' in the Standalone Statement of Profit and Loss.

(iii) Fair value gain/ (loss) on Investments at FVOCI forms part of line item 'Changes in Fair Value of FVOCI Equity Instruments' in the Standalone Statement of Profit and Loss.

55.3 There were no transfers between Level 1 and Level 2 during the year

55.4 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows:

(₹ in Crores)

Particulars	As at 31.03.2023		As at 31.03.2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	48.70	48.70	140.99	140.99
Bank balances (other than cash and cash equivalents)	2,346.91	2,346.91	2,518.96	2,518.96
Trade receivables	113.00	113.00	94.55	94.55
Loans	422,083.91	421,931.84	371,930.54	372,175.00
Investments	2,198.64	2,209.90	1,740.10	1,778.29
Other financial assets	24,422.54	24,420.13	24,415.31	24,415.16
Total	**451,213.70**	**451,070.48**	**400,840.45**	**401,122.95**
Financial liabilities				
Trade payables	41.68	41.68	36.48	36.48
Debt securities	236,902.33	230,559.20	219,574.61	221,167.25
Borrowings (other than debt securities)	137,114.13	137,862.23	106,651.59	107,306.18
Subordinated liabilities	6,773.30	6,963.79	6,816.47	7,131.25
Other financial liabilities	25,345.11	25,345.13	25,708.73	25,708.73
Total	**406,176.55**	**400,772.04**	**358,787.88**	**361,349.88**

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Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, bank balances other than cash and cash equivalents, contract assets and contract liability without a specific maturity.

Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2023 was assessed to be insignificant.

Investment in Govt. Securities (G-SEC) and State Development Loan (SDL)

The Company has made investments in G-Sec and SDL in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The market price of Government of India securities and state development loan is available as at reporting date and accrued interest from last coupon date to the reporting date is added to market price.

Investment in PSU Bonds

The Company has made investments in PSU Bonds in order to maintain sufficient High Quality Liquid Assets as per RBI guidelines. The company has computed fair value using market inputs i.e., Yield of G-Sec bonds for similar remaining maturity or credit rating wise spread for PSUs for remaining maturity as per industry practice.

Investments in securities issued by Borrower entities at the time of Loan Settlement/ Resolution

The fair value has been derived by present value technique by discounting future cash flows at interest rate applicable to the borrowers. Any change in expectation of future cash flow is adjusted to reflect change in fair value of the investment.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

56 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Principal amount remaining unpaid as at the period end	-	-
Interest due thereon remaining unpaid as at the period end	-	-
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at the period end	-	-
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 enteresprises.		

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57 Related Party Disclosures :

57.1 List of Related Parties

(1) Key Managerial Personnel

Sh. S.K.G Rahate	Chairman & Managing Director (ceased w.e.f May 10, 2022)
Sh. Ravinder Singh Dhillon	Chairman & Managing Director (from May 10, 2022 to May 16, 2022)
Sh. Vivek Kumar Dewangan	Chairman & Managing Director (w.e.f May 17, 2022)
Sh. Ajoy Choudhury	Director (Finance)
Sh. V.K. Singh	Director (Technical) (w.e.f. July 15, 2022)
Smt. Parminder Chopra	PFC Nominee Director (Non-executive Director)
Sh. Vishal Kapoor	Govt. Nominee Director (ceased w.e.f September 14, 2022)
Sh. Piyush Singh	Govt. Nominee Director (w.e.f September 14, 2022)
Dr. Gambheer Singh	Part Time Non-Official Independent Director
Dr. Manoj M. Pande	Part Time Non-Official Independent Director
Dr. Durgesh Nandini	Part Time Non-Official Independent Director
Sh. Narayanan Thirupathy	Part Time Non-Official Independent Director (w.e.f. March 6, 2023)
Sh. J.S. Amitabh	Executive Director & Company Secretary

(2) Ultimate Holding Company

Power Finance Corporation Ltd.

(3) Associate Companies of REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)

Chandil Transmission Limited
Dumka Transmission Limited
Mandar Transmission Limited
Koderma Transmission Limited
Bidar Transmission Limited
Ramgarh II Transmission Limited (incorporated on April 20, 2022)
Beawar Transmission Limited (incorporated on April 27, 2022)
Sikar Khetri Transmission Limited (incorporated on May 06, 2022)
Luhri Power Transmission Limited (incorporated on October 28, 2022)
Meerut Shamli Power Transmission Limited (incorporated on December 14, 2022)
NERES XVI Power Transmission Limited (incorporated on January 10, 2023)
Khavda II-D Transmission Limited (incorporated on April 25, 2022 and under the process of striking off the name of Company from the records of Registrar of Companies)
Rajgarh Transmission Limited (transferred on May 30, 2022)
Neemuch Transmission Limited (incorporated on April 12, 2022 and transferred on August 24, 2022)
ER NER Transmission Limited (transferred on October 10, 2022)
GADAG II-A Transmission Limited (transferred on November 08, 2022)
WRSR Power Transmission Ltd. (incorporated on September 22, 2022 and transferred on January 18, 2023)
MP Power Transmission Package-I Limited (transferred on January 21, 2023)
Khavda II-B Transmission Limited (incorporated on April 21, 2022 and transferred on March 21, 2023)
Khavda II-C Transmission Limited (incorporated on April 22, 2022 and transferred on March 21, 2023)
KPS3 Transmission Limited (incorporated on April 29, 2022 and transferred on March 21, 2023)
Khavda RE Transmission Limited (incorporated on May 02, 2022 and transferred on March 21, 2023)
KPS2 Transmission Limited (incorporated on May 04, 2022 and transferred on March 21, 2023)
ERWR Power Transmission Ltd. (incorporated on September 27, 2022 and transferred on March 21, 2023)
Khavda II-A Transmission Limited (incorporated on April 19, 2022 and transferred on March 28, 2023)
KPS1 Transmission Limited (incorporated on May 06, 2022 and transferred on April 20, 2023)

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(4) Employment Benefit Trusts/ Funds

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Employees' Benevolent Fund

REC Retired Employees' Medical Trust

(5) Society registered for undertaking CSR Initiatives

REC Foundation

(6) Other Companies in which Key Managerial Personnel are Directors

Samarpan Hospitals Private Limited
Nellore Transmission Limited (Related Party w.e.f July 15, 2022)
Energy Efficiency Services Limited (Related Party ceased w.e.f July 28, 2022)
NTPC Limited (Related Party w.e.f September 14, 2022)
Jammu and Kashmir State Power Trading Company Limited (Related Party w.e.f January 18, 2023)

(7) Below mentioned related parties of the Ultimate Holding Company are also considered as related parties of REC:

(a) Key Managerial Personnel of Ultimate Holding Company

Sh. Ravinder Singh Dhillon	Chairman & Managing Director
Smt. Parminder Chopra	Director (Finance)
Sh. Rajiv Ranjan Jha	Director (Projects)
Sh. Manoj Sharma	Director (Commercial) (w.e.f August 29, 2022)
Sh. Vishal Kapoor	Govt. Nominee Director (ceased w.e.f upto June 08, 2022)
Sh. Ajay Tewari	Govt. Nominee Director (w.e.f. June 09, 2022)
Sh Ram Chandra Mishra	Part Time Non-Official Independent Director (ceased w.e.f upto July 11, 2022)
Adv. Bhaskar Bhattacharya	Part Time Non-Official Independent Director
Smt. Usha Sanjeev Nair	Part Time Non-Official Independent Director
Shri. Prasanna Tantri	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(b) Subsidiary Companies of Ultimate Holding Company

PFC Consulting Limited (PFCCL)

PFC Projects Limited (formerly Coastal Karnataka Power Ltd.) subsidiary w.e.f June 30, 2022

(c) Associate Companies of Ultimate Holding Company

Bihar Mega Power Limited
Orissa Integrated Power Limited
Jharkhand Infrapower Limited
Coastal Tamil Nadu Power Limited
Bihar Infrapower Limited
Deoghar Infra Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Odisha Infrapower Limited
Deoghar Mega Power Limited
Cheyyur Infra Limited
Ananthpuram Kurnool Transmission Limited
Chhatarpur Transmission Limited
Siot Transmission Limited (incorporated on 27.04.2022)
Fatehgarh III Beawar Transmission Limited (incorporated on 05.05.2022)

Beawar Dausa Transmission Limited (incorporated on 06.05.2022)
Fatehgarh III Transmission Limited (incorporated on 18.05.2022)
Bhadla III Transmission Limited (incorporated on 27.05.2022)
Fatehgarh IV Transmission Limited (incorporated on 08.06.2022)
Khandukhal Rampura Transmission Limited (incorporated on 13.05.2022 and transferred on 07.10.2022)
Dharamjaigarh Transmission Limited (incorporated on 18.11.2022 and transferred on 28.03.2023)
Raipur Pool Dhamtari Transmission Limited (incorporated on 18.11.2022 and transferred on 28.03.2023)
Khetri-Narela Transmission Limited (transferred on 11.05.2022)
Mohanlalganj Transmission Limited (transferred on 30.05.2022)
Kishtwar Transmission Limited (transferred on 06.12.2022)
Bhadla Sikar Transmission Limited (transferred on 28.03.2023)
Tatiya Andhra Mega Power Limited (Striked off from the records of Registrar of Companies on 27.09.2022)
Coastal Maharashtra Mega Power Limited (Striked off from the records of Registrar of Companies on 29.09.2022)
Chhattisgarh Surguja Power Limited (Striked off from the records of Registrar of Companies on 11.01.2023)
Shongtong Karcham-Wangtoo Transmission Limited (Striked off from the records of Registrar of Companies on 13.01.2023)
Tanda Transmission Company Limited (Striked off from the records of Registrar of Companies on 13.01.2023)
Bijawar-Vidarbha Transmission Limited (under process of striking off the name from the records of Registrar of Companies)

(d) Employment Benefit Trusts/ Funds of Ultimate Holding Company

PFC Employees Provident Fund
PFC Employees Gratuity Fund
PFC Defined Contribution Pension Scheme 2007
PFC Superannuation Medical Fund

(e) Other Companies in which Key Managerial Personnel of Ultimate Holding Company are Directors

PTC India Limited
Energy Efficiency Services Limited (Related Party w.e.f September 29, 2022)
SJVN Limited (Related Party w.e.f December 01, 2022)

57.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Power Finance Corporation Limited (PFC)		
Other Financial Assets	3.54	-
Associates		
Loans to associates	13.39	12.83
Payables	0.02	0.01
Employment Benefit Trusts/ Funds		
Debt Securities	3.70	8.70
Other financial liabilities- GOI Serviced Bonds	29.30	29.30
Provisions	2.68	1.05
Other financial assets	15.11	-
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Debt Securities	1.80	1.90
Key Managerial Personnel (KMP)		
Debt Securities	0.05	0.16
Staff Loans & Advances	0.22	0.18
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Debt Securities	0.17	0.17
REC Foundation		
Other Non Financial Assets	-	1.20
Companies in which KMP/ KMP-PFC are Directors		

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(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Investment in Equity Shares of Energy Efficiency Services Limited (EESL) (Carried at Fair Value)	140.43	214.74
Other Financial Assets- NTPC Limited	5.24	-
Other Financial Assets- SJVN Limited	0.36	-

57.3 Maximum amount of loans/ advances/ investments outstanding during the year:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Employment Benefit Trusts/ Funds		
Debt Securities	8.70	8.70
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Debt Securities	1.90	4.10
Key Managerial Personnel (KMP)		
Debt Securities	0.16	0.16
Staff Loans & Advances	0.39	0.35
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Debt Securities	0.17	0.17
Companies in which KMP/ KMP-PFC are Directors		
Investment in Equity Shares of Energy Efficiency Services Limited (EESL)	175.27	247.23

57.4 Transactions with the related parties :

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Power Finance Corporation Limited (PFC)		
Dividend Paid	1,642.40	1,269.22
Directors' Sitting Fee	-	0.08
Recovery of Expenses incurred in Govt. Programmes	3.54	-
Finance Cost on Loan Repayable on Demand from PFC	-	14.47
Employment Benefit Trusts/ Funds		
Contributions made by the Company	31.25	18.28
Redemption of the bonds of Company	5.00	-
Finance Costs - Interest Paid	3.28	3.28
Employment Benefit Trusts/ Funds of Ultimate Holding Company		
Redemption of the bonds of Company	0.10	2.20
Finance Costs - Interest Paid	0.16	0.38
Key Managerial Personnel (KMP)		
Repayment/ Recovery of Staff Loans & Advances	0.12	0.10
Repayment/ Recovery of Debt Securities	0.10	-
Interest Income on Staff Loans	0.03	0.04
Finance Costs - Interest Paid	0.06	0.07
Employee Benefits Expense - Managerial Remuneration	2.84	3.05
Directors' Sitting Fee	0.38	0.12
Key Managerial Personnel of Ultimate Holding Company (KMP-PFC)		
Finance Cost	0.01	0.01
REC Foundation		
Payment towards Corporate Social Responsibility (CSR) Expenses	151.95	112.00
Companies in which KMP/ KMP-PFC are Directors		
Rental Income from NTPC Limited	14.58	-
Recovery of Expenses incurred in Govt. Programmes- NTPC Limited	0.30	-
Recovery of Expenses incurred in Govt. Programmes- SJVNL	0.30	-
Finance Cost on bonds of the company- NHPC Limited	-	0.35
Dividend Income on equity shares of NHPC Limited	-	4.13

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57.5 Terms and conditions of transactions with related parties

The transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans & advances to Key Managerial Personnel are in line with the service rules of the Company. The finance costs paid to the related parties are on account of their investments in the debt securities of the Company. The interest rate payable on such debt securities is uniformally applicable to all the bondholders. The Company also makes advances to its subsidiary company on account of apportionment of establishment and administrative expenses, which are recovered on quarterly basis. Even while the outstanding balances of subsidiary company at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

57.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the year is as below:

(₹ in Crores)

	Particulars	Year ended 31.03.2023	Year ended 31.03.2022
(i)	Short-term employee benefits	2.65	2.91
(ii)	Post employment benefits	0.19	0.14
	Total	**2.84**	**3.05**

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.

57.7 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

Entities/ Companies in the Group are Central Public Sector Undertaking (CPSU) controlled by Central Government. List of Government related entities with which the Group has done transactions, includes but not limited to:

Bihar Grid Company Ltd.	Power Grid Corporation of India Ltd.
Damodar Valley Corporation	Broadcast Engineering Consultants India Ltd.
Nabinagar Power Generating Co. Pvt. Ltd.	India Tourism Development Corporation Ltd.
Neyveli Uttar Pradesh Power Ltd	Balmer Lawrie & Co. Ltd.
NTPC Tamil Nadu Energy Company Ltd.	Mahanagar Telphone Nigam Ltd.
Patratu Vidut Utpadan Nigam Ltd.	National Informatic Centre Services Inc.(NICSI)
THDC India Ltd.	MSTC Ltd.
SJVN Thermal Pvt. Ltd.	WAPCOS Ltd.
NHPC Ltd.	Power Foundation of India

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Disbursement of Loans	3,857.30	2,059.64
Interest income recognised	1,709.48	1,829.69
Other Expenditure- REC's contribution to Power Foundation	8.00	5.00

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Loan Assets	20,902.65	17,854.95
Interest Accrued	12.99	4.52

Refer Note No. 12, 20, 22, 34 and 48 in respect of material transactions with the Central Govt.

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Group has also entered into other transactions such as administrative expenses, expenses on Govt. Programmes, etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

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58 Disclosures in respect of Ind AS 116 'Leases'

The Company has leases for office building, warehouses, office equipment and related facilities. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment. 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.

During the year ended 31st March, 2023, the expenses relating to short-term leases are ₹6.96 crores (previous year ₹6.21 crores). The total cash outflow towards all leases, including Right-of-Use Assets is ₹6.97 crores. (previous year ₹6.23 crores).

Set out below are the carrying amounts of lease liabilities (included under borrowings) and the movements during the year:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Opening Balance	0.03	0.05
Finance Cost accrued during the year	-	-
Payments made during the year	(0.01)	(0.02)
Closing Balance	**0.02**	**0.03**

The table below provides details regarding the contractual maturities of undiscounted lease liabilities:

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Upto 1 year	0.02	0.02
1-5 years	-	0.02
More than 5 years	-	-

59 Disclosures for Employee Benefits as required under Ind AS 19 'Employee Benefits':

59.1 Defined Contribution Plans

A. Provident Fund

The Company pays fixed contribution of Provident Fund at pre-determined rates to a separate registered trust which invests the funds in permitted securities. The trust must declare the rate of interest on contribution to the members based upon the returns earned on its investments during the year, subject to minimum interest rate prescribed by Employees' Provident Fund Organisation. Any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

In case of RECPDCL, there is no separate trust and the companies makes provident fund contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Group has recognised an expense of ₹ 13.77 crores (previous year ₹ 11.60 Crores) towards defined contribution plans

59.2 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.

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Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation	29.23	30.43
Fair Value of Plan Assets	26.55	30.09
Net Defined Benefit (Asset)/ Liability	2.68	0.34

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 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**30.43**	**32.44**	**30.09**	**30.25**	**0.34**	**2.19**
Included in profit or loss						
Current service Cost	1.42	1.79	-	-	1.42	1.79
Past service cost	2.16	-	-	-	2.16	-
Interest cost / income	2.07	2.17	2.22	2.11	(0.15)	0.06
Total amount recognised in profit or loss	**5.65**	**3.96**	**2.22**	**2.11**	**3.43**	**1.85**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	0.10	(0.65)	-	-	0.10	(0.65)
- Actuarial loss (gain) arising from Experience adjustments	(1.09)	(0.29)	-	-	(1.09)	(0.29)
Return on plan assets excluding interest income	-	-	(0.29)	(0.18)	0.29	0.18
Total amount recognised in OCI	**(0.99)**	**(0.94)**	**(0.29)**	**(0.18)**	**(0.70)**	**(0.76)**
Contribution by employers	-	-	0.39	2.94	(0.39)	(2.94)
Benefits paid	(5.86)	(5.03)	(5.86)	(5.03)	-	-
Closing Balance	**29.23**	**30.43**	**26.55**	**30.09**	**2.68**	**0.34**

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 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation	164.67	165.51
Fair Value of Plan Assets	179.78	164.80
Net Defined Benefit (Asset)/ Liability	(15.11)	0.71

Consolidated Notes to Accounts

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**165.51**	**151.69**	**164.80**	**144.06**	**0.71**	**7.63**
Included in profit or loss						
Current service Cost	3.64	3.29	-	-	3.64	3.29
Past service cost	-	2.50	-	-	-	2.50
Interest cost / income	11.83	10.31	12.15	10.07	(0.32)	0.24
Total amount recognised in profit or loss	**15.47**	**16.10**	**12.15**	**10.07**	**3.32**	**6.03**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	1.45	(4.08)	-	-	1.45	(4.08)
- Actuarial loss (gain) arising from changes in demographic assumptions	-	3.75	-	-	-	3.75
- Actuarial loss (gain) arising from Experience adjustments	(5.71)	10.58	-	-	(5.70)	10.59
Return on plan assets excluding interest income	-	-	2.04	2.90	(2.04)	(2.90)
Total amount recognised in OCI	**(4.26)**	**10.25**	**2.04**	**2.90**	**(6.29)**	**7.36**
Contribution by participants	0.11	0.15	0.10	0.06	0.01	0.09
Contribution by employers	-	-	0.69	7.71	(0.70)	(7.72)
Benefits paid	(12.16)	(12.68)	-	-	(12.16)	(12.68)
Closing Balance	**164.67**	**165.51**	**179.78**	**164.80**	**(15.11)**	**0.71**

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 31.03.2023	As at 31.03.2022
Present value of Defined benefit obligation		
- ERS	4.17	4.15

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Opening Balance	**4.15**	**4.13**
Included in profit or loss		
Current service Cost	0.25	0.20
Interest cost / income	0.28	0.26
Total amount recognised in profit or loss	**0.53**	**0.46**
Included in OCI		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	0.07	(0.06)
-Actuarial loss (gain) arising from Experience adjustments	0.33	0.89
Total amount recognised in OCI	**0.40**	**0.83**
Benefits paid	(0.91)	(1.27)
Closing Balance	**4.17**	**4.15**

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59.2.1 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.

(v) Employee Turnover/ Withdrawl risk

The present value of the defined benefit plan liability is calculated by reference to the expected withdrawl rate in the future. As such, if the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the plan's liability.

59.2.2 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 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Cash & Cash Equivalents	**0.06**	**0.38**	**0.20**	**0.11**
Quoted Plan Assets				
Equity Instruments	0.99	-	-	-
State Government Debt Securities	10.28	-	40.80	22.58
Corporate Bonds/ Debentures	9.35	-	138.78	142.11
Sub-total - Quoted Plan Assets	**20.62**	**-**	**179.58**	**164.69**
Unquoted Plan Assets				
Others - Insurer managed funds & T-bills	5.87	29.71	-	-
Sub-total - Unquoted Plan Assets	**5.87**	**29.71**	**-**	**-**
Total	**26.55**	**30.09**	**179.78**	**164.80**

Actual return on plan assets is ₹ 16.12 crores (previous year ₹ 14.90 crores).

59.2.3 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, 2023 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 (PUCM). The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Method Used	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**
Discount Rate & Expected Return on Plan Assets, if funded	7.31%	7.37%	7.31%	7.37%	7.31%	7.37%
Future Salary Increase / medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	17.72	17.35	17.72	17.35	17.72	17.35

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The principal assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

59.2.4 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 31.03.2023		As at 31.03.2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(0.84)	0.91	(0.80)	0.85
- PRMS	(12.10)	12.60	(12.16)	12.66
- ERS	(0.15)	0.17	(0.15)	0.17
Salary Escalation Rate (0.50% movement)				
- Gratuity	0.21	(0.18)	0.19	(0.21)
- PRMS	-	-	-	-
- ERS	0.15	(0.14)	0.15	(0.14)
Medical inflation Rate (0.50% movement)				
- PRMS	11.62	(10.52)	11.68	(10.57)
Medical Cost (10% movement)				
- PRMS	16.89	(16.19)	16.98	(16.28)

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.

59.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022	As at 31.03.2023	As at 31.03.2022
Less than 1 year	6.43	4.71	13.98	14.02	1.12	1.11
From 1 to 5 years	16.12	17.61	78.64	83.46	2.33	3.60
Beyond 5 years	35.29	32.92	306.56	327.63	3.11	4.74
Total	**57.84**	**55.24**	**399.18**	**425.11**	**6.56**	**9.45**

59.2.6 Expected contribution for the next year

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022	Year ended 31.03.2023	Year ended 31.03.2022
Expected contribution	3.77	1.76	-	4.35	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 11.18 years (as at 31.03.2022 - 12.20 years).

59.3 Other Long-term Employee Benefits

59.3.1 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 recognized on

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the basis of actuarial valuation basis. Total expenses amounting to ₹ 5.04 crores (Previous year ₹ 9.37 crores) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

59.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 0.47 crores (previous year Nil) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

In case of RECPDCL, the Loyalty incentive to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. Expenses amounting to Nil (Previous year Nil) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

59.4 Employee benefits including Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits in respect of Company's employees working in its wholly-owned subsidiary on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

60 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

Status of Documentation Subsequent to Reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union Territories (UTs) – Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of J&K have been restructured vide unbundling order dated 23rd October 2019. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documentation, the existing loans for Generation, T&D and Govt. schemes are being serviced / repaid in line with the existing loan agreements.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

61 Modifications in the Significant Accounting Policies

The policy on lease accounting has been added. Further, certain accounting policies have also been reworded to bring in more clarity and align with Company's practice. There is no financial impact of such modifications carried out in the accounting policies.

62 Provisions, Contingencies and Impairment loss allowances debited to Consolidated Statement of Profit and Loss

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(i)	Impairment Loss Allowance for loans*	105.14	3,434.36
(ii)	Impairment Loss Allowance for Investments	-	28.72
(iii)	Impairment Loss Allowance for Other Receivables	37.03	6.94
(iv)	Provision made for Income Tax	2,730.69	2,394.83

** includes ₹ -5.03 crores (Previous year ₹ 11.81 crores) towards impairment allowance on Letter of Comfort.*

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63 The Company's operation comprise of only one business segment - lending to power, logistic and infrastructure sector. Hence, there is no other reportable segement in terms of Indian Accounting Standard (Ind-AS) 108 "Operating Segments". Based on "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

63.1 Information about Revenue from major products and services

(₹ in Crores)

Particulars		Year ended 31.03.2023	Year ended 31.03.2022
(A)	Income from Loan Assets	38,701.63	38,522.97
(B)	Fee for Implementation of Govt. Schemes	122.21	15.23
(C)	Income from Treasury Operations	306.57	235.36
(D)	Revenue from sale of services	287.55	150.96
	Total	**39,417.96**	**38,924.52**

63.2 The Group does not have any reportable geographical segment as the primary operations of the Group are carried out within the country.

63.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2022-23 and 2021-22

64 Subsidiaries, joint venture and associates considered for consolidation

A. Wholly owned subsidiaries of the Company:

(₹ in Crores)

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31.03.23	As at 31.03.22
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	India	100%	100%

B. Joint venture- Nil

C. Associates

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group	
		As at 31.03.22	As at 31.03.21
Chandil Transmission Limited	India	100.00%	100.00%
Dumka Transmission Limited	India	100.00%	100.00%
Mandar Transmission Limited	India	100.00%	100.00%
Koderma Transmission Limited	India	100.00%	100.00%
Bidar Transmission Limited	India	100.00%	100.00%
Sikar Khetri Transmission Limited	India	100.00%	-
KPS1 Transmission Limited	India	100.00%	-
Ramgarh II Transmission Limited	India	100.00%	-
Beawar Transmission Limited	India	100.00%	-
Khavda II-D Transmission Limited**	India	100.00%	-
LUHRI Power Transmission Limited	India	100.00%	-
Meerut Shamli Power Transmission Limited	India	100.00%	-
NERES XVI Power Transmission Limited	India	100.00%	-
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)*	India	-	100.00%
MP Power Transmission Package-I Limited*	India	-	100.00%
ER NER Transmission Limited *	India	-	100.00%

** The above SPV has been sold during the year*

*** The above SPV is under process of strike off.*

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.

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65 Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

65.1 Share in Net Assets i.e. Total Assets minus Total Liabilities

(₹ in Crores)

Name of the Entity	As at March 31, 2023		As at March 31, 2022	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Parent				
REC Limited	**99.24%**	**57,679.67**	**99.36%**	**50,985.60**
Subsidiaries - Indian				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	0.76%	440.93	0.64%	328.59
Associates - Indian				
Chandil Transmission Limited	-	0.05	-	0.05
Dumka Transmission Limited	-	0.05	-	0.05
Mandar Transmission Limited	-	0.05	-	0.05
Koderma Transmission Limited	-	0.05	-	0.05
Bidar Transmission Limited	-	0.05	-	0.05
Sikar Khetri Transmission Limited	-	0.05	-	-
KPS1 Transmission Limited	-	0.05	-	-
Ramgarh II Transmission Limited	-	0.05	-	-
Beawar Transmission Limited	-	0.05	-	-
Khavda II-D Transmission Limited	-	0.05	-	-
LUHRI Power Transmission Limited	-	0.05	-	-
Meerut Shamli Power Transmission Limited	-	0.05	-	-
NERES XVI Power Transmission Limited	-	0.05	-	-
Rajgarh Transmission Limited (Earlier Rajgarh Madhya Pradesh Line)	-	-	-	0.05
MP Power Transmission Package-I Limited	-	-	-	0.05
ER NER Transmission Limited	-	-	-	0.05
Adjustments or eliminations effect	**0.00%**	**(0.73)**	**0.00%**	**(0.49)**
Total	100.00%	58,120.51	100.00%	51,314.10

Share in profit and loss

(₹ in Crores)

Name of the Entity	Year ended 31.03.2023		Year ended 31.03.2022	
	As % of Consolidated Net Profit	Amount	As % of Consolidated Net Profit	Amount
Parent				
REC Limited	98.99%	11,054.64	100.10%	10,045.92
Subsidiaries - Indian				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	1.25%	139.79	0.53%	53.03
Joint Venture - Indian				
Energy Efficiency Services Limited	-	-	(0.12%)	(11.81)
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	**(0.25%)**	**(27.45)**	**(0.51%)**	**(51.44)**
Total	**100.00%**	**11,166.98**	**100.00%**	**10,035.70**

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Share in Other Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2023		Year ended 31.03.2022	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
Parent				
REC Limited	100.00%	(971.04)	102.02%	(59.07)
Subsidiaries - Indian				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	-	-	-	-
Joint Venture - Indian				
Energy Efficiency Services Limited	-	-	(2.02%)	1.17
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	-	-	-	-
Total	**100.00%**	**(971.04)**	**100.00%**	**(57.90)**

Share in Total Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2023		Year ended 31.03.2022	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent				
REC Limited	98.90%	10,083.60	100.09%	9,986.85
Subsidiaries - Indian				
REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)	1.37%	139.79	0.53%	53.03
Joint Venture - Indian				
Energy Efficiency Services Limited	-	-	(0.11%)	(10.64)
Associates - Indian	-	-	-	-
Adjustments or eliminations effect	(0.27%)	(27.45)	(0.52%)	(51.44)
Total	**100.00%**	**10,195.94**	**100.00%**	**9,977.80**

66 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months
	ASSETS				
(1)	**Financial Assets**				
(a)	Cash and cash equivalents	48.70	-	140.99	-
(b)	Bank balances other than (a) above	2,276.05	70.86	2,453.95	65.01
(c)	Trade receivables	113.00	-	94.55	-
(d)	Derivative financial instruments	2,331.97	6,649.64	343.37	5,166.80
(e)	Loans	65,372.90	356,711.01	39,144.60	332,785.94
(f)	Investments	53.28	3,116.72	62.11	2,128.33
(g)	Other financial assets	279.26	24,143.28	274.14	24,141.17
	Total - Financial Assets (1)	**70,475.16**	**390,691.51**	**42,513.70**	**364,287.26**

Consolidated Notes to Accounts

(₹ in Crores)

Particulars		As at 31.03.2023		As at 31.03.2022	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months
(2)	**Non-Financial Assets**				
(a)	Current tax assets (net)	0.06	305.89	-	191.56
(b)	Deferred tax assets (net)	-	3,307.56	-	3,160.12
(c)	Investment Property	-	-	-	-
(c)	Property, Plant & Equipment	-	639.17	-	624.04
(d)	Capital Work-in-Progress	-	2.72	-	6.07
(e)	Other Intangible Assets	-	1.63	-	4.28
(f)	Other non-financial assets	67.11	7.29	60.49	8.19
	Total - Non-Financial Assets (2)	**67.17**	**4,264.26**	**60.49**	**3,994.26**
(3)	**Assets classified as held for sale**	4.65	-	4.38	-
	Total ASSETS (1+2+3)	**70,546.98**	**394,955.77**	**42,578.58**	**368,281.52**
	LIABILITIES				
(1)	**Financial Liabilities**				
(a)	Derivative financial instruments	63.11	913.84	18.89	534.25
(b)	**Trade Payables**				
	(I) Trade payables				
	(i) total outstanding dues of MSMEs	-	-	-	-
	(ii) total outstanding dues of creditors other than MSMEs	41.68	-	36.48	-
	(II) Other payables				
	(i) total outstanding dues of MSMEs	-	-	-	-
	(ii) total outstanding dues of creditors other than MSMEs	-	-	-	-
(c)	Debt Securities	39,878.18	197,024.15	29,637.91	189,936.70
(d)	Borrowings (other than debt securities)	40,338.84	96,775.29	22,529.92	84,121.67
(e)	Subordinated Liabilities	2,796.90	3,976.40	296.95	6,519.52
(f)	Other financial liabilities	1,235.81	24,109.30	1,598.10	24,110.63
	Total - Financial Liabilities (1)	84,354.52	322,798.98	54,118.25	305,222.77
(2)	Non-Financial Liabilities				
(a)	Current tax liabilities (net)	10.65	-	10.25	-
(b)	Provisions	60.91	50.71	57.60	48.07
(c)	Other non-financial liabilities	57.09	49.36	59.54	29.50
	Total - Non-Financial Liabilities (2)	**128.65**	**100.07**	**127.39**	**77.57**
(3)	Liabilities directly associated with assets classified as held for sale	0.02	-	0.01	-
	Total LIABILITIES (1+2+3)	**84,483.19**	**322,899.05**	**54,245.65**	**305,300.34**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

67 There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

68 The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.

69 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, 21.1, 28.1, 47, 50, 51.1.3 (N), 51.1.3 (O), 51.1.3 (P), 51.1.3 (R), 51.1.3 (S), 51.1.3 (T), 51.1.3 (U), 51.1.3 (V), 51.2.2, 51.2.4, 51.3, 52, 54, 57, 61, 62, 67, 68, 70, 72.

70 No penalties have been levied on the Company by any regulator during the year ended 31st March 2023 (previous year Nil).

However, during the year, the Company has received notices from the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) imposing a total fine of ₹ 0.43 crores (previous year ₹ 0.76 crores) (inclusive of GST) for non-compliance on the corporate governance requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 regarding the position/quorum requirements of Board/ Committees, due to inadequate number of Independent Directors.

The Company has requested the Stock Exchanges to waive the fine since the power to appoint Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Independent Directors on the Board of the Company. As such, there is no violation on the part of the Company in the appointment of Independent Directors. The Company is hopeful of favorable outcome of its request to the Stock Exchanges in line with the earlier waivers of fine by BSE for similar reasons and the communication received from NSE to consider waiver after complying with the requirement.

71 During the year, the company does not have any transactions with the struck off companies except for equity shares held by five companies as on 31-03-2023 (as on 31-03-2022- five numbers), which are individually not material and thus have not been reported.

72 No complaints have been received by the company from the customers or Offices of Ombudsman during the year ended 31st March 2023 (previous year Nil).

73 Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Notes to Accounts 1 to 73 are an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

REC Limited

Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Annexure to be enclosed with Consolidated Balance Sheet as at 31st March 2023
(As prescribed by Reserve Bank of India)

(Particulars as required in terms of Paragraph 19 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, in so far as they are applicable to REC Ltd.)

(₹ in Crores)

Particulars		**As at 31.03.2023**		**As at 31.03.2022**	
		Amount Outstanding	**Amount Overdue**	**Amount Outstanding**	**Amount Overdue**
	LIABILITIES SIDE:				
(1)	**Loans and advances availed by the NBFC**				
	inclusive of interest accrued thereon but not paid:				
	(a) Debentures/ Bonds :				
	- Secured	51,599.51	-	40,597.85	-
	- Unsecured	193,034.32	-	186,643.60	-
	(b) Term Loans				
	- Secured Loans from Financial Institutions	-	-	-	-
	- Unsecured Loans from NSSF	10,325.12	-	10,325.12	-
	- Unsecured Loans from Banks	56,402.09	-	42,919.86	-
	- Unsecured Loans from Financial Institutions	6,000.64	-	6,800.00	-
	(c) Commercial Paper	-	-	-	-
	(d) Other Loans	-	-	-	-
	- Foreign Currency Borrowings	45,783.55	-	35,687.77	-
	- FCNR(B) Loans	15,427.63	-	9,861.13	-
	- Overdrafts from Bank	87.59	-	-	-
	- Short Term Loans/ Loans Repayable on Demand	3,607.52	-	1,415.58	-
	- Unsecured Loans from Holding Company	-	-	-	-
	- Lease Obligations	0.02	-	0.03	-

(₹ in Crores)

Particulars		**As at 31.03.2023**	**As at 31.03.2022**
	ASSETS SIDE :		
(2)	**Break-up of Loans and Advances including bills receivables**		
	(a) Secured	223,195.81	213,512.93
	(b) Unsecured	197,552.23	157,153.67
(3)	**INVESTMENTS :**		
	Current Investments:		
	Quoted:		
	(i) Shares : Equity	27.31	49.52
	Unquoted:		
	(i) Shares : Equity	174.05	-
	(ii) Debentures and Bonds	230.82	238.76
	Long Term Investments:		
	Quoted:		
	(i) Shares : Equity	67.23	53.52
	(ii) Debentures and Bonds	1,098.42	259.39
	(iii) Government Securities	1,431.74	1,374.51
	Unquoted:		
	(i) Shares : Equity	140.43	214.74

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ in Crores)

	AMOUNT NET OF PROVISIONS		
	Secured	Unsecured	Total
As at 31.03.2023			
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other related Parties	-	-	-
2. Other than Related Parties	223,195.81	197,552.23	420,748.04
Total	**223,195.81**	**197,552.23**	**420,748.04**
As at 31.03.2022			
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same Group	-	-	-
(c) Other related Parties	-	-	-
2. Other than Related Parties	213,512.93	157,153.67	370,666.60
Total	**213,512.93**	**157,153.67**	**370,666.60**

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in Crores)

Category	As at 31.03.2023		As at 31.03.2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
2. Other than Related Parties	3,169.74	3,170.00	2,209.15	2,190.44
Total	**3,169.74**	**3,170.00**	**2,209.15**	**2,190.44**

(6) Other Information

(₹ in Crores)

Particulars	As at 31.03.2023	As at 31.03.2022
(i) Gross Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	14,892.08	17,159.89
(ii) Net Credit-impaired Assets		
(a) Related Parties	-	-
(b) Other than related Parties	4,372.57	5,594.16
(iii) Asset acquired in satisfaction of debts	233.85	-

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

Form AOC-1

Statement containing salient features of the financial statements of Subsidiaries/ Associates/ Joint Ventures for the Year 2022-23

Part A: Subsidiaries

(₹ in Crores)

	Particulars	(I)
1	**Name of the Subsidiary**	REC Power Development and Consultancy Limited (formerly REC Power Distribution Company Limited)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
4	Share capital	0.09
5	Reserves & Surplus	440.84
6	Total assets	680.50
7	Total Liabilities	239.57
8	Investments	78.77
9	Turnover	307.27
10	Profit/ (Loss) Before Taxation	186.35
11	Provision for Taxation	46.56
12	Profit/ (Loss) After Taxation	139.79
13	Proposed Dividend	23.40
14	% Shareholding	100.00%

(1) Name of subsidiaries which are yet to commence operations - Nil

(2) Names of subsidiaries which have been liquidated or sold during the year - Nil

Part B: Associates and Joint Ventures

Details of Associates

(₹ in Crores)

	Name of Associates	Ko-derma Trans-mission Limited*	Chandil Trans-mission Limited*	Dumka Trans-mission Limited#	Mandar Trans-mission Limited#	Bidar Trans-mission Limited*	Sikar Khetri Trans-mission Limited*	KPS1 Trans-mission Limited*	Ramgarh II Trans-mission Limited*	Beawar Trans-mission Limited*	Khavda II-D Trans-mission Limited*	Luhri Power Trans-mission Limited*	Meerut Shamli Power Trans-mission Limited#	NERES XVI Power Trans-mission Limited#
1	Latest audited Balance Sheet Date	31- Mar -23	31 -Mar -23	31- Mar -23	31- Mar -23	31 -Mar -23	31- Mar -23	31- Mar -23	31- Mar -23	31- Mar -23	31 -Mar -23	31- Mar -23	31- Mar -23	31- Mar -23
2	Shares of Associate/Joint Ventures held by the company on the year end Number	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
	Amount of Investment in Associates/ Joint Venture	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
	Extent of Holding (%)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	Description of how there is significant influence	**Refer Note 1**												
4	Reason why the associate/joint venture is not consolidated **	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	(2.28)	(2.55)	(2.10)	(1.87)	(0.10)	(0.67)	(0.57)	(0.69)	(0.71)	0.03	(0.46)	(0.38)	(0.14)
6	Profit / (Loss) for the year	(0.01)	(0.01)	(0.00)	(0.00)	(0.11)	(0.72)	(0.62)	(0.74)	(0.76)	(0.02)	(0.51)	(0.43)	(0.19)
i.	Considered in Consolidation **	-	-	-	-	-	-	-	-	-	-	-	-	-
ii.	Not Considered in Consolidation	(0.01)	(0.01)	(0.00)	(0.00)	(0.11)	(0.72)	(0.62)	(0.74)	(0.76)	(0.02)	(0.51)	(0.43)	(0.19)

** The latest audited Balance Sheet available for associates have been prepared on the basis of IND-AS.*

 # The latest management certified Balance Sheet available for associates have been prepared on the basis of IND-AS

***Associates classified under held for sale and valued at cost or fair market value (less cost to sales) whichever is less, hence profit not considered.*

Note : 1. The Group is holding 100% of shares but these investments are managed as per the mandate from Government of India and Group does not have the practical ability to direct the relevant activities of these companies unilaterally, hence treated as associate company.

Note : 2. Thirteen associates have been transferred during FY 2022-23.

Details of Joint Venture : NA

(1) Names of associates or joint ventures which are yet to commence operations - NIL

(2) Names of associates or joint ventures which have been liquidated or sold during the year.

The following associates have been sold during the year, as a part of business process:

Name of SPV	Date of Sale
Rajgarh Transmission Limited	30/05/2022
MP Power Transmission Package-I Limited	21/01/2023
ER NER Transmission Limited	10/10/2022
Neemuch Transmission Limited	24/08/2022
Gadag II A Transmission Limited	08/11/2022
WRSR Power Transmission Limited	18/01/2023
Khavda II-A Transmission Limited	28/03/2023
Khavda II-B Transmission Limited	21/03/2023
Khavda II-C Transmission Limited	21/03/2023
KPS3 Transmission Limited	21/03/2023
KPS2 Transmission Limited	21/03/2023
Khavda RE Transmission Limited	21/03/2023
ERWR Power Transmission Limited	21/03/2023

For and on behalf of the Board

J.S. Amitabh
ED & Company Secretary

Ajoy Choudhury
Director (Finance)
DIN - 06629871

Vivek Kumar Dewangan
Chairman & Managing Director
DIN - 01377212

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

Rakesh Kumar
Partner
M.No. : 087537

Place: Mumbai
Date: 17th May 2023

Independent Auditors' Report

To the Members of

REC Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of REC Limited (hereinafter referred to as "the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at 31st March, 2023, of its consolidated Profit (including other comprehensive Income), consolidated changes in equity and consolidated cash flows for the year then 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 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. 51.1.3 to the consolidated Ind AS Financial Statements regarding the provision of impairment allowance in respect of its loan assets and Letters of Comfort. In this regard, we have relied upon the basis of determination of impairment allowance in so far as it relates to technical aspects/parameters considered by independent agency and management judgement for ascertaining impairment allowance as management overlay.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters described below to be the key audit matters to be communicated in our report:

S. No.	Key Audit Matter	Auditor's Response
1.	**Impairment allowance of Loan Assets –** (Refer Note No. 51.1.3 to the Consolidated Ind AS Financial Statements read with accounting policy No. 3.13) The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment. Impairment allowance is measured as product of the Probability of Default, Exposure at Default and Loss Given Default being the key parameters for assessing the impairment allowance.	**We have applied following audit procedures in this regard** a). According to the provisions of Ind AS 109 "Financial Instruments", we have obtained the report of the external agency and verified the criterion/framework with various regulatory updates alongwith Company's internal guidelines and procedures in respect of the impairment allowance. b) Verification of loan assets on test check basis covering substantial part of total loans with respect to monitoring thereof for recovery/ performance aspects and assessment of the loan impairment considering management perception on the same.

S. No.	Key Audit Matter	Auditor's Response
	The key indicators underlying for assessment of impairment allowance are appraised on an ongoing basis by the management. Further the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case to case basis and wherever impairment impact need to be changed the same is considered in the financial statements. In view of the significance of the amount of loan assets in the Consolidated Ind AS Financial Statements i.e 90.67 % of total assets, the audit procedure for impairment of loan assets has been considered as Key Audit Matter in our audit.	c) Recoveries are verified applying the standard audit procedures to ascertain level of stress. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters. d) Assessment of impairment based upon performance of the loan assets is carried out on the basis of relevant evidence on record provided to us. e) We have discussed with the management wherever underlying weakness is observed and management assessment is carried out in detail in such cases. f) Components and calculations in the study for impairment allowance carried out by external agency are relied upon by us and test checks are carried out for the same. Such components are credit rating of borrowers (including ratings issued by Ministry of Power), calculation of probability of default/loan given defaults etc. Our audit procedure in the same are limited in view of reliance on report of the external agency. g) Further, the Management, pursuing a Board approved methodology reviews the impairment allowance in the report of the external agency and enhanced/reduced the impairment on case-to-case basis as management overlay. We have obtained a detailed analysis from the management for such changes. Our audit procedure in this regard is constrained by the management appraisal and we have relied upon the same.
2.	**Fair valuation of Derivative Financial Instruments** (Refer Note No. 9 to the standalone Ind AS Financial Statements read with accounting policy No. 3.13) To mitigate the Company's exposure to foreign currency risk and interest rate risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's board approved risk management policies and RBI guidelines. The Company has applied hedge accounting requirements as per Ind AS 109 'Financial Instruments' wherein certain derivative contracts have been designated as hedging instruments in 'Cash flow hedge' relationships. These arrangements have been entered into to mitigate foreign currency exchange risk and interest rate risk arising from certain debt instruments denominated in foreign currency. The derivatives are measured at fair value as per Ind AS 109. Mark to market gain/loss on these derivatives are recognised in the other comprehensive income for cash flow hedges. In view of significance and impact on financial statements we have identified it as a key audit matter.	**We have applied following audit procedure in this regard** a) Discussing and understanding management's perception and studying policy of the company for risk management. Motive of derivative transactions are studied and observed underlying exposure is not more than the volume of derivatives. b) Verification of fair value of derivative in terms of Ind AS 109. c) Testing the accuracy and completeness of derivative transactions. d) Evaluation of management's key internal controls over classification, valuation, and valuation models of derivative instruments. e) Obtained details of various financial derivative contracts as outstanding as on 31st March 2022. f) Verification of underlying assumptions in estimating the fair valuation arrived at for those financial derivative contracts. g) We also obtained confirmations from the banks with whom such financial derivative contracts have been entered into and independently compared the valuation so arrived at by the contracting banks. h) Additionally, we have verified the accounting of gain/loss on mark to market basis in the other comprehensive income for cash flow hedges. i) Assessing whether the financial statement disclosures appropriately reflect the Company's exposure to derivatives valuation risks with reference to the requirements of the prevailing accounting standards and Reserve Bank of India Guidelines.

The following key audit matters with respect audit opinion on the financial statement of REC Power Development and Consultancy Limited (formerly known as REC Power Distribution Company Limited), a wholly owned subsidiary company has been reported by the component auditors vide their report dated 15.05.2023 and has been reproduced by us as under:

S. No.	Key Audit Matter	Auditor's Response
1.	**Valuation of account Receivable in view of risk of credit loss** (Refer to Note no. 46 "Financial Instrument" and note no 12 "Trade Receivable") Accounts receivables is a significant item in the Company's financial statements as at March 31, 2023 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment. The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer. Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.	Our audit incorporated the following procedure with regards to provisioning of receivables: • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable • For material balances, the basis of provision was discussed with the management. • Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time.
2.	**Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"** The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Refer Notes 3.3 and 41 to the Financial Statements	**Principal Audit Procedures** We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. We carried out the following procedures: • Understand the design of internal controls relating to implementation of the new revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, re-performance and inspection of evidence in respect of operation of these controls. • Regarding the stage of completion and revenue in respect of ongoing projects, we have relied upon the reports of the Technical Experts of the Company as we did not have that technical expertise with us. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration. • Calculations in respect of unearned revenue were test-checked using reports provided by project experts with respect to the percentage of work completed. • In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with the terms of contracts and status of work provided by the project experts of the company. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon

The Company's 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.

If, based on the work we have performed, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act,2013 that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ,("Ind AS"). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 680.50 Crores (₹ 518.61 Crores as at 31st March 2022) as at 31st March 2023, total revenues of ₹ 307.27 Crores (Previous year ₹ 177.20 Crores) and net cash flows amounting to ₹ (4.89) Crores (Previous year ₹ (24.16) 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 ₹ 139.79 crores (Previous Year ₹ 53.03 crores) and total comprehensive income of ₹ 139.79 crores (Previous Year ₹ 53.03 crores) as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

   (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) Vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and operative effectiveness of such controls , refer to our separate report in "Annexure-A"; and

   (g) Pursuant to Notification no. GSR463(E) dated dated 5th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 197 of the Act are not applicable to the holding/subsidiary company being government companies.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiary:

      i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 46 to the Consolidated Ind AS Financial Statements;

ii) According to the information and explanations given to us, The Group does did not have any long term contracts including derivative contracts for which there are any material foreseeable losses;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

iv) (a) The Management of the group has represented (refer Note No. 10.5) that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management of the group has represented (refer Note No. 10.5), that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 as amended and provided under (a) and (b) above, contain any material misstatement.

(v) The interim dividend declared and paid during the year by the Group till the date of this report is in compliance with section 123 of the Companies Act, 2013.

(vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 with respect to using accounting software for maintaining its books of account which has certain features e.g. edit log etc. as enumerated in aforesaid proviso is applicable to the Company with effect from 1st April 2023. Therefore, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, we report that according to the information and explanations given to us, and based on the CARO report issued by us for the Company and report issued by the auditor of its subsidiary included in the consolidated financial statements, there are no qualifications or adverse remarks in such reports.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDL7158

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Rakesh Kumar
Designation : Partner
Membership Number : 087537
UDIN : 23087537BGXEFQ8986

Place : Mumbai
Date : 17th May 2023

Annexure-A to the Independent Auditors' Report of even date on the consolidated Ind AS financial Statements of REC Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2023, we have audited the internal financial controls over financial reporting of REC Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group and considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that:

a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;

b. 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

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the holding company, its subsidiary, which are companies incorporated in India, have, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2023, 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.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company which is incorporated in India, is based on the corresponding reports of the auditors of such company.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group.

M/s S.K. Mittal & Co.
Chartered Accountants,
ICAI Firm Registration: 001135N

Name : S. Murthy
Designation : Partner
Membership Number : 072290
UDIN : 23072290BGYVDL7158

M/s O.P. Bagla & Co. LLP.
Chartered Accountants,
ICAI Firm Registration: 000018N/N500091

Name : Rakesh Kumar
Designation : Partner
Membership Number : 087537
UDIN : 23087537BGXEFQ8986

Place : Mumbai
Date : 17th May 2023

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 2023.

The preparation of consolidated financial statements of REC Limited for the year ended 31 March 2023 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 is 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 May 2023.

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 2023, under Section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of REC Limited, Koderma Transmission Limited and REC Power Development and Consultancy Limited, but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities mentioned in Annexure for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Sanjay K. Jha)
Director General of Audit (Energy)
New Delhi

Place: New Delhi
Dated: 31 July 2023

ANNEXURE

List of Company/Subsidiaries/JVs/Associate Companies of which supplementary audit has not been conducted by the Comptroller and Audit General of India:

Sl No.	Name of the Subsidiary/Joint Venture/ Associates	Type of Company
1.	Chandil Transmission Limited	Associates
2.	Dumka Transmission Limited	Associates
3.	Mandar Transmission Limited	Associates
4.	Bidar Transmission Limited	Associates
5.	Ramgarh II Transmission Limited	Associates
6.	Khavda II - D Transmission Limited	Associates
7.	Beawar Transmission Limited	Associates
8.	Sikar Khetri Transmission Limited	Associates
9.	Luhri Power Transmission Limited	Associates
10.	Meerut Shamli Power Transmission Limited	Associates
11.	NERES XVI Power Transmission Limited	Associates
12.	KPS1 Transmission Limited	Associates

Details of REC Offices

Registered Office	Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi - 110003 ✆ +91-11-4309 1500 / 1501 ✉ contactus@recl.in		
Corporate Office	Plot no. I-4, Sector 29, Gurugram, Haryana - 122001 ✆ +91-124-444 1300 ✉ contactus@recl.in		
Training Centre	REC Institute of Power Management & Training RECIPMT Campus, NPA Post, Shivrampally, Near Aramghar Crossroad, Hyderabad - 500052 ✆ +91-40-2988 5851 / 5852; +91-40-2955 5901 ✉ recipmt@recl.in		
Regional Office (North) **Punjab, Haryana, Himachal Pradesh**	BAY no. 7-8, Sector-2 Panchkula - 134112 ✆ +91-172-2563 863 / 864 ✆ +91-172-2580 476 ✉ popanchkula@recl.in	*Regional Office* **Madhya Pradesh**	Hall no. 3, West Block, 2nd Floor, Metro Walk Bittan Market, Bhopal - 462016 ✆ +91-755-2460 006 ✉ recbhopal@recl.in
Regional Office (East) **West Bengal, Sikkim, Tripura, Andaman & Nicobar Islands**	I B-186, Sector-III Salt Lake City Kolkata - 700106 ✆ +91-33-2335 6989 / 6994 / 6998 ✉ zmkolkata@recl.in	*Regional Office (North East)* **Assam, Mizoram, Nagaland, Meghalaya, Manipur, Arunachal Pradesh**	SRADDHA, M.G. Path, G.S. Road Crossing Sohum/SBI Point, Christian Basti Guwahati - 781005 ✆ +91-361-2343 713 ✉ poguwahati@recl.in
Regional Office (West) ***Maharashtra, Goa, Gujarat, Dadra & Nagar Haveli, Daman & Diu***	51-B, Mittal Tower 5th Floor, Nariman Point Mumbai - 400021 ✆ +91-22-2283 0985 / 3068 / 3055 ✉ zmmumbai@recl.in	*Regional Office* **Chhattisgarh**	F-6 & F-7, Block B-1, 1st Floor Pujari Chambers, Commercial Complex Panchpedi Naka, Raipur - 492001 ✆ +91-771-2241 055 ✉ recraipur@recl.in
State Office **Himachal Pradesh**	Pt. Padamdev Commercial Complex, Phase-II, First Floor The Ridge, Shimla - 171001 ✆ +91-177-2653 411 ✉ poshimla@recl.in	*Regional Office* **Jharkhand**	101 & 102, Om Shree Enclave, Beside Loyola School, Airport Road Hinoo, Ranchi - 834002 ✆ +91-651-2253 123 ✉ poranchi@recl.in
Regional Office **Jammu & Kashmir, Ladakh**	157-A, Gandhi Nagar Behind Apsara Cinema Jammu - 180004 ✆ +91-191-2450 800 ✉ pojammu@recl.in	*Regional Office* **Odisha**	Deen Dayal Bhawan, 5th Floor, Ashok Nagar Janpath, Bhubaneswar - 751009 ✆ +91-674-2393 206 ✆ +91-674-2536 649 ✉ pobhubaneswar@recl.in
Regional Office **Uttar Pradesh**	19/8, Indira Nagar Extension Ring Road, Lucknow - 226016 ✆ +91-522-271 6324 / 7376 ✆ +91-522-407 4944 ✉ zmlucknow@recl.in	*Regional Office* **Karnataka**	1/5, Halasuru Road, Bengaluru - 560042 ✆ +91-80-2559 8244 ✆ +91-80-2555 0240 ✉ pobangalore@recl.in
Regional Office **Uttarakhand**	7, New Road, Opposite MKP College, Dehradun - 248001 ✆ +91-135-2650 799 ✉ sodehradun@recl.in	*Regional Office* **Telangana**	RECIPMT Campus, NPA Post, Shivrampally Near Aramghar Crossroad Hyderabad - 500052 ✆ +91-40-2980 5034 / 4520 / 6745 ✆ +91-40-2988 6745 ✉ zmhyderabad@recl.in
Regional Office **Bihar**	Maurya Lok Complex Block - C, 4th Floor New Dak Bangalow Road Patna - 800001 ✆ +91-612-222 4596 / 1131 ✉ popatna@recl.in	*Regional Office* **Andhra Pradesh**	54-15-13, BSR Hill View, 2nd Floor, Srinivasa Nagar Bank Colony, Vijayawada - 520008 ✆ +91-866-2973 405 ✉ recro-vijay@recl.in
Regional Office **Rajasthan**	J-4-A, Jhalana Dungari Institutional Area Jaipur - 302004 ✆ +91-141-270 7840 / 0161 ✉ pojaipur@recl.in	*Regional Office* **Kerala, Lakshadweep**	O-5, 4th Floor, Saphallyam, Commercial Complex, TRIDA Building, Palayam Thiruvananthapuram - 695034 ✆ +91-471-2328 662 ✉ potrivandrum@recl.in
State Office ***Gujarat, Dadra & Nagar Haveli, Daman & Diu***	Plot no. 585, T.P. Scheme no.2 Behind Pusti Complex Atma Jyoti Ashram Road Subhanpura, Vadodara – 390023 ✆ +91-265-2397 487 ✉ povadodara@recl.in	*Regional Office* **Tamil Nadu, Puducherry**	12 & 13, T.N.H.B. Complex, 180 Luz Church Road, Mylapore, Chennai - 600004 ✆ +91-44-2467 2376 ✆ +91-44-2498 7960 ✉ pochennai@recl.in

Co-branding to increase brand equity and strengthening brand recall of REC