

## BOARD'S REPORT

To  
The Shareholders,

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

### 1. PERFORMANCE HIGHLIGHTS

#### 1.1 Summary of performance

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

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

#### 1.2 Financial performance

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

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

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

#### 1.3 Impact of Covid-19

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

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

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

#### 1.4 Dividend

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

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

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

### 1.5 Share capital

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

## 2. LOANS SANCTIONED

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

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

## 3. DISBURSEMENTS

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

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

## 4. RECOVERIES

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

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

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

### 4.3 Stressed Asset Management

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

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

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

## 5. FINANCIAL REVIEW

### 5.1 Summary of Financial Results

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

(₹ in crore)

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

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

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

## 5.2 Contribution to National Exchequer

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

## 5.3 Ratio analysis

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

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

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

## 5.4 Resource mobilization

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

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

### Perpetual Debt Instruments

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

**Green Bonds issued by REC**

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

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

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

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

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

(₹ in crore)

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

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





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

#### Cash credit facilities

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

#### 5.5 Domestic and International Credit Rating

##### Domestic

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

##### International

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

#### 5.6 Cost of borrowing

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

#### 5.7 Redemption and pre-payment

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

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

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

## 5.9 Policy initiatives

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

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

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

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

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

## 6. PRESENT TRANSMISSION & DISTRIBUTION SCENARIO

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

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

### 6.1 Major reforms in the Distribution Sector

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

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

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

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

## 6.2 National Electricity Fund

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

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

## 6.3 Deendayal Upadhyaya Gram Jyoti Yojana

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

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

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

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

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

### Erstwhile RE projects, subsumed under DDUGJY

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

### Additional infrastructure for enabling electrification of SAUBHAGYA households

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

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

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



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

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

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

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

The SAUBHAGYA scheme aims at providing:

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

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

#### **6.6 Urja Mitra**

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

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

#### **6.7 11 kV Rural Feeder Monitoring Scheme**

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

#### **6.8 Tarang**

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

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

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

**7. FINANCING ACTIVITIES**

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

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

**7.1 Generation**

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

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

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



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

## 7.2 Renewable Energy

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

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

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

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



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

## 7.3 Transmission & Distribution

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



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

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

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

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

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

#### 7.5 Financing activities in North Eastern States

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

#### 7.6 Appraisal system for financing private sector projects

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

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

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

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



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



## 7.8 Investments during the financial year 2020-21

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

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

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

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

## 8. INTERNATIONAL COOPERATION & DEVELOPMENT

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

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

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

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

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

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

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

### 9.2 Cumulative Performance upto March 31, 2021

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

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

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

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

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

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

## 10. STANDARDIZATION, QUALITY CONTROL & MONITORING

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

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

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

## 11. RISK MANAGEMENT

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

### 11.1 Risk Management Committee

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

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

#### (i) Credit Risk

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

#### (ii) Operational Risk

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

**(iii) Liquidity Risk**

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

**(iv) Market Risk**

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

**11.2 ALCO Committee**

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

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

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

**12. PREFERRED CUSTOMER POLICY**

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

**13. INFORMATION TECHNOLOGY INITIATIVES**

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

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

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

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

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

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

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

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

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

##### 14.2 REC Sponsored Programmes

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

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

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

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

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

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

###### c. REC sponsored awareness webinars

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

##### 14.3 Open calendar programmes for power utilities

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

##### 14.4 REC executives (in-house) training programmes

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



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

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

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

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

**16. HUMAN RESOURCES MANAGEMENT**

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

**16.1 Reservation in Employment**

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

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

**16.2 Training & Human Resource Development**

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

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

**16.3 Employee Welfare**

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

**Sports Activities**

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



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

#### 16.4 Representation of Women Employees

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

#### 16.5 Industrial Relations

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

#### 16.6 Grievance Redressal

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

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

### 17. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

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



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

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

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

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

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

## 18. VIGILANCE ACTIVITIES

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

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

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

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

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

### Observance of Vigilance Awareness Week

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



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

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

## 19. IMPLEMENTATION OF OFFICIAL LANGUAGE

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

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



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

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

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

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

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

### 20.1 Conservation of Energy

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

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

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



## 20.2 Foreign Exchange Earnings & Outgo

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

## 21. SUBSIDIARY COMPANIES

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

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

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

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

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

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

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

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

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

## 22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

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

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

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

## 23. CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

## 24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## 27. MoU RATING AND AWARDS

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

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

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

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

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

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

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

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

## 29. OBSERVANCE OF SWACHHTA PAKHWADA

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

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

## 30. RIGHT TO INFORMATION ACT, 2005

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

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

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



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

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

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

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

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

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

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

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

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

### 33. ANNUAL RETURN

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

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

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

### 35. AUDITORS

#### Statutory Auditors

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

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

**Secretarial Auditors**

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

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

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

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

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

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

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

**37. DEBENTURE TRUSTEES**

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

**38. STATUTORY DISCLOSURES**

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

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

### 39. NEW OFFICE BUILDING AT GURUGRAM

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



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

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

### 40. INTEGRATED REPORT

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

### 41. STATUTORY AND OTHER INFORMATION REQUIREMENTS

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

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



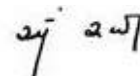
#### 42. ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board of Directors



Sanjay Malhotra  
Chairman and Managing Director  
(DIN: 00992744)

Place : New Delhi

Date : August 27, 2021

